

2023 ANNUAL COMPREHENSIVE FINANCIAL REPORT

City of Lacey, Washington

For year ended
December 31, 2023





CITY
OF **LACEY**



2023
Annual Comprehensive Financial Report
For the Fiscal Year Ended December 31, 2023



**CITY
OF LACEY**

Prepared by the City of Lacey
Accounting Division of
the Finance Department
Troy Woo - Finance Director
420 College St. SE, Lacey, WA 98503



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CITY
OF **LACEY**



LACEY CITY COUNCIL

Mayor Andy Ryder
Deputy Mayor Malcolm Miller
Lenny Greenstein
Michael Steadman
Carolyn Cox
Robin Vazquez
Nicolas Dunning

CITY MANAGER

Rick Walk

July 29, 2024

Honorable Mayor and City Councilmembers
To the citizens of Lacey, Washington:

The Annual Comprehensive Financial Report (ACFR) of the City of Lacey for the fiscal year ended December 31, 2023, is submitted herewith. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Recognizing the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

State statute requires an annual audit by the Washington State Auditor's Office. The independent auditor's report is located at the front of the financial section of this report.

The management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The City of Lacey incorporated in 1966, and is the twenty-third largest of 281 cities in the state of Washington. It is located approximately 60 miles south of Seattle on Interstate 5 and encompasses an area of 17.4 square miles. The cities of Olympia and Tumwater are adjacent to Lacey, and together, the three cities constitute the major population center within Thurston County. Lacey has grown from a population of 7,650 in 1967 to a 2023 population of 59,430.

The City of Lacey is a non-charter code city, operating under Section 35A of the Revised Code of Washington. It has a Council/Manager form of government with the seven-member City Council, elected for staggered four-year terms. Councilmembers are elected on a non-partisan, at-large basis rather than by district. The City Council appoints a mayor from the seven-member Council. Policy-making and legislative authority are vested in the City Council. The Council appoints the City Manager, who acts as the City's chief administrative officer responsible for carrying out the policies and direction set by the Council. This includes the enforcement of laws and ordinances, the execution of contracts and agreements, and maintenance of peace and order in the city. The City Manager appoints the heads of the various departments.

The City of Lacey provides a full range of municipal services either directly or through contracts. The City provides police, parks, cultural, & recreation, planning and zoning, building inspection, economic development, social services, street maintenance and construction, engineering, and general administrative services. The City also operates enterprise funds for water, wastewater services, storm water management, and reclaimed water. By agreement with Thurston County, Olympia, and Tumwater, Lacey provides administrative support services to Joint Animal Services. The City also entered into an agreement with the Capital Area Regional Public Facilities District to provide administrative support services and distribute public facilities district revenues to the cities of Olympia and Lacey for their agreed upon projects.

The Council is required to adopt a final budget by no later than the close of the fiscal year. This annual budget serves as the foundation for the City of Lacey financial planning and control. The budget is prepared and adopted at the fund level. Periodic amendments to the adopted budget are approved by the City Council.

Local Economy

Lacey's economy remains predominately retail/commercial and service oriented. State government is the single largest employer in the region. Other major employers include, North Thurston Public Schools, Amazon, Wal-Mart, Safeway, Fred Meyer, Cabela's, Trader Joes, Target Stores import/distribution center, City of Lacey, Home Depot distribution center, Harbor Wholesale, Costco, Uline, Medline, South Sound Behavior Health, Callisons, Shipwreck Beads, Sunset Air, St. Peter's Hospital (regional), and Port of Olympia (regional). Economic influence of nearby Joint Base Lewis-McChord has been present for many years in the Lacey area. Lacey is also the home to Panorama, a large full-service retirement community, and St. Martin's University and abbey/seminary.

It has been Lacey's policy to encourage and facilitate diversification in the region's employment base. The development of Lacey's northeast area has been the major key to success in this goal. Lacey continues to facilitate the development of the northeast area. Recently, Lacey has focused its development efforts on the Lacey Midtown and Depot Districts.

Lacey's population growth continues to place significant demands on services. During the past five years, authorized general government staffing has increased 14.3 percent (227.5 to 260.0 FTE's), and authorized utility or enterprise funds staffing has increased 21.0 percent (52.5 to 63.5 FTE's). Lacey's population increased 15.9 percent during this same period. The City continues to take a conservative and responsible fiscal approach to the growth of staffing levels.

Sales tax collections surpassed expectations throughout 2023. The year saw a notable rise in construction activity, driven by robust multifamily and commercial developments. Business activity from restaurants and online sales consistently grew throughout this period. Although general retail sales lagged behind inflation, they still experienced modest year-over-year growth. Recognizing the cyclical nature of the construction industry and the volatility of overall sales taxes, Lacey remains committed to a conservative approach in its sales tax projections.

Property tax, one of the General Fund's largest single sources of revenues, continues to experience healthy growth due to strong construction activity. New construction activity is a critical component of property tax growth because it is exempt from the one percent property tax growth limit.



Long-term Financial Planning

The City formally adopts long-term capital improvement plans such as the Capital Facilities Plan, Six-Year Transportation Improvement Plan, and utility fund comprehensive plans. Recognizing the benefits of a financial plan, the City maintains a Six-Year Strategic Financial model. The purpose of the model is to provide a long-term outlook on the financial condition of the City's major budget funds. Lacey has the groundwork to determine actions to be taken during the next economic downturn.

Relevant Financial Policies

It is the City of Lacey's policy that "one-time" revenue inflows not be used for operating purposes. As a result, Lacey has been able to construct several public buildings, enhance its capital improvement program, retire debt early, and fund an economic development strategic investment program. In addition to allowing the City to address much needed capital needs, this policy has helped the City weather economic downturns. By applying "one-time" revenues to capital needs, the operating expenses have been contained to sustainable levels.

Major Initiatives

Significant ongoing transportation projects include the design, right-of-way acquisition, and construction of College Street NE extension, the design and right-of-way acquisition for the College Street and 16th Avenue roundabout, and the successful annual Street Overlay program. Funding for these improvements comes from various sources, including the voter-approved transportation benefit district sales tax, real estate excise tax revenues, grant reimbursements, miscellaneous revenues from state fuel taxes, mitigation fees, and reserves.

In February 2017, Lacey voters approved a two-tenths of one percent sales tax during a special election. The primary goal of the Lacey Transportation Benefit District is to preserve and maintain the city's significant transportation infrastructure investment. As a result, the highly effective street overlay program was reinstated in 2018. This community support ensures that the street overlay program remains a high priority.

Utility projects include pH treatment improvements at the Madrona and Westside Wells, Golf Club Road watermain, College Street extension watermain, Terry Cargil (337 zone) reservoir, Source 17 well house and treatment facility, Tolmie Park Estates sewer utility local improvement district, liftstation Nos. 3, 6, and 17 replacements, and comprehensive plan updates for water and wastewater. The resources used to fund these improvements include utility rates and general facility charges.

Awards and Acknowledgments

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Lacey for its annual comprehensive financial report (ACFR) for the fiscal years ended December 31, 1999-2007 and again for the fiscal years ended December 31, 2009-2022. The City did not seek this award in 2008 due to budget reductions. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized ACFR that satisfied both the 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 ACFR continues to meet the Certificate of Achievement Program's requirements.



The 2023 ACFR will be submitted to the GFOA to determine its eligibility for another certificate.

The preparation of this report was made possible by the professional, efficient, and dedicated services of the Finance Department staff. We extend our gratitude to all members of the department who contributed to this effort. We also acknowledge the unwavering support of the Council and the City Manager, who have consistently supported the highest standards of professionalism in managing the City of Lacey's finances.

Respectfully,

Troy M. Woo
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Lacey
Washington**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2022

Christopher P. Morill

Executive Director/CEO



LACEY CITY GOVERNMENT



CITIZENS

Boards and Commissions

- Library Board
- Historical Commission
- Planning Commission
- Park Board
- LEOFF
- TCTV
- Lodging Tax
- Public Facilities District

Mayor
Deputy Mayor
Council

City Manager

City Attorney

- Legal Counsel
- Prosecution
- Indigent Defense

Civil Service Commission

Clerk/Records

Finance

- Financial Mgmt/Accting.
- Utilities/Billing
- Treasury
- Information Services
- Violations Bureau
- Business Licensing

Public Affairs & Human Resources

- | | |
|-------------------------|-----------------------------|
| Public Information | Recruiting |
| Neighborhood Assoc. | Classification/Compensation |
| Community Liaison | Performance Mgmt. |
| Recycling/Solid Waste | Safety/Workers Comp. |
| Legislative Liaison | Risk Management |
| Animal Services Support | Employee Asst. Program |
| Special Projects | Special Projects |

Police

- Law Enforcement
- Investigation
- Community Policing
- Crime Prevention
- School Resource Officers
- Interlocal Drug Unit Support

Community & Economic Development

- Current and Advanced Planning
- Code Inspection & Permit Services
- Growth Management
 - Building
 - Electrical
 - Mechanical
 - Plumbing
 - ADA Barrier Free

Public Works

- Administration Support
- Engineering
- Water Resources/Groundwater Protection
- Parks & Facilities Maintenance
- Streets/Electrical
- Water/Wastewater/
- Stormwater/Reclaimed Water Utility
- Fleet Maintenance

Parks, Culture and Recreation

- Youth & Adult
- Recreation Programs
 - Aquatics/Physical activities
 - Sports/Fitness/Special Events
 - Cultural/Outdoor Activities
- Parks Development
- Open Space/Regional Athletic Complex
- Community Buildings Operations/Events

City of Lacey Council Members



Andy Ryder - Mayor



Malcom Miller- Deputy Mayor



Lenny Greenstein



Michael Steadman



Carolyn Cox



Ed Kunkel



Robin Vazquez

ADMINISTRATION

Rick O. Walk	City Manager
David S. Schneider	City Attorney
Vacant	Community & Economic Development Director
Troy M. Woo	Finance Director
Leialani C.Su'e	Human Resources Director
Jennifer Burbidge	Parks, Culture, & Recreation Director
Robert E. Almada II	Police Chief
Scott D. Egger	Public Works Director



CITY
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**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 Lacey
Lacey, 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 Lacey 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 Lacey, 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.

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 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 July 29, 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. 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".

Pat McCarthy, State Auditor

Olympia, WA

July 29, 2024



Management's Discussion and Analysis

As management of the City of Lacey, we offer readers of the City of Lacey's financial statements this narrative overview and analysis of the financial activities of the City of Lacey for the fiscal year ended December 31, 2023. We encourage readers to consider the information presented here, in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-1 to 1-4 of this report.

Financial Highlights

- The City of Lacey's overall financial position improved in 2023 as compared to 2022.
- At the end of the fiscal year, the assets and deferred outflows of resources of the City of Lacey exceeded its liabilities and deferred inflows of resources by \$924.4 million. Net investments in capital assets account for 70.6 percent of the amount (\$652.7 million). Of the remaining net position in the amount of \$271.6 million, \$17.0 million is subject to external restrictions and \$254.6 million may be used to meet the City's ongoing obligations to citizens and creditors.
- The City of Lacey's total net position increased by \$48.7 million. The governmental activity net position increased by \$20.3 million compared to the previous year. The business-type activity net position increased by \$28.4 million. The total net change includes a \$8.4 million prior period adjustment related to unaccounted for capital contributions.
- At the close of 2023, the City of Lacey's governmental funds reported a combined ending fund balance of \$147.3 million, an increase of \$8.2 million, and the proprietary funds reported a combined ending net position of \$425.7 million, an increase of \$24.8 million.

Of the major funds, the ending fund balance of the General Fund increased \$6.1 million, Arterial Street Fund increased \$5.0 million, Water Funds increased \$19.5 million, Wastewater Funds increased \$7.2 million, and Stormwater Funds increased \$1.5 million. The Water, Wastewater, and Stormwater Funds ending fund balances include prior period adjustments related to unaccounted for capital contributions in the amounts of \$3.3 million, \$23,721, and \$99,830, respectively.

Nonmajor funds combined fund balance decreased \$2.9 million. The Transportation Benefit District Fund experienced a decrease of \$2.8 million as a result of increased street overlay and sidewalk repairs. The Building Improvement Fund experienced a decrease of \$1.9 million as a result of the future Lacey Police Station land acquisition and schematic design completion. The Capital Expenditure Fund experienced a \$840,702 decrease to fund balance largely due to higher capital expenditures were related to transfers out to the Regional Athletic Complex Capital Fund for a parking lot expansion project and a new bucket truck and front loader for street maintenance. The Lodging Tax Fund experienced a decrease of \$265,544 due to one-time capital improvements at a tourism facility. A \$5.0 million increase occurred in the Arterial Street Fund primarily due to market valuation adjustments to investments. A \$2.0 million increase to fund balanced occurred in the Regional Athletic Complex Capital Fund due to transfers in related to a parking lot expansion project.

Approximately \$27.3 million (18.6 percent) of the combined ending fund balance is unassigned and reported in the General Fund, which is an increase of \$2.8 million compared to the prior year's amount of \$24.5 million. Unassigned fund balance is available to the City of Lacey for discretionary spending.

- The City of Lacey's total outstanding debt decreased \$1.5 million (13.4 percent) to \$9.9 million during the current fiscal year. The net decrease is equal to the debt redemption plus minor adjustments to leases during 2023.

- Revenues from local tax sources, including property, sales, business excise, and miscellaneous other taxes decreased by \$510,520 to \$48.6 million, a 1.0 percent decrease compared to 2022. The decrease is due to less real estate excise tax receipts from a slowing real estate market due to high prices and interest rates.

The above financial highlights are explained in more detail in the “financial analysis” section of this document.

Overview of the Financial Statements

This discussion and analysis provided here are intended to serve as an introduction to the City of Lacey’s basic financial statements. The City of Lacey’s basic financial statements comprise of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Lacey’s finances, in a manner similar to a private-sector business.

The *statement of net position* presents financial information on all of the City of Lacey’s assets, liabilities, and deferred inflows/outflows of resources, with the difference 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 Lacey is improving or deteriorating.

The *statement of activities* presents information showing how the City of Lacey’s net position changed during the most recent fiscal 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 for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Lacey that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Lacey include general government, public safety, transportation and streets, natural environment, economic development, social services, and culture and recreation. The business-type activities of the City of Lacey include Water, Wastewater, Stormwater, and Reclaimed water operations. The internal service funds provide services to other funds within the City of Lacey and the majority of these activities are reported in governmental activities at the government-wide financial reporting level.

The government-wide financial statements can be found on pages 4-1 to 4-3 of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Lacey, 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 of Lacey can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds. *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 fiscal year. Such information may be useful in assessing a government’s near-term financing 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 government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds and governmental activities*.

The City of Lacey maintains twelve 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 and arterial street fund, which are considered to be major funds. Data from the other ten governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of Lacey adopts an annual budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 4-4 to 4-7 of this report.

Proprietary Funds. The City of Lacey maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Lacey uses enterprise funds to account for its Water, Wastewater, Stormwater, and Reclaimed water operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Lacey's various functions. The City of Lacey uses internal service funds to account for its fleet of vehicles and for its information management systems. Because both of these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water, Wastewater, Stormwater, and Reclaimed water operations, which are considered to be major funds of the City of Lacey. Conversely, both internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 4-8 to 4-10 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City of Lacey's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statement can be found on page 4-11 to 4-12 of this report.

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 4-13 to 4-59 of this report.

Required Supplementary Information. This report also contains other required supplementary information (RSI) on budgetary comparisons for major governmental funds and trend data on the funding status of pensions and other postemployment benefits. The required supplementary information can be found on pages 5-1 to 5-6 of this report.



Combining Statements. The combining statements referred to earlier in connection with the nonmajor funds, internal service funds and fiduciary funds are presented immediately following the required supplementary information on pages 6-1 to 6-25 of this report.

Government-wide Overall Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator of a government’s financial position. In the case of the City of Lacey, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$924.4 million at the close of the most recent fiscal year

The following table provides a summary of the City of Lacey’s net position as of December 31, 2023 and December 31, 2022:

Summary of Net Position

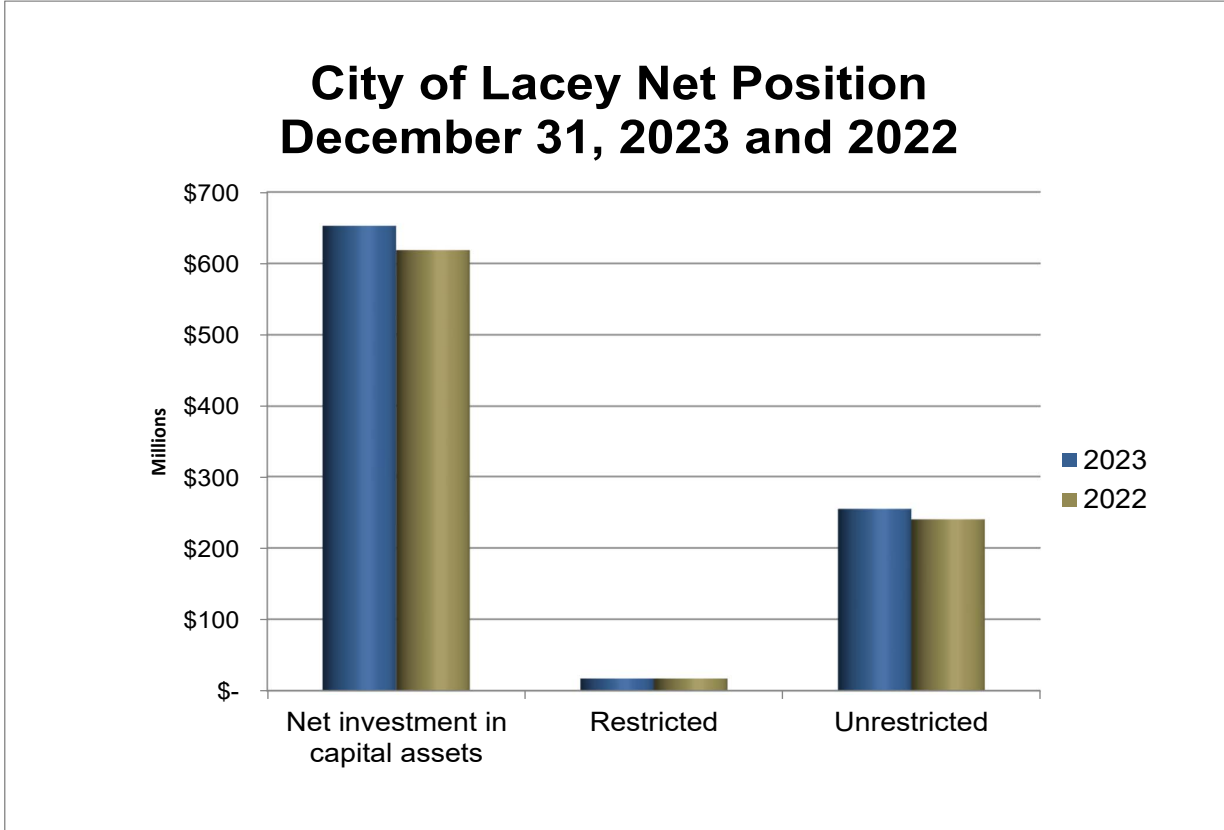
	Governmental		Business-Type		Total		Percentage	
	Activities		Activities				Of Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Assets:								
Current and other assets	\$ 186,355,074	\$ 168,210,717	\$ 102,274,293	\$ 101,828,783	\$ 288,629,367	\$ 270,039,500	30.3%	30.0%
Capital assets	326,846,572	320,350,641	336,356,298	310,374,997	663,202,870	630,725,638	69.7%	70.0%
Total assets	513,201,646	488,561,358	438,630,591	412,203,780	951,832,237	900,765,138	100.0%	100.0%
Total deferred outflows of resources	7,662,282	7,569,149	1,211,102	1,337,584	8,873,384	8,906,733	100.0%	100.0%
Liabilities:								
Current liabilities	9,407,899	10,182,268	5,652,157	5,467,183	15,060,056	15,649,451	46.3%	41.5%
Long-term liabilities	11,282,738	14,585,139	6,210,871	7,436,898	17,493,609	22,022,037	53.7%	58.5%
Total liabilities	20,690,637	24,767,407	11,863,028	12,904,081	32,553,665	37,671,488	100.0%	100.0%
Total deferred inflows of resources	4,507,049	7,091,899	1,968,918	2,687,536	6,475,967	9,779,435	100.0%	100.0%
Net Position:								
Net investment in capital assets	322,543,189	314,927,474	330,195,814	303,704,410	652,739,003	618,631,884	70.6%	70.7%
Restricted	14,810,146	14,934,725	2,162,998	1,984,395	16,973,144	16,919,120	1.8%	1.9%
Unrestricted	158,312,907	145,457,668	96,333,891	94,595,261	254,646,798	240,052,929	27.5%	27.4%
Total net position	\$ 495,666,242	\$ 475,319,867	\$ 428,692,703	\$ 400,284,066	\$ 924,358,945	\$ 875,603,933	100.0%	100.0%

By far, the largest portion of the City of Lacey’s net position (70.6 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that are still outstanding. The City of Lacey uses these capital assets to provide services to citizens. Accordingly, these assets are not available for future spending. Although the City of Lacey’s investment in its capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Lacey’s net position (\$17.0 million) represents resources that are subject to external restrictions on how they may be used. Reported as unrestricted net position, the governing body has committed and assigned \$115.4 million of the City’s net position for specific purposes. The remaining balance of unrestricted net position (\$139.3 million) may be used to meet the government’s ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Lacey is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The City of Lacey’s overall net position increased by \$40.4 million in 2023 after consideration of the impact of the aforementioned prior period adjustment. The increase is explained in the following discussion of governmental and business-type activities.



Governmental Activities. Governmental activities increased the City of Lacey’s net position by \$15.4 million after consideration of the impact of the aforementioned prior period adjustment.

- Operating revenues (charges for services) increased by \$1.8 million, mainly due to increases to indirect cost recovery fees, water resources service charges, and plan check fees.
- Operating expenses increased by \$12.1 million. The increases are mainly due to increases to public safety salary and benefit increases due to increasing staffing levels, the filling of vacant positions, and capital expenditures related to the new police station and training facility project and regional radio system upgrades, higher transportation benefit district street overlay repairs, a \$1.0 million Small Business Administration grant for Lacey MakerSpace expenditures, and an overall increase to salaries and benefits due to retroactive pay settlements and cost of living adjustments.
- Governmental activities capital grants and contributions increased \$1.7 million. The aforementioned Small Business Administration grant and significant use of the City’s State and Local Fiscal Recovery Funds (SLFRF) that were authorized by the American Rescue Plan Act (ARPA) were the main reasons for the increase.
- General revenues increased \$10.3 million. Retail sales tax increased \$629,553 primarily due to new construction and food services. Business taxes also benefited from the improved local economy and utility tax growth from rate increases with an overall increase of \$1.2 million. Interest and investment earnings increased \$3.4 million, but overall interest and investment earnings revenues increased \$10.8 million due to market valuation adjustments.

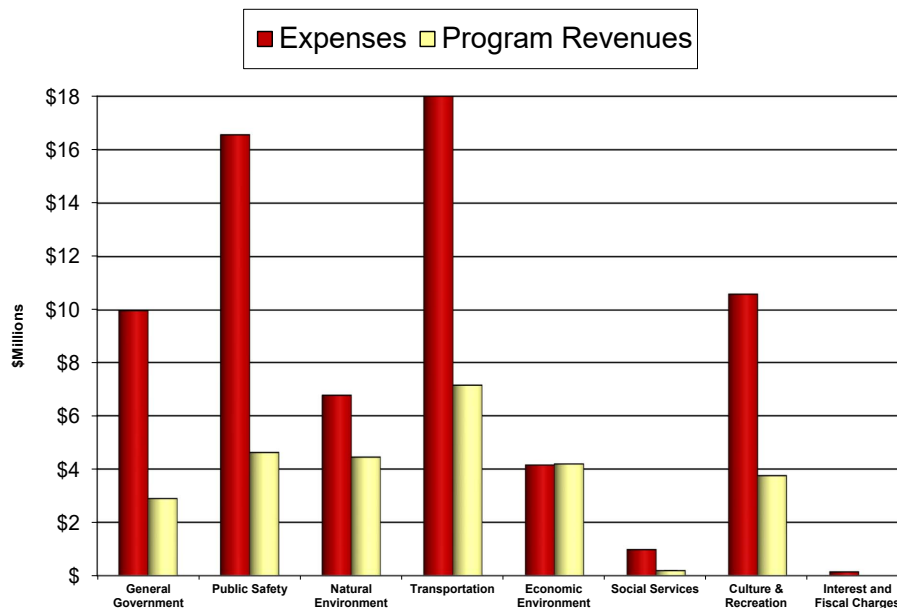


The following table provides a summary of the City's changes in net position as of December 31, 2023 and December 31, 2022:

Summary of Changes in Net Position

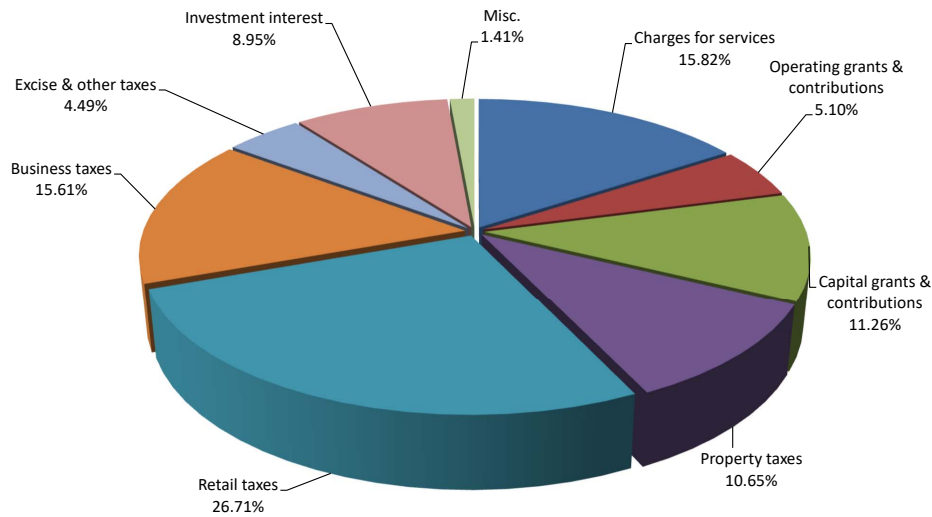
	Governmental		Business-Type		Total		Percentage	
	Activities		Activities				Of Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Revenues:								
Program:								
Charges for services	\$ 13,392,712	\$ 11,585,345	\$ 55,727,109	\$ 51,438,053	\$ 69,119,821	\$ 63,023,398	45.1%	48.6%
Operating Grants and Contributions	4,314,698	4,402,066	34,994	62,585	4,349,692	4,464,651	2.8%	3.4%
Capital Grants and Contributions	9,531,584	7,808,039	8,909,022	8,487,848	18,440,606	16,295,887	12.0%	12.6%
General:								
Taxes	48,638,052	49,148,572	-	-	48,638,052	49,148,572	31.6%	38.1%
Interest	7,576,865	(3,218,124)	4,097,392	(1,668,980)	11,674,257	(4,887,104)	7.6%	-3.8%
Gain (loss) on disposal of capital assets	28,261	80,614	-	(19,000)	28,261	61,614	0.0%	0.0%
Miscellaneous	1,197,211	721,601	245,063	318,284	1,442,274	1,039,885	0.9%	0.8%
Special items	-	415,201	-	-	-	415,201	0.0%	0.3%
Total revenues	84,679,383	70,943,314	69,013,580	58,618,790	153,692,963	129,562,104	100.0%	100.0%
Program expenses:								
General Government	9,979,810	10,075,817	-	-	9,979,810	10,075,817	8.8%	10.0%
Public Safety	16,558,560	12,038,004	-	-	16,558,560	12,038,004	14.6%	12.0%
Natural Environment	6,770,277	5,391,998	-	-	6,770,277	5,391,998	6.0%	5.4%
Transportation	19,456,623	15,860,104	-	-	19,456,623	15,860,104	17.2%	15.8%
Economic Environment	4,149,778	2,613,002	-	-	4,149,778	2,613,002	3.7%	2.6%
Social Services	974,221	1,034,484	-	-	974,221	1,034,484	0.9%	1.0%
Culture & Recreation	10,594,089	9,349,941	-	-	10,594,089	9,349,941	9.3%	9.3%
Interest and fiscal charges	139,819	173,578	-	-	139,819	173,578	0.1%	0.2%
Water	-	-	16,698,748	16,512,380	16,698,748	16,512,380	14.7%	16.5%
Wastewater	-	-	23,164,885	22,572,579	23,164,885	22,572,579	20.4%	22.5%
Stormwater	-	-	4,798,950	4,703,359	4,798,950	4,703,359	4.2%	4.7%
Reclaimed Water	-	-	39,087	35,954	39,087	35,954	0.0%	0.0%
Total expenses	68,623,177	56,536,928	44,701,670	43,824,272	113,324,847	100,361,200	100.0%	100.0%
Excess (deficiency) of revenues over (under) expenses	16,056,206	14,406,386	24,311,910	14,794,518	40,368,116	29,200,904		
Transfers	(652,581)	(789,196)	652,581	789,196	-	-		
Change in net position	15,403,625	13,617,190	24,964,491	15,583,714	40,368,116	29,200,904		
Net position - beginning as previously reported	475,319,867	461,704,179	400,284,066	384,700,352	875,603,933	846,404,531		
Prior period adjustment/changes in accounting principle	4,942,750	(1,502)	3,444,146	-	8,386,896	(1,502)		
Net position - beginning	480,262,617	461,702,677	403,728,212	384,700,352	883,990,829	846,403,029		
Net position - ending	\$ 495,666,242	\$ 475,319,867	\$ 428,692,703	\$ 400,284,066	\$ 924,358,945	\$ 875,603,933		

Expenses and Program Revenues - Governmental





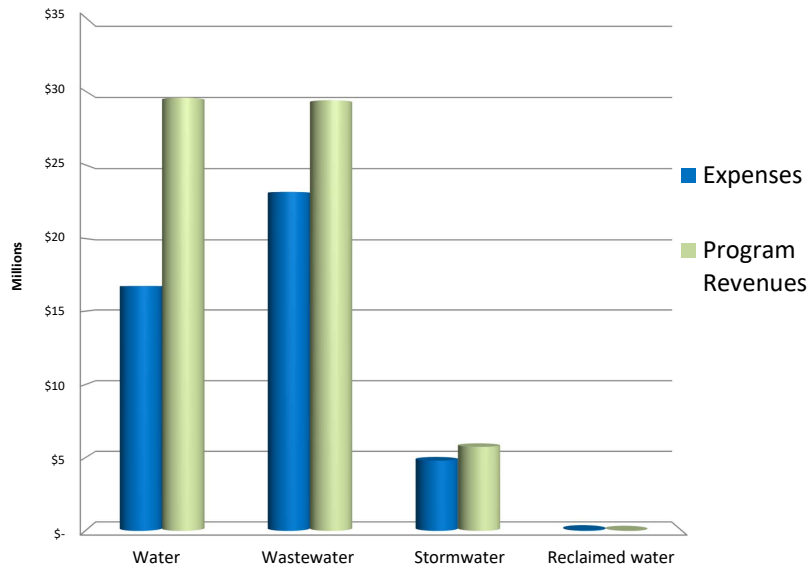
Revenues by Source - Governmental Activities



Business-type Activities. Business-type activities increased the City of Lacey’s net position by \$25.0 million. Key elements of this increase are as follows:

- Water, Wastewater, and Stormwater charges for services increased \$4.3 million (8.3 percent) due to a \$3.3 million increase to water sales, wastewater sales and water general facilities charge collections. Business-type utility sales increases of \$2.8 million were a result of adopted rate increases and increases to volume due to growth.
- Capital grants and contributions attributed to 12.9 percent (\$8.9 million) of business-type revenues. This was an increase of \$421,174 compared to the previous year.

Expense and Program Revenues - Business-Type Activities





Governmental Functional Expenses. Transportation costs make up 28.4 percent of the total governmental expenses. Public safety costs comprise 24.1 percent of the City of Lacey’s total governmental expenses. Culture/recreation expenses make up 15.4 percent and general government services expenses make up 14.5 percent of governmental expenses.

This table presents the cost of each of the City of Lacey’s programs, including net costs (i.e., total costs less revenues generated by the activities). The net costs illustrate the financial burden that was placed on the City of Lacey’s taxpayers by each of these functions.

	Governmental Activities			
	Total Cost Of Services		Net Cost Of Services	
	2023	2022	2023	2022
General Government	\$ 9,979,810	\$ 10,075,817	\$ (7,088,834)	\$ (7,349,155)
Public Safety	16,558,560	12,038,004	(11,937,317)	(10,432,595)
Natural Environment	6,770,277	5,391,998	(2,321,879)	(1,579,349)
Transportation	19,456,623	15,860,104	(12,310,014)	(6,853,321)
Economic Environment	4,149,778	2,613,002	40,920	(96,129)
Social Services	974,221	1,034,484	(786,809)	(866,054)
Culture and Recreation	10,594,089	9,349,941	(6,840,431)	(5,391,297)
Interest and Fiscal Charges	139,819	173,578	(139,819)	(173,578)
	<u>\$ 68,623,177</u>	<u>\$ 56,536,928</u>	<u>\$ (41,384,183)</u>	<u>\$ (32,741,478)</u>

Financial Analysis of Governmental Funds

As noted earlier, the City of Lacey uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The following table provides a revenue, expenditure, and fund balance summary for the City of Lacey’s governmental funds as of December 31, 2023 and December 31, 2022:

Major Funds	Revenue, Expenditure, and Fund Balance Summary Governmental Funds			
	General Fund		Arterial Street Fund	
	2023	2022	2023	2022
Revenues				
Taxes	\$ 40,306,282	\$ 38,275,932	\$ 3,215,161	\$ 5,839,130
License and permits	2,939,709	2,747,342	-	-
Intergovernmental revenues	7,311,728	2,652,727	1,501,473	993,062
Charges for services	10,585,294	8,468,490	665,952	698,938
Fines & forfeitures	92,176	89,191	-	-
Other revenue	4,376,288	(961,068)	2,022,128	(841,115)
Total revenues	<u>\$ 65,611,477</u>	<u>\$ 51,272,614</u>	<u>\$ 7,404,714</u>	<u>\$ 6,690,015</u>
Expenditures	<u>\$ 52,946,721</u>	<u>\$ 44,881,880</u>	<u>\$ 2,199,483</u>	<u>\$ 1,506,802</u>
Other Financing Sources and Uses				
Initiation of leases	32,671	727,150	-	-
Transfers	(6,575,562)	(2,547,334)	(200,000)	(116,216)
Total other financing sources and uses	<u>\$ (6,542,891)</u>	<u>\$ (1,820,184)</u>	<u>\$ (200,000)</u>	<u>\$ (116,216)</u>
Fund Balances				
Nonspendable	\$ 54,501	\$ 43,302	\$ 750	\$ 750
Restricted	3,336,132	3,071,805	48,184	43,922
Committed	33,651,510	30,100,125	39,000,000	36,000,000
Assigned	9,876,792	10,421,073	8,898,812	6,897,843
Unassigned	27,348,625	24,509,390	-	-
Total fund balances	<u>\$ 74,267,560</u>	<u>\$ 68,145,695</u>	<u>\$ 47,947,746</u>	<u>\$ 42,942,515</u>



Revenue, Expenditure, and Fund Balance Summary
Governmental Funds

Nonmajor Funds	Special Revenue Funds		Debt Service Funds		Capital Projects Funds	
	2023	2022	2023	2022	2023	2022
Revenues						
Taxes	\$ 4,438,261	\$ 4,334,229	\$ 673,909	\$ 678,857	\$ -	\$ -
License and permits	-	-	-	-	28,599	32,109
Intergovernmental revenues	-	-	-	-	1,880,075	2,062,728
Other revenue	348,810	(71,542)	207,316	(50,462)	801,103	(290,757)
Total revenues	<u>\$ 4,787,071</u>	<u>\$ 4,262,687</u>	<u>\$ 881,225</u>	<u>\$ 628,395</u>	<u>\$ 2,709,777</u>	<u>\$ 1,804,080</u>
Expenditures	<u>\$ 7,653,333</u>	<u>\$ 4,139,762</u>	<u>\$ 1,260,250</u>	<u>\$ 1,259,400</u>	<u>\$ 8,575,124</u>	<u>\$ 4,843,586</u>
Other Financing Sources and Uses						
Debt issuance	\$ -	\$ -	\$ -	\$ -	\$ 333,750	\$ 635,729
Transfers	(228,500)	(228,500)	593,625	281,835	5,480,195	1,545,850
Total other financing sources and uses	<u>\$ (228,500)</u>	<u>\$ (228,500)</u>	<u>\$ 593,625</u>	<u>\$ 281,835</u>	<u>\$ 5,813,945</u>	<u>\$ 2,181,579</u>
Fund Balances						
Restricted	\$ 1,100,093	\$ 1,357,132	\$ -	\$ -	\$ 5,869	\$ -
Committed	-	-	-	-	7,270,931	7,314,828
Assigned	2,979,065	5,816,788	4,444,260	4,229,660	9,238,697	9,252,071
Total fund balances	<u>\$ 4,079,158</u>	<u>\$ 7,173,920</u>	<u>\$ 4,444,260</u>	<u>\$ 4,229,660</u>	<u>\$ 16,515,497</u>	<u>\$ 16,566,899</u>

Governmental Funds. The focus of the City of Lacey’s 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 Lacey’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for discretionary use, as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City of Lacey itself, or a group or an individual that has been delegated authority to assign resources for use for particular purposes by the City of Lacey’s Council.

As of the end of the current fiscal year, the City of Lacey’s governmental funds reported combined ending fund balances of \$147.3 million, an increase of \$8.2 million in comparison with the prior year. Approximately 18.6 percent (\$27.3 million) of this total amount constitutes unassigned fund balance, which is available for spending at the government’s discretion. The \$119.9 million remaining of the fund balance is nonspendable, restricted, committed or assigned to indicate that it is not available for new spending because it has already been designated as follows: 1) \$3.4 million for restricted fund balance which includes building permit revenue surplus, criminal bail, property abatement, and various others, 2) lodging tax total fund balance of \$938,434, 3) \$55,251 for nonspendable which includes General Fund prepaid expenses, 4) \$115.4 million is restricted for a variety of other fund committed or assigned purposes. Additional information on the City of Lacey’s restricted, committed, and assigned purposes can be found in Note 2-1 starting on page 4-41 of this report.

The general fund is the chief operating fund of the City of Lacey. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$27.3 million, while the total fund balance reached \$74.3 million. As a measure of the general fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. The unassigned fund balance represents 51.7 percent of the total general fund expenditures, while the total fund balance represents 140.3 percent of that same amount.

The fund balance of the City of Lacey’s general fund increased by \$6.1 million during the current fiscal year. Key factors in this increase are as follows:

- Total tax revenues increased by \$2.0 million. This increase is primarily due to higher retail taxes generated from increased food services retail activity due to an improving economy and strong new construction activity relating to commercial and multifamily developments, other business activity taxes such as business and occupation and excise taxes, and utility taxes due to rate increases and growth.



- Intergovernmental revenues increased \$4.7 million due to the a Small Business Administration grant and use of a significant portion of the City's State and Local Fiscal Recovery Funds (SLFRF) that were authorized by the American Rescue Plan Act (ARPA).
- Other revenues increased \$5.3 million. The main reason for the increase relates to significant increases to investment market valuations.
- Transfers out increased \$4.1 million as a result of higher capital transfers for the 2023 funding of select capital projects most notably the design of and land acquisition for the new Lacey Police Station, Regional Athletic Complex (RAC) parking lot expansion, and Greg Cuoio Park Phase 1a design.
- The total expenditures increased \$8.1 million. The increases are growing labor costs, public safety investments, and one-time economic development initiatives.

The fund balance of the arterial street fund increased \$5.0 million to \$47.9 million during the current fiscal year. Key factors in this increase are as follows:

- Total revenues increased by \$714,699. During 2023, real estate excise taxes decreased \$2.6 million due to a declining real estate market due to high prices and interest rates, grant intergovernmental revenues increased \$508,411, and other revenues increased \$2.9 million mainly due to changes to investment market valuations.
- Expenditures levels were \$692,681 higher due to a higher level of capital outlays.

Proprietary Funds. The City of Lacey's proprietary funds provide the same type of information found in the government-wide financial statements but in more detail.

Unrestricted net position of the Water, Wastewater, Stormwater, and Reclaimed Water operations at the end of the year amounted to \$93.4 million. The total change in net position for enterprise funds was \$28.4 million, which includes total growth of \$24.8 million from 2023 activities. The total net change includes a \$3.4 million prior period adjustment related to unaccounted for capital contributions.

Of the major funds, water, wastewater, and stormwater the fund balance of the water fund increased \$16.2 million to \$231.1 million during the current fiscal year. Key factors in this increase are as follows:

- Total operating revenues increased \$3.2 million. Rate increases and rate base growth resulted in water sale increases of \$1.5 million and general facilities charges increases of \$1.1 million from development within the service area were the main reasons for the operating revenue increase.
- Operating expenditures levels were 1.0 percent higher than 2022 and \$8.1 million lower than operating revenues collected. The primary reasons for the operating expenditure increase were salaries and benefits.

The fund balance of the wastewater fund increased \$7.2 million to \$137.2 million during the current fiscal year. Key factors in this increase are as follows:

- Total operating revenues increased \$737,583. Wastewater sales increases of \$691,802 due to rate increases and growth, but were offset by decreases to general facilities charges of \$241,524.
- Operating expenditures levels were 2.5 percent higher than 2022 and \$2.5 million lower than operating revenues collected. The primary reasons for the operating expenditure increase were salaries, benefits, and sewage treatment costs.



The stormwater fund has a total fund balance of \$53.6 million, which was a \$1.4 million increase. Key factors in this increase are as follows:

- Total revenues operating increased \$320,074. Stormwater sales increased of \$321,202 due to adopted rate increases.
- Operating expenditures levels were 1.7 percent higher than 2022 and \$523,215 higher than operating revenues collected. The primary reasons for the operating expenditure increase were salaries, benefits, and water resources intergovernmental professional services.

General Fund Budgetary Highlights

Original budget compared to final budget. During the year, there was a \$10.1 million increase in appropriations between the original and final amended budget. Following are the significant components of the 2023 General Fund budget amendments:

- A budget amendment in the amount of \$175,547 was made for the Veterans Affairs Outstation lease improvements.
- Budget amendments totaling \$617,294 were made for Community and Economic Development special projects and strategic investments including capital facilities plan update, climate action initiatives, and springboard/incubation/entrepreneur investments.
- \$497,834 of social services amendments were approved for host homes, shelter resources, and other community partnerships.
- Transfers out budget amendments totaling \$6.9 million were made to fund the design and land acquisition of the new police station and training facility project, Regional Athletic Complex (RAC) parking lot expansion project, police body worn and vehicle camera system, and various parks projects.
- A budget amendment in the amount of \$450,000 was made for the Veterans Services Hub accessibility project.
- A \$164,000 increase to district court and public defender services required an amendment.

Final budget compared to actual results. In total, actual General Fund revenues exceeded the final budget by \$12.4 million, or a 23.2 percent difference. The total actual expenditures were \$7.9 million less than budget or 13.0 percent below budget.

On the revenue side of the budget, the primary difference between the final budget and the actual amounts relates to sales tax collections, utility tax collections, and intergovernmental revenues. Sales tax continued to experience higher collections as a result of the fully recovered economy and increased new construction activity. Utility taxes increased as a result of rate increases and population and growth from development. Intergovernmental revenues were significantly higher than budget due the City applying a portion of its SLFRF that were authorized by the ARPA to the new police station project. Other revenues exceeded budget due to significant changes to investment valuations.

On the expenditure side of the budget, the largest variances between the final budget and the actual amounts occurred in the general government, culture and recreation, and social services functions. The most significant variance occurred in the social services function due to a delayed regional permanent supportive housing project that occurred in 2023.



Capital Assets, Right to Use Lease Assets and Debt Administration

Capital and right to use lease assets. The City of Lacey's investment in capital and right to use lease assets for its governmental and business-type activities as of December 31, 2023, amounts to \$663.2 million (net of accumulated depreciation and amortization). This investment in capital assets includes land, construction in progress, buildings and system improvements, machinery and equipment, park facilities, infrastructure, and right to use lease assets. The City of Lacey's investments in capital and right to use lease assets were increased by \$32.5 million (net additions were \$55.0 million and depreciation and amortization expense was \$22.5 million). Governmental activities increased 2.0 percent and business-type activities increased 8.4 percent, a 5.2 percent total increase from previous year. The following schedule shows the City of Lacey's investment in capital and right to use lease assets.

Capital Assets
(Amounts Presented in \$1,000's)

	Governmental Activities		Business-Type Activities		Total		Percentage Of Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Non-depreciable assets:								
Land & land rights	\$ 172,924	\$ 162,846	\$ 27,940	\$ 22,593	\$ 200,863	\$ 185,439	17.8%	17.3%
Construction in progress	\$ 11,647	\$ 8,153	\$ 23,886	\$ 16,197	\$ 35,533	\$ 24,350	3.2%	2.3%
Total non-depreciable	\$ 184,571	\$ 170,999	\$ 51,826	\$ 38,790	\$ 236,396	\$ 209,789	21.0%	19.6%
Depreciable assets:								
Buildings	\$ 32,582	\$ 32,582	\$ 1,794	\$ 1,794	\$ 34,376	\$ 34,376	3.1%	3.2%
Improvements	\$ 28,231	\$ 28,175	\$ 430,599	\$ 408,160	\$ 458,830	\$ 436,335	40.9%	40.9%
Leasehold Improvement	\$ 2,401	\$ 2,401	\$ -	\$ -	\$ 2,401	\$ 2,401	0.2%	0.2%
Infrastructure	\$ 367,751	\$ 364,093	\$ -	\$ -	\$ 367,751	\$ 364,093	32.7%	34.1%
Machinery and equipment	\$ 22,007	\$ 19,793	\$ 1,205	\$ 1,174	\$ 23,212	\$ 20,967	2.1%	2.0%
Total depreciable assets	\$ 452,972	\$ 447,044	\$ 433,598	\$ 411,128	\$ 886,570	\$ 858,172	79.0%	80.4%
Total cost of capital assets	\$ 637,543	\$ 618,043	\$ 485,424	\$ 449,918	\$ 1,122,967	\$ 1,067,961	100.0%	100.0%
Less accumulated depreciation	\$ 311,248	\$ 298,351	\$ 149,067	\$ 139,543	\$ 460,315	\$ 437,894		
Book value - capital assets	\$ 326,295	\$ 319,692	\$ 336,356	\$ 310,375	\$ 662,652	\$ 630,067		
Percentage depreciated	48.8%	48.3%	30.7%	31.0%	41.0%	41.0%		

Right to Use Lease Assets
(Amounts Presented in \$1,000's)

	Governmental Activities		Business-Type Activities		Total		Percentage Of Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Depreciable assets:								
Buildings	\$ 688	\$ 688	\$ -	\$ -	\$ 688	\$ 688	90.6%	94.7%
Machinery and equipment	\$ 71	\$ 39	\$ -	\$ -	\$ 71	\$ 39	9.4%	5.3%
Total depreciable assets	\$ 760	\$ 727	\$ -	\$ -	\$ 760	\$ 727	100.0%	100.0%
Less accumulated depreciation	\$ 209	\$ 68	\$ -	\$ -	\$ 209	\$ 68		
Book value - capital assets	\$ 551	\$ 659	\$ -	\$ -	\$ 551	\$ 659		
Percentage depreciated	27.4%	9.4%			27.4%	9.4%		



Major capital asset events during the current fiscal year included the following:

- Land and land rights for the City increased by \$15.4 million, which was primarily attributed to developer-contributed easements and rights of way for streets and utilities. \$8.4 million of this increase were plat valuations from 2019-2022 that were not accounted for in the financial statements for those respective years. This amount is reflected as a prior period correction on the 2023 statements.
- Construction in progress for governmental activities had a net increase of \$3.5 million. A total of \$4.8 million was added during 2023, which included new and existing street and parks projects, construction on the new police station, and various other projects. A total of \$1.3 million of various city street projects that began during and/or prior to 2023 were completed during 2023.
- Construction in progress for business-type activities had a net increase of \$7.7 million. A total of \$19.2 million was added during 2023 for new and existing Water, Wastewater, and Stormwater utilities projects. Various utilities improvement projects were completed during the current fiscal year at a cost of \$11.5 million, which includes the completion of the Capitol City West Water Improvements, 2022 Water Improvements, Hawks Prairie Sister Standpipe, Kagy Mullen STEP Main Improvement, Lift Station Awnings, Woodland Creek Oil Water Separator, and the Westminster Pond Rehabilitation. Construction in progress as of the close of the fiscal year had reached \$23.9 million, which includes \$1.8 million Golf Club Watermain Replacement, \$5.3 million 337 Reservoir, \$2.2 million Source 17 Well House and Treatment Facility, \$2.9 million Lift Station 19 Replacement, \$2.7 million Golf Club Wastewater Project, and other various projects.
- Improvements for business-type activities increased by \$22.4 million, which includes \$11.5 million of projects that were completed and reclassified from construction in progress in 2023, \$4.0 million of projects that were started and completed in 2023, and \$6.9 million in developer contributed utilities.
- For governmental activities, various new equipment for fleet vehicles, parks maintenance, police, and information technology equipment were purchased at a cost of \$2.2 million. A new right to use lease asset was added for a Canon plotter printer in the amount of \$32,671. The cost of various obsolete and out of service machinery and equipment that was replaced or removed totaled \$611,000.

Additional information on the City of Lacey's capital assets can be found in Note 2-D starting on page 4-29 of this report.

Debt Administration. The City of Lacey is authorized to issue debt pursuant to the Acts of the State of Washington. The City of Lacey has two types of debt issues outstanding: general obligation and revenue debt. The City may issue general bonded debt up to 2.5 percent of the assessed value of taxable property. Of this limit, up to 1.5 percent may be non-voter approved debt (Councilmanic bonds). In addition to the aforementioned limits, the City has debt authority of 2.5 percent each for utility and parks purposes. The combination of unlimited tax and limited tax general obligation debt for all purposes cannot exceed 7.5 percent of assessed valuation.

The ratios of general obligation debt to assessed valuation and the amount of debt per capita are useful to citizens, management, and investors as indicators of the City of Lacey's debt position.

In March 2019, Standard & Poor's Global Ratings reviewed the City of Lacey credit rating. The City of Lacey general obligation bond rating was raised to "AAA" with a stable outlook. This is the strongest possible credit rating issued by Standard & Poor's Global Ratings.



The City of Lacey is authorized to issue revenue bonds to finance capital improvements for its various enterprise activities, requiring only a majority approval vote of the Council. The City of Lacey has a revenue bond coverage ratio requirement of 120 percent of annual debt.

During September 2019, Standard & Poor’s Global Ratings reviewed the City of Lacey Waterworks Utilities credit rating. The City of Lacey Waterworks Utilities revenue bond rating was raised to “AA+” with a stable outlook.

As the demand for public sector investment in infrastructure continues to grow, the issuance of debt has become an increasingly important component of state and local government capital programs. While the issuance of debt is frequently an appropriate method of financing capital projects at the local level, it also entails careful monitoring of such obligations to ensure an erosion of the City of Lacey’s credit quality does not result. The City of Lacey’s general facilities connection charges for water and wastewater services have minimized the need to issue debt.

Special assessment debt created from the formation of a local improvement district (LID) is another form of debt issued and administered by the City of Lacey. LID debt assists property owners in making significant public improvements (streets, sidewalks, street lighting, and some associated water, wastewater, and stormwater improvements) that benefit their property. Upon the formation of the local improvement district, improvements are constructed. When all improvement costs and administrative expenses are determined, a special benefit appraisal is conducted to determine the amount to be assessed each property according to the benefit received. Property owners may finance the cost of these improvements for a period of years through the City of Lacey. The City of Lacey sells LID bonds to recover the cost of constructing the improvements. These bonds are backed by liens on the benefiting property and a guarantee fund established by the City of Lacey.

Long-term Debt. At the end of the current fiscal year, the City of Lacey had total bonded debt outstanding of \$9.9 million. \$3.1 million is comprised of debt backed by the full faith and credit of the government and \$5.7 million is guaranteed by revenues generated by the City’s water, wastewater, and stormwater utilities.

Outstanding Debt
(in \$1,000's)

	Governmental Activities		Business-Type Activities		Totals		Percentage Change
	2023	2022	2023	2022	2023	2022	
General obligation bonds	\$ 3,115	\$ 4,210	\$ -	\$ -	\$ 3,115	\$ 4,210	-26.0%
Revenue bonds	-	-	4,835	5,225	4,835	5,225	-7.5%
Direct placement	-	-	831	912	831	912	-8.9%
Installment purchase	648	509	-	-	648	509	N/A
Leases	483	593	-	-	483	593	0.0%
Total	\$ 4,246	\$ 5,312	\$ 5,666	\$ 6,137	\$ 9,912	\$ 11,449	-13.4%

The City of Lacey’s total outstanding debt decreased by \$1.5 million (13.4 percent) during the current fiscal year. The net decrease is equal to the debt redemption for 2023 and slight adjustments to leases. The debt per capita was approximately \$166.79, which is considered low.

Additional information on the City of Lacey’s long-term debt can be found in note 2-H on pages 4-36 to 4-41.

Economic Factors and Next Year’s Budgets and Rates

- The 2023 average unemployment rate for Thurston County was 4.1 percent, which is higher compared to a year ago. This is equal compared to the state and higher compared to the national average unemployment rates of 4.1 percent and 3.6 percent, respectively.



- The City of Lacey's population continues to grow (59,430 in the current fiscal year) and is placing more demand on services. The City of Lacey's population is growing faster than the State average, 2.2 percent and 1.1 percent, respectively.
- During the current fiscal year, the unassigned fund balance in the general fund increased \$2.8 million (11.6 percent) to \$27.3 million compared to the 2022 unassigned fund balance.
- The Water utility rates increased during 2023 by 5.25 percent. The City of Lacey has a water rate schedule that places more emphasis on conservation. The conservation rates place greater emphasis on the relationship of water usage to the amount paid by the customer. This change rewards the conservative customer while encouraging, through a higher rate, the high-end consumer to conserve water resources. Wastewater and Stormwater rates increased during 2023 9.5 percent and 4.5 percent, respectively. These rates along with general facility charges, fund the current operating expenses, maintenance of the system, replacement, emergency repairs, and needed capital improvements.

Requests for Information

This financial report is designed to provide a general overview of the City of Lacey's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Lacey's Finance Department, 420 College Street SE, Lacey, Washington, 98503.



CITY
OF **LACEY**





City of Lacey
Statement of Net Position
December 31, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 44,526,080	\$ 23,092,460	\$ 67,618,540
Investments	122,804,108	67,573,681	190,377,789
Receivables (net)	9,988,929	7,609,376	17,598,305
Internal balances	(2,622,185)	2,622,185	-
Inventories	177,076	1,370,256	1,547,332
Prepaid expenses and deposits	287,585	6,335	293,920
Restricted:			
Cash and cash equivalents	33,022	1,214,319	1,247,341
Investment in joint venture	840,590	-	840,590
Net pension asset	10,319,869	1,468,637	11,788,506
Right to use lease asset, net	551,277	-	551,277
Capital assets:			
Non-depreciable	184,570,552	51,825,817	236,396,369
Depreciable, net	141,724,743	284,530,481	426,255,224
Total assets	<u>513,201,646</u>	<u>441,313,547</u>	<u>954,515,193</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	190,541	-	190,541
Deferred outflows related to OPEB	83,869	-	83,869
Deferred outflows related to pension	7,387,872	1,211,102	8,598,974
Total deferred outflows of resources	<u>7,662,282</u>	<u>1,211,102</u>	<u>8,873,384</u>
LIABILITIES			
Current liabilities:			
Accounts payable	2,818,759	4,938,757	7,757,516
Interest payable	10,383	53,538	63,921
Unearned revenues	694,064	-	694,064
Unearned revenues - ARPA	3,709,116	-	3,709,116
Current portion of compensated absences	933,703	176,862	1,110,565
Current portion of OPEB liability	143,299	-	143,299
Current portion of long-term debt	1,098,575	483,000	1,581,575
Total current Liabilities	<u>9,407,899</u>	<u>5,652,157</u>	<u>15,060,056</u>
Noncurrent liabilities:			
Noncurrent portion of compensated absences	1,029,750	188,583	1,218,333
Noncurrent portion of OPEB liability	4,748,352	-	4,748,352
Net pension liability	2,121,652	633,436	2,755,088
Noncurrent portion of long-term debt	3,382,984	5,388,852	8,771,836
Total noncurrent Liabilities	<u>11,282,738</u>	<u>6,210,871</u>	<u>17,493,609</u>
Total liabilities	<u>20,690,637</u>	<u>11,863,028</u>	<u>32,553,665</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension	4,450,838	815,755	5,266,593
Deferred inflows related to leases	56,211	1,153,163	1,209,374
Total deferred inflows of resources	<u>4,507,049</u>	<u>1,968,918</u>	<u>6,475,967</u>
NET POSITION			
Net investment in capital assets	322,543,189	330,195,814	652,739,003
Restricted for:			
Pension related	10,319,869	1,468,637	11,788,506
Lodging/tourism	938,434	-	938,434
HUD grant	38,542	-	38,542
Hicks Lake	123,117	-	123,117
Criminal justice	5,869	-	5,869
Buildings inspection and enforcement	2,753,126	-	2,753,126
Criminal bail	181,299	-	181,299
Other	449,890	-	449,890
Debt Service	-	694,361	694,361
Unrestricted	158,312,907	96,333,891	254,646,798
Total net position	<u>\$ 495,666,242</u>	<u>\$ 428,692,703</u>	<u>\$ 924,358,945</u>

The notes to the financial statements are an integral part of this statement



City of Lacey
Statement of Activities
For the Year Ended December 31, 2023

Functions/Program	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 9,979,810	\$ 2,815,415	\$ 75,561	\$ -
Public Safety	16,558,560	344,163	1,129,272	3,147,808
Natural environment	6,770,277	4,448,398	-	-
Transportation	19,456,623	758,452	1,066,212	5,321,945
Economic environment	4,149,778	3,184,698	-	1,006,000
Social Services	974,221	132,514	54,898	-
Culture and recreation	10,594,089	1,709,072	1,988,755	55,831
Interest	139,819	-	-	-
Total governmental activities	68,623,177	13,392,712	4,314,698	9,531,584
Business-type activities:				
Water	16,698,748	24,711,897	-	4,834,428
Wastewater	23,164,885	25,672,863	-	3,705,066
Stormwater	4,798,950	5,342,349	34,994	369,528
Reclaimed water	39,087	-	-	-
Total business-type activities	44,701,670	55,727,109	34,994	8,909,022
Total primary government	\$ 113,324,847	\$ 69,119,821	\$ 4,349,692	\$ 18,440,606

General revenues:

- Property taxes
- Retail taxes
- Business taxes
- Excise taxes
- Interest and investment earnings
- Gain (loss) related to capital assets
- Miscellaneous

Transfers

- Total general revenues and transfers
- Change in net position

- Net position - beginning
- Prior period correction (see Notes)
- Net position - beginning, adjusted
- Net position - ending

The notes to the financial statements are an integral part of this statement



Net (Expense) Revenues and Changes in Net Position Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (7,088,834)	\$ -	\$ (7,088,834)
(11,937,317)	-	(11,937,317)
(2,321,879)	-	(2,321,879)
(12,310,014)	-	(12,310,014)
40,920	-	40,920
(786,809)	-	(786,809)
(6,840,431)	-	(6,840,431)
(139,819)	-	(139,819)
<u>(41,384,183)</u>	<u>-</u>	<u>(41,384,183)</u>
-	12,847,577	12,847,577
-	6,213,044	6,213,044
-	947,921	947,921
-	(39,087)	(39,087)
<u>-</u>	<u>19,969,455</u>	<u>19,969,455</u>
<u>(41,384,183)</u>	<u>19,969,455</u>	<u>(21,414,728)</u>
9,016,407	-	9,016,407
22,607,103	-	22,607,103
13,210,840	-	13,210,840
3,803,702	-	3,803,702
7,576,865	4,097,392	11,674,257
28,261	-	28,261
1,197,211	245,063	1,442,274
(652,581)	652,581	-
<u>56,787,808</u>	<u>4,995,036</u>	<u>61,782,844</u>
15,403,625	24,964,491	40,368,116
475,319,867	400,284,066	875,603,933
4,942,750	3,444,146	8,386,896
480,262,617	403,728,212	883,990,829
<u>\$ 495,666,242</u>	<u>\$ 428,692,703</u>	<u>\$ 924,358,945</u>



City of Lacey
Balance Sheet
Governmental Funds
December 31, 2023

	General	Arterial Street	Other Governmental Funds	Total Governmental Funds
ASSETS				
Current cash & cash equivalents	\$ 19,538,588	\$ 12,700,747	\$ 6,454,674	\$ 38,694,009
Investments	53,349,589	35,380,410	17,915,675	106,645,674
Receivables (net of allowances):				
Taxes	5,091,916	158,339	759,611	6,009,866
Customer accounts	1,961,081	13,093	80,624	2,054,798
Lease Receivable	41,541	-	-	41,541
Accrued interest and penalty	325,340	215,759	109,256	650,355
Due from other funds	-	-	4,726	4,726
Due from other governmental units	639,417	187,287	295,673	1,122,377
Prepayments	54,501	750	-	55,251
Interfund loan receivable	-	-	347,723	347,723
Restricted assets:				
Cash & cash equivalents	32,172	-	850	33,022
Total assets	81,034,145	48,656,385	25,968,812	155,659,342
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	1,379,344	203,662	852,894	2,435,900
Due to other governmental units	332,573	386	-	332,959
Customer deposits	32,172	-	850	33,022
Unearned revenue	189,931	504,134	-	694,065
Unearned revenue - ARPA	3,709,116	-	-	3,709,116
Total liabilities	5,643,136	708,182	853,744	7,205,062
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues-property tax	77,744	-	7,340	85,084
Unavailable revenues-special assessments	-	-	810	810
Unavailable revenues-violations	101,900	-	-	101,900
Unavailable revenues-leases	56,211	-	-	56,211
Unavailable revenues-grants and loans	887,594	457	68,003	956,054
Total deferred inflows of resources	1,123,449	457	76,153	1,200,059
Fund balances				
Nonspendable	54,501	750	-	55,251
Restricted	3,336,132	48,184	1,105,962	4,490,278
Committed	33,651,510	39,000,000	7,270,931	79,922,441
Assigned	9,876,792	8,898,812	16,662,022	35,437,626
Unassigned	27,348,625	-	-	27,348,625
Total fund balances	74,267,560	47,947,746	25,038,915	147,254,221
Total liabilities, deferred inflows of resources and fund balances	\$ 81,034,145	\$ 48,656,385	\$ 25,968,812	\$ 155,659,342

The notes to the financial statements are an integral part of this statement



City of Lacey
Reconciliation of the Balance Sheet
To the Statement of Net Position
Governmental Funds
December 31, 2023

Fund balances - total governmental funds		\$ 147,254,221
Amounts reported for governmental activities in the statement of net position are different because:		
Certain assets used in governmental activities are not financial resources and therefore are not reported in the fund statement:		
Inventory - unused supplies on-hand	177,074	
Investment in joint venture	840,590	
Deferred charges on refunding	190,541	1,208,205
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:		
Non-depreciable assets	184,570,552	
Depreciable assets (net)	136,068,826	320,639,378
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds:		
Deferred inflows of resources: unavailable revenues		
Property taxes receivable	85,084	
Special assessments receivable	810	
Local court revenue receivable	101,900	
Grants earned but not available	3,395	
Non-grant assistance earned but not available	884,656	
HUD & other loan assessments receivable	68,004	1,143,849
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds:		
Interest payable	(10,383)	
Bonds and loans including unamortized debt premiums	(4,847,980)	
Leases	32,671	
Asset financing	333,750	
Compensated absences	(1,842,419)	(6,334,361)
Total OPEB liability and OPEB related deferred outflows of resources		
Total OPEB Liability	(4,891,651)	
Deferred outflow of resources related to OPEB	83,869	(4,807,782)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are reported in the statement of net position.		
	25,737,115	25,737,115
Net pension asset, liability and pension related deferred outflows and inflows of resources are not due in the current period, and therefore, are not reported in the funds. These amounts consist of:		
Net pension asset	9,950,329	
Net pension liability	(1,962,268)	
Deferred outflows of resources	7,083,133	
Deferred inflows of resources	(4,245,577)	10,825,617
Net position of governmental activities.		\$ 495,666,242

The notes to the financial statements are an integral part of this statement



City of Lacey
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2023

	General	Arterial Street	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 40,306,282	\$ 3,215,161	\$ 5,112,170	\$ 48,633,613
Licenses and permits	2,939,709	-	28,599	2,968,308
Intergovernmental revenues	7,311,728	1,501,473	1,880,075	10,693,276
Charges for services	10,585,294	665,952	-	11,251,246
Fines and forfeitures	92,176	-	-	92,176
Other revenues	4,376,288	2,022,128	1,357,229	7,755,645
Total revenues	<u>65,611,477</u>	<u>7,404,714</u>	<u>8,378,073</u>	<u>81,394,264</u>
EXPENDITURES				
Current:				
General government	9,807,838	-	-	9,807,838
Public safety	17,289,862	-	-	17,289,862
Natural environment	7,474,771	-	-	7,474,771
Transportation	4,204,693	-	-	4,204,693
Economic environment	4,368,103	-	43,210	4,411,313
Social services	792,123	-	-	792,123
Culture and recreation	8,817,622	-	651,491	9,469,113
Capital outlay	33,469	2,199,483	15,339,860	17,572,812
Debt service:				
Principal	-	-	1,288,896	1,288,896
Principal - leases	142,373	-	-	142,373
Interest	-	-	165,250	165,250
Interest-leases	15,867	-	-	15,867
Total expenditures	<u>52,946,721</u>	<u>2,199,483</u>	<u>17,488,707</u>	<u>72,634,911</u>
Excess (deficiency) of revenue over (under) expenditures	<u>12,664,756</u>	<u>5,205,231</u>	<u>(9,110,634)</u>	<u>8,759,353</u>
OTHER FINANCING SOURCES (USES)				
Initiation of leases	32,671	-	-	32,671
Debt issuance	-	-	333,750	333,750
Transfers in	428,500	-	6,073,820	6,502,320
Transfers out	(7,004,062)	(200,000)	(228,500)	(7,432,562)
Total other financing sources (uses)	<u>(6,542,891)</u>	<u>(200,000)</u>	<u>6,179,070</u>	<u>(563,821)</u>
Net change in fund balances	6,121,865	5,005,231	(2,931,564)	8,195,532
Fund balance - beginning	<u>68,145,695</u>	<u>42,942,515</u>	<u>27,970,479</u>	<u>139,058,689</u>
Fund balance - ending	<u>\$ 74,267,560</u>	<u>\$ 47,947,746</u>	<u>\$ 25,038,915</u>	<u>\$ 147,254,221</u>

The notes to the financial statements are an integral part of this statement



City of Lacey
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
Governmental Funds
For the Year Ended December 31, 2023

Net changes in total fund balances per fund financial statements		\$ 8,195,532
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures; however, in the statement of activities the cost of those assets are depreciated over their estimated useful lives. This is the amount by which capital outlays exceeded depreciation in the current period.</p>		
Capital outlay	8,595,966	
Current year amortization	(140,117)	
Current year depreciation	<u>(12,019,229)</u>	(3,563,380)
<p>Contributed /donated capital assets are included in the statement of activities but are not included in the governmental funds as they do not provide current financial resources:</p>		
Contributed from developers and other outside sources	<u>4,322,369</u>	4,322,369
<p>Issuance of long-term debt (e.g., bonds, leases) 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, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
Lease and equipment financing	(366,421)	
Debt principal repayments	1,431,269	
Net amortization of bond premiums and deferral on refunding	<u>37,911</u>	1,102,759
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund statement.</p>		
Unavailable revenue - property taxes	4,440	
Unavailable revenue - special assessments	(30)	
Unavailable revenue - non-grant assistance	265,412	
Unavailable revenue - grants earned but not available	(192,522)	
Unavailable revenue - court local revenue earned but not available	(15,942)	
Unavailable revenue - contract receivable	<u>(178,785)</u>	(117,427)
<p>Some expenses 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.</p>		
Increase (decrease) in prepaid supplies on-hand	37,041	
Increase (decrease) in investment in joint venture	68,736	
(Increase) decrease in compensated absences	(211,668)	
(Increase) decrease in accrued interest payable	<u>3,388</u>	(102,503)
<p>Internal service funds or activities are used by management to charge the costs of certain activities to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.</p>		
		2,706,774
<p>Changes to total OPEB liability and OPEB related deferred outflows of resources do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
		(149,010)
<p>Changes to net pension liability and pension related deferred outflows and inflows of resources do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
		3,008,511
Changes in net position of governmental activities		<u>\$ 15,403,625</u>

The notes to the financial statements are an integral part of this statement



City of Lacey
Statement of Net Position
Proprietary Funds
December 31, 2023

	Business-type Activities Enterprise Funds				Total	Governmental Activities Internal Service Funds
	Water	Waste- Water	Storm Water	Reclaimed Water		
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 13,004,972	\$ 5,917,442	\$ 3,570,547	\$ 599,499	\$ 23,092,460	\$ 5,832,073
Investments	39,145,682	16,758,939	10,003,627	1,665,433	67,573,681	16,158,435
Restricted cash and cash equivalents:						
Customer deposits	468,914	41,399	9,646	-	519,959	-
Receivables (net of allowances):						
Customer accounts	1,869,990	2,625,631	536,083	616	5,032,320	6,730
Lease receivable	1,236,398	-	-	-	1,236,398	-
Accrued interest & penalty	240,033	138,188	61,005	10,156	449,382	98,539
Prepayments	272	-	6,064	-	6,336	232,334
Due from governmental units	264	20,586	-	-	20,850	-
Inventory	1,370,256	-	-	-	1,370,256	-
Total current assets:	57,336,781	25,502,185	14,186,972	2,275,704	99,301,642	22,328,111
Noncurrent assets:						
Restricted cash and cash equivalents:						
Revenue bonds covenants	607,425	86,936	-	-	694,361	-
Special assessments	4,603	80,189	-	-	84,792	-
Special assessments - noncurrent	33,147	752,484	-	-	785,631	-
Net pension asset	899,130	388,225	181,282	-	1,468,637	369,540
Capital assets:						
Non-depreciable assets	37,418,399	10,958,744	3,448,674	-	51,825,817	-
Depreciable assets, net	143,113,212	103,092,580	36,717,093	1,607,596	284,530,481	6,207,194
Total capital assets, net of accumulated depreciation	180,531,611	114,051,324	40,165,767	1,607,596	336,356,298	6,207,194
Total noncurrent assets	182,075,916	115,359,158	40,347,049	1,607,596	339,389,719	6,576,734
Total assets	239,412,697	140,861,343	54,534,021	3,883,300	438,691,361	28,904,845
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows of resources related to pension	741,461	320,146	149,495	-	1,211,102	304,739
Total deferred outflows of resources	741,461	320,146	149,495	-	1,211,102	304,739
LIABILITIES						
Current liabilities:						
Accounts payable	2,079,849	574,855	8,763	-	2,663,467	16,881
Matured interest payable	28,309	19,501	5,728	-	53,538	-
Due to other funds	-	4,726	-	-	4,726	-
Due to other governmental units	30,088	1,703,172	17,344	-	1,750,604	-
Compensated absences	121,415	39,573	15,874	-	176,862	50,885
Current liabilities payable from restricted assets:						
Customer deposits	468,914	41,399	9,646	-	519,959	-
Current portion of interfund loans payable	-	23,009	-	-	23,009	-
Current portion of revenue bonds payable	332,684	83,000	67,316	-	483,000	-
Total current liabilities	3,061,259	2,489,235	124,671	-	5,675,165	67,766
Noncurrent liabilities:						
Compensated absences	119,877	50,153	18,553	-	188,583	70,149
Long-term portion of interfund loan payable	-	324,714	-	-	324,714	-
Bonds payable (net of premium/discount)	3,859,841	748,000	781,011	-	5,388,852	-
Net pension liability	387,804	167,443	78,189	-	633,436	159,384
Total noncurrent liabilities	4,367,522	1,290,310	877,753	-	6,535,585	229,533
Total liabilities	7,428,781	3,779,545	1,002,424	-	12,210,750	297,299
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows of resources related to pension	499,420	215,639	100,696	-	815,755	205,261
Deferred inflows of resources related to leases	1,153,163	-	-	-	1,153,163	-
Total deferred inflows of resources	1,652,583	215,639	100,696	-	1,968,918	205,261
NET POSITION						
Net investment in capital assets	176,052,080	113,218,698	39,317,440	1,607,596	330,195,814	6,207,194
Restricted for pension related	899,130	388,225	181,282	-	1,468,637	369,540
Restricted for debt service	607,425	86,936	-	-	694,361	-
Unrestricted	53,514,159	23,492,446	14,081,674	2,275,704	93,363,983	22,130,290
Total net position	\$ 231,072,794	\$ 137,186,305	\$ 53,580,396	\$ 3,883,300	\$ 425,722,795	\$ 28,707,024
Adjustment to reflect the consolidation of internal balances and internal service fund activities related to enterprise funds.					2,969,908	
Net position of business-type activities.					\$ 428,692,703	

The notes to the financial statements are an integral part of this statement

The notes to the financial statements are an integral part of this statement



City of Lacey
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2023

	Business-Type Activities Enterprise Funds				Total	Governmental Activities Internal Service Funds
	Water	Waste- Water	Storm Water	Reclaimed Water		
OPERATING REVENUES						
Charges for services	\$ 24,433,554	\$ 25,666,603	\$ 5,324,725	\$ -	\$ 55,424,882	\$ 6,054,743
Miscellaneous operating revenues	278,342	6,260	17,624	-	302,226	163,636
Total operating revenue	24,711,896	25,672,863	5,342,349	-	55,727,108	6,218,379
OPERATING EXPENSES						
Operating expense	6,020,780	16,242,506	1,547,349	-	23,810,635	3,317,260
Maintenance expense	5,267,710	3,477,964	1,159,409	-	9,905,083	729,877
Depreciation expense	4,344,135	3,145,571	1,995,875	39,087	9,524,668	1,466,277
Taxes	964,495	329,495	116,501	-	1,410,491	342
Total operating expenses	16,597,120	23,195,536	4,819,134	39,087	44,650,877	5,513,756
OPERATING INCOME (LOSS)	8,114,776	2,477,327	523,215	(39,087)	11,076,231	704,623
NONOPERATING REVENUES (EXPENSES)						
Intergovernmental revenue	-	-	34,994	-	34,994	-
Special assessments interest	1,420	36,107	-	-	37,527	-
Investment earnings	2,266,502	1,126,312	514,941	109,109	4,016,864	884,640
Lease revenue	245,064	-	-	-	245,064	-
Lease interest revenue	43,002	-	-	-	43,002	-
Interest expense	(160,627)	(36,309)	(32,502)	-	(229,438)	-
Gain (loss) related to capital assets	-	-	-	-	-	28,261
Total nonoperating revenues (expenses)	2,395,361	1,126,110	517,433	109,109	4,148,013	912,901
Income (loss) before contributions and transfers	10,510,137	3,603,437	1,040,648	70,022	15,224,244	1,617,524
Capital Contributions - grants	-	-	71,623	-	71,623	-
Capital Contributions - private	4,834,428	3,705,066	297,905	-	8,837,399	181,860
Capital Contributions - interfund	-	-	-	-	-	1,086,035
Transfers in	950,667	-	-	-	950,667	-
Transfers out	(131,751)	(139,768)	(26,567)	-	(298,086)	-
Changes in net position	16,163,481	7,168,735	1,383,609	70,022	24,785,847	2,885,419
Net position - beginning as previously reported	211,588,718	129,993,849	52,096,957	3,813,278		25,821,605
Prior period correction	3,320,595	23,721	99,830	-		-
Net position - beginning	214,909,313	130,017,570	52,196,787	3,813,278		25,821,605
NET POSITION - ENDING	\$ 231,072,794	\$ 137,186,305	\$ 53,580,396	\$ 3,883,300		\$ 28,707,024
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.					178,645	
Change in net position of business-type activities.					<u>\$ 24,964,492</u>	

The notes to the financial statements are an integral part of this statement.

The notes to the financial statements are an integral part of this statement



City of Lacey
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2023

	Business-type Activities Enterprise Funds				Total	Governmental Activities Internal Services Funds
	Water	Waste- Water	Storm Water	Reclaimed Water		
CASH FLOW FROM OPERATING ACTIVITIES:						
Receipts from customers and users	\$ 25,215,467	\$ 26,018,436	\$ 5,375,310	\$ (275)	\$ 56,608,938	\$ 326,129
Receipts from interfund services	-	-	-	-	-	5,892,590
Payments to suppliers	(6,304,039)	(18,405,939)	(1,181,151)	-	(25,891,128)	(2,177,534)
Payments for interfund services	(597,464)	(593,353)	(432,005)	-	(1,622,822)	(26,098)
Payments for employees	(4,826,045)	(2,599,704)	(1,173,121)	-	(8,598,871)	(2,005,878)
Payments for taxes	(964,495)	(329,495)	(116,501)	-	(1,410,491)	(342)
Net cash provided by operating activities	12,523,424	4,089,945	2,472,532	(275)	19,085,626	2,008,867
CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES:						
Transfers in from other funds	950,667	-	-	-	950,667	-
Transfers out to other funds	(131,751)	(139,768)	(26,567)	-	(298,086)	-
Operating grant received	-	-	48,486	-	48,486	-
Net cash provided by non-capital financing activities	818,916	(139,768)	21,920	-	701,068	-
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Acquisition and construction of capital assets	(15,246,022)	(7,392,307)	(586,096)	-	(23,224,425)	(1,014,580)
Proceeds from sales of capital assets	-	-	-	-	-	50,266
Proceeds (payment) on Interfund loan	-	(22,103)	-	-	(22,103)	-
Interest paid on interfund loan	-	(15,163)	-	-	(15,163)	-
Principal paid on revenue bonds	(324,366)	(81,000)	(65,633)	-	(470,999)	-
Income from leases	250,648	-	-	-	250,648	-
Interest paid on revenue bonds	(179,587)	(23,348)	(36,338)	-	(239,273)	-
Payments received on special assessments	10,389	188,119	-	-	198,508	-
Subsidy from grant	-	-	71,623	-	71,623	-
Net cash used by capital and related financing activities	(15,488,938)	(7,345,802)	(616,444)	-	(23,451,184)	(964,314)
CASH FLOW FROM INVESTING ACTIVITIES:						
Redemption (purchase) of investments	(5,688,772)	469,317	(2,508,712)	52,377	(7,675,790)	(3,378,805)
Interest received on investments	2,152,123	1,113,152	481,773	105,333	3,852,381	833,566
Net cash provided (used) by investing activities	(3,536,649)	1,582,469	(2,026,939)	157,710	(3,823,409)	(2,545,239)
Net increase (decrease) in cash and cash equivalents	(5,683,247)	(1,813,156)	(148,932)	157,435	(7,487,900)	(1,500,686)
Cash and cash equivalents January 1	19,764,558	7,858,933	3,729,125	442,064	31,794,680	7,332,759
Cash and cash equivalents December 31 (see Note below) (including restricted cash & cash equivalents)	\$ 14,081,311	\$ 6,045,777	\$ 3,580,193	\$ 599,499	\$ 24,306,780	\$ 5,832,073
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:						
Net operating income (loss)	\$ 8,114,776	\$ 2,477,327	\$ 523,215	\$ (39,087)	\$ 11,076,231	\$ 704,623
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation	4,344,135	3,145,571	1,995,875	39,087	9,524,668	1,466,277
Decrease (increase) in:						
Customer receivables	243,993	459,655	23,314	(275)	726,687	(3,439)
Intergovernmental receivables	(15)	(16,345)	(0)	-	(16,360)	7,148
Prepaid expenses	-	-	(6,064)	-	(6,064)	(3,367)
Inventories	(1,100,529)	-	-	-	(1,100,529)	-
Customer deposits	259,594	(97,737)	9,646	-	171,503	-
Increase (decrease) in:						
Accounts payable	1,115,510	236,449	6,232	-	1,358,191	(10,541)
Intergovernmental payables	(49,577)	(1,960,172)	9,317	-	(2,000,432)	(28)
Compensated absences	24,984	18,758	(5,941)	-	37,801	21,237
Net pension liability, deferred outflows and inflows of pension related resources	(429,447)	(173,561)	(83,062)	-	(686,070)	(173,043)
Total adjustments	4,408,648	1,612,618	1,949,317	38,812	8,009,395	1,304,244
Net cash provided by operating activities	\$ 12,523,424	\$ 4,089,945	\$ 2,472,532	\$ (275)	\$ 19,085,626	\$ 2,008,867
Reconciliation of cash and cash equivalents with the amounts on the fund statement of net position:						
Cash and cash equivalents	\$ 13,004,972	\$ 5,917,442	\$ 3,570,547	\$ 599,499	\$ 23,092,460	\$ 5,832,073
Restricted cash and cash equivalents	1,076,339	128,335	9,646	-	1,214,320	-
Cash and cash equivalents for cash flow statements	\$ 14,081,311	\$ 6,045,777	\$ 3,580,193	\$ 599,499	\$ 24,306,780	\$ 5,832,073
Schedule of noncash capital and related financing activities:						
Contributions of capital assets from developers	\$ 8,155,023	\$ 3,728,787	\$ 397,735	\$ -	\$ 12,281,545	\$ -
Capital assets transferred from other funds						1,086,035
Capital assets transferred from private						181,860

The Accompanying Notes Are an Integral Part Of This Statement

The notes to the financial statements are an integral part of this statement



City of Lacey
Statement of Fiduciary Net Position
Fiduciary Funds
For the ended December 31, 2023

	Custodial Funds
ASSETS	
Cash and cash equivalents	\$ 883,219
Investments	2,208,739
Receivables and prepayments	510,803
Total assets:	3,602,761
LIABILITIES	
Accounts payable	39,503
Due to other governmental units	619,764
Total liabilities	659,267
NET POSITION	
Restricted for:	
Individuals, organizations and other governments	2,943,494
Total net position	\$ 2,943,494
Adjustment to reflect the consolidation of equity interest in fiduciary funds	(510,902)
Net position of fiduciary activities	\$ 2,432,592

The notes to the financial statements are an integral part of this statement



City of Lacey
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
December 31, 2023

	<u>Custodial Funds</u>
ADDITIONS	
Taxes	\$ 2,877,786
Charges for services	2,201,496
Investment earnings	108,638
Contributions	691,905
Miscellaneous nonoperating revenues	7,917
Total additions	<u>5,887,742</u>
DEDUCTIONS	
Operating expense	5,525,335
Maintenance expense	32,704
Miscellaneous nonoperating expenses	1,024
Total deductions	<u>5,559,062</u>
Net increase (decrease) in fiduciary net position	328,680
Net position - beginning as previously reported	<u>2,622,591</u>
Prior period correction	<u>(7,777)</u>
Net position - beginning as restated	<u>2,614,814</u>
NET POSITION - ENDING	<u><u>\$ 2,943,494</u></u>
Adjustment to reflect the consolidation of equity interest in fiduciary funds	<u>(59,921)</u>
Change in net position of fiduciary activities	<u><u>\$ 268,759</u></u>

The notes to the financial statements are an integral part of this statement



Notes to the Financial Statements December 31, 2023

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CITY OF **LACEY**

City of Lacey
Notes to the Financial Statements
December 31, 2023

Note 1. Summary of significant accounting policies

The financial statements of the City of Lacey have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to state and local governments. GAAP for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the Financial Accounting Standards Board (FASB), when applicable, and the American Institute of Certified Public Accountants (AICPA) pronouncements that have been made applicable by GASB Statements or Interpretation.

A. Reporting entity

The City of Lacey was incorporated on December 5, 1966. The City operates under a Council-Manager form of government. The City's major operations, as authorized under the laws of the State of Washington applicable to a non-charter code city, include planning and zoning, public safety, public works, recreation and culture, and utilities.

As required by GAAP, the City's financial statements present the City of Lacey – the primary government. There are no component units (either blended or discretely presented) included in these statements.

B. Basic financial statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type.

Government-wide financial statements

The government-wide financial statements report information on all of the nonfiduciary activities of the primary government. While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds.

Governmental activities, which generally are financed by taxes, inter-government revenues, and other nonexchange revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external parties for the goods or services they acquire from the City. Governmental activities include programs/activities such as general government, public safety, streets, physical environment, transportation, culture and recreation, and health and welfare. Business-type activities, an integral part of the City's activities and responsibilities, include the City's Water utilities, Wastewater utilities, Stormwater utilities and Reclaimed Water utilities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment and may include indirect cost elements. As a general rule, the effect of interfund activity has been eliminated from the government-wide statements. Exceptions to this general rule are charges between the government's utilities functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund financial statements

Unlike government-wide financial statements, the focus of fund financial statements is directed to specific activities of the City rather than the City as a whole. The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The City's fiduciary funds are excluded from the government-wide financial statements, because resources of these funds cannot be used to finance the City's activities. However, the financial statements of fiduciary funds are included in the City's fund financial statements, because the City is financially accountable for those resources, even though they belong to other parties. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The government reports the following major governmental funds:

The *general fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The general fund includes police, health and social services, parks and recreation, finance and administration, planning, building inspection, community development, park maintenance, public works and engineering management, and services contracted to other agencies such as TCOMM 911, district court, and jail services.

The *arterial street fund* is a capital projects fund that provides funding for street construction and transportation improvement projects. Revenues come from state shared fuel taxes, utility taxes, real estate excise taxes, state and federal grants and mitigation impact fees. Work accomplished includes right-of-way acquisition, design and construction of roadways, storm drainage, sidewalks, street lighting, traffic signals, and landscaping.

The City reports the following major enterprise funds:

The *water utility fund* accounts for revenues and reserve dollars to construct or replace the water production and distribution system. The funds provide high quality drinking water in sufficient quantity and pressure to support the citizens of Lacey and service areas outside the City. Water comes primarily from wells that are owned and operated by the Utility. The City of Olympia has granted an emergency water supply agreement to City of Lacey.

The *wastewater utility fund* accounts for revenues and reserve dollars to construct new or replace portions of the wastewater collection and treatment system including sewer lines, lift stations and holding tanks. These facilities serve to collect, initiate treatment, and transport wastewater to the LOTT Treatment Facility located in Olympia.

The *stormwater utility fund* accounts for the operations and maintenance of the City-owned storm drainage and flood control systems as well as the activities for the planning, design, property acquisition and construction of capital projects.

The *reclaimed water utility fund* was created to utilize alternative water supplies for non-potable water application. The fund accounts for revenues and expenses to construct new or replace reclaimed water lines and maintenance and operations.

Additionally, the government reports the following fund types:

Internal services funds account for fleet management services and information management services provided to other departments within the City on a cost-reimbursement basis and include the following funds:

Equipment rental fund accounts for fleet management services provided to other departments within the City of Lacey, on a cost reimbursement basis. Activities of the fund include the maintenance and replacement of City owned vehicles and equipment. The City's finance department provides administrative and accounting services while the public works department provides maintenance and repair services.

Information management services fund is responsible for keeping all computer and office automation equipment and programs operating and responsive to the City's needs. This is accomplished through researching new computer techniques, correcting and revising programs to meet changing needs, managing computer techniques, and managing computer equipment to achieve maximum performance.

Fiduciary funds account for cash and investments held by the government on behalf of other governments in a custodial capacity, which include Joint Animal Services fund, Capital Area Regional Public Facilities District (CARPFD) fund, and other miscellaneous custodial funds.

C. Measurement focus, basis of accounting and financial statement presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The *government-wide financial statements* are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Custodial funds are reported using the full accrual basis of accounting and use the economic resources measurement focus. 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.

The *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. Expenditures are generally 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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

Property taxes, sales taxes, business and licensing taxes, utility taxes, excise taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 90 days of year-end). Only the portion of special assessment due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period, provided that the amount is received during the period or within the 60-day availability period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The proprietary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The custodial fund uses the *economic resources measurement focus*.

D. Budgetary information

1. Scope of budget

The City budgets its funds in accordance with the Revised Code of Washington chapter 35A.33. The budget, as adopted, constitutes the legal authority for expenditures. Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all funds. The City's budget is adopted at the fund level, so that expenditures may not legally exceed appropriations at that level of detail. The steps in the budget process are as follows:

- (1) Prior to October 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures/expenses and the means of financing them.
- (2) A public hearing is conducted at City Hall to obtain taxpayer comments.
- (3) During the month of December, the budget is legally enacted through passage of an ordinance.
- (4) Any revisions that alter the total amount of expenditures/expenses of any fund must be approved by the City Council.

Appropriation in all budgeted funds lapse at the end of the fiscal year (except for appropriations for capital projects, which may be carried forward, with the City Council's approval, from year to year, until fully expended or the purpose of the appropriation has been accomplished or abandoned) even if they have related encumbrances. Unexpended resources must be re-appropriated in the subsequent period.

2. Amending the budget

Transfers or revisions for budgeted amounts within funds are authorized by the City Manager; however, any revisions that alter the total amount of expenditures/expenses of any fund must be approved by the City Council.

The accompanying supplementary information presents both 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.

E. Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance

1. Cash, deposits and investments

The City has defined cash and cash equivalents as cash on hand, demand deposits, and all highly liquid short-term investments (including restricted assets) with a maturity of three months or less from the date of acquisition. These amounts are classified on the balance sheet or in the statement of net position within cash and cash equivalents or investments in the various funds. The interest income on these investments is prorated to the applicable funds that report the underlying investments.

Investments for the City are reported at fair value except for the position in the State Treasurer's Local Government Investment Pool (LGIP). The LGIP operates in accordance with appropriate state laws and regulations (RCW 43.250.020).

For purposes of the statement of cash flows, the City considers the investment in the LGIP to be cash and cash equivalents..

2. Receivables and payables

Taxes receivable consists of property taxes and related interest and penalties.

Accrued interest receivable consists of amounts earned on investments, notes, special assessments, and contracts.

Customer accounts receivable/payable consists of amounts owed from/to private individuals or organizations for goods and services. If the transaction is with another governmental unit, it is accounted for within "*due from/to other governments*".

Special assessments are recorded when levied and are liens against the property benefited. Special assessments receivables consist of current and delinquent assessments. *Noncurrent assessments* on the fund financial statements consist of unbilled special assessments not due within one year.

Receivables have been reported net of estimated uncollectible accounts. Because property taxes, special assessments, and utility billings are considered liens on property, no estimated uncollectible amounts are established.

In the government-wide financial statements, and proprietary fund types in the fund financial statements, *long-term liabilities* are reported in applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

3. Amounts due to/from other funds and interfund loans and advances (See Note 2.E. Interfund Loans and Transfers)

Activity 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 fund*. All other outstanding balances between funds are reported as *due to/from other funds*. Due to/from other funds result from goods issued, work performed, or services rendered to or for the benefit of another fund within the City when cash is not immediately moved between the funds. All other outstanding balances between the governmental activities and business-type activities are reported in the government-wide financial statements as "*internal balances*."

Advances (long-term interfund loan) 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 resources.

4. Inventories and prepaid items

Inventories are assets held for internal consumption and reported at cost. Inventories in governmental funds are reported using the purchases method where expenditures are recognized when they are purchased. Inventories in the enterprise funds are reported using the consumption method where inventories are reported as assets when purchased and then expensed when the item is consumed. Inventories are carried at cost on the first in, first out (FIFO) basis or specific identification basis. Any material inventories at year-end are included in the balance sheet or statement of net position of the appropriate fund.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund statements using the consumption method.

5. Restricted assets and liabilities

Enterprise funds may have accounts that contain resources for construction and/or debt services, including current and delinquent special assessments receivable. Certain proceeds of the revenue bonds set aside

funds for their repayment. The current portion of related liabilities are shown as payable from restricted assets. Specific debt service reserve requirements, if any, are described in the long-term debt note.

6. Capital assets (See Note 2.D. Capital Assets)

Capital assets include property, plant, equipment, and infrastructure assets (i.e., roads, sidewalks and similar items), and are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets, other than the infrastructure assets, are defined by the government as assets with an initial, individual cost of \$5,000 or more (land is capitalized regardless of value), and an estimated useful life in excess of two years. For infrastructure assets, the capitalization threshold is \$50,000 or more. Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

The City has capitalized certain sculptures as art and historical treasures. Art and historical treasures are expected to be maintained or enhanced over time and thus, are not depreciated.

Capital assets are recorded at historical cost, estimated historical cost if purchased or constructed, or the carrying value when transferred between proprietary and governmental funds. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The City implemented the general provisions of GASB Statement No. 34 in fiscal year 1999 and the infrastructure acquired prior to fiscal years ended after June 30, 1980, is reported. These assets were reported at estimated historical costs through back-trending method (i.e. estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year).

The City implemented the general provisions of GASB Statement No. 51 (Accounting and Financial Reporting for Intangible Assets) in fiscal year 2010. The City opted not to retroactively report intangible assets that are considered to have indefinite useful lives as of the effective date of this Statement and those that would be considered internally generated.

Governmental capital assets of the City purchased, leased, or constructed are recorded as expenditures in the governmental funds and are capitalized in the government-wide statements. Capital assets of proprietary funds are capitalized in their respective statement of net position.

Depreciation on all assets is provided on the straight-line basis over the following useful lives:

<u>Type of Asset</u>	<u>Number of Years</u>
Building and structures	15 - 40
Other improvements	05 - 50
Machinery and equipment	02 - 15
Infrastructure	20 - 50

7. Leases

Lessee: The City is a lessee for noncancelable leases. The City recognizes a lease liability and an intangible right-to-use lease asset in the government-wide and proprietary fund financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the

lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized using the straight-line basis over its useful life.

Governmental funds recognize a capital outlay and other financing source at the commencement of a new lease. Lease payments in governmental funds are reported as debt service principal and debt service interest expenditures.

Key estimates and judgements related to lease include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its incremental borrowing rate as the discount rate for leases or calculating the lessor's implicit interest rate.

The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lessor: The City is a lessor for noncancelable leases. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measure as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term using the straight-line basis.

Key estimates and judgements related to lease include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

The City uses interest rate charged to the lessee (as stated in the contract or implicit in the lease), the lessee's estimated incremental borrowing rate or published market rates, or the City's own incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease liability are compose of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

8. Deferred outflows/inflows of resources

In addition to assets and liabilities, the statement of financial position reports separate sections for deferred outflows of resources and deferred inflows of resources. The deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Deferred resources related to pension expense and unamortized portions of the loss and gain on refunding debt are reported as deferred outflows and deferred inflows of resources, respectively.

In addition to this, when an asset is recorded in governmental funds balance sheet but the revenue is not available, a deferred inflow of resources is reported until such time as the revenue becomes available.

9. Compensated absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation pay may accumulate up to 296 hours at year-end and is payable upon resignation, retirement or death.

Sick leave may accumulate up to 960 hours or as provided by contract. Upon retiring from employment with the City, AFSCME bargaining unit employees shall be paid for all accumulated sick leave beyond 60 days (480 hours) at the rate of 1 day (8 hours) of pay at their regular rate for each 3 days (24 hours) accumulated for a maximum payoff of 45 days (360 hours) sick leave for 15 days' (120 hours) pay. Each January, if sick leave exceeds 60 days, the AFSCME bargaining unit employees also have the option to convert sick leave to vacation on a 3:1 ratio or they can trade three (3) days of sick leave for one (1) day of pay at this same time. The Lacey Police Officers Guild, Lacey Police Management Association, and Lacey Police Senior Management Association bargaining units offer a sick leave buy-back program for unused sick leave up to a maximum of 1,000 hours at the rate of 25% per hour for 150 to 300 hours and at a rate of 33.3% for 301 to 1,000 hours. To be eligible for the buy-back program, an employee must have a minimum of 300 hours of sick leave accrued and qualify for LEOFF retirement or LEOFF Disability retirement.

Accrued sick leave is considered immaterial and is not accrued. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The liabilities for compensated absences are considered to be long-term liabilities and are included in Note 2.H. (Long-term liabilities).

10. Long-term liabilities

Long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities in the government-wide financial statements and in the proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payables are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on the debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

11. Fund balance, net position classifications and policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can only be used for the specific purposes determined by a formal action of City Council, by adoption of an ordinance prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.



Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The City’s policy as adopted by the governing body authorizes the City Manager and Finance Director to assign amounts to a specific purpose. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. For financial reporting purposes, amounts in excess of nonspendable, restricted, and committed fund balance in funds other than the general fund are generally considered assigned fund balances for the purposes intended for those funds.

It is the City’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance, when expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Further, when the components of unrestricted fund balance can be used for the same purpose, the committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

It is the City’s policy to consider restricted net position to have been depleted before unrestricted net position is applied for government-wide and proprietary fund financial statements.

The City council has adopted a financial policy to maintain a minimum level of unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the general fund. The target level is set at two months of operating revenues in the general, utility, and internal service funds. This amount is intended to provide fiscal stability when economic downturns and other unexpected events occur.

During 2023, prior period adjustments to fund balance were identified and recorded as follows:

Statement	Effect on Beginning Fund Balance	Circumstance
Government-Wide	\$ 8,388,896	A portion of developer contributed easements and right-of-way from 2019-2022 were not accounted for in each of those respective years. Amounts are shown as an adjustment to beginning balances in the Capital Assets note.
Proprietary: Water	3,320,595	
Proprietary: Wastewater	23,721	
Proprietary: Stormwater	99,830	
Fiduciary	7,777	In 2022, lease revenue for Joint Animal services was overreported on the Fiduciary statements.

12. Pensions

For purpose 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 (DRS). 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 the purposes of calculating the restricted net pension related to the net pension asset, the City includes the net pension asset and the related deferred outflows and deferred inflows.

F. Revenues, expenditures and expenses

1. Program revenues

Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) 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.

2. General revenues

Internally dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes and associated penalties and interest and investment earnings.

3. Interfund transactions and interfund transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers.

Charges for direct expenses for interfund services provided and used and indirect expenses (i.e. administration charges and common facilities charges) are accounted for by the related funds as revenues, expenditures, or expense at fund level.

As a general rule, the effect of interfund activity within the same functional categories has been eliminated from the government-wide statement of activities. Our policy is not to eliminate the indirect costs portion of the direct charges for interfund services provided and used between functions (i.e., engineering services provided and used). Exceptions to this general rule are charges between the government's utilities functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

4. Expenditures/expenses

Expenses in the government-wide statement of activities are reported by function as governmental activities (general government, public safety, natural environment, transportation, economic environment, social services, culture and recreation, or interest on long-term debt) or business-type activities (water, wastewater, stormwater, or reclaimed water). In the fund financial statements, expenditures of governmental funds are classified by functions, debt service principal and interest payments, or purchases of capital items.

5. Operating and nonoperating revenues and expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating 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. The principal operating revenues of the City's enterprise funds and of the City's internal services funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Note 2. Detailed notes on all activities and funds

A. Deposits and investments

The City's deposits, including money markets and certificates are entirely covered by the Federal Depository Insurance Corporation (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC). The PDPC is a statutory authority established under Chapter 39.58 of the Revised Code of Washington.

The City's investments are in compliance with all applicable state investment laws and City investment policies. As required by state law and the City's investment policies, all investments of the City's funds are obligations of the U.S. Government, U.S. agency issues, obligations of the State of Washington, general obligations of Washington State municipalities, the State Treasurer's Local Government Investment Pool (LGIP), or certificates of deposit with commercial banks and savings and loan associations that are approved by the PDPC.



As of December 31, 2023, the City held the following investments at amortized cost:

<u>Investment Type</u>	<u>Maturity</u>	<u>Lacey's Own Investments</u>
Washington State Local Government Investment Pool	60 Days	\$ 43,952,680
Total		<u>\$ 43,952,680</u>

The LGIP operates in accordance with appropriate state laws and regulations (RCW 43.250.020). Investments or deposits held by the LGIP are either insured or held by a third-party custody provider in the LGIP's name. For bank deposits and repurchase agreements, this cost-based measure equals their carrying value amount. Fair value is determined monthly. The reported value of City investment in the LGIP is dollar for dollar equal to the fair value of pool shares.

The LGIP transacts with its participants at a stable net asset value per share of \$1.00, the same method used for reporting. Participants may contribute and withdraw funds on a daily basis. Participants must inform the Office of the State Treasurer (OST) of any contribution or withdrawal over one million dollars no later than 9 a.m. on the same day the transaction is made. Contributions or withdrawals for one million dollars or less can be requested at any time prior to 10 a.m. on the day of the transaction. However, participants may complete transactions greater than one million dollars when notification is made between 9 a.m. and 10 a.m. at the sole discretion of OST. All participants are required to file with the State Treasurer documentation containing the names and titles of the officials authorized to contribute or withdraw funds. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals.

Custodial Credit Risk. Custodial credit risk is the risk that, in the event a depository institution or counterparty fails, the LGIP will not be able to recover the value of its deposits, investments or collateral securities that are in the possession of an outside party. Investments held as deposits in financial institutions are insured by the FDIC and / or collateralized. Collateral protection is administered by the PDPC. The PDPC, created by the Legislature per Chapter 39.58 of the Revised Code of Washington, constitutes a multiple financial institution collateral pool comprised of securities pledged to secure uninsured public deposits. Pledged securities are held by the PDPC's agent in the name of the collateral pool. The LGIP investment policy requires that securities purchased be held by the master custodian, acting as an independent third party, in its safekeeping or trust department. Securities utilized in repurchase agreements are subject to additional restrictions. These restrictions are designed to limit the LGIP's exposure to risk and ensure the safety of the investment. All securities utilized in repurchase agreements were rated AAA by Moody's and AA+ by Standard & Poor's. The fair value of securities utilized in repurchase agreements must be at least 102 percent of the value of the repurchase agreement. The City does not have a specific deposit policy for custodial risk.

Interest rate risk. In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to five (5) years or less from the date of purchase, unless matched to a specific cash flow or bond reserve funds. The interest rate risks of participants' balances in the LGIP are limited as the weighted average maturity of the portfolio will not exceed 60 days. As of December 31, 2023, the LGIP had a weighted average maturity of 16 days. The City does not have a specific interest rate risk policy.

<u>Investment Type</u>	<u>Investment Maturities (in Years)</u>				
	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1 to 5</u>	<u>6 to 10</u>	<u>More than 10</u>
Debt Securities					
U.S. Treasury Obligations	\$ 82,298,656	\$ 22,170,303	\$ 60,128,353	\$ -	\$ -
U.S. Agency Obligations	66,984,362	12,782,905	54,201,457	-	-
Municipal Debt Obligations	13,975,940	-	13,975,940	-	-
Supranational Bonds	8,673,156	1,451,303	7,221,853	-	-
Commercial Paper	<u>18,445,675</u>	<u>2,941,127</u>	<u>15,504,548</u>	-	-
Total Debt Securities	\$ 190,377,789	\$ 39,345,638	\$ 151,032,151	\$ -	\$ -
Other Securities					
WA State Local Government Investment Pool	\$ 43,952,680	\$ 43,952,680	\$ -	\$ -	\$ -
Total Other Securities	\$ 43,952,680	\$ 43,952,680	\$ -	\$ -	\$ -
Total Investments	<u>\$ 234,330,469</u>	<u>\$ 83,298,318</u>	<u>\$ 151,032,151</u>	<u>\$ -</u>	<u>\$ -</u>



Credit risk. As required by state law, it is the City’s policy to limit its investments in debt securities to the obligations of U.S. Government, U.S. agency issues, obligations of the State of Washington, general obligations of Washington State municipalities and the LGIP. The credit risk of the LGIP is limited as most investments are either obligations of the US government or state of Washington or its political subdivisions, government-sponsored enterprises, certain limited banker’s acceptances or commercial papers, or insured demand deposit accounts and certificates of deposit. The LGIP is not rated by an outside agency. The City does not have a specific credit risk policy.

As of December 31, 2023, the City of Lacey’s investments had the following credit quality distribution for securities with credit exposure:

	Fair Value	AAA Aaa	AA Aa	A	Unrated
U.S. Treasury Obligations	\$ 82,298,656	\$ 82,298,656	\$ -	\$ -	\$ -
U.S. Agency Obligations	66,984,362	66,984,362	-	-	-
Municipal Debt Obligations	13,975,940	-	13,975,940	-	-
Supranational Bonds	8,673,156	8,673,156	-	-	-
Commercial Paper	18,445,675	3,352,188	13,700,103	1,393,384	-
Total	\$ 190,377,789	\$ 161,308,362	\$ 27,676,043	\$ 1,393,384	\$ -

Concentration of credit risk: Concentration risk is the risk of loss attributed to the magnitude of the City’s investment in a single issuer. The City’s investment policy states, with the exception of US Treasury securities and authorized pools, no more than five (5) percent of total portfolio may be invested in a single security or with a single financial institution. The City does not have a formal policy for concentration of credit risk. .

Fair Value: The City of Lacey measures and reports 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: These are quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other than quoted prices that are not observable;
- Level 3: Unobservable inputs for an asset or liability.

As of December 31, 2023, the City of Lacey had the following investments measured at fair value:

	12/31/2023	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
U.S. Treasury Obligations	\$ 82,298,656	\$ 82,298,656	\$ -	\$ -
U.S. Agency Obligations	66,984,362	-	66,984,362	-
Municipal Debt Obligations	13,975,940	-	13,975,940	-
Supranational Bonds	8,673,156	-	8,673,156	-
Commercial Paper	18,445,675	-	18,445,675	-
Total Investments Reported at Fair Value	\$ 190,377,789	\$ 82,298,656	\$ 108,079,133	\$ -
Investments Measured at Amortized Cost				
WA State Local Government Investment Pool	\$ 43,952,680			
Total Investments Measured at Amortized Cost	\$ 43,952,680			
Total Investments	\$ 234,330,469			



The cash, deposit and investments amounts reported in the fund statements (including the fiduciary funds) for the year ended December 31, 2023 are as follows:

	<u>Amount</u>
<u>Governmental Funds</u>	
Cash and cash equivalents and investments	\$ 38,694,009
Restricted cash and cash equivalents and investments	33,022
Investments	106,645,674
Total governmental funds	<u>145,372,705</u>
<u>Enterprise Funds</u>	
Cash and cash equivalents	23,092,460
Restricted cash and cash equivalents and investments	1,214,320
Investments	67,573,681
Total proprietary funds	<u>91,880,461</u>
<u>Internal Services Funds</u>	
Cash and cash equivalents	5,832,073
Investments	16,158,435
Total proprietary funds	<u>21,990,508</u>
<u>Fiduciary Funds</u>	
Cash and cash equivalents	883,219
Investments	2,208,739
Total fiduciary funds	<u>3,091,958</u>
Total	<u>\$ 262,335,632</u>

The cash, deposit and investments amounts reported in the fund statements (including the fiduciary funds) for the year ended December 31, 2023 are as follows:

	<u>Amount</u>
Cash on hand	\$ 88,607
Custodial funds	9,589
Checking accounts	12,246,270
Public Funds Interest Checking	664
Investments less than 90 days	12,941,360
Investments	192,586,529
Washington State Investment Pool (LGIP)	44,462,613 ⁽¹⁾
Total	<u>\$ 262,335,632</u>

⁽¹⁾ Investments measured at amortized cost

B. Receivables and unearned and unavailable revenues

The \$5,091,916 taxes receivable in the general fund includes \$132,413 property taxes, \$2,917,191 sales and use taxes, \$1,742,188 business and utility taxes, and \$300,124 for other taxes. The customer accounts receivable \$1,961,081 in the general fund includes \$101,900 in fines for violations.

Governmental funds defer revenue recognition in connection with resources that have been received, but not yet earned (unearned). Below is the detail of the components of unearned and unavailable revenues reported in the governmental funds:

<u>Description</u>	<u>Unearned Revenues 12/31/2023</u>
Deposits for advance reservations (general fund)	\$ 189,931
ARPA dollars received and not yet spent	3,709,116
Traffic mitigation fees collected but earnings process not yet complete (arterial street fund)	504,134
Total unearned revenues for governmental funds	<u>\$ 4,403,181</u>



<u>Description</u>	<u>Unavailable Revenues 12/31/2023</u>
Property tax	\$ 85,084
Special assessments	810
Violations	101,900
Grants and loans	956,054
Total unearned revenues for governmental funds	<u>\$ 1,143,848</u>

C. Property taxes

The county treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities.

Taxes are levied annually on January 1 and become an enforceable lien against the properties. Property assessments are updated annually by the county assessor and are based on fair market value as of January 1. The County Assessor determines current market value of all property in Thurston County for tax purposes. Levy amounts are based on certified budgets submitted by taxing districts. Each year all properties are revalued to fair market value within one-sixth of the county being physically inspected. Appraisers use valid sales data and current replacement costs (based on labor and material, less depreciation) to arrive at fair market value. This ensures that each owner pays a proportional share of property taxes that support public services, such as: schools, libraries, roads, fire, police, and emergency services.

Taxes are due in two equal installments on April 30 and October 31. Tax liens are automatic at the point the taxes are levied. No allowance for uncollectible taxes is established because delinquent taxes are considered fully collectible. The county treasurer remits collections monthly to the appropriate district.

The City is permitted by law to levy up to \$3.60 minus the library rate of \$0.24 and the fire district rate of \$1.23 per \$1,000 of assessed valuation for general governmental services. This amount may be reduced for any of the following three reasons:

1. The Levy Limit: The levy limit calculation applies to a taxing district’s budget, and not to increases in the assessed value or tax bill of individual properties. Washington State law (RCW 84.55.010) restricts individual taxing districts from collecting, in any year, more than one percent increase in their regular, non-voted, levy over the highest levy amount since 1985. New construction, annexations, and excess levies approved by the voters are not included in the levy limit calculation. If the assessed valuation increases by more than one percent due to revaluation, the levy rate will be decreased.
2. The One Percent Constitutional Limit: The Washington State Constitution limits the regular (non-voted) combined property tax rate applied to an individual’s property to one percent (\$10 per \$1,000) of the market valuation. Voters may vote special levies that are added to this figure. If the taxes of all districts exceed this amount, each is proportionately reduced until the total is at or below the one-percent limit.
3. The City may voluntarily levy taxes below the legal limit. Special levies approved by the voters are not subject to the above limitations. The City’s regular levy rate for 2023 was \$0.6770 per \$1,000 on an assessed valuation of \$12,539,555,660 for a total regular levy of \$8,488,672. Additionally, special levies for G.O. bond obligations totaled \$687,050.



D. Capital assets

Capital asset activities for the year ended December 31, 2023 were as follows:

Governmental Activities	Beginning Balance 1/1/2023	Adjustment to Beginning Balance	Increases	Decreases	Ending Balance 12/31/2023
Non-depreciable Capital Assets:					
Land and land rights	\$ 162,846,205	\$ 4,942,750	\$ 5,134,842	\$ -	\$ 172,923,797
Construction in progress	8,152,608	-	4,819,257	1,325,110	11,646,755
Total non-depreciable assets	170,998,813	4,942,750	9,954,099	1,325,110	184,570,552
Depreciable Capital Assets:					
Buildings	32,582,076	-	-	-	32,582,076
Improvements	28,174,986	-	56,129	-	28,231,115
Leasehold improvement	2,401,179	-	-	-	2,401,179
Infrastructure	364,092,614	-	3,658,603	-	367,751,217
Machinery & equipment	19,793,295	-	2,824,416	610,883	22,006,828
Total depreciable assets at cost	447,044,150	-	6,539,148	610,883	452,972,415
Less accumulated depreciation:					
Buildings	17,094,677	-	555,839	-	17,650,516
Improvements	20,041,008	-	1,436,119	-	21,477,127
Leasehold improvement	240,118	-	160,079	-	400,197
Infrastructure	247,949,700	-	9,532,750	-	257,482,450
Machinery & equipment	13,025,544	-	1,800,717	588,879	14,237,382
Total accumulated depreciation	298,351,047	-	13,485,504	588,879	311,247,672
Total Depreciable assets, net	148,693,103	-	(6,946,357)	22,004	141,724,743
Governmental activities capital assets, net	\$ 319,691,916	\$ 4,942,750	\$ 7,950,494	\$ 1,347,114	\$ 326,295,295

Business-type activities	Beginning Balance 1/1/2023	Adjustment to Beginning Balance	Increase	Decrease	Ending Balance 12/31/2023
Non-depreciable Capital Assets:					
Land and land rights	\$ 22,592,600	\$ 3,444,146	\$ 1,902,835	\$ -	\$ 27,939,581
Construction in process	16,197,317	-	19,211,098	11,522,179	23,886,236
Total non-depreciable assets	38,789,917	3,444,146	21,113,933	11,522,179	51,825,817
Depreciable Capital Assets:					
Buildings	1,793,544	-	-	-	1,793,544
Improvements	408,160,127	-	22,439,205	-	430,599,332
Machinery & equipment	1,174,185	-	30,865	-	1,205,050
Total depreciable assets at cost	411,127,856	-	22,470,070	-	433,597,926
Less accumulated depreciation:					
Buildings	778,555	-	42,528	-	821,083
Improvements	138,001,881	-	9,427,621	-	147,429,502
Machinery & equipment	762,340	-	54,520	-	816,860
Total accumulated depreciation	139,542,776	-	9,524,669	-	149,067,445
Total depreciable assets, net	271,585,080	-	12,945,401	-	284,530,481
Business-type activities capital assets, net	\$ 310,374,997	\$ 3,444,146	\$ 34,059,334	\$ 11,522,179	\$ 336,356,298

2023 depreciation expenses were charged to functions/programs of the primary government as follows:

<u>Governmental activities</u>	<u>Amount</u>
General Government	\$ 383,919
Security of persons and property	181,482
Transportation	9,530,918
Economic environment	70,814
Social services	160,079
Culture and recreation	1,692,017
Internal services funds	1,466,277
Total governmental-type activities depreciation expense	<u>\$ 13,485,504</u>



Business-type activities	Amount
Water	\$ 4,344,135
Wastewater	3,145,571
Stormwater	1,995,875
Reclaimed Water	39,087
Total business-type activities depreciation expense	\$ 9,524,670

Construction and other significant commitments

The City has active construction projects in progress as of December 31, 2023. The projects include construction of streets in various areas, a parking lot at the RAC, and the construction of various water, wastewater, and stormwater facilities.

At the end of the fiscal year 2023, the City's commitments with contractors for major active projects were as follows:

Water Project Description	Spent to date 12/31/2023	Estimated Remaining Commitment in 2024
Terry Cargil Reservoir	\$ 5,873,768.20	\$ 2,738,580.14
Beachcrest Wellfield pH Improvements	1,936,709.37	2,152,136.70
Golf Club Road Water & Wastewater Improvements	4,241,888.84	2,354,335.07
S06 Water Rights Exploratory Drilling	356,575.80	5,225.00
Total	\$ 12,408,942.21	\$ 7,250,276.91

Wastewater Project Description	Spent to date 12/31/2023	Estimated Remaining Commitment in 2024
Lift Station 19 Replacement	\$ 2,720,604.11	\$ 613,535.06
Golf Club Road Water & Wastewater Improvements	4,241,888.84	2,354,335.07
Lift Station 34 & 37 Rehabilitation	69,864.07	1,051,045.93
Total	\$ 7,032,357.02	\$ 4,018,916.06

Transportation Project Description	Spent to date 12/31/2023	Estimated Remaining Commitment in 2024
2022 Overlay Utilities	\$ 2,467,122.40	\$ 10,950.00
2022 Carpenter Rd Improvements	3,530,878.79	16,425.00
2022 Sidewalk Repair	539,904.11	1,000.00
Electric Vehicle Charging Stations - Federal Elcon	360,504.13	-
Electric Vehicle Charging Stations - Federal NuucCo	-	161,490.50
Electric Vehicle Charging Stations - Type 2	-	13,800.00
Citywide Signal ITS Detection Upgrade	418,305.82	3,000.00
2023 Overlay Phase 1	2,903,997.91	74,816.08
2023 Crack Seal Program	83,598.47	200,000.00
Total	\$ 10,304,311.63	\$ 481,481.58

Stormwater Project Description	Spent to date 12/31/2023	Estimated Remaining Commitment in 2024
Captiol City Golf Course - Stormwater Improvements	\$ 50,297.79	\$ 61,312.21
Total	\$ 50,297.79	\$ 61,312.21

Parks Project Description	Spent to date 12/31/2023	Estimated Remaining Commitment in 2024
RAC Parking Lot Expansion	\$ 482,291.64	\$ 2,817,708.36
Total	\$ 482,291.64	\$ 2,817,708.36



The City's 2024 budget for transportation, parks, and utilities capital funds includes expenditures for completion of these projects.

E. Interfund loans and transfers

Loans/advances from/to other funds:

Interfund loan balances at December 31, 2023 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
LID Debt Fund	Wastewater Fund	\$ 347,723
Total		<u>\$ 347,723</u>

The interfund loan between Local Improvement District (LID) debt fund and Wastewater fund was issued by Ordinance No. 1475 in 2016 to provide funding for the College Street and Martin Way Sewer improvement project (ULID No. 23) in the form of revenue bonds, with a maturity date of September 1, 2035 and an interest rate of 4.10%. Annual payment is due September 1 of each year.

Interfund transfers:

Interfund transfers activities for the year were as follows:

<u>Fund</u>	<u>Purpose</u>	<u>Amounts Transferred In</u>	<u>Amounts Transferred Out</u>
<u>Governmental Funds:</u>			
<u>Major Funds:</u>			
General Fund	Routine transfers from Arterial Street fund for LED Street Light Replacement \$200,000, from Lodging Tax fund to RAC \$180,000 and for museum operations \$48,500.	\$ 428,500	
	Routine transfers of fireflow service and maintenance to Water M&O fund \$950,667.		950,667
	Non-routine transfers from General fund to Capital Building fund of \$3,378,216 mostly relating to new Police Station project, to Capital Equipment Fund of \$863,451 for a police virtual trainer, police body worn cameras, and technology investments and \$287,151 for street maintenance vehicles and equipment, to the Parks & Open Space fund \$1,024,577 primarily for the RAC parking lot expansion, parks security cameras, and Cuoio Park Ph. 1 design, and to the RAC Capital Fund \$500,000 for the RAC parking lot expansion.		6,053,395
Arterial Street Fund	Routine transfers from Arterial Street fund to the Street Fund for LED Street Light Replacement \$200,000.		200,000
<u>Non-major Governmental Funds:</u>			
	Routine transfer of \$573,200 from RAC Capital fund in G.O. Debt fund.	\$ 573,200	
	Routine transfer of \$20,425 from Water debt fund to LID fund.	20,425	
	Non-routine transfers from General fund to Capital Building fund of \$3,378,216, to Capital Equipment Fund of \$863,451 and \$287,151, to the Parks & Open Space fund \$1,024,577 primarily for the RAC parking lot expansion, parks security cameras, and Cuoio Park Ph. 1 design, and to the RAC Capital Fund \$500,000 and \$805,000 for the RAC parking lot expansion.	6,858,395	
	Routine transfer from Lodging Tax fund to General Fund \$180,000 for RAC maintenance. Routine transfer \$573,200 from RAC Capital fund to G.O. Debt Service fund for debt service. Routine transfer of \$48,500 from Lodging Tax fund to RAC Capital fund for museum operations.		801,700
	Non-routine transfer of \$805,000 for RAC Capital fund for RAC parking lot from the Capital Equipment Fund		805,000
<u>Total Governmental Funds</u>		<u>\$ 7,880,520</u>	<u>\$ 8,810,762</u>



Proprietary Funds:

<u>Internal Services Funds</u>		Non-routine capital asset transfers to Equipment Rental Fund.	\$ 277,661
<u>Enterprise Funds:</u>			
Water Fund		Routine transfer from General fund for fireflow service and maintenance.	950,667
		Routine transfer of \$20,425 from Water debt fund to LID fund.	20,425
		Non-routine transfer to Equipment Rental Fund for capital asset: \$111,326	111,326
Wastewater Fund		Non-routine transfer to Equipment Rental Fund for \$139,768 for capital assets.	139,768
Stormwater Fund		Non-routine transfer to Equipment Rental Fund for \$26,567 for capital asset.	26,567
Total Proprietary Funds			\$ 1,228,328 \$ 298,086
Total			\$ 9,108,848 \$ 9,108,848

Reconciliation to Statement of Activities

Total net transfers - governmental funds	\$ (930,242)
Internal Services Fund Non-routine capital asset transfers to Equipment Rental Fund	277,661
Total governmental activities, transfers out	<u>\$ (652,581)</u>
Total net transfers - enterprise funds	\$ 930,242
Capital asset transfer to governmental activities	<u>(277,661)</u>
Total business-type activities - transfers in	<u>\$ 652,581</u>

F. Restricted assets

The balances of the restricted assets of the City's fund statements are composed of the following:

<u>Purposes</u>	<u>Governmental Funds</u>	<u>Enterprise Funds</u>
Customer deposit	\$ 33,022	\$ 519,959
Revenue bonds covenants	-	694,361
Total	<u>\$ 33,022</u>	<u>\$ 1,214,320</u>

Customer deposits relate to latecomer agreements, violation and tax custodian collections, concession contracts, utility overpayments, and hydrant meters.

G. Leases

Lessee

The City adheres to Governmental Accounting Standards Board (GASB) Statement 87. The application of this statement results in a lease liability reported on the Schedule of Liabilities.



Governmental Activities	Beginning Balance 1/1/2023	Increases	Decreases	Ending Balance 12/31/2023
Right to use lease assets:				
Buildings	\$ 688,325	\$ -	\$ -	\$ 688,325
Machinery & equipment	38,824	32,671	-	71,495
Total amortizable assets at cost	727,149	32,671	-	759,820
Less accumulated amortization:				
Buildings	63,573	127,144	-	190,717
Machinery & equipment	4,853	12,973	-	17,826
Total accumulated amortization	68,426	140,117	-	208,543
Governmental activities lease assets, net	\$ 658,723	\$ (107,446)	\$ -	\$ 551,277

2023 amortization expenses were charged to functions/programs of the primary government as follows:

Governmental activities	Amount
General Government	\$ 12,973
Social services	30,817
Culture and recreation	96,327
Total governmental-type activities amortization expense	\$ 140,117

Veteran’s Services HUB

The City of Lacey leased land and a building from South Puget Sound Community College care of The Rants Group for \$3,200 per month for 15 years starting in January 2021. Starting in year four of the lease, January 1, 2024, the lease amount will increase by CPI, but not more than 5%. The lease began in January 2021 and will end December 31, 2035 and includes options to cancel if property is not made accessible after 90 days of the original lease date, the lessee has the option within 10 days thereafter to cancel and nullify the lease. The total amount paid for this lease in 2023 was \$38,400, of that \$25,560 was paid in principal and \$12,840 was paid in interest.

North Thurston Public School Pool

The City of Lacey leased a building from North Thurston Public Schools for the amount of \$26,250 per quarter for 4 years starting on September 1, 2020 through August 31, 2024. Quarterly payments are due March 1, June 1, September 1, and December 1, for a total of \$105,000 per year. The total amount paid for this lease in 2023 was \$105,000, of that \$103,150 was paid in principal and \$1,850 was paid in interest.

Canon plotter

The City of Lacey leased a Canon plotter from Canon Financial Services for the amount of \$581.55 per month for 60 months starting on May 1, 2023 thru April 30, 2028. Monthly payments are due at the end of each month, and the contract is non-cancelable. The total amount paid for this lease in 2023 was \$4,652, of that \$4,113 was paid in principal and \$539 was paid in interest.

Copy machines

The City of Lacey leases two copiers from Pacific Office Automation the first PD1 Konica C750i for \$529 per month and PD2 Konica C360i for \$320 per month both for a term of 48 months or four years. The leases are effective from October 2021 through October 2025. This agreement is non-cancelable. The total amount paid for these leases in 2023 was \$10,188, of that \$9,549 was paid in principal and \$639 was paid in interest.



Lease long-term liability

As of December 31, 2023, the future lease payment are as follows:

<u>Fiscal Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 94,680	\$ 13,387	\$ 108,067
2025	43,765	11,802	55,567
2026	36,512	10,565	47,077
2027	35,925	9,454	45,379
2028	32,378	8,349	40,727
2029-2033	165,867	26,133	192,000
2034-2038	74,260	2,540	76,800
Total future lease payments	\$ 483,387	\$ 82,230	\$ 565,617

Lessor

Rod Knock concessions/RAC

Rod Knock Concessions leases exclusive space for use as a concessionaire at the RAC in the amount of \$2,300 per month including tax for 28 months starting June 2021. During the months of December and January of any given year within the contract, there are no payments made due to facility not being available for lessee use. In fiscal year 2023 ending December 31, Rod Knock Concessions paid the City of Lacey the amount of \$22,658 in principal and \$343 in interest for a total of \$23,001. There are no future lease principal and interest receivable on this lease.

The Rod Knock concessions /Rainier Vista Park

Rod Knock Concessions leases exclusive space for use as a concessionaire at Rainier Vista Park in the amount of \$275 per month including tax for 28 months starting June 2021. During the months of November through February of any given year within the contract, there are no payments made due to facility not being available for lessee use. In fiscal year 2023 ending December 31, Rod Knock Concessions paid the City of Lacey the amount of \$2,174 in principal and \$26 in interest for a total of \$2,200. There are no future lease principal and interest receivable on this lease.

Tumwater School District

Tumwater School District leases space from the City of Lacey in the amount of \$16,290 per year for fiscal year 2023, including tax. This contract was executed September 30, 2020 for a four-year term, paid annually on September 1. In fiscal year 2023 ending December 31, Tumwater School District paid the City of Lacey the amount of \$16,085 in principal and \$205 in interest for a total of \$16,290. There are no future lease principal and interest receivable on this lease

Sprint cell tower rental- 1349 Paradise Ct

Sprint Wireless leases space for use of their cell tower antennas in the amount of \$2,185 from January through April, and \$2,272 per month May through December 2023, including tax. This contract was executed April 30, 2019 for a 10-year term, with an annual payment increase of 3% per year starting in May of each year. In fiscal year 2023 ending December 31, Sprint Wireless paid the City of Lacey the amount of \$21,696 in principal and \$5,223 in interest for a total of \$26,919.

AT&T cell tower rental- 7648 Mesplay Ave

AT&T Wireless leases space for use of their cell tower antennas in the amount of \$2,162 from January through



October, and \$2,227 per month from November through December 2023, including tax. This contract was executed November 30, 2017 for a 10-year term, with an annual payment increase of 3% per year starting in November of each year. In fiscal year 2023 ending December 31, AT&T Wireless paid the City of Lacey the amount of \$22,337 in principal and \$3,738 in interest for a total of \$26,075.

AT&T cell tower rental- 8635 Steilacoom Blvd

AT&T Wireless leases space for use of their cell tower antennas in the amount of \$2,168 from January through November, and \$2,233 per month for December 2023, including tax. This contract was executed November 30, 2019 for a 10-year term, with an annual payment increase of 3% per year starting in December of each year. In fiscal year 2023 ending December 31, AT&T Wireless paid the City of Lacey the amount of \$20,792 in principal and \$5,348 in interest for a total of \$26,140.

T-Mobile cell tower rental- 1349 Paradise Ct

T-Mobile Wireless leases space for use of their cell tower antennas in the amount of \$2,714 from January through July, and \$2,850 per month for August through December 2023, including tax. This contract was executed June 20, 2004 for a 30-year term, with an annual payment increase of 5% per year starting in August of each year. In fiscal year 2023 ending December 31, T-Mobile Wireless paid the City of Lacey the amount of \$20,122 in principal and \$13,128 in interest for a total of \$33,250.

T-Mobile cell tower rental- 8705 Steilacoom Rd SE

T-Mobile Wireless leases space for use of their cell tower antennas in the amount of \$2,248 from January through October, \$2,338 per month from November through December, including tax. This contract was executed November 18, 2014 for a 10-year term, with an annual payment increase of 4% per year starting in December of each year. In fiscal year 2023 ending December 31, T-Mobile Wireless paid the City of Lacey the amount of \$25,943 in principal and \$1,211 in interest for a total of \$27,154.

Verizon cell tower rental- 8705 Steilacoom Rd SE -Oly Complex

Verizon Wireless leases space for use of their cell tower antennas in the amount of \$2,105 from January through July, and \$2,190 per month from August through December 2023, including tax. This contract was executed August 1, 2015 for a 15-year term, with an annual payment increase of 4% per year starting in August of each year. In fiscal year 2023 ending December 31, Verizon Wireless paid the City of Lacey the amount of \$19,617 in principal and \$6,070 in interest for a total of \$25,687.

Verizon cell tower rental- 3300 College St

Verizon Wireless leases space for use of their cell tower antennas in the amount of \$1,777 from January through May, and \$1,849 per month from June through December 2023, including tax. This contract was executed May 31, 2019 for a 15-year term, with an annual payment increase of 4% per year starting in June of each year. In fiscal 2023 ending December 31, Verizon Wireless paid the City of Lacey the amount of \$13,786 in principal and \$8,041 in interest for a total of \$21,827.

Verizon cell tower rental- Oly Mushroom/McAllister

Verizon Wireless leases space for use of their cell tower antennas in the amount of \$1,154 per month for fiscal year 2023, including tax. This contract was executed December 31, 2013 for a 10-year term, with an annual payment increase of 4% per year starting in August of each year. In fiscal 2023 ending December 31, Verizon Wireless paid the City of Lacey the amount of \$13,610 in principal and \$243 in interest for a total of \$13,853. There are no future lease principal and interest receivables owed on this lease.



Marilyn Strickland – office space 420 College St SE

Marilyn Strickland leases space for government duties as a US House Representative in the amount of \$3,486 from January through December 2023, including tax. This contract was executed 01/03/2023 for term of 24 months. In fiscal 2023 ending December 31, Marilyn Strickland paid the City of Lacey the amount of \$41,104 in principal and \$723 in interest for a total of \$41,827.

Long-term lease receivables

Future receivable payments are as follows:

<u>Fiscal Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 193,129	\$ 38,185	\$ 231,314
2025	139,348	33,216	172,564
2026	150,758	28,517	179,275
2027	160,312	23,442	183,754
2028	144,803	18,497	163,300
2029-2033	443,870	40,771	484,641
2034-2038	45,719	460	46,179
Total future lease payments	\$ 1,277,939	\$ 183,088	\$ 1,461,027

H. Long-term liabilities

The City's long-term liabilities are segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

General obligation bonds

The City issues general obligation bonds to finance the acquisition, construction, improvements of capital facilities, and major equipment purchases. General obligation bonds are direct obligations and pledge the full faith and credit of the government. Payments on voter-approved bonds (unlimited) are funded from property tax levies. Non-voter approved bonds (limited) have been funded by other sources of revenues such as sales tax and transfers in. Variable-rate debt used was the effective interest rate as of December 31, 2023. Pursuant to the bond covenants, in the event that the City fails to redeem the 2015 UTGO and 2015 LTGO bonds, the City shall be obligated to pay interest on the bond at the same rate provided in the bond from and after its maturity or call date until that bond, both principal and interest, is paid in full or until sufficient money for its payment in full is on deposit in the bond redemption fund. Furthermore, if the City fails for any reason to comply with the rebate requirements applicable to the 2015 UTGO and 2015 LTGO bonds, the City will be obligated to pay a penalty to preserve the tax exemption for interest on the bonds.

General Obligation Bonds outstanding as of December 31, 2023 are as follows:

<u>Description</u>	<u>Balance</u>
2015 Unlimited Tax General Obligation Refunding Bonds issue amount of \$2,995,000; dated May 20, 2015; interest rates of 2.0-4.0% with maturity date of December 1, 2026. Issued to advance refund a portion of the City's outstanding 2006 UTGO Bonds maturing on December 1 of the years 2017-2026 and to pay the costs of the refunding issuance. Interest rates are 2% in 2016-2017, 3% in 2018-2021 and 4% in 2022-2027.	\$ 1,005,000
2015 Limited Tax General Obligation Refunding Bonds issue amount of \$4,770,000; dated May 20, 2015; interest rate of 2.0-4.0% with final maturity date of December 1, 2027. Issued to advance refund a portion of the City's outstanding 2007 LTGO Bonds maturing on December 1 of the years 2018- 2027 and to pay the costs of the refunding issuance. Interest rates are 2% in 2016-2017, 3% in 2018-2021 and 4% in 2022-2027.	2,110,000
Total	\$ 3,115,000



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

Year Ending December 31	General Obligation Bonds	
	Governmental Activities	
	Principal	Interest
2024	\$ 810,000	\$ 124,600
2025	850,000	92,200
2026	890,000	58,200
2027	565,000	22,600
Total	<u>\$ 3,115,000</u>	<u>\$ 297,600</u>

Installment Purchase

The City entered into a contract with Axon Enterprise, Inc in September 2022 for the installment purchase of a body-worn camera system. The contract cost totaled \$635,729. This is a five-year, principal only, finance agreement with no interest charged. The City also entered into a contract with Axon Enterprise in July 2023 for the installment purchase of a fleet camera system. The contract cost totaled \$333,750. This is a five-year, principle only, finance agreement with no interest charged.

Installment purchase outstanding as of December 31, 2023 is as follows:

Description	Balance
2022 Installment Purchase issue amount of \$635,729; dated September 2022; no interest with final maturity date in 2026. Issue to finance a body-worn camera system for the police department. 2023 Installment purchase issue amount of \$333,750; dated July 2023; no interest with final maturity date in 2027. Issue to finance fleet camera system for the police department.	\$ 648,438
Total	\$ 648,438

Annual debt service requirements to maturity for the installment purchase are as follows:

Year Ending December 31	Installment Purchase Governmental Activities	
	Principal	Interest
	2024	\$ 193,896
2025	193,896	-
2026	193,896	-
2027	66,750	-
Total	<u>\$ 648,438</u>	<u>\$ -</u>

Revenue bonds

Revenue bonds are bonds where the government pledges income derived from the acquired or constructed assets to pay debt service.

The City issued \$8,290,000 of Water and Sewer Revenue Bonds in November 2013. The City pledges to pay all of the Gross Revenue of the Waterworks Utility (the combined water, sewer and stormwater systems of the City) into the Revenue Fund as collected and make payments required to be made into the Bond Fund to pay the maturing principal and interest and the required debt service reserves as defined in Ordinance No. 1420. The principal and interest on this Bond are payable solely out of the Water Debt Service, Wastewater Debt Service and Stormwater Debt Service Funds (collectively, the “Bond Fund”). The bond covenants

require that in each calendar year, the net revenue of the Waterworks Utility will equal at least 1.20 times the annual debt service for such year and also require a reserve account to secure the payment of the principal and interest on the Bonds. The reserve account is to be an amount equal to the lesser of a) 125% of average annual debt service on the bonds or b) maximum annual debt service on the bonds. A reserve account on the bonds has been established in the Water Debt Service fund. The required minimum debt service reserve is \$607,425. In the unlikely event that the City fails to comply with rate covenants, in order to not be considered an event of default, the City must promptly retain a professional utility consultant or an independent certified public accountant (CPA) to recommend to the City Council adjustments in the rates of the Waterworks Utility necessary to meet the requirements. In addition, the City Council must also adopt the recommended modifications within 180 days of the date the failure became known to the City.

Revenue bond outstanding as of December 31, 2023 is as follows:

Description	Balance
2013 Water and Sewer Revenue Bonds issue amount of \$8,290,000; dated November 19, 2013; original interest rates of 2.0%-4.5% with final maturity date of November 1, 2033. Issue to finance improvements to the Waterworks Utility and to fund a reserve account and pay the costs of issuance and sale of the bonds. Payments are funded by the revenues of the Waterworks Utility.	\$ 4,835,000
Total	\$ 4,835,000

Annual debt service requirements to maturity for the revenue bonds are as follows:

Year Ending December 31	Revenue Bonds	
	Business-type Activities	
	Principal	Interest
2024	\$ 400,000	\$ 204,225
2025	415,000	188,225
2026	435,000	171,625
2027	450,000	154,225
2028	470,000	136,225
2029-2033	2,665,000	366,125
Total	\$ 4,835,000	\$ 1,220,650

Direct placement

The City issued \$1,294,000 of Water and Sewer Revenue Bonds in March 2017. The bond provided funding for ULID No. 24 (special assessment). The City pledges to pay all of the Gross Revenue of the Waterworks Utility (the combined water, sewer and stormwater systems of the City) into the Revenue Fund as collected and make payments required to be made into the Bond Fund to pay the maturing principal and interest and the required debt service reserves as defined in Ordinance No. 1504. The principal and interest on this Bond are payable solely out of the Water Debt Service, Wastewater Debt Service and Stormwater Debt Service Funds (collectively, the "Bond Fund"). The bond covenants require that in each calendar year, the net revenue of the Waterworks Utility will equal at least 1.20 times the annual debt service for such year and also require a reserve account to secure the payment of the principal and interest on the Bonds. The reserve account is to be an amount equal to the lesser of a) 125% of average annual debt service on the bonds or b) maximum annual debt service on the bonds. A reserve account on the bonds has been established in the Wastewater Debt Service fund. The required minimum debt service reserve is \$86,936. Upon the occurrence of a default, the interest rate on the Credit Facility shall increase by three percentage points (3.0%) per annum. Such default interest payable shall be subject to the statutory maximum interest rate, if any. Interest after the occurrence of a default shall be payable upon demand.



Description	Balance
2017 Water and Sewer Revenue Bonds - Direct Placement issue amount of \$1,294,000; dated March 17, 2017; original interest rates of 2.56%-2.74% with final maturity date of February 1, 2032. Issue to finance improvements to the Waterworks Utility and to fund a reserve account and pay the costs of issuance and sale of the bonds. Payments are funded by the revenues of the Waterworks Utility.	\$ 831,000
Total	\$ 831,000

Annual debt service requirements to maturity for the direct placement bonds are as follows:

Year Ending December 31	Direct Placement Business-type Activities	
	Principal	Interest
	2024	\$ 83,000
2025	86,000	19,149
2026	88,000	16,947
2027	90,000	14,694
2028	92,000	13,262
2029-2033	392,000	27,208
Total	\$ 831,000	\$ 112,534

The City is in compliance with all significant long-term debt limitations and restrictions.

Legal debt margin

The City is subject to a statutory debt limitation that is 7.5 percent of assessed value of taxable property. On December 31, 2023, the statutory debt limitation amount was \$940,466,675. As of December 31, 2023, the total net outstanding debt applicable to this limit was \$3,833,123, which is 0.4 percent of the total debt limit.

Changes in long-term liabilities

The following is a summary of changes in long-term liabilities for the year ended December 31, 2023:



Type of Debt	Beginning Balance 1/1/2023	Additions	Reductions	Ending Balance 12/31/2023	Due Within One Year
Governmental Activities:					
<u>G.O. Bonds:</u>					
G.O. Bonds, par	\$ 4,210,000	\$ -	\$ 1,095,000	\$ 3,115,000	\$ 810,000
Unamortized bonds premiums	324,804	-	90,067	234,737	-
Total G.O. bonds payable:	\$ 4,534,804	\$ -	\$ 1,185,067	\$ 3,349,737	\$ 810,000
<u>Other:</u>					
Leases payable	\$ 593,088	\$ 32,671	\$ 142,373	\$ 483,386	\$ 94,680
Installment purchase	\$ 508,583	\$ 333,750	\$ 193,896	648,438	\$ 193,896
Net pension liability	2,508,169	820,815	1,207,332	2,121,652	-
Total OPEB liability	4,709,946	434,653	252,948	4,891,651	143,299
Compensated absences	1,730,548	1,982,495	1,749,590	1,963,453	933,703
Total other	\$ 10,050,334	\$ 3,604,382	\$ 3,546,139	\$ 10,108,580	\$ 1,365,577
Total governmental activities	\$ 14,585,139	\$ 3,604,382	\$ 4,731,206	\$ 13,458,317	\$ 2,175,577
Business-type Activities:					
Revenue Bonds, par	\$ 5,225,000	\$ -	\$ 390,000	\$ 4,835,000	\$ 400,000
Direct Placement	912,000	-	81,000	831,000	\$ 83,000
Unamortized bonds premiums	226,698	-	20,846	205,852	-
Net pension liability	745,557	245,060	357,181	633,436	-
Compensated absences	327,644	357,287	319,486	365,445	176,862
Total Business-type activities	\$ 7,436,899	\$ 602,347	\$ 1,168,514	\$ 6,870,733	\$ 659,862

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included in the totals for governmental activities. The compensated absences for internal service funds for \$121,034 are included in the total for governmental activities. For the governmental funds, long-term liabilities other than debt (i.e. compensated absences, pensions, and other postemployment benefits) are generally liquidated in the fund in which the employee reports the time being compensated, which includes the current expense, criminal justice, regional athletic complex, city street, water utility, wastewater utility, stormwater utility, equipment rental, and information management services funds. City of Lacey reports a total OPEB liability therefor there is no associated net position that covers the benefit payment expected to be paid within one year. The expected benefit payment due within one year is \$143,299.

Bond discounts and premiums

The City issued revenue bonds at premium in 2013. The City also had issued general obligation bonds and refunding bonds at premium in 2012 and 2015. These bond premiums are deferred and are amortized under the straight-line method over the life of the bonds (7-20 years). The unamortized amounts are included in the bonds payable and are reported in the statements of net position.

Leases

The City calculated leases in accordance with GASB Statement No. 87. See Note 2-G Leases – Lessee for additional details.

Net pension liability

The City calculated net pension liability in accordance with GASB Statement No. 68.

The net pension liability of the state plans for both the governmental funds and the business type funds are funded via required contributions as a percentage of payroll of employees within each fund. For further information related to the state plans see Note 2-J Employee Pension Plans.



Total OPEB liability

The City calculated total OPEB liability in accordance with GASB Statement No. 75.

The total OPEB liability of the governmental fund is liquidated by the General Fund (Police Department). For further information related to OPEB see Note 2-K Postemployment Benefits Other Than Pensions (OPEB).

Arbitrage

The City reviewed the applicability of arbitrage regulations on its outstanding tax-exempt bonds and is in compliance with those regulations

Asset retirement obligations

The City evaluated asset retirement obligations in accordance with GASB Statement No. 83.

There are no liabilities to book at this time. The types of assets identified in our evaluation include water source, testing, and monitoring wells. The provisions of Statement 83 do not apply to conditional obligations to perform asset retirement activities, nor does it apply to assets that are in an idle status. The current state and local laws that serve as the external obligation of Statement 83 are both based on the condition and use of the wells, and not the remaining estimated useful life. The City will continue to assess the condition and use of the assets that have been identified as having potential asset retirement obligations on an annual basis.

This disclosure does not constitute an admission of any legal responsibility or liability. Further, it does not establish or affect the rights or obligations of any person under the law, nor does this disclosure impose upon the City any new mandatory duties or obligations.

I. Fund balances

As of December 31, 2023, the City’s governmental funds report the following fund balances:

Non-spendable:				
Fund Restricted	Purpose	Authority	Amount	
General Fund	Non-spendable (prepaids)	Non-spendable item	\$ 54,501	
Arterial Street Fund	Non-spendable (deposits)	Non-spendable item	750	
Total Non-spendable			\$ 55,251	
Restricted:				
Fund Restricted	Purpose	Authority	Amount	
General Fund	Criminal bail	RCW 69.50.508	\$ 181,299	
	Tree Tract in-Lieu	LMC 14.32.064	22,152	
	Property Maintenance and Abatement	LMC 14.02.040	61,902	
	Crime Prevention Through Environmental Design Prog	LMC 14.02.040	10,770	
	Building Permit Revenue Surplus	RCW 82.02.020	2,753,126	
	Opioid Settlements	Court Settlements	56,908	
	Child care center repairs	Private contract	23,914	
	Various	Private donor	226,061	
	Subtotal for general fund			\$ 3,336,132
	Arterial Street Fund	Pedestrian/Equestrian/Bicycle Trails	RCW 46.68.090	\$ 48,184
Subtotal for arterial street fund			\$ 48,184	
Nonmajor Funds:				
Lodging Tax Fund	Tourism	RCW 67.28.180	\$ 938,434	
Community Block Grant Fund	HUD approved projects	CDBG Grant	38,542	
Hicks Lake Mgmt District Fund	Hicks Lake Management District projects	Ordinance No. 1479	123,117	
Capital Equipment Fund	PEG Fees - public education	Private contract	5,869	
Subtotal for nonmajor funds			\$ 1,105,962	
Total Restricted			\$ 4,490,278	



Committed

Fund Committed	Purpose	Authority	Amount
General Fund	Insurance deductibles	Ordinance No. 1652	\$ 200,000
	City hall facilities improvements	Ordinance No. 1652	822,500
	Police Station Facility	Ordinance No. 1652	13,785,010
	Police Succession Planning	Ordinance No. 1652	1,250,000
	Law Enforcement Records Mgmt System	Ordinance No. 1652	475,000
	College Street Pedestrian Crossing	Ordinance No. 1652	300,000
	Mental and Social Services Outreach Team	Ordinance No. 1652	450,000
	Mental Health and Drug Addiction Services Partnership	Ordinance No. 1652	500,000
	Budget policy implementation	Ordinance No. 1652	3,000,000
	Strategic investment program	Ordinance No. 1652	2,500,000
	Trail System (Bike/Pedestrian Plan)	Ordinance No. 1652	250,000
	5700 Pacific Property Improvements	Ordinance No. 1652	500,000
	Parks & Recreation Comp Plan Priorities	Ordinance No. 1652	93,750
	Carbon Reduction and Resiliency Plan	Ordinance No. 1652	50,000
	Capital Equipment Replacement	Ordinance No. 1652	500,000
	RAC Long-Term Financial Plan	Ordinance No. 1652	200,000
	Greg Cuoio Park Master Plan Implementation 1A	Ordinance No. 1652	5,480,000
	McKinney House	Ordinance No. 1652	50,000
	Furniture & equipment replacement	Ordinance No. 1652	42,500
	Community building repair	Ordinance No. 1652	152,750
	RAC field replacement (fund 007)	Ordinance No. 1652	500,000
	Transportation building replacement	Ordinance No. 1652	350,000
	Transportation equipment & replacement	Ordinance No. 1652	200,000
College Street Pedestrian Crossing	Ordinance No. 1652	1,000,000	
Transportation Facility Improvements/Expansion	Ordinance No. 1652	1,000,000	
Subtotal for general fund			\$ 33,651,510
Arterial street Fund	New Police Station Facility	Ordinance No. 1652	\$ 18,000,000
	Transportation Improvement Plan Priorities	Ordinance No. 1652	21,000,000
	Subtotal for arterial street fund		
Nonmajor Funds:			
Building Improvement Fund	Senior center repairs/replacement	Ordinance No. 1652	\$ 350,000
	City facility replacement	Ordinance No. 1652	1,137,500
	Parks & Recreation Comp Plan Priorities	Ordinance No. 1652	300,000
	Public arts	Ordinance No. 1652	368,546
	City facilities plan projects	Ordinance No. 1652	1,500,000
	Subtotal for building improvement fund		
Capital Equipment Fund	Unscheduled equipment replacement	Ordinance No. 1652	\$ 332,250
	Park facilities- replacement/repairs	Ordinance No. 1652	160,000
	IMS fiber & telephone replacement/repairs	Ordinance No. 1652	500,000
	Translation technologies	Ordinance No. 1652	50,000
	Teleworking technologies	Ordinance No. 1652	250,000
	RAC field replacement (fund 302)	Ordinance No. 1652	695,000
Subtotal for capital equipment fund			\$ 1,987,250
Parks and Open Space Fund	Parks & Recreation Comp Plan Priorities	Ordinance No. 1652	\$ 45,635
	Bush Park Playground Equipment	Ordinance No. 1652	82,000
	Subtotal for parks and open space fund		
RAC Capital Fund	Sports complex lifecycle replacements	Ordinance No. 1652	\$ 500,000
	RAC Long-Term Financial Planning	Ordinance No. 1652	1,000,000
	Subtotal for RAC capital fund		
Total for nonmajor funds:			\$ 7,270,931
Total Committed			\$ 79,922,441

Assigned: *

Fund Assigned	Purpose	Authority	Amount	
General Fund	Strategic investment program	Ordinance No. 1652	\$ 375,000	
General Fund	Energy Conservation Projects (CR2)	Ordinance No. 1652	500,000	
	Remote Work/Technological Upgrades	Ordinance No. 1652	250,000	
	Rapid Response Team	Ordinance No. 1652	500,000	
	Social Services Initiatives and Investments	Ordinance No. 1652	500,000	
	Body and Fleet Cameras	Ordinance No. 1652	454,542	
	Joint Animal Services	Ordinance No. 1652	3,000,000	
	City Hall Capital Facilities Plan	Ordinance No. 1652	3,000,000	
	Police Station Mothball/Decommission	Ordinance No. 1652	1,000,000	
	Community building repairs/replacement	Ordinance No. 1652	297,250	
	Subtotal for general fund			\$ 9,876,792
	Arterial Street Fund	Street capital projects		\$ 8,898,812
		Subtotal for arterial street fund		



Nonmajor Funds:

Transportation Benefit District Fund	Transportation improvements	\$ 2,979,065
General Obligation Bond Fund	Debt service	27,159
LID Redemption Fund	Debt service	4,417,101
Building improvement Fund	Capital projects	1,202,565
Capital Expenditure Fund	Capital acquisitions	1,852,469
Parks and Open Space Fund	Capital projects	921,838
Regional Athletic Complex Fund	Capital projects	5,261,825
Subtotal for nonmajor funds		\$ 16,662,022
Total Assigned		\$ 35,437,626

* Nonrestricted and noncommitted fund balances of all governmental funds other than general fund are reported as assigned fund balances for the specific purposes intended for those funds.

J. Employee pension plans

The following table represents the aggregate pension amounts for all plans subject to the requirements of the GASB Statement 68, Accounting and Financial Reporting for Pensions for the year 2023:

Aggregate Pension Amounts - All Plans	
Pension assets	\$ 11,788,506
Pension Liabilities	2,755,088
Deferred outflows of resources	8,598,974
Deferred inflows of resources	5,266,593
Pension expense/expenditures	(806,643)

The \$11,788,506 pension asset is reflected as restricted net pension on the government-wide financial statements.

State sponsored pension plans

Substantially all of the City’s full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by DRS, 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.

DRS 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 downloaded from the DRS website at www.drs.wa.gov.

Public Employees’ Retirement System (PERS)

PERS members include elected officials; state employees; 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 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 two percent of the member’s average final compensation (AFC) times the member’s years of service. The AFC is the average of the member’s 24 highest consecutive service months. Members are eligible for

retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service or at age 60 with at least five years of service. Members retiring from active status prior to the age of 65 may also 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 (OSA), 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 Fee	0.18%	
Total	10.39%	6.00%
July – August 2023:		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	2.85%	
Administrative Fee	0.18%	
Total	9.39%	6.00%
September – December 2023		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	2.97%	
Administrative Fee	0.20%	
Total	9.53%	6.00%

PERS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member’s AFC times the member’s years of service for Plan 2 and 1 percent of AFC for Plan 3. The AFC is the average of the member’s 60 highest-paid consecutive service months. 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 the 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.

Contributions

The **PERS Plan 2/3** employer and employee contribution rates are developed by OSA to fully fund Plan 2 and the defined benefit portion of Plan 3. The rates are adopted by the Pension 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 (UAAL).

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 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 Fee	0.18%	
Employee PERS Plan 3		varies
Total	10.39%	6.36%
July – August 2023:		
PERS Plan 2/3	6.36%	6.36%
PERS Plan 1 UAAL	2.85%	
Administrative Fee	0.18%	
Employee PERS Plan 3		varies
Total	9.39%	6.36%
September – December 2023		
PERS Plan 2/3	6.36%	6.36%
PERS Plan 1 UAAL	2.97%	
Administrative Fee	0.20%	
Employee PERS Plan 3		varies
Total	9.53%	6.36%

The City’s actual PERS plan contributions were \$803,910 to PERS Plan 1 and \$1,509,310 to PERS Plan 2/3 for the year ended December 31, 2023.

Law Enforcement Officers’ and Fire Fighters’ Retirement System (LEOFF)

LEOFF membership includes all full-time, fully compensated, local law enforcement commissioned officers, firefighters, and as of July 24, 2005, emergency medical technicians. LEOFF is comprised of two separate defined benefit plans.

LEOFF Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined per year of service calculated as a percent of final average salary (FAS) as follows:

- 20+ years of service – 2.0% of FAS
- 10-19 years of service – 1.5% of FAS
- 5-9 years of service – 1% of FAS

The FAS is the basic monthly salary received at the time of retirement, provided a member has held the same position or rank for 12 months preceding the date of retirement. Otherwise, it is the average of the highest consecutive 24 months’ salary within the last ten years of service. Members are eligible for retirement with five years of service at the age of 50. Other benefits include a COLA. LEOFF 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

Starting on July 1, 2000, **LEOFF Plan 1** employers and employees contribute zero percent, as long as the plan remains fully funded. The LEOFF Plan 1 had no required employer or employee contributions for fiscal year 2023. Employers paid only the administrative expense of 0.20 percent of covered payroll.

LEOFF Plan 2 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the FAS per year of service (the FAS is based on the highest consecutive 60 months). Members are eligible for retirement with a full benefit at 53 with at least five years of service credit. Members who retire prior to the age of 53 receive reduced benefits. If the member has at least 20 years of service and is age 50 - 52, the reduction is three percent for each year prior to age 53. Otherwise, the benefits are actuarially reduced for each year prior to age 53. LEOFF 2 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other benefits include a COLA (based on the consumer price index), capped at three percent annually. LEOFF 2 members are vested after the completion of five years of eligible service.

Contributions

The **LEOFF Plan 2** employer and employee contribution rates are developed by OSA to fully fund Plan 2. The rates are adopted by the LEOFF Plan 2 Retirement Board and are subject to change by the Legislature.

Effective July 1, 2017, when a LEOFF employer charges a fee or recovers costs for services rendered by a LEOFF 2 member to a non-LEOFF employer, the LEOFF employer must cover both the employer and state contributions on the LEOFF 2 basic salary earned for those services. The state contribution rate (expressed as a percentage of covered payroll) was 3.41% in 2023.

The LEOFF Plan 2 required contribution rates (expressed as a percentage of covered payroll) for 2023 were as follows:

LEOFF Plan 2		
Actual Contribution Rates:	Employer	Employee
January – August 2023		
State and local governments	5.12%	8.53%
Administrative Fee	0.18%	
Total	5.30%	8.53%
Ports and Universities	8.53%	8.53%
Administrative Fee	0.18%	
Total	8.71%	8.53%
September – December 2023		
State and local governments	5.12%	8.53%
Administrative Fee	0.20%	
Total	5.32%	8.53%
Ports and Universities	8.53%	8.53%
Administrative Fee	0.20%	
Total	8.73%	8.53%

The City's actual contributions to the plan were \$469,805 for the year ended December 31, 2023.

The Legislature, by means of a special funding arrangement, appropriates money from the State General Fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of OSA and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the State Constitution and could be changed by statute. For the State fiscal year ending June 30, 2023, the State contributed \$87,966,142 to LEOFF Plan 2. The amount recognized by the City as its proportionate share of this amount is \$275,555.

Actuarial assumptions

The total pension liability (TPL) for each of the DRS 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 OSA's 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:** 7.0%

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 each member is assumed to receive additional mortality improvements in each future year throughout his or her lifetime. The 2010 base table. Mortality rates are applied on a generational basis; meaning each member is assumed to receive additional mortality improvements in each future year throughout his or her 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 TPL for all DRS plans was 7.0 percent.

To determine that rate, an asset sufficiency test was completed to test whether each pension plan’s fiduciary net position was sufficient to make all projected future benefit payments for current plan members. Based on OSA’s assumptions, the pension plans’ fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.0 percent 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 percent 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 (CMAs) and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the CMAs and their target asset allocation to simulate future investment returns at various future times.

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 plans’ target asset allocation as of June 30, 2023. The inflation component used to create the table is 2.2 percent and represents the WSIB’s most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	20.00%	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 the net pension liability/(asset)

The table below presents the City’s proportionate share* of the net pension liability calculated using the discount rate of 7.0 percent, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.0 percent) or one percentage point higher (8.0 percent) than the current rate.

Employer's Net Pension Liability (Asset)			
Pension Plans	1% Decrease (6.00%)	Current Discount Rate (7.00%)*	1% Increase (8.00%)
PERS 1*	\$ 3,849,066	\$ 2,755,088	\$ 1,800,302
PERS 2/3*	6,947,460	(6,387,766)	(17,343,496)
LEOFF1	(722,945)	(815,316)	(895,416)
LEOFF2	759,222	(4,585,424)	(8,959,558)

*Excludes the proportionate share amounts for PERS Plans allocated to and reported in Joint Animal Services, which was PERS 1 \$13,736 and PERS 2 \$(263,700).

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 reported a total pension asset of \$ 11,788,506 and net pension liability of \$2,755,088 for its proportionate share of the net pension liabilities (assets) as follows:

Pension Plans	Liability (or Asset)
PERS 1	\$ 2,755,088
PERS 2/3	(6,387,766)
LEOFF1	(815,316)
LEOFF2	(4,585,424)

The amount of the asset reported above for LEOFF Plans 1 and 2 reflects a reduction for State pension support provided to the City. The amount recognized by the City as its proportionate share of the net pension asset, the related State support and the total portion of the net pension asset that was associated with the City were as follows:

Description	Asset
LEOFF 2 - Employer's proportionate share	\$ 4,585,424
LEOFF 2 - State's proportionate share of the net pension asset associated with the employer	2,928,208
TOTAL	\$ 7,513,632

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

	Proportionate Share 6/30/2022	Proportionate Share 6/30/2023*	Changes in Proportion
PERS 1*	0.116975%	0.120693%	0.003718%
PERS 2/3*	0.152126%	0.155849%	0.003723%
LEOFF1	0.026810%	0.027470%	0.000660%
LEOFF2	0.188391%	0.191171%	0.002780%

*Excludes the proportionate share % allocated for PERS plans to and reported in Joint Animal Services, which was 0.011416%.

Employer contribution transmittals received and processed by 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.



LEOFF Plan 1 allocation percentages are based on the total historical employer contributions to LEOFF 1 from 1971 through 2000 and the retirement benefit payments in fiscal year 2023. Historical data was obtained from a 2011 study by OSA. In fiscal year 2023, the state of Washington contributed 87.12 percent of LEOFF 1 employer contributions and all other employers contributed the remaining 12.88 percent of employer contributions. LEOFF 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. The allocation method the plan chose reflects the projected long-term contribution effort based on historical data.

In fiscal year 2023, the state of Washington contributed 39.00 percent of LEOFF 2 employer contributions pursuant to RCW 41.26.725 and all other employers contributed the remaining 61.00 percent of employer contributions.

Pension expense

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

Pension Plans	Pension Expense
PERS 1	\$ 105,764
PERS 2/3	(766,191)
LEOFF1	(88,208)
LEOFF2	(58,008)
TOTAL	\$ (806,643)

Deferred outflows of resources and deferred inflows of resources

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
PERS Plan 1		
Difference between expected and actual experiences	\$ -	\$ -
Net difference between projected and actual investment earnings on pension plan investments	-	310,786
Changes of assumptions	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	348,764	-
TOTAL	\$ 348,764	\$ 310,786

	Deferred Outflows of Resources	Deferred Inflows of Resources
PERS Plan 2/3		
Difference between expected and actual experiences	\$ 1,301,181	\$ 71,371
Net difference between projected and actual investment earnings on pension plan investments	-	2,407,295
Changes of assumptions	2,681,803	584,529
Changes in proportion and differences between contributions and proportionate share of contributions	178,469	174,096
Contributions subsequent to the measurement date	757,431	-
TOTAL	\$ 4,918,884	\$ 3,237,291



LEOFF Plan 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experiences	\$ -	\$ -
Net difference between projected and actual investment earnings on pension plan investments	-	54,063
Changes of assumptions	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	-	-
TOTAL	\$ -	\$ 54,063

LEOFF Plan 2	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experiences	\$ 1,873,015	\$ 37,725
Net difference between projected and actual investment earnings on pension plan investments	-	970,264
Changes of assumptions	1,171,330	376,656
Changes in proportion and differences between contributions and proportionate share of contributions	53,432	279,808
Contributions subsequent to the measurement date	233,549	-
TOTAL	\$ 3,331,326	\$ 1,664,453

A total of \$1,339,744 reported as deferred outflows of resources related to pensions resulting from the City 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:

Year	Deferred Outflows (Inflows) of Resources				Total
	PERS 1	PERS 2/3	LEOFF 1	LEOFF 2	
Thereafter	\$ -	\$ 12,446	\$ -	\$ 1,016,470	\$ 1,028,916
2028	-	690,337	-	301,854	992,191
2027	2,617	699,567	664	276,390	979,238
2026	163,960	1,987,162	28,855	814,425	2,994,402
2025	(265,918)	(1,369,044)	(46,515)	(566,252)	(2,247,729)
2024	(211,445)	(1,096,302)	(37,067)	(409,566)	(1,754,380)
Total Deferred Outflows/(Inflows)	\$ (310,786)	\$ 924,166	\$ (54,063)	\$ 1,433,321	\$ 1,992,638

K. Defined contribution pension plan

Plan description. City of Lacey police employees and City Manager may participate in an IRS Section 457 deferred compensation defined contribution plan. Plan benefit terms have been established by the Lacey Police Officer’s Guild and Lacey Police Management Association collective bargaining agreements. The match for the City Manager was authorized by Council. The City makes matching contributions on behalf of participating employees. The plan assets are administered by Washington State Department of Retirement Systems (DRS) and MissionSquare Retirement.

Plan assets are held in each employee’s name and are the property of the employee.

Contributions. According to the collective bargaining agreements in place in 2023, the City matched contributions for police employees up to 2% of employee’s salary. The City matched the City Manager’s contribution up to a maximum of 5% of the employee’s salary. Pension expense for employer contributions by the City was \$98,246 for the year ended December 31, 2023.



L. Postemployment benefits other than pensions (OPEB)

In addition to the pension benefits described in Note 2-J, the City of Lacey provides postemployment health care benefits.

The following table represents the aggregate OPEB amounts for all plans subject to the provisions of GASB Statement 75 for the year-ended 2023:

Aggregate OPEB Amounts - All Plans	
OPEB liabilities	\$ 4,891,651
OPEB assets	-
Deferred outflows of resources	83,869
Deferred inflows of resources	-
OPEB expenses/expenditures	148,966

1. LEOFF I retiree medical plan

Plan description. The City’s LEOFF 1 Disability Board, in conjunction with the City’s Human Resources department, administers a single-employer defined benefit healthcare plan (LEOFF 1 Retiree Health Plan). The plan provides lifetime healthcare benefits for retired full-time and fully compensated law enforcement officers who established membership in the LEOFF 1 plan retirement system on or before September 30, 1977 in accordance with Washington Law Enforcement Officers’ and Fire Fighters’ Retirement System (LEOFF) Act (RCW 41.26.150). The last employer of a retired LEOFF 1 member is responsible for the full cost of any post-retirement medical benefits. The plan covers retirees who are retired on disability as well as are retired after reaching age requirements. The LEOFF 1 Retiree Health Plan does not issue a publicly available financial report.

These medical benefits are funded on a pay-as-you-go basis through the general fund and paid out of police department budget. There are no assets accumulated in a qualifying trust that meets the criteria in paragraph 4 of Statement 75. Health insurance premiums and long-term care insurance premiums are paid monthly. Other medical services are paid as billings are presented for reimbursement. The City reimbursed 100 percent of the amount of validated claims for medical costs incurred by these individuals.

Benefits provided. The City provides health coverage for LEOFF I retirees through a medical plan purchased through the Association of Washington Cities (AWC) Employees Benefit Trust. Upon reaching age 65, the retirees are enrolled in Medicare Part B Coverage, with the City reimbursing these Medicare premiums. In addition, the City pays or reimburses eligible retired LEOFF 1 police officers the necessary usual and customary medical expenses, in excess of those covered by the applicable insurance plan. The City also purchases a long-term care insurance plan for eligible LEOFF I members. Dental costs and dependents are not covered.

Employees covered by benefit terms. At December 31, 2023, the following employees were covered by the benefit terms:

Employees Covered by Benefit Terms

Inactive employees or beneficiaries currently receiving benefits	10.0
Inactive employees entitled to but not yet receiving benefits	-
Active employees	-
Total	10.0

Total OPEB liability. The City of Lacey’s total OPEB liability of \$4,891,651 was measured as of June 30, 2023 and was determined by an actuarial valuation as of that date.



Actuarial assumptions and methods. The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Assumptions and Methods

Valuation Date	June 30, 2023
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry Age
Amortization Method	Recognized Immediately
Discount Rate	3.65 percent
Healthcare Trend Rate	4.50 percent
Long-Term Care Trend Rate	4.75 percent
Medicare Part B Premiums Trend Rate	5.00 percent
Base Mortality	PubS.H-2010 (Public Safety) Blended 50%/50% Healthy/Disabled
Mortality Age Setback	-1 year Healthy/0 years Disabled
Mortality Improvements	MP-2017 Long-Term Rates
Mortality Projection Period	Generational

The discount rate was based on the Bond Buyer General Obligation 20 Bond Municipal Bond Index.

The change in assumptions included healthcare costs that increased below expectations during recent past years.

Changes in the total OPEB liability. The City has elected to use the alternative measurement method permitted under GASB statement No. 75 for employers in plans with fewer than one hundred total plan members and do not have a dedicated OPEB Trust Fund for LEOFF 1, utilizing the interactive tool developed by the Office of the State Actuary (OSA) for use by local governments. The total OPEB liability represents the present value of projected benefits that will be provided to active and inactive employees. The projections are based on an established pattern of practice.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period of July 1, 2022 through June 30, 2023. The changes in the total OPEB aras follows.

	Total OPEB Liability
Beginning Total OPEB Liability (Jan. 1, 2023)	\$ 4,709,946
Changes for the year:	
Service Cost	-
Interest Cost	162,294
Changes of benefit terms	-
Changes in experience data and assumptions	272,359
Estimated benefit payments	(252,948)
Other changes	-
Ending Total OPEB Liability (Dec. 31, 2023)	<u>\$ 4,891,651</u>

As of December 31, 2023, the City of Lacey reported deferred outflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Contributions paid subsequent to the measurement date	\$ 83,869	\$ -
Total	\$ 83,869	\$ -



Sensitivity of the total OPEB liability and expense to changes in the discount rate:

The following illustrates the total OPEB liability of the City of Lacey, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one-percentage point lower (2.65 percent) or one-percentage point higher (4.65 percent) than the current discount rate:

	1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
Total OPEB Liability	\$ 5,373,807	\$ 4,891,651	\$ 4,474,571

Sensitivity of the total OPEB liability and expense to changes in the healthcare cost trend rates.

The following illustrates the total OPEB liability of the City of Lacey, as well as what the City's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one-percentage point lower (3.50 percent) or one-percentage point higher (5.50 percent) than the current discount rate:

	1% Decrease (3.50%)	Current Healthcare Cost Trend Rate (4.50%)	1% Increase (5.50%)
Total OPEB Liability	\$ 4,494,053	\$ 4,891,651	\$ 5,340,942

As of December 31, 2023, the City of Lacey recognized OPEB expense of \$149,010.

2. Association of Washington Cities Employee Benefit Trust Health Care Program (AWC Trust HCP) –Non-LEOFF I and Non-Medicare Advantage Retiree Medical Plan

Trust Description. . The 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 and have enrollment in the AWC Trust HCP.

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

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

The AWC Trust HCP includes medical, dental and vision insurance through the following carriers: Kaiser Foundation Health Plan of Washington, Kaiser Foundation Health Plan of Washington Options, Inc., Regence BlueShield, Asuris Northwest Health, Delta Dental of Washington, Willamette Dental Group, and Vision

Service Plan. Eligible members are cities and towns within the state of Washington. Non-city entities (public agency, public corporation, intergovernmental agency, or political subdivision within the state of Washington) are eligible to apply for coverage into the AWC Trust HCP, submitting application to the Board of Trustees for review as required in the Trust Agreement.

Funding policy. Participating employers pay monthly premiums to the AWC Trust HCP. The AWC Trust HCP is responsible for payment of all covered claims. In 2023, the AWC 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.

Retirees of the City receiving medical benefits from the Trust contribute the following monthly amounts: Participating employers contract to remain in the AWC Trust HCP for a minimum of three years. Participating

HealthFirst® - 1000 Retiree

\$1,235.72 Non-Medicare Enrolled Retiree

\$1,246.46 Non-Medicare Enrolled Spouse

HealthFirst® - 2500 Retiree

\$1,164.12 Non-Medicare Enrolled Retiree

\$1,172.54 Non-Medicare Enrolled Spouse

employers with over 250 employees must provide written notice of termination of all coverage a minimum of 12 months in advance of the termination date, and participating employers with under 250 employees must provide written notice of termination of all coverage a minimum of 6 months in advance of termination date. When all coverage is being terminated, termination will only occur on December 31. Participating employers terminating a group or line of coverage must notify the AWC Trust HCP a minimum of 60 days prior to termination. A participating employer's termination will not obligate that member to past debts, or further contributions to the AWC Trust HCP. Similarly, the terminating member forfeits all rights and interest to the AWC Trust HCP Account. 2

The operations of the Health Care Program are managed by the Board of Trustees or its delegates. The Board of Trustees is comprised of four regionally elected officials from Trust member cities or towns, the Employee Benefit Advisory Committee Chair and Vice Chair, and two appointed individuals from the AWC Board of Directors, who are from Trust member cities or towns. The Trustees or its appointed delegates review and analyze Health Care Program related matters and make operational decisions regarding premium contributions, reserves, plan options and benefits in compliance with Chapter 48.62 RCW. The Board of Trustees has decision authority consistent with the Trust Agreement, Health Care Program policies, Chapter 48.62 RCW and Chapter 200-110-WAC.

The accounting records of the AWC Trust HCP are maintained in accordance with methods prescribed by the State Auditor's office under the authority of Chapter 43.09 RCW. The AWC Trust HCP also follows applicable accounting standards established by the Governmental Accounting Standards Board ("GASB"). In 2018, the retiree medical plan subsidy was eliminated, and is noted as such in the report for the fiscal year ending December 31, 2018. Year-end financial reporting is done on an accrual basis and submitted to the Office of the State Auditor as required by Chapter 200-110 WAC. The audit report for the AWC Trust HCP is available from the Washington State Auditor's office.

M. Contingencies

Litigation

The City reports in its financial statements all material liabilities, including any estimates for situations which are not yet resolved but where, based on available information, management believes it is probable that the City will have to make payment. In the opinion of management, the City's insurance policies and/or self-insurance reserves are adequate to pay all known or pending claims.

Contingencies under grant provisions

The City participates in a number of federal and state assisted programs. These grants are subject to audit by the grantors of their representatives. Such audits could result in requests for reimbursement to granting agencies for expenditures disallowed under the terms of the grants. The City's management believes that such disallowances, if any, will be immaterial.

N. Risk management

The City of Lacey 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, 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 \$750,000, for all perils other than flood and earthquake, and insured above that to \$400 million per occurrence subject to aggregates and sublimits. Automobile physical damage coverage is self-funded from the members' deductible to \$250,000 and insured above that to \$100 million per occurrence subject to aggregates and sublimits.

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

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

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

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

The settlements have not exceeded coverage for each of the past three fiscal years.

O. Interlocal agreements and joint ventures

Capital Area Regional Public Facilities District (CARPFD)

In 2003, the City of Lacey entered into a contract with the Capital Area Regional Public Facilities District (CARPFD) for the acquisition, development, operation and maintenance of the Lacey Area Athletic, Recreation and Special Events Complex. The CARPFD imposes a sales and use tax pursuant to RCW 82.14.390 to repay financing obtained to fund the design, construction, acquisition, operation and maintenance of the complex project. The monies collected as sales taxes shall only be used for the purposes permitted under RCW 82.14.390 and RCW 35.57.020. In 2023, the City of Lacey received \$1,878,783 in sales taxes levied by the CARPFD and is accounted for within the Regional Athletic Complex Operating Fund and Regional Athletic Complex Capital Fund.

Interlocal Drug Unit

The Thurston County Narcotics Task Force (Interlocal Drug Unit) was created as a result of an interlocal agreement between Thurston County, the City of Olympia, the City of Lacey, the City of Tumwater, and the Washington State Patrol. Interlocal Drug Unit operates as a joint venture and is responsible for controlling illegal drug trafficking in Thurston County, investigating violations of the Uniform Controlled Substance Act, and providing training and assistance to nine local law enforcement agencies in Thurston County. The Interlocal Drug Unit is funded by grants and seizures of drug funds.

Any party may withdraw from this Agreement by giving ninety (90) days written notice to the other parties. Monies contributed during the calendar year of a party's withdrawal will be returned to that party, on a prorate basis, after determination by the Executive Committee of any purchase commitments made prior to the notification of a party's withdrawal. Money so refunded will be used by the withdrawing party for its use in carrying out drug enforcement activities pursuant to Ch. 69.50 RCW. Property purchased with the drug unit funds or forfeited to the drug unit will remain the property of the non-withdrawing parties and the withdrawing party will have no interest in or claim of title to said property. All monies and equipment remain with the drug unit until the drug unit disbands entirely. Disposition and disbursement of net equity upon dissolution is not specified in the agreement, therefore, is not recorded in the City of Lacey's financial statements. There is no ongoing financial responsibility.

Financial information related to the Interlocal Drug Unit can be obtained from the Thurston County Sheriff's Office Financial Services Bureau, 2000 Lakeridge Drive SW, Olympia, WA 98502.

Joint Animal Services

Joint Animal Services is a joint venture providing services to the Cities of Lacey, Olympia, Tumwater, and Thurston County. Services include licensing, education, complaint, investigation, and enforcement. A shelter is also operated to hold impounded or lost animals, and/or adoptable animals placed with the shelter. It is governed by the Joint Animal Services Commission comprised of members from the City of Lacey, the City of Olympia, the City of Tumwater, the South Puget Sound Veterinary Medical Association, Thurston County, and the Thurston County Humane Society.

An equity interest exists and is based on total contributions to-date by the cities of Lacey, Olympia, Tumwater, and the Thurston County. The net position, as of December 31, 2023 was \$4,070,519. The City of Lacey has an 18.41 percent (or \$749,383) share of the equity as of December 31, 2023. The City of Lacey reports its share of equity interest as investment in joint venture, in the government-wide statement of net position.

An ongoing financial interest exists for the City of Lacey, the City of Olympia, the City of Tumwater, and Thurston County. The agreement specifies the funding formula that allocates costs based on serviced animal cases and population per jurisdiction in the prior year. For 2023, the City of Lacey's contribution for the annual agreement was \$363,240 and is accounted for within the general fund.



Completed Financial Statements can be obtained from the City of Lacey Finance Department, 420 College Street SE, Lacey, WA 98503.

Law Enforcement Records Management System (LERMS)

The Law Enforcement Records Management System (LERMS) is a joint venture providing accurate and timely criminal justice data sharing to the cities of Lacey, Olympia, Tenino, Tumwater, and Yelm. The goal of this joint venture is to share public safety information, increase operational efficiency via a reduction in data entry, and ease the process of accessing information. These goals will improve officer and citizen safety, facilitate coordination and information sharing to both internal and external agencies, and improve data quality and timeliness of data accessibility. It is governed through an interlocal agreement by the LERMS Consortium, which is a five-member board composed of each city’s Chief of Police (or their designee).

An equity interest exists for the cities of Lacey, Olympia, Tenino, Tumwater, and Yelm. The City of Lacey did not receive an updated equity interest statement from LERMS at the time these financial statements were finalized. The City used the 2022 financial statement data. Net position as of December 31, 2022, was \$240,018. As of December 31, 2022, the City of Lacey has a 38.0 percent share (or \$91,207) of the equity. The City of Lacey reports its share of equity interest as an investment in joint venture, in the government-wide statement of net position.

An ongoing financial interest exists for the cities of Lacey, Olympia, Tenino, Tumwater, and Yelm. The agreement specifies a funding formula that annually assesses member cities based on current year population as determined by the Thurston Regional Planning Council (unless otherwise adjusted by the Consortium). For 2023, the City of Lacey contributed \$153,663 as its share of the annual assessment. All property is considered to be jointly owned. Parties will be reimbursed based on their contribution upon sale of property upon the dissolution of LERMS. Any member may withdraw from the agreement at the end of any calendar year, providing a notice to the Consortium no less than six months prior to the date of withdrawal. Withdrawal of a party will not terminate the agreement of the remaining parties.

The City of Tumwater accounts for the joint venture in a separate custodial fund. Completed Financial Statements can be obtained from the City of Tumwater Finance Department, 555 Israel Rd SW, Tumwater, WA 98501.

The following is condensed financial information on joint ventures for which the City has equity interest as of December 31, 2023 for Joint Animal Services and December 31, 2022 for LERMS:

	Joint Animal Services 12/31/2023	Law Enforcement Regional Record Management System 12/31/2022
Total Assets	\$ 4,444,215	\$ 240,018
Total Deferred Outflows of Resources:	217,462	-
Total Liabilities	444,685	-
Total Deferred inflows of Resources:	146,473	-
Total Net Position 12/31/2019	<u>\$ 4,070,519</u>	<u>\$ 240,018</u>
Total Revenues	\$ 3,009,956	\$ 433,732
Total Expenses	<u>2,650,709</u>	<u>432,903</u>
Net increase (decrease) in net position	359,247	829
Net position - beginning	<u>3,711,272</u>	<u>239,189</u>
Ending net position 12/31	<u>\$ 4,070,519</u>	<u>\$ 240,018</u>
City of Lacey Equity %	18.41%	38.00%
City of Lacey Equity Interest	\$ 749,383	\$ 91,207



The City of Lacey's equity interests in joint ventures for the year ended December 31, 2023 were as follows:

Governmental Type Activities	Beginning Balance		Decrease	Ending Balance
	1/1/2023	Increase		12/31/2023
Joint Animal Services	\$ 680,647	\$ 68,736	\$ -	\$ 749,383
Law Enforcement Regional Record Management System (LERMS)	91,207	-	-	91,207
Total Investment in Joint Venture	<u>\$ 771,854</u>	<u>\$ 68,736</u>	<u>\$ -</u>	<u>\$ 840,590</u>

LOTT Clean Water Alliance (“LOTT”)

The cities of Lacey, Olympia and Tumwater and Thurston County are partners in the LOTT Clean Water Alliance through the LOTT Interlocal Cooperation Act Agreement for Wastewater Management, which governs the operations of LOTT Wastewater Treatment Facilities. Each of the Alliance partners pays for its respective share of maintenance and operating expenses of the wastewater treatment system (the “Treatment System”), including debt service associated with revenue bonds issued to finance capital improvements of the Treatment System.

Substantially all of LOTT's revenues come from wastewater service charges and connection charges (Capacity Development Charge) collected by the cities of Lacey, Olympia and Tumwater and remitted to the LOTT. Each LOTT partner's pro-rata share of the charges is based on its number of equivalent residential units (“ERUs”) that are contributed to the Treatment System. The City's LOTT charges are accounted for as a City cost of maintenance and operation of the Sewer System. The City passes these charges through to users of the Sewer System.

LOTT is governed by a long-range plan to address the region's changing wastewater needs. Also, as a result of the long-range planning process, LOTT began a transition from a paperwork partnership to an organization. In 2000, LOTT was incorporated as a public non-profit organization, formed under the State's Interlocal Cooperation Act.

LOTT owns and operates physical facilities in all four partner jurisdictions. These facilities include the Budd Inlet Treatment Plant, Budd Inlet Reclaimed Water Plant, Martin Way Reclaimed Water Plant, Hawks Prairie Recharge Basins, several pump stations, and about 23 miles of main sewer interceptor pipelines.

As of December 31, 2023, the City had short-term payables to LOTT of \$1,696,877, which was paid in early 2024.

Thurston County Regional Housing Council

The Thurston County Regional Housing Council (the “Council”) is a jointly governed organization governed by one elective official from each participating jurisdiction. This Council was formed by an interlocal agreement between Thurston County and the cities of Lacey, Olympia and Tumwater, to leverage resources and partnerships through policies and projects promoting equitable access to safe and affordable housing in Thurston County. The City of Lacey contributed \$78,140 as its share of annual operations in 2023. The annual funding contribution from each jurisdiction is based on the general sales and use tax collected. Thurston County provides administrative staffing for the Council.

P. Accounting and Reporting Changes

During 2023, the City implemented the following GASB statements:

GASB 96 – Subscription Based Information Technology Arrangement (SBITA). The objective of this Statement is to identify contracts that convey the right to use IT software, in turn enhancing the accountability, consistency and comparability of activities reported by local governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of IT software and associated tangible capital assets for subscription payments that do not grant governments perpetual license of title to the IT software and associated tangible assets. SBITA is similar to the accounting and recording practice outlined in GASB 87 for Leases. It establishes a single model for SBITA accounting based on the foundational principle established by GASB 87 Leases, that SBITAs are financings of the right to use an underlying asset. Under this Statement, a SBITA is required to recognize a SBITA liability and an intangible right-to-use SBITA asset. After implementation and review of GASB 96, as applicable to the City, there were no IT software contracts that were identified as a SBITA.

GASB 94 – Public-Private and Public-Public Partnerships and Availability Payment Arrangements (PPP). The object of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnerships. This statement increases the usefulness of governments' financial statements by requiring recognition of arrangements in which governments contract with an operator to provide public services by conveying control or the right to operate or use a nonfinancial asset, infrastructure, or capital asset for period of time in an exchange or exchange-like transaction. This allows for PPP to be distinguished from GASB 87 Lease criteria by determining if the right to use arrangement is compensated by fees, instead of rent, the transferor retains the ability to modify services, instead of non-cancellable or unchanging contract, and transferor's ability to collect residual interest in the service activity post arrangement, instead of all interest and payments ending at contract expiration. Under this Statement, a PPP is required to be recognized as an asset using the economic resources measurement focus, only if asset is owned by the transferor, if not is to be recognized as a receivable. After implementation and review of GASB 94 PPP, as applicable to the City, there were no partnerships or arrangements that were identified as PPP.



CITY
OF **LACEY**



**REQUIRED SUPPLEMENTARY INFORMATION
OTHER THAN MD&A**



City of Lacey
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balances - Budget to Actual
 General Fund
 For the Year Ended December 31, 2023

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Taxes	\$ 36,962,000	\$ 36,962,000	\$ 40,306,282	\$ 3,344,282
Licenses and permits	2,341,418	2,341,418	2,939,709	598,291
Intergovernmental revenues	2,297,495	2,797,495	7,311,728	4,514,233
Charges for services	9,871,569	9,871,569	10,585,294	713,725
Fines and forfeitures	100,000	100,000	92,176	(7,824)
Other revenues	1,140,199	1,176,424	4,376,288	3,199,864
Total revenues	52,712,681	53,248,906	65,611,477	12,362,570
EXPENDITURES				
Current:				
General government	10,709,371	11,448,169	9,807,838	(1,640,331)
Public Safety	17,586,564	17,589,867	17,289,862	(300,005)
Natural environment	7,663,347	7,673,847	7,474,771	(199,076)
Transportation	4,244,758	4,292,327	4,204,693	(87,634)
Economic environment	3,696,960	4,404,743	4,368,103	(36,640)
Social services	4,516,821	5,464,655	792,123	(4,672,532)
Culture and recreation	9,220,411	9,778,817	8,817,622	(961,195)
Capital outlay	20,500	203,592	33,469	(170,123)
Debt service:				
Principal retirement- Leases	-	-	142,373	142,373 (1)
Interest- leases	-	-	15,867	15,867 (1)
Total expenditures	57,658,732	60,856,017	52,946,721	(7,909,296)
Excess (deficiency) of revenue over (under) expenditures	(4,946,051)	(7,607,111)	12,664,756	20,271,867
OTHER FINANCING SOURCES (USES)				
Leases	-	-	32,671	32,671
Transfers in	4,106,149	4,166,149	428,500	(3,737,649)
Transfers out	(5,396,717)	(12,341,711)	(7,004,062)	5,337,649
Total other financing sources	(1,290,568)	(8,175,562)	(6,542,891)	1,632,671
Net change in fund balances	(6,236,619)	(15,782,673)	6,121,865	21,904,538
Fund balance - beginning	6,236,619	15,782,673	68,145,695	52,363,022
Fund balance - ending	\$ -	\$ -	\$ 74,267,560	\$ 74,267,560

Explanation of differences:

(1) Certain equipment lease payments are budgeted as current expenditures but are reported as debt service for GAAP



City of Lacey
 Schedule of Proportionate Share of the Net Pension Asset / Liability and Related Ratios
 As of June 30

	Public Employees' Retirement System Plan 1 (PERS 1)									
	2023 ⁽¹⁾⁽³⁾	2022	2021	2020	2019	2018	2017	2016	2015	2015
Employer's proportion of the net pension liability	0.120693%	0.116857%	0.117413%	0.119217%	0.114663%	0.113716%	0.103446%	0.120890%	0.123755%	0.123755%
Employer's proportionate share of the net pension liability	\$ 2,755,088	\$ 3,253,726	\$ 1,433,884	\$ 4,209,016	\$ 4,409,190	\$ 5,078,609	\$ 4,913,355	\$ 6,492,344	\$ 6,473,532	\$ 6,473,532
Covered payroll	\$ 21,588,169	\$ 18,887,487	\$ 18,111,046	\$ 18,116,174	\$ 16,180,209	\$ 15,295,106	\$ 14,283,872	\$ 14,218,880	\$ 13,876,617	\$ 13,876,617
Employer's proportionate share of the net pension liability as a percentage of covered payroll	12.76%	17.23%	7.92%	23.23%	27.25%	33.20%	34.40%	45.66%	46.65%	46.65%
Plan fiduciary net position as a percentage of the total pension liability ⁽²⁾	80.16%	76.56%	88.74%	68.64%	67.12%	63.22%	61.24%	57.03%	59.10%	59.10%

	Public Employees' Retirement System Plan 2 and 3 (PERS 2/3)									
	2023 ⁽¹⁾⁽³⁾	2022	2021	2020	2019	2018	2017	2016	2015	2015
Employer's proportion of the net pension liability or asset	0.155849%	0.151972%	0.151000%	0.154114%	0.148151%	0.145236%	0.132835%	0.152128%	0.154291%	0.154291%
Employer's proportionate share of the net pension liability (asset)	\$ (6,387,766)	\$ (5,636,322)	\$ (45,041,994)	\$ 1,971,027	\$ 1,439,046	\$ 2,479,772	\$ 4,615,367	\$ 7,659,513	\$ 5,502,898	\$ 5,502,898
Covered payroll	\$ 21,588,169	\$ 18,887,487	\$ 18,111,046	\$ 18,116,174	\$ 16,180,209	\$ 15,295,106	\$ 14,267,862	\$ 14,145,039	\$ 13,759,392	\$ 13,759,392
Employer's proportionate share of the net pension liability or asset as a percentage of covered payroll	29.59%	29.84%	83.05%	10.88%	8.89%	16.21%	32.35%	54.15%	39.99%	39.99%
Plan fiduciary net position as a percentage of the total pension liability ⁽²⁾	107.02%	106.73%	120.29%	97.22%	97.77%	95.77%	90.97%	85.82%	89.20%	89.20%

	Law Enforcement Officers' and Fire Fighters' Retirement System Plan 1 (LEOFF 1)									
	2023 ⁽¹⁾⁽³⁾	2022	2021	2020	2019	2018	2017	2016	2015	2015
Employer's proportion of the net pension asset	0.027470%	0.026810%	0.026094%	0.025465%	0.025584%	0.025530%	0.025264%	0.024910%	0.023373%	0.023373%
Employer's proportionate share of the net pension asset	\$ 815,316	\$ 769,075	\$ 893,866	\$ 480,909	\$ 505,696	\$ 463,498	\$ 383,310	\$ 256,644	\$ 281,696	\$ 281,696
Covered payroll ⁽⁴⁾	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's proportionate share of the net pension liability as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability ⁽²⁾	175.99%	169.62%	187.45%	146.88%	148.78%	144.42%	135.96%	123.74%	127.36%	127.36%

	Law Enforcement Officers' and Fire Fighters' Retirement System Plan 2 (LEOFF 2)									
	2023 ⁽¹⁾⁽³⁾	2022	2021	2020	2019	2018	2017	2016	2015	2015
Employer's proportion of the net pension asset	0.191171%	0.185391%	0.184859%	0.179994%	0.183506%	0.179065%	0.174254%	0.179668%	0.187222%	0.187222%
Employer's proportionate share of the net pension asset	\$ 4,585,424	\$ 5,119,898	\$ 10,737,376	\$ 3,671,615	\$ 4,251,271	\$ 3,635,410	\$ 2,418,081	\$ 1,045,003	\$ 1,924,268	\$ 1,924,268
State's proportionate share of the net pension asset associated with the employer	2,928,208	3,316,559	6,926,780	2,347,725	2,784,009	2,353,855	1,568,567	681,266	1,272,329	1,272,329
TOTAL	\$ 7,513,632	\$ 8,436,457	\$ 17,664,156	\$ 6,019,340	\$ 7,035,280	\$ 5,989,265	\$ 3,986,648	\$ 1,726,269	\$ 3,196,597	\$ 3,196,597
Covered payroll	\$ 8,197,166	\$ 7,270,504	\$ 6,940,591	\$ 6,711,793	\$ 6,238,604	\$ 5,811,354	\$ 5,945,653	\$ 5,445,937	\$ 5,433,910	\$ 5,433,910
Employer's proportionate share of the net pension liability as a percentage of covered payroll	91.66%	116.04%	254.51%	89.68%	112.77%	103.06%	67.05%	31.70%	58.83%	58.83%
Plan fiduciary net position as a percentage of the total pension liability ⁽²⁾	113.17%	116.09%	142.00%	115.83%	119.43%	118.50%	113.36%	106.04%	111.67%	111.67%

Notes to Schedule:
 (1) Measurement date: June 30, 2023
 (2) DRS Participating Employer Financial Information Report, Note 2. E. Net Pension Liability
 (3) Actuarial Methods and Assumptions (See Note J. Employee Pension Plans)
 (4) All LEOFF 1 members are retired (no active members during the covered period).
 *Schedule is intended to show information for 10 years commencing with the fiscal year ended December 31, 2015. Additional years will be displayed as they become available.



City of Lacey
 Schedule of Employer Contributions
 As of December 31
 Last 10 Fiscal Years*

	Public Employees' Retirement System Plan 1 (PERS 1)									
	2023 ⁽¹⁾	2022	2021	2020	2019	2018	2017	2016	2015	2015
Statutorily or contractually required contributions	\$ 804,768	\$ 739,054	\$ 793,379	\$ 855,986	\$ 864,752	\$ 802,700	\$ 721,317	\$ 677,848	\$ 628,534	\$ 628,534
Contributions in relation to the statutorily or contractually required contributions	(804,768)	(739,054)	(793,379)	(855,986)	(864,752)	(802,700)	(721,317)	(677,848)	(628,534)	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 23,757,980	\$ 19,666,779	\$ 18,506,322	\$ 17,878,943	\$ 17,502,530	\$ 15,852,895	\$ 14,716,527	\$ 14,127,222	\$ 14,147,427	\$ 14,147,427
Contributions as a percentage of covered payroll	3.39%	3.76%	4.29%	4.79%	4.94%	5.06%	4.90%	4.80%	4.44%	4.44%
	Public Employees' Retirement System Plan 2 and 3 (PERS 2/3)									
	2023 ⁽¹⁾	2022	2021	2020	2019	2018	2017	2016	2015	2015
Statutorily or contractually required contributions	\$ 1,510,920	\$ 1,250,841	\$ 1,320,627	\$ 1,416,007	\$ 1,352,005	\$ 1,188,973	\$ 1,010,615	\$ 876,768	\$ 792,933	\$ 792,933
Contributions in relation to the statutorily or contractually required contributions	(1,510,920)	(1,250,841)	(1,320,627)	(1,416,007)	(1,352,005)	(1,188,973)	(1,010,615)	(876,768)	(792,933)	(792,933)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 23,757,980	\$ 19,666,779	\$ 18,506,322	\$ 17,878,943	\$ 17,502,530	\$ 15,852,895	\$ 14,716,527	\$ 14,073,925	\$ 14,074,316	\$ 14,074,316
Contributions as a percentage of covered payroll	6.36%	6.36%	7.14% ¹	7.92%	7.72%	7.50%	6.87%	6.23%	5.63%	5.63%
	Law Enforcement Officers' and Fire Fighters' Retirement System Plan 2 (LEOFF 2)									
	2023 ⁽¹⁾	2022	2021	2020	2019	2018	2017	2016	2015	2015
Statutorily or contractually required contributions	\$ 469,805	\$ 394,502	\$ 381,777	\$ 364,908	\$ 348,046	\$ 318,606	\$ 312,121	\$ 285,892	\$ 275,466	\$ 275,466
Contributions in relation to the statutorily or contractually required contributions	(469,805)	(394,502)	(381,777)	(364,908)	(348,046)	(318,606)	(312,121)	(285,892)	(275,466)	(275,466)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 8,917,199	\$ 7,578,756	\$ 7,218,237	\$ 6,756,412	\$ 6,584,318	\$ 5,899,979	\$ 6,014,936	\$ 5,664,267	\$ 5,454,776	\$ 5,454,776
Contributions as a percentage of covered payroll	5.27%	5.21%	5.29%	5.40%	5.29%	5.40%	5.19%	5.05%	5.05%	5.05%

Notes to Schedule:

(1) As of December 31

Starting on July 1, 2000, LEOFF 1 has zero contribution percent, as long as the plan remains fully funded. There were no required contributions for fiscal years 2015-2023.

*Schedule is intended to show information for 10 years commencing with the fiscal year ended December 31, 2015. Additional years will be displayed as they become available.

**City of Lacey
Changes in Total OPEB Liability
As of the Measurement Date June 30, 2023
Last 10 Fiscal Years***

	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Interest Cost	\$ 162,294	\$ 113,170	\$ 111,126	\$ 165,917	\$ 239,190	\$ 230,355
Changes in Experience Data and Assumptions	272,359	(522,782)	326,121	341,391	(1,418,352)	(215,681)
Estimated Benefit Payments	(252,948)	(238,335)	(214,222)	(223,942)	(297,070)	(240,780)
Net Change in Total OPEB Liability	181,705	(647,947)	223,025	283,366	(1,476,232)	(226,106)
Total OPEB Liability - Beginning	4,709,946	5,357,893	5,134,868	4,851,502	6,327,734	6,553,840
Total OPEB Liability - Ending	<u>\$ 4,891,651</u>	<u>\$ 4,709,946</u>	<u>\$ 5,357,893</u>	<u>\$ 5,134,868</u>	<u>\$ 4,851,502</u>	<u>\$ 6,327,734</u>
Total OPEB liability as a percentage of covered employee payroll	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Schedule:

The Law Enforcement Officers and Fire Fighters (LEOFF) Plan 1 does not have assets in trusts or equivalent arrangements and is funded on a pay-as-you-go basis. Potential factors that may significantly affect trends in amounts reported include; changes to the discount rate and health care trend rates.

*Schedule is intended to show information for 10 years commencing with the fiscal year ended December 31, 2018. Additional years will be displayed as they become available.



CITY
OF **LACEY**



COMBINING & INDIVIDUAL FUND STATEMENTS & SCHEDULES



CITY
OF **LACEY**

NONMAJOR OTHER GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Transportation Benefit District Fund is established to manage revenues and expenditures directly related to the operation of the Transportation Benefit District (TBD).

Lodging Tax Fund is authorized by state law and must operate under the restrictive provision thereof. Revenue is generated from a use tax based on hotel/motel room rentals. Expenditures of lodging tax dollars are limited to tourist promotion and for the acquisition and/or maintenance of tourism-related facilities.

Community Development Block Grant Fund provides for the accounting of state and federal grants dollars awarded to qualifying agencies serving Lacey citizens.

Hicks Lake Management District fund is established to manage revenues and expenditures directly related to the operation of the Hicks Lake Management District

Debt Service Funds

General Obligation (G.O.) Bond Fund is established to provide for the retirement of all general purpose bonds issued for City facilities or equipment. When capital expenditures are funded by debt authorized by voter approval, the revenues generated to retire this debt come from property taxes. Debt issued or bonds received without guaranteed to the City property tax revenues must depend on all sources of general City revenue to retire debt.

The Local Improvement District (L.I.D.) Bond Fund is established to provide for the retirement of all local improvement district bonds issued for City streets, utilities, and related equipment. Debt issued or bonds received without the guarantee of City tax revenues must depend on these special assessments against property owners.

Capital Project Funds

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Building Improvement Fund is only used when there is a need to account for a significant building project or equipment acquisition that is usually funded by a bond sale.

Capital Expenditure Fund accounts for special revenue dedicated to capital and capital equipment purchases that are required for general operation purposes. Utility and real estate taxes are the main sources of revenue.

Parks & Open Space Fund accounts for the resources accumulated by council action to set aside the revenue generated by a one percent utility tax rate for acquisition of property for future parks and open space, and/or the maintenance and operations and development of existing park sites.

Regional Athletic Complex (RAC) Capital Fund accounts for revenues dedicated for debt retirement, the purchase of capital equipment to operate this facility and future development of the RAC. The source of revenue is sales taxes that the City receives from the Capital Area Regional Public Facilities District (CARPFD) per an interlocal agreement.



City of Lacey
 Combining Balance Sheet
 Other Governmental Funds
 December 31, 2023

	Special Revenue Funds				Debt Service Funds	
	Transportation Benefit District	Lodging Tax	Community Development Block Grant	Hicks Lake Management District	General Obligation Bond Fund	L.I.D. Redemption
ASSETS						
Current cash and cash equivalents	\$ 677,363	\$ 249,988	\$ 10,153	\$ 32,588	\$ 18,041	\$ 1,071,399
Investments	1,710,773	683,506	28,206	89,802	4,680	2,978,712
Receivables (net of allowances):						
Taxes	686,328	61,534	-	-	11,749	-
Customer accounts	1,672	253	63,288	33	-	1,102
Accrued Interest and penalty	10,433	4,168	172	548	29	18,165
Due from other fund	-	-	-	-	-	4,726
Due from other governmental units	-	-	-	956	-	-
Interfund loans receivable	-	-	-	-	-	347,723
Restricted assets:						
Cash & cash equivalents	-	-	-	-	-	-
Total assets	<u>3,086,569</u>	<u>999,449</u>	<u>101,819</u>	<u>123,927</u>	<u>34,499</u>	<u>4,421,827</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	107,504	61,015	-	-	-	-
Customer deposits	-	-	-	-	-	-
Total Liabilities	<u>107,504</u>	<u>61,015</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues-property tax	-	-	-	-	7,340	-
Unavailable revenues-special assessments	-	-	-	810	-	-
Unavailable revenues-grants and loans	-	-	63,277	-	-	4,726
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>63,277</u>	<u>810</u>	<u>7,340</u>	<u>4,726</u>
Fund balances						
Restricted	-	938,434	38,542	123,117	-	-
Committed	-	-	-	-	-	-
Assigned	2,979,065	-	-	-	27,159	4,417,101
Total fund balances	<u>2,979,065</u>	<u>938,434</u>	<u>38,542</u>	<u>123,117</u>	<u>27,159</u>	<u>4,417,101</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,086,569</u>	<u>\$ 999,449</u>	<u>\$ 101,819</u>	<u>\$ 123,927</u>	<u>\$ 34,499</u>	<u>\$ 4,421,827</u>

Capital Project Funds				Total Other Governmental Funds
Building Improvement	Capital Expenditure	Parks & Open Space Fund	Regional Athletic Complex Capital	
\$ 1,296,460	\$ 1,042,384	\$ 283,000	\$ 1,773,298	\$ 6,454,674
3,592,478	2,932,350	851,838	5,043,330	17,915,675
-	-	-	-	759,611
1,329	9,141	1,940	1,865	80,623
21,908	17,882	5,195	30,756	109,256
-	-	-	-	4,726
-	-	-	294,717	295,673
-	-	-	-	347,723
-	-	850	-	850
<u>4,912,175</u>	<u>4,001,757</u>	<u>1,142,823</u>	<u>7,143,966</u>	<u>25,968,811</u>
53,564	156,169	92,500	382,141	852,893
-	-	850	-	850
<u>53,564</u>	<u>156,169</u>	<u>93,350</u>	<u>382,141</u>	<u>853,743</u>
-	-	-	-	7,340
-	-	-	-	810
-	-	-	-	68,003
-	-	-	-	76,153
-	5,869	-	-	1,105,962
3,656,046	1,987,250	127,635	1,500,000	7,270,931
1,202,565	1,852,469	921,838	5,261,825	16,662,022
<u>4,858,611</u>	<u>3,845,588</u>	<u>1,049,473</u>	<u>6,761,825</u>	<u>25,038,915</u>
<u>\$ 4,912,175</u>	<u>\$ 4,001,757</u>	<u>\$ 1,142,823</u>	<u>\$ 7,143,966</u>	<u>\$ 25,968,811</u>



City of Lacey
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Other Governmental Funds
 For the Year Ended December 31, 2023

	Special Revenue Funds				Debt Service Funds	
	Transportation Benefit District	Lodging Tax	Community Development Block Grant	Hicks Lake Benefit District	General Obligation Bond Fund	L.I.D. Redemption
REVENUES						
Taxes	\$ 3,898,334	\$ 539,927	\$ -	\$ -	\$ 673,909	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental revenues	-	-	-	-	-	-
Other revenues	238,532	58,563	1,848	49,867	18,942	188,374
Total revenues	4,136,866	598,490	1,848	49,867	692,851	188,374
EXPENDITURES						
Current:						
Economic environment	-	-	-	43,210	-	-
Culture and recreation	-	635,534	-	-	-	-
Capital outlay	6,974,589	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	1,095,000	-
Interest	-	-	-	-	165,250	-
Total expenditures	6,974,589	635,534	-	43,210	1,260,250	-
Excess of revenue over (under) expenditures	(2,837,723)	(37,044)	1,848	6,657	(567,399)	188,374
OTHER FINANCING SOURCES (USES)						
Debt issuance	-	-	-	-	-	-
Transfers in	-	-	-	-	573,200	20,425
Transfers out	-	(228,500)	-	-	-	-
Total other financing sources (uses)	-	(228,500)	-	-	573,200	20,425
Net change in fund balances	(2,837,723)	(265,544)	1,848	6,657	5,801	208,799
Fund balances - beginning	5,816,788	1,203,978	36,694	116,460	21,358	4,208,302
Fund Balance - ending	\$ 2,979,065	\$ 938,434	\$ 38,542	\$ 123,117	\$ 27,159	\$ 4,417,101

Capital Project Funds				Total
Building Improvement	Capital Expenditure	Parks & Open Space Fund	Regional Athletic Complex Capital	Other Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 5,112,170
-	28,599	-	-	28,599
195,916	-	-	1,684,159	1,880,075
361,644	218,059	28,549	192,851	1,357,229
557,560	246,658	28,549	1,877,010	8,378,073
-	-	-	-	43,210
-	-	8,259	7,698	651,491
5,870,931	1,572,816	322,072	599,452	15,339,860
-	193,896	-	-	1,288,896
-	-	-	-	165,250
5,870,931	1,766,712	330,331	607,150	17,488,707
(5,313,371)	(1,520,054)	(301,782)	1,269,860	(9,110,634)
-	333,750	-	-	333,750
3,378,216	1,150,602	1,024,577	1,305,000	7,452,020
-	(805,000)	-	(573,200)	(1,606,700)
3,378,216	679,352	1,024,577	731,800	6,179,070
(1,935,155)	(840,702)	722,795	2,001,660	(2,931,564)
6,793,766	4,686,290	326,678	4,760,165	27,970,479
\$ 4,858,611	\$ 3,845,588	\$ 1,049,473	\$ 6,761,825	\$ 25,038,915



City of Lacey
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balances - Budget to Actual
 Arterial Streets
 For the Year Ended December 31, 2023

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Taxes	\$ 2,000,000	\$ 2,000,000	\$ 3,215,161	\$ 1,215,161
Intergovernmental revenues	5,016,949	5,016,949	1,501,473	(3,515,476)
Charges for services	435,181	435,181	665,952	230,771
Other revenues	500,277	500,277	2,022,128	1,521,851
Total revenues	7,952,407	7,952,407	7,404,714	(547,693)
EXPENDITURES				
Capital outlay	9,744,299	10,144,299	2,199,483	(7,944,816)
Total expenditures	9,744,299	10,144,299	2,199,483	(7,944,816)
Excess of revenue over (under) expenditures	(1,791,892)	(2,191,892)	5,205,231	7,397,123
OTHER FINANCING SOURCES (USES)				
Transfers out	(200,000)	(200,000)	(200,000)	-
Total other financing sources	(200,000)	(200,000)	(200,000)	-
Net change in fund balances	(1,991,892)	(2,391,892)	5,005,231	7,397,123
Fund balance - beginning	1,991,892	2,391,892	42,942,515	40,550,623
Fund balance - ending	\$ -	\$ -	\$ 47,947,746	\$ 47,947,746

City of Lacey
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balances - Budget to Actual
 Transportation Benefit District
 For the Year Ended December 31, 2023

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Taxes	\$ 3,487,298	\$ 3,487,298	\$ 3,898,334	\$ 411,036
Other revenues	77,256	77,256	238,532	161,276
Total revenues	<u>3,564,554</u>	<u>3,564,554</u>	<u>4,136,866</u>	<u>572,312</u>
EXPENDITURES				
Capital outlay	<u>8,150,000</u>	<u>8,150,000</u>	<u>6,974,589</u>	<u>(1,175,411)</u>
Total expenditures	<u>8,150,000</u>	<u>8,150,000</u>	<u>6,974,589</u>	<u>(1,175,411)</u>
Excess of revenue over (under) expenditures	<u>(4,585,446)</u>	<u>(4,585,446)</u>	<u>(2,837,723)</u>	<u>1,747,723</u>
			<u>(2,837,723)</u>	
OTHER FINANCING SOURCES (USES)				
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(4,585,446)</u>	<u>(4,585,446)</u>	<u>(2,837,723)</u>	<u>1,747,723</u>
Fund balance - beginning	<u>4,585,446</u>	<u>4,585,446</u>	<u>5,816,788</u>	<u>1,231,342</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,979,065</u>	<u>\$ 2,979,065</u>



City of Lacey
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget to Actual
Lodging Tax
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 520,000	\$ 520,000	\$ 539,927	\$ 19,927
Other revenues	13,382	13,382	58,563	45,181
Total revenues	533,382	533,382	598,490	65,108
EXPENDITURES				
Culture and recreation	658,730	658,730	635,534	(23,196)
Total expenditures	658,730	658,730	635,534	(23,196)
Excess of revenue over (under) expenditures	(125,348)	(125,348)	(37,044)	88,304
OTHER FINANCING SOURCES (USES)				
Transfers out	(228,500)	(228,500)	(228,500)	-
Total other financing sources	(228,500)	(228,500)	(228,500)	-
Net change in fund balances	(353,848)	(353,848)	(265,544)	88,304
Fund balance - beginning	353,848	353,848	1,203,978	850,130
Fund balance - ending	\$ -	\$ -	\$ 938,434	\$ 938,434

City of Lacey
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balances - Budget to Actual
 Community Development Block Grant
 For the Year Ended December 31, 2023

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Other revenue	\$ 479	\$ 479	\$ 1,848	\$ 1,369
Total revenues	479	479	1,848	1,369
EXPENDITURES				
Total expenditures	-	-	-	-
Excess of revenue over (under) expenditures	479	479	1,848	1,369
OTHER FINANCING SOURCES (USES)				
Total other financing sources	-	-	-	-
Net change in fund balance	479	479	1,848	1,369
Fund balance - beginning	-	-	36,694	36,694
Fund balance - ending	\$ 479	\$ 479	\$ 38,542	\$ 38,063



City of Lacey
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget to Actual
Hicks Lake Management District
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Other revenue	\$ 47,793	\$ 47,793	\$ 49,867	\$ 2,074
Total revenues	47,793	47,793	49,867	2,074
EXPENDITURES				
Economic environment	47,793	47,793	43,210	(4,583)
Total expenditures	47,793	47,793	43,210	(4,583)
Excess of revenue over (under) expenditures	-	-	6,657	6,657
OTHER FINANCING SOURCES (USES)				
Total other financing sources	-	-	-	-
Net change in fund balance	-	-	6,657	6,657
Fund balance - beginning	-	-	116,460	116,460
Fund balance - ending	\$ -	\$ -	\$ 123,117	\$ 123,117

City of Lacey
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balances - Budget to Actual
 General Obligation Bond Fund
 For the Year Ended December 31, 2023

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 687,050	\$ 687,050	\$ 673,909	\$ (13,141)
Other revenues	10,184	10,184	18,942	8,758
Total revenues	697,234	697,234	692,851	(4,383)
EXPENDITURES				
Debt service:				
Principal retirement	1,095,000	1,095,000	1,095,000	-
Interest	165,250	165,250	165,250	-
Total expenditures	1,260,250	1,260,250	1,260,250	-
Excess of revenue over (under) expenditures	(563,016)	(563,016)	(567,399)	(4,383)
OTHER FINANCING SOURCES (USES)				
Transfers in	573,200	573,200	573,200	-
Transfers out	-	-	-	-
Total other financing sources	573,200	573,200	573,200	-
Net change in fund balance	10,184	10,184	5,801	(4,383)
Fund balance - beginning	-	-	21,358	21,358
Fund balance - ending	\$ 10,184	\$ 10,184	\$ 27,159	\$ 16,975



City of Lacey
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget to Actual
L.I.D. Redemption
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Other revenues	\$ 58,081	\$ 58,081	\$ 188,374	\$ 130,293
Total revenues	58,081	58,081	188,374	130,293
EXPENDITURES				
Total expenditures	-	-	-	-
Excess of revenue over (under) expenditures	58,081	58,081	188,374	130,293
OTHER FINANCING SOURCES (USES)				
Interfund loan proceeds	22,103	22,103	-	(22,103) (1)
Transfers in	20,425	20,425	20,425	-
Total other financing sources	42,528	42,528	20,425	(22,103)
Net change in fund balance	100,609	100,609	208,799	108,190
Fund balance - beginning	-	-	4,208,302	4,208,302
Fund balance - ending	\$ 100,609	\$ 100,609	\$ 4,417,101	\$ 4,316,492

Explanations of differences:

(1) Interfund loans to other funds are budgeted as expenditures but are reported as a receivable for GAAP.

City of Lacey
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balances - Budget to Actual
 Building Improvement
 For the Year Ended December 31, 2023

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental revenues	\$ -	\$ -	\$ 195,916	\$ 195,916
Other revenues	118,241	118,241	361,644	243,403
Total revenues	<u>118,241</u>	<u>118,241</u>	<u>557,560</u>	<u>439,319</u>
EXPENDITURES				
Current:				
General government	50,000	50,000	-	(50,000)
Capital outlay	45,875	7,731,002	5,870,931	(1,860,071)
Total expenditures	<u>95,875</u>	<u>7,781,002</u>	<u>5,870,931</u>	<u>(1,910,071)</u>
Excess of revenue over (under) expenditures	<u>22,366</u>	<u>(7,662,761)</u>	<u>(5,313,371)</u>	<u>2,349,390</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	4,978,216	3,378,216	(1,600,000)
Total other financing sources	<u>-</u>	<u>4,978,216</u>	<u>3,378,216</u>	<u>(1,600,000)</u>
Net change in fund balance	22,366	(2,684,545)	(1,935,155)	749,390
Fund balance - beginning	50,000	2,756,911	6,793,766	4,036,855
Fund balance - ending	<u>\$ 72,366</u>	<u>\$ 72,366</u>	<u>\$ 4,858,611</u>	<u>\$ 4,786,245</u>



City of Lacey
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balances - Budget to Actual
 Capital Expenditure
 For the Year Ended December 31, 2023

	Budgeted Amounts		Actual GAAP Basis	Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Licenses and permits	\$ 39,000	\$ 39,000	\$ 28,599	\$ (10,401)
Other revenues	61,194	61,194	218,059	156,865 (1)
Total revenues	100,194	100,194	246,658	146,464
EXPENDITURES				
Capital outlay	1,104,365	2,768,995	1,572,816	(1,196,179)
Debt service:				
Principal retirement	-	-	193,896	193,896
Total expenditures	1,104,365	2,768,995	1,766,712	(1,002,283)
Excess of revenue over (under) expenditures	(1,004,171)	(2,668,801)	(1,520,054)	1,148,747
OTHER FINANCING SOURCES (USES)				
Debt issuance cost	-	-	333,750	333,750
Transfers in	587,151	1,150,602	1,150,602	-
Transfers out	-	(805,000)	(805,000)	-
Total other financing sources	587,151	345,602	679,352	333,750
Net change in fund balances	(417,020)	(2,323,199)	(840,702)	1,482,497
Fund balance - beginning	417,020	2,323,199	4,686,290	2,363,091
Fund balance - ending	\$ -	\$ -	\$ 3,845,588	\$ 3,845,588

Explanation of differences:

(1) Long-term loan payments received are budgeted as revenues but are recorded as reduction of the receivables for GAAP.

City of Lacey
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balances - Budget to Actual
 Parks & Open Space
 For the Year Ended December 31, 2023

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Other revenues	\$ 36,090	\$ 36,090	\$ 28,549	\$ (7,541)
Total revenues	36,090	36,090	28,549	(7,541)
EXPENDITURES				
Current:				
Culture and recreation	-	-	8,259	8,259
Capital outlay	181,250	1,133,776	322,072	(811,704)
Total expenditures	181,250	1,133,776	330,331	(803,445)
Excess of revenue over (under) expenditures	(145,160)	(1,097,686)	(301,782)	795,904
OTHER FINANCING SOURCES (USES)				
Transfers in	181,250	1,024,577	1,024,577	-
Total other financing sources	181,250	1,024,577	1,024,577	-
Net change in fund balance	36,090	(73,109)	722,795	795,904
Fund balance - beginning	-	109,199	326,678	217,479
Fund balance - ending	\$ 36,090	\$ 36,090	\$ 1,049,473	\$ 1,013,383



City of Lacey
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balances - Budget to Actual
 Regional Athletic Complex Capital
 For the Year Ended December 31, 2023

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental revenues	\$ 1,589,568	\$ 1,589,568	1,684,159	\$ 94,591
Other revenues	52,824	52,824	192,851	140,027
Total revenues	1,642,392	1,642,392	1,877,010	234,618
EXPENDITURES				
Current:				
Culture and recreation	8,000	8,000	7,698	(302)
Capital outlay	-	3,079,242	599,452	(2,479,790)
Total expenditures	8,000	3,087,242	607,150	(2,480,092)
Excess of revenue over (under) expenditures	1,634,392	(1,444,850)	1,269,860	2,714,710
OTHER FINANCING SOURCES (USES)				
Transfers in	-	1,305,000	1,305,000	-
Transfers out	(573,200)	(573,200)	(573,200)	-
Total other financing sources	(573,200)	731,800	731,800	-
Net change in fund balances	1,061,192	(713,050)	2,001,660	2,714,710
Fund balance - beginning	-	1,774,242	4,760,165	2,985,923
Fund balance - ending	\$ 1,061,192	\$ 1,061,192	\$ 6,761,825	\$ 5,700,633



Internal Service Funds

Internal service 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 government and to other government units, on a cost reimbursement basis.

The Equipment Rental Fund is an internal service fund created to provide for maintenance and replacement of City owned vehicles and equipment. The finance department provides administrative and accounting services while the public works department provides maintenance and repair services.

Information Management Services Fund is responsible for keeping all computer and office automation equipment and programs operating and responsive to the City's needs. This is accomplished through researching new computer techniques; correcting and revising programs to meet changing needs; and managing computer techniques; and managing computer equipment to achieve maximum performance.



City of Lacey
 Combining Statement of Net Position
 Internal Service Funds
 December 31, 2023

	Governmental Activities		
	Internal Service Funds		
	Equipment Rental	Information Services	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 4,787,881	\$ 1,044,192	\$ 5,832,073
Investments	13,270,252	2,888,183	16,158,435
Receivables (net of allowances):			
Customer accounts	5,660	1,070	6,730
Accrued interest & penalty	80,926	17,613	98,539
Prepayments	-	232,334	232,334
Due from governmental units	-	-	-
Total current assets:	<u>18,144,719</u>	<u>4,183,392</u>	<u>22,328,111</u>
Noncurrent assets:			
Net Pension Asset	109,556	259,984	369,540
Capital Assets			
Depreciable assets, net	5,848,448	358,746	6,207,194
Total noncurrent assets	<u>5,958,004</u>	<u>618,730</u>	<u>6,576,734</u>
Total assets	<u>24,102,723</u>	<u>4,802,122</u>	<u>28,904,845</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pension	90,346	214,393	304,739
Total deferred inflows of resources	<u>90,346</u>	<u>214,393</u>	<u>304,739</u>
LIABILITIES			
Current liabilities:			
Accounts payable	3,511	13,370	16,881
Compensated absences	21,926	28,959	50,885
Total current liabilities	<u>25,437</u>	<u>42,329</u>	<u>67,766</u>
Noncurrent liabilities:			
Compensated absences	21,269	48,880	70,149
Net pension liability	47,252	112,132	159,384
Total noncurrent liabilities	<u>68,521</u>	<u>161,012</u>	<u>229,533</u>
Total liabilities	<u>93,958</u>	<u>203,341</u>	<u>297,299</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pension	60,853	144,408	205,261
Total deferred inflows of resources	<u>60,853</u>	<u>144,408</u>	<u>205,261</u>
NET POSITION			
Net investment in capital assets	5,848,447	358,746	6,207,193
Restricted for pension related	109,556	259,984	369,540
Unrestricted	18,080,255	4,050,036	22,130,291
Total net position	<u>\$ 24,038,258</u>	<u>\$ 4,668,766</u>	<u>\$ 28,707,024</u>

City of Lacey
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
For the Year Ended December 31, 2023

	Governmental Activities		
	Internal Service Funds		
	Equipment Rental	Information Services	Total
OPERATING REVENUES			
Charges for services	\$ 3,296,130	\$ 2,758,613	\$ 6,054,743
Miscellaneous operating revenues	154,223	9,413	163,636
Total operating revenue	<u>3,450,353</u>	<u>2,768,026</u>	<u>6,218,379</u>
OPERATING EXPENSES			
Operating expense	1,512,001	1,805,259	3,317,260
Maintenance expense	91,875	638,002	729,877
Depreciation expense	1,277,735	188,542	1,466,277
Taxes	342	-	342
Total operating expenses	<u>2,881,953</u>	<u>2,631,803</u>	<u>5,513,756</u>
OPERATING INCOME (LOSS)	<u>568,400</u>	<u>136,223</u>	<u>704,623</u>
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	712,281	172,359	884,640
Gain (loss) related to capital assets	27,817	444	28,261
Total nonoperating revenues (expenses)	<u>740,098</u>	<u>172,803</u>	<u>912,901</u>
Income (loss) before contributions and transfers	1,308,498	309,026	1,617,524
Capital Contributions - private	181,860	-	181,860
Capital Contributions - interfund	1,066,275	19,760	1,086,035
Changes in net position	2,556,633	328,786	2,885,419
Net position - beginning	21,481,625	4,339,980	25,821,605
NET POSITION - ENDING	<u>\$ 24,038,258</u>	<u>\$ 4,668,766</u>	<u>\$ 28,707,024</u>



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

	Governmental Activities		
	Internal Service Funds		
	Equipment Rental	Information Services	Total Internal Service
CASH FLOW FROM OPERATING ACTIVITIES:			
Receipts from customers and users	\$ 260,071	\$ 66,058	\$ 326,129
Receipts from interfund services	3,194,564	2,698,026	5,892,590
Payments for interfund services	(26,098)	-	(26,098)
Payments to suppliers	(1,015,743)	(1,161,791)	(2,177,534)
Payments to employees	(626,560)	(1,379,318)	(2,005,878)
Payments for taxes	(342)	-	(342)
Net cash provided by operating activities	<u>1,785,892</u>	<u>222,975</u>	<u>2,008,867</u>
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets	(882,008)	(132,572)	(1,014,580)
Proceeds related to capital assets	49,822	444	50,266
Net cash (used) by capital and related financing activities	<u>(832,186)</u>	<u>(132,128)</u>	<u>(964,314)</u>
CASH FLOW FROM INVESTING ACTIVITIES:			
Purchase of investment	(2,979,184)	(399,621)	(3,378,805)
Interest received on investments	669,577	163,989	833,566
Net cash provided (used) by investing activities	<u>(2,309,607)</u>	<u>(235,632)</u>	<u>(2,545,239)</u>
Net increase (decrease) in cash and cash equivalents	(1,355,901)	(144,785)	(1,500,686)
Cash and cash equivalents January 1	6,143,782	1,188,977	7,332,759
Cash and cash equivalents December 31 (see Note below)	<u>\$ 4,787,881</u>	<u>\$ 1,044,192</u>	<u>\$ 5,832,073</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Net operating income	\$ 568,400	\$ 136,223	\$ 704,623
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	1,277,735	188,542	1,466,277
Decrease (increase) in:			
Customer receivables	(2,865)	(574)	(3,439)
Intergovernmental receivables	7,148	-	7,148
Prepays	-	(3,367)	(3,367)
Increase (decrease) in:			
Accounts payables	(18,152)	7,611	(10,541)
Intergovernmental payables	(28)	-	(28)
Compensated absences payables	4,674	16,563	21,237
Net pension liability, deferred outflows and inflows of pension related resources	(51,020)	(122,023)	(173,043)
Total adjustments	<u>1,217,492</u>	<u>86,752</u>	<u>1,304,244</u>
Net cash provided by operating activities	<u>\$ 1,785,892</u>	<u>\$ 222,975</u>	<u>\$ 2,008,867</u>
Reconciliation of Cash and cash equivalents with the amounts on the fund statement of net position:			
Cash and cash equivalents	\$ 4,787,881	\$ 1,044,192	\$ 5,832,073
Cash and cash equivalents for cash flow statements	<u>\$ 4,787,881</u>	<u>\$ 1,044,192</u>	<u>\$ 5,832,073</u>
Schedule of noncash capital and related financing activities:			
Capital assets transferred from other funds	\$ 1,066,275	\$ 19,760	\$ 1,086,035
Capital assets transferred from private	181,860	-	181,860



Fiduciary Funds

Custodial Funds

Joint Animal Services Fund accounts for cash and investments held by the City of Lacey for Animal Services in a custodial capacity.

Capital Area Public Facilities District (CARPFD) Fund accounts for cash and investments held by the City of Lacey for the CARPFD in a custodial capacity.

Other Custodial Fund accounts for taxes and fees levied by the State or County that have not yet been remitted and other miscellaneous custodial funds.



City of Lacey
Combining Statement of Fiduciary Net Position
Custodial Funds
December 31, 2023

	Fiduciary Funds			
	Joint Animal Services	Capital Area Regional Public Facilities District	Other Custodial	Custodial Funds
ASSETS				
Cash and cash equivalents	\$ 772,061	\$ 20,317	\$ 90,841	\$ 883,219
Investments	2,152,290	56,449	-	2,208,739
Receivables and prepayments	51,643	459,160	-	510,803
Total assets:	<u>2,975,994</u>	<u>535,926</u>	<u>90,841</u>	<u>3,602,761</u>
LIABILITIES				
Accounts payable	39,503	-	-	39,503
Due to other governmental units	161,360	458,404	-	619,764
Total liabilities	<u>200,863</u>	<u>458,404</u>	<u>-</u>	<u>659,267</u>
NET POSITION				
Restricted for:				
Individuals, organizations and other governments	<u>2,775,131</u>	<u>77,522</u>	<u>90,841</u>	<u>2,943,494</u>
Total net position	<u>\$ 2,775,131</u>	<u>\$ 77,522</u>	<u>\$ 90,841</u>	<u>\$ 2,943,494</u>
Adjustment to reflect the consolidation of equity interest in fiduciary funds.	<u>(510,902)</u>			<u>(510,902)</u>
Net position of fiduciary activities.				<u>\$ 2,432,592</u>

City of Lacey
 Combining Statement of Changes in Fiduciary Net Position
 Custodial Funds
 December 31, 2023

	Fiduciary Funds			Custodial Funds
	Joint Animal Services	Capital Area Regional Public Facilities District	Other Custodial	
ADDITIONS				
Taxes	\$ -	\$ 2,639,555	\$ 238,231	\$ 2,877,786
Charges for services	2,201,496	-	-	2,201,496
Investment earnings	108,638	-	-	108,638
Contributions	691,905	-	-	691,905
Miscellaneous revenues	7,917	-	-	7,917
Total additions	3,009,956	2,639,555	238,231	5,887,742
DEDUCTIONS				
Operating expense	2,652,322	2,635,846	237,166	5,525,334
Maintenance expense	32,704	-	-	32,704
Miscellaneous expense	1,024	-	-	1,024
Total deductions	2,686,050	2,635,846	237,166	5,559,062
Net increase(decrease) in fiduciary net position	323,906	3,709	1,065	328,680
Net position - beginning as previously reported	2,459,002	73,813	89,776	2,622,591
Prior period correction	(7,777)	-	-	(7,777)
Net position - beginning as restated	2,451,225	73,813	89,776	2,614,814
NET POSITION - ENDING	\$ 2,775,131	\$ 77,522	\$ 90,841	\$ 2,943,494
Adjustment to reflect the consolidation of equity interest in fiduciary funds.	(59,921)			(59,921)
Change in net position of fiduciary activities.				\$ 268,759



CITY
OF **LACEY**

OTHER SUPPLEMENTARY INFORMATION



City of Lacey, Washington
 Schedule of Expenditures of Federal Awards
 For the Year Ended December 31, 2023

Federal Agency Name / Pass-Through Agency Name	Federal Program Name	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass-Through Awards	From Direct Awards	Total		
US Department of Justice	Bulletproof Vest Partnership Program	16.607	FY 2022 BVP	-	6,031	6,031		1,4
	Total:			\$ -	\$ 6,031	\$ 6,031	\$ -	
Highway Planning and Construction Cluster US Department of Transportation / Pass-through from WA State Department of Transportation	Highway Planning and Construction	20.205	STPUS-5289(005)	217,146		217,146		1,4
	Highway Planning and Construction	20.205	CM-0643(007)	126,031		126,031		1,4
	Highway Planning and Construction	20.205	STPUS-5289(006)	1,021		1,021		1,4
	Highway Planning and Construction	20.205	STPUS-5284(002)	10,691		10,691		1,4
	Highway Planning and Construction	20.205	CM-0643(008)	371,428		371,428		1,4
	Total Highway Planning and Construction:			\$ 726,317	\$ -	\$ 726,317	\$ -	
US Small Business Association	Congressional Earmarks Initiative	59.059	SBAHQ23I0019		1,000,000	1,000,000	1,000,000	1,4,6
	Total:			\$ -	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	
US Department of the Treasury	Coronavirus State and Local Fiscal Recovery Funds	21.027			3,147,808	3,147,808		1,4
				\$ -	\$ 3,147,808	\$ 3,147,808	\$ -	
Federal Emergency Management Agency, US Department of Homeland Security / Pass-through from WA State Military Department	COVID 19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	678128 - DR4481WA	250	-	250		1,4,5
	Total:			\$ 250	\$ -	\$ 250	\$ -	
	Total Federal Awards Expended:			\$ 726,567	\$ 4,153,839	\$ 4,880,406	\$ 1,000,000	

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this Schedule.

City of Lacey
Notes to the Schedule of Expenditures of
Federal Awards
For the Year Ended December 31, 2023

Note 1 - Basis of Accounting

These schedules are prepared on the same basis of accounting as the City of Lacey's financial statements. The City uses the accrual basis of accounting for all funds except governmental fund types and fiduciary funds, which use the modified accrual basis of accounting.

Note 2 - Federal De Minimis Indirect Cost Rate

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

Note 3 - Revolving Loan - Program Income

The City has a revolving loan program under the Department of Housing & Urban Development. Under this federal program, repayments to the City are considered program revenues (income). No interest is charged on the loans and full payment is due upon sale of the property. There was no loan principal received in loan repayment for the year 2023. The City has received approval from Washington Department of Commerce (formerly CTED) to utilize the program revenues to finance future CDBG approved projects.

Note 4 - Program Costs

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

Note 5

The City received final payment of \$250 in indirect administrative allowance that was applied for in 2021.

Note 6

The City received \$1,000,000 from the US Small Business Association for the Congressional Earmarks Initiative to pass through to subrecipient, Saint Martin's University.

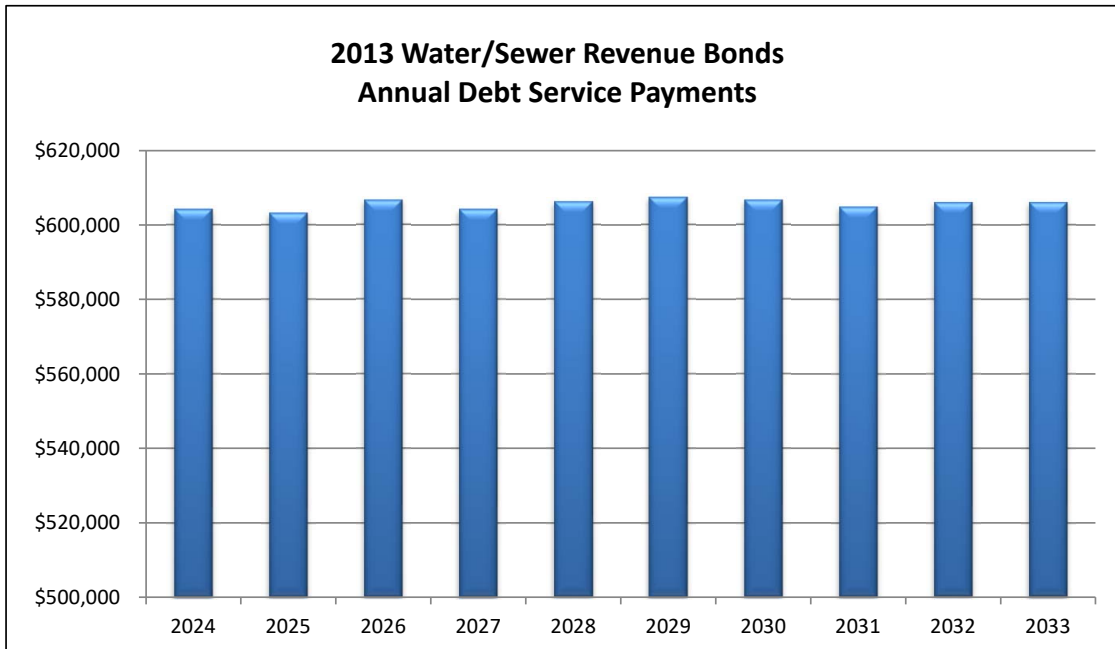


City of Lacey, Washington
Schedule of State Financial Assistance
For The Year Ended December 31, 2023

Program Title	Identification #	Amount
<u>WA State Department of Ecology:</u>		
FY2018 Regenerative Air Street Sweeper	WQC-2018-LacePW-00137	34,994
Stormwater Capacity	WQSWCAP-2123-LacePW-00198	71,623
	Sub-Total	106,617
<u>WA State Transportation Improvement Board:</u>		
College Street Extension	8-5-197(026)-1	183,244
	Sub-Total	183,244
<u>WA State Office of Public Defense:</u>		
Public Defense Improvement	GRT22075	16,000
Simple Possession Advocacy and Representation Program	GRT24060	2,937
	Sub-Total	18,937
Total State Assistance		308,798
Total State and Local Assistance		308,798

City of Lacey
 General Obligation Bond Debt
 2013 Revenue Bonds
 December 31, 2023

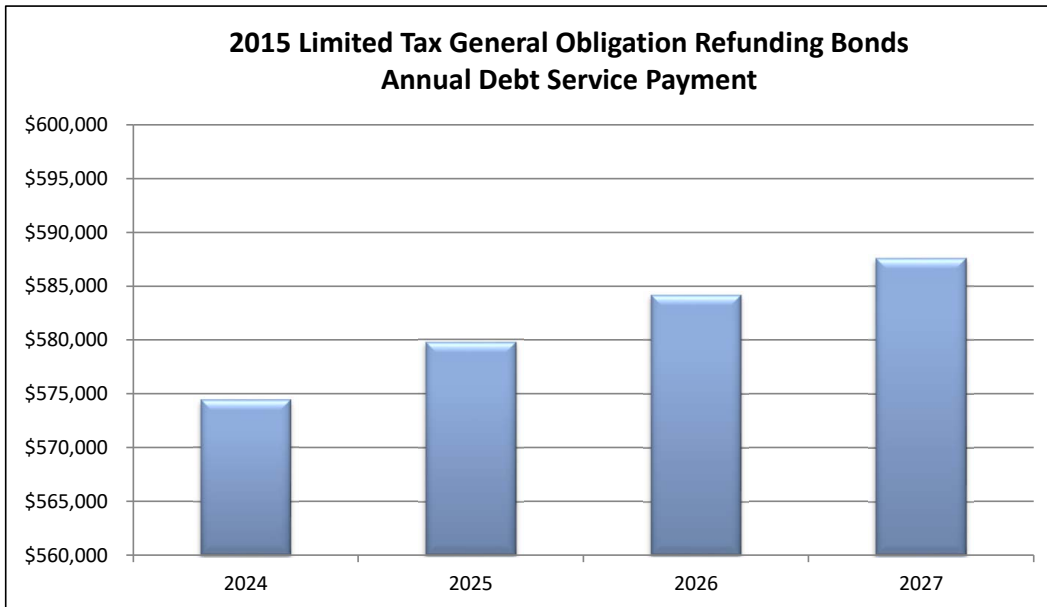
Year Ended 31-Dec	Interest Rate - %	Interest Due - 01 May	Interest Due - 01 Nov	Principal Due - 01 Nov	Total Debt Service
2024	4.000%	102,112.50	102,112.50	400,000.00	604,225.00
2025	4.000%	94,112.50	94,112.50	415,000.00	603,225.00
2026	4.000%	85,812.50	85,812.50	435,000.00	606,625.00
2027	4.000%	77,112.50	77,112.50	450,000.00	604,225.00
2028	4.000%	68,112.50	68,112.50	470,000.00	606,225.00
2029	4.250%	58,712.50	58,712.50	490,000.00	607,425.00
2030	4.250%	48,300.00	48,300.00	510,000.00	606,600.00
2031	4.500%	37,462.50	37,462.50	530,000.00	604,925.00
2032	4.500%	25,537.50	25,537.50	555,000.00	606,075.00
2033	4.500%	13,050.00	13,050.00	580,000.00	606,100.00
		<u>\$ 610,325.00</u>	<u>\$ 610,325.00</u>	<u>\$ 4,835,000.00</u>	<u>\$ 6,055,650.00</u>





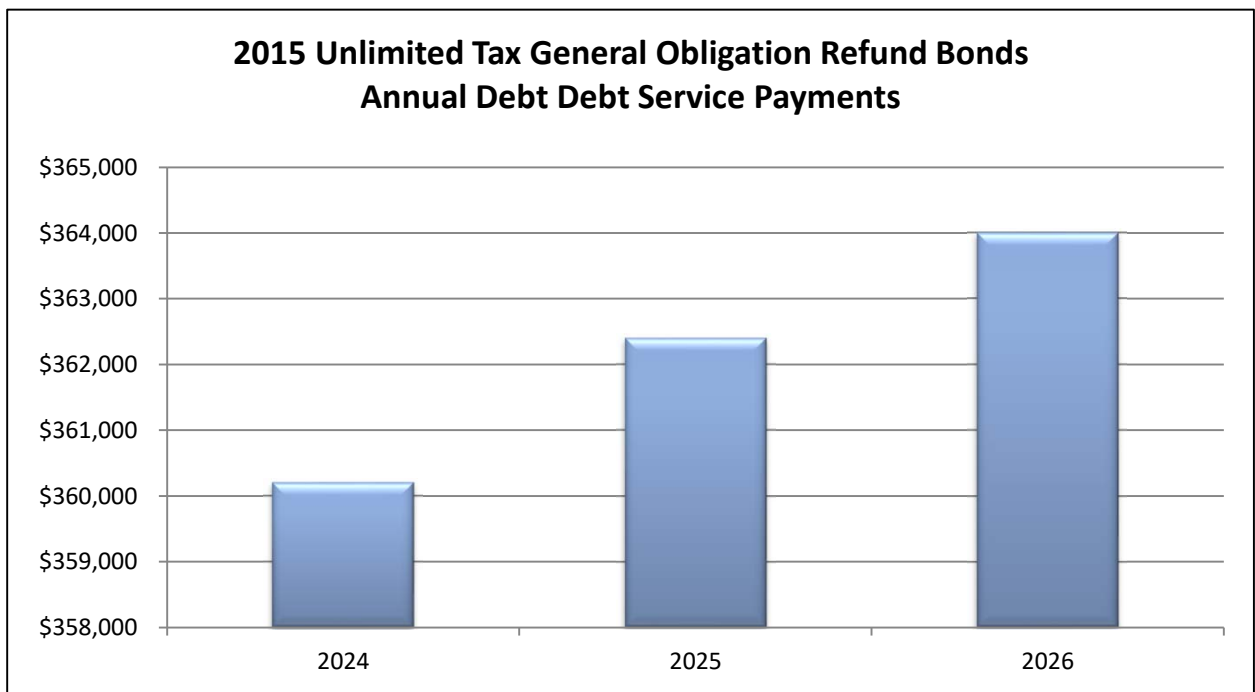
City of Lacey
General Obligation Bond Debt
2015 Limited Tax General Obligated Refunding Bonds
December 31, 2023

Year Ended 31-Dec	Interest Rate - %	Interest Due - 01 Jun	Interest Due - 01 Dec	Principal Due - 01 Dec	Total Debt Service
2024	4.000%	42,200.00	42,200.00	490,000.00	574,400.00
2025	4.000%	32,400.00	32,400.00	515,000.00	579,800.00
2026	4.000%	22,100.00	22,100.00	540,000.00	584,200.00
2027	4.000%	11,300.00	11,300.00	565,000.00	587,600.00
		<u>\$ 108,000.00</u>	<u>\$ 108,000.00</u>	<u>\$ 2,110,000.00</u>	<u>\$ 2,326,000.00</u>



City of Lacey
 General Obligation Bond Debt
 2015 Unlimited Tax General Obligated Refunding Bonds
 December 31, 2023

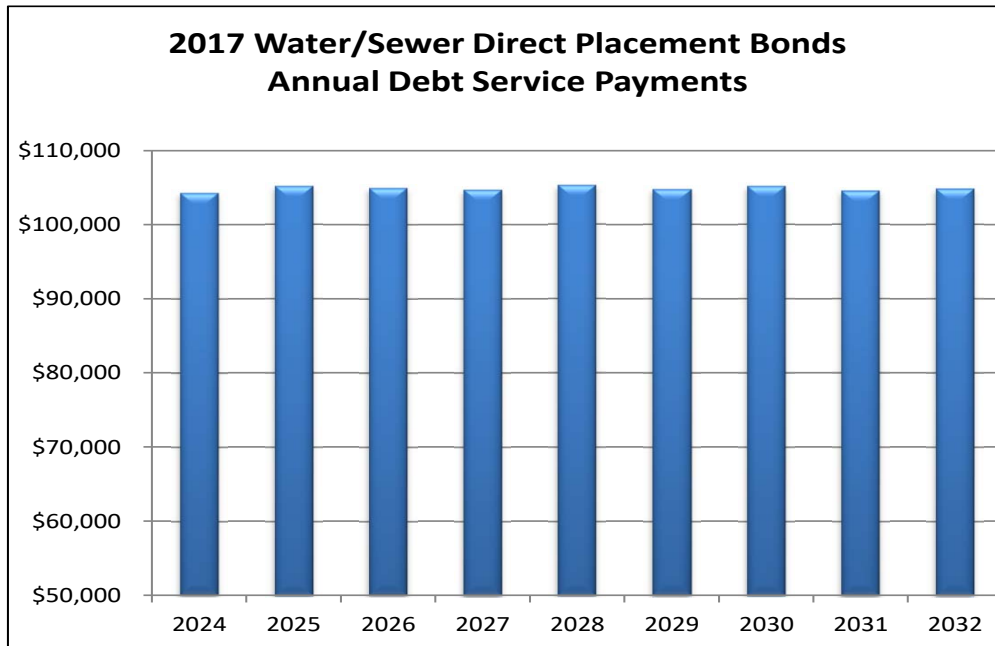
Year Ended 31-Dec	Interest Rate - %	Interest Due - 01 Jun	Interest Due - 01 Dec	Principal Due - 01 Dec	Total Debt Service
2024	4.000%	20,100.00	20,100.00	320,000.00	360,200.00
2025	4.000%	13,700.00	13,700.00	335,000.00	362,400.00
2026	4.000%	7,000.00	7,000.00	350,000.00	364,000.00
		<u>\$ 40,800.00</u>	<u>\$ 40,800.00</u>	<u>\$ 1,005,000.00</u>	<u>\$ 1,086,600.00</u>





City of Lacey
 General Obligation Bond Debt
 2017 Direct Placement Bonds
 December 31, 2023

<u>Year Ended 31-Dec</u>	<u>Interest Rate - %</u>	<u>Interest Due - 01 Feb</u>	<u>Principal Due - 01 Feb</u>	<u>Total Debt Service</u>
2024	2.560%	21,273.60	83,000.00	104,273.60
2025	2.560%	19,148.80	86,000.00	105,148.80
2026	2.560%	16,947.20	88,000.00	104,947.20
2027	2.560%	14,694.40	90,000.00	104,694.40
2028	2.740%	13,261.60	92,000.00	105,261.60
2029	2.740%	10,740.80	94,000.00	104,740.80
2030	2.740%	8,165.20	97,000.00	105,165.20
2031	2.740%	5,507.40	99,000.00	104,507.40
2032	2.740%	2,794.80	102,000.00	104,794.80
		<u>\$ 112,533.80</u>	<u>\$ 831,000.00</u>	<u>\$ 943,533.80</u>





Statistical Section

This part of the City of Lacey’s annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, notes disclosures, and required supplementary information says about the city’s overall financial health.

Contents	Page
<u>Financial Trends</u>	
These schedules contain trend information to help the reader understand how the city’s financial performance and well-being have changed over time.	
1 Net Position by Component.....	8-2
2 Changes in Net Position.....	8-3
3 Fund Balances of Governmental Funds.....	8-4
4 Changes in Fund Balances of Governmental Funds.....	8-5
<u>Revenue Capacity</u>	
These schedules contain information to help the reader assess the city’s two most significant local revenue sources, the sales/retail tax and property tax.	
5 Governmental Activities Tax Revenues by Source.....	8-6
6 Sales Tax Revenues by Type, Governmental Funds.....	8-7
7 Assessed Value and Estimated Actual Value of Taxable Property.....	8-8
8 Property Tax Rates.....	8-9
9 Principal Property Taxpayers.....	8-10
10 Property Tax Levies and Collections.....	8-11
<u>Debt Capacity</u>	
These schedules present information to help the reader assess the affordability of the city’s current levels of outstanding debt and the city’s ability to issue additional debt in the future.	
11 Ratio of Outstanding Debt by Type.....	8-12
12 Ratios of General Bonded Debt Outstanding.....	8-13
13 Direct and Overlapping Government Activities Debt.....	8-14
14 Legal Debt Margin Information.....	8-15
15 Pledged-Revenue Coverage.....	8-16
<u>Demographic and Economic Information</u>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the city’s financial activities take place.	
16 Demographic and Economic Statistics.....	8-17
17 Principal Employers.....	8-18
<u>Operating Information</u>	
These schedules contain service and infrastructure data to help the reader understand how the information in the city’s financial report relates to the services the city provides and the activities it performs.	
18 Full-time Equivalent City Government Employees by Function.....	8-19
19 Operating Indicators by Function.....	8-20
20 Capital Asset Statistics by Function.....	8-21

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.



Table 1
 City of Lacey
 Net Position by Component
 Last Ten Fiscal Years
 (accrual basis of accounting)
 (amounts expressed in thousands)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities										
Net investment in capital assets	\$ 300,936	\$ 303,126	\$ 301,595	\$ 306,271	\$ 306,007	\$ 314,138	\$ 316,123	\$ 313,944	\$ 314,927	\$ 322,543
Restricted	1,193	3,486	2,680	4,259	5,630	5,197	6,065	12,990	14,935	14,810
Unrestricted	67,919	64,156	71,291	81,678	91,445	108,547	118,514	134,770	145,458	158,313
Total governmental activities net position	\$ 370,048	\$ 370,768	\$ 375,566	\$ 392,208	\$ 403,082	\$ 427,882	\$ 440,702	\$ 461,704	\$ 475,320	\$ 495,666
Business-type activities										
Net investment in capital assets	231,073	234,592	240,521	245,826	254,791	266,976	274,443	294,240	303,704	330,196
Restricted	3,498	607	607	694	694	694	694	1,310	1,985	2,163
Unrestricted	35,634	45,462	55,070	65,144	76,642	87,114	90,090	89,150	94,595	96,334
Total business-type activities net position	\$ 270,205	\$ 280,661	\$ 296,198	\$ 311,664	\$ 332,127	\$ 354,784	\$ 365,227	\$ 384,700	\$ 400,284	\$ 428,693
Primary government										
Net investment in capital assets	532,009	537,718	542,116	552,097	560,798	581,114	590,566	608,184	618,631	652,739
Restricted	4,691	4,093	3,287	4,953	6,324	5,891	6,759	14,300	16,920	16,973
Unrestricted	103,553	109,618	126,361	146,822	168,087	195,661	208,604	223,920	240,053	254,647
Total primary government net position	\$ 640,253	\$ 651,429	\$ 671,764	\$ 703,872	\$ 735,209	\$ 782,666	\$ 805,929	\$ 846,404	\$ 875,604	\$ 924,359

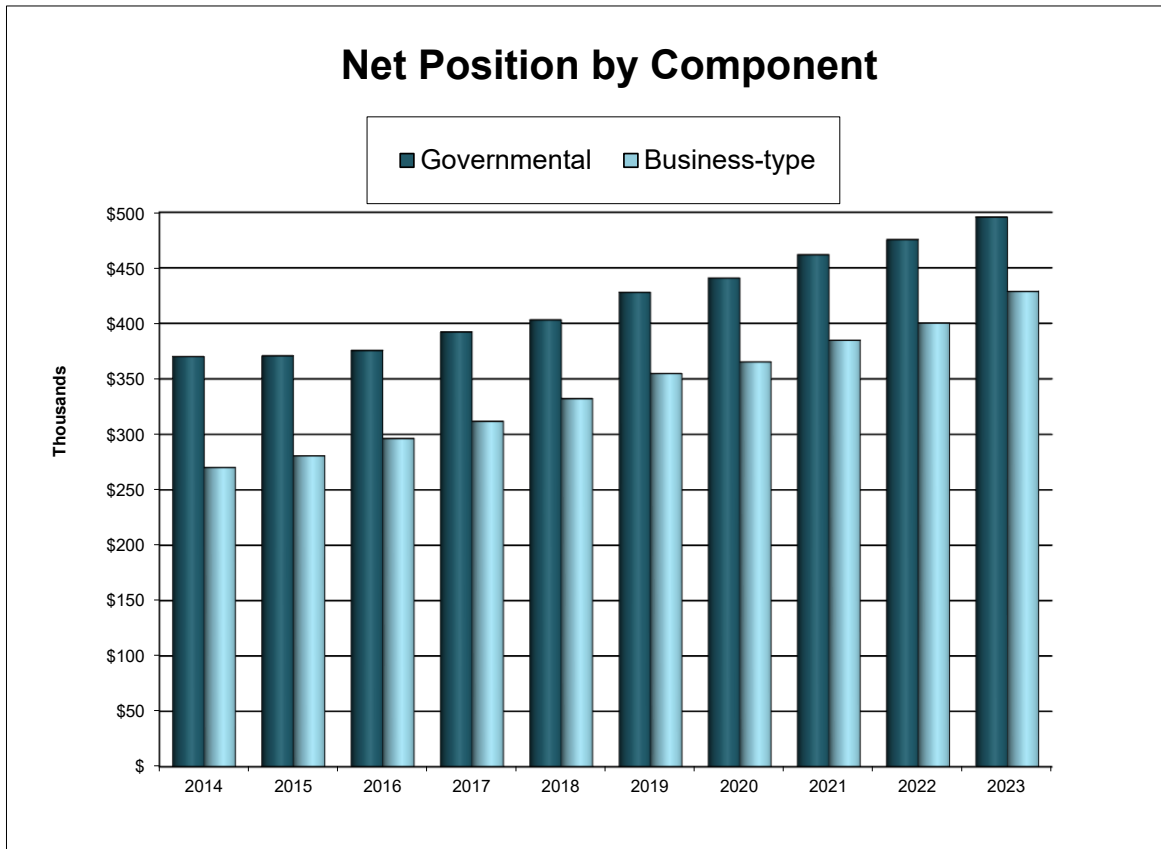




Table 2
City of Lacey
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities:										
General government	\$ 6,145	\$ 6,547	\$ 6,527	\$ 7,048	\$ 7,695	\$ 8,202	\$ 8,176	\$ 7,749	\$ 10,076	\$ 9,980
Public Safety	11,019	11,025	11,408	11,555	10,822	10,719	12,819	11,295	12,038	16,559
Natural environment	4,037	4,095	4,275	4,178	4,607	4,993	5,186	4,188	5,392	6,770
Transportation	14,608	13,633	13,622	13,059	13,869	16,678	13,595	15,997	15,860	19,456
Economic environment	1,284	1,448	1,501	1,544	1,725	1,830	3,381	1,879	2,613	4,150
Social Services	10	11	12	103	120	279	1,527	1,076	1,034	974
Culture and recreation	8,200	7,936	8,193	8,329	8,460	9,346	9,808	7,774	9,350	10,594
Interest on long-term debt	684	511	464	378	338	298	192	174	174	140
Total governmental activities	45,987	45,206	46,002	46,194	47,636	52,345	54,743	50,150	56,537	68,623
Business-type activities:										
Water	10,688	10,820	11,183	11,418	13,451	13,948	16,294	16,774	16,512	16,699
Wastewater	14,458	15,189	16,084	16,718	17,398	18,587	19,739	20,613	22,573	23,165
Stormwater	3,482	3,687	3,975	3,794	3,877	4,210	4,521	4,530	4,703	4,799
Reclaimed Water	23	28	30	31	32	32	33	33	36	39
Total business-type activities	28,651	29,724	31,272	31,961	34,758	36,777	40,587	41,950	43,824	44,702
Total primary government expenses	\$ 74,638	\$ 74,930	\$ 77,274	\$ 78,155	\$ 82,394	\$ 89,122	\$ 95,332	\$ 92,100	\$ 100,361	\$ 113,325
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 987	\$ 1,028	\$ 1,119	\$ 1,101	\$ 1,076	\$ 1,558	\$ 2,254	\$ 2,489	\$ 2,489	\$ 2,815
Public Safety	860	512	621	710	431	334	564	288	491	344
Natural environment	3,206	3,330	3,678	3,459	4,269	3,590	4,039	3,614	3,813	4,448
Transportation	797	923	960	2,022	603	1,928	773	5,196	736	758
Economic environment	1,610	1,969	2,874	2,122	3,070	3,860	2,273	2,727	2,511	3,185
Social Services							973	30	-	133
Culture and recreation	1,595	1,599	1,661	1,706	1,735	1,763	528	1,151	1,546	1,709
Operating grants and contributions	2,856	3,340	3,466	3,725	3,650	3,895	5,859	4,465	4,402	4,315
Capital grants and contributions	13,949	13,596	5,534	13,670	7,308	17,096	8,657	4,551	7,808	9,532
Total governmental activities program revenues	25,860	26,297	19,913	28,515	22,142	34,024	25,920	24,511	23,796	27,239
Business type activities:										
Charges for services:										
Water	13,371	15,444	18,032	17,183	20,208	19,798	19,491	22,051	21,480	24,712
Wastewater	15,097	16,663	18,673	18,063	20,382	20,368	20,438	25,219	24,935	25,673
Stormwater	2,423	2,709	3,051	3,312	3,589	3,945	4,134	4,464	5,022	5,342
Operating grants and contributions	27	15	24	-	-	32	89	103	63	35
Capital grants and contributions	7,619	8,160	6,172	7,657	9,330	13,179	4,335	8,736	8,488	8,909
Total business-type activities program revenue	38,537	42,991	45,952	46,215	53,509	57,322	48,487	60,573	59,988	64,671
Total primary government program revenues	\$ 64,397	\$ 69,288	\$ 65,865	\$ 74,730	\$ 75,651	\$ 91,346	\$ 74,407	\$ 85,084	\$ 83,784	\$ 91,910
Net (expenses)/revenue:										
Governmental activities	\$(20,127)	\$(18,909)	\$(26,089)	\$(17,679)	\$(25,494)	\$(18,321)	\$(28,825)	\$(25,638)	\$(32,741)	\$(41,384)
Business-type activities	\$ 9,886	\$ 13,267	\$ 14,680	\$ 14,254	\$ 18,751	\$ 20,545	\$ 7,900	\$ 18,623	\$ 16,164	\$ 19,969
Total primary government net (expense) revenue	\$(10,241)	\$(5,642)	\$(11,409)	\$(3,425)	\$(6,743)	\$ 2,224	\$(20,925)	\$(7,015)	\$(16,577)	\$(21,415)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 6,642	\$ 6,826	\$ 6,984	\$ 7,263	\$ 7,557	\$ 7,912	\$ 8,184	\$ 8,692	\$ 8,712	\$ 9,017
Retail taxes	9,518	10,777	11,734	13,348	17,036	17,929	18,458	21,219	21,978	22,607
Business taxes	8,637	8,885	9,448	9,833	9,929	10,152	9,882	10,907	12,053	13,211
Excise taxes	2,038	2,333	2,923	3,375	4,104	4,417	3,768	4,815	6,405	3,804
Investment earnings*	280	244	386	899	1,836	2,729	1,899	(187)	(3,218)	7,577
Gain (loss) related to capital assets	-	33	(7)	2	37	41	130	76	81	28
Miscellaneous	302	64	-	197	110	160	279	194	722	1,197
Special items	-	-	-	-	-	-	-	1,879	415	-
Transfers	(772)	(439)	(581)	(596)	(328)	(219)	(956)	(954)	(789)	(653)
Total governmental activities	26,645	28,723	30,887	34,321	40,281	43,121	41,644	46,641	46,359	56,788
Business-type activities:										
Investment earnings*	116	119	277	609	1,240	1,892	1,278	(160)	(1,669)	4,097
Miscellaneous	-	-	-	6	144	1	309	57	299	245
Transfers	772	439	581	596	328	219	956	953	789	653
Total business-type activities	888	558	858	1,211	1,712	2,112	2,543	850	(581)	4,995
Total primary government	\$ 27,533	\$ 29,281	\$ 31,745	\$ 35,532	\$ 41,993	\$ 45,233	\$ 44,187	\$ 47,491	\$ 45,778	\$ 61,783
Change in net position										
Governmental activities	\$ 6,518	\$ 9,814	\$ 4,798	\$ 16,642	\$ 14,787	\$ 24,800	\$ 12,819	\$ 21,003	\$ 13,618	\$ 15,404
Business-type activities	10,774	13,825	15,538	15,465	20,463	22,657	10,443	19,473	15,583	24,964
Total primary government	\$ 17,292	\$ 23,639	\$ 20,336	\$ 32,107	\$ 35,250	\$ 47,457	\$ 23,262	\$ 40,476	\$ 29,201	\$ 40,368
*Amount includes special assessment interest and penalties and interfund loan interest revenues.										
Total investment earnings, primary government	\$ 396	\$ 363	\$ 663	\$ 1,508	\$ 3,076	\$ 4,621	\$ 3,177	\$ (347)	\$ (4,887)	\$ 11,674
Less interfund loan interest	7	10	21	20	19	18	18	17	16	16
Less special assessment interests & penalties:										
LID interest & penalties	134	82	37	44	73	-	-	-	-	-
ULID interest & penalties	10	30	76	69	65	56	51	44	41	37
Less special assessment interests & penalties	144	112	113	113	138	56	51	44	41	37
Net investment interest earnings	\$ 245	\$ 241	\$ 529	\$ 1,375	\$ 2,919	\$ 4,547	\$ 3,108	\$ (408)	\$ (4,944)	\$ 11,621



Table 3
 City of Lacey
 Fund Balances of Governmental Funds
 Last Ten Fiscal Years
 (modified accrual basis of accounting)
 (amounts expressed in thousands)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General fund										
Nonspendable	\$ 6	\$ 1	\$ 3	\$ 34	\$ 39	\$ 124	\$ 81	\$ 34	\$ 43	\$ 55
Restricted	134	148	169	294	327	426	503	3,301	3,072	3,336
Committed	11,819	14,295	12,966	12,966	19,475	27,212	30,626	30,252	30,100	33,651
Assigned	1,613	263	9,046	7,769	9,788	3,683	5,945	6,083	10,421	9,877
Unassigned	12,707	15,007	13,180	18,465	15,411	18,783	20,081	24,014	24,510	27,349
Total general fund	26,279	29,714	35,364	39,528	45,040	50,228	57,236	63,684	68,146	74,268
All other governmental funds										
Nonspendable	-	502	486	-	1	1	1	1	1	1
Restricted	1,738	1,648	1,558	1,497	1,388	1,292	1,389	1,397	1,401	1,154
Committed	7,525	9,381	7,367	7,367	8,528	7,439	6,969	8,619	43,315	46,271
Assigned:										
Special revenue funds	1,281	972	1,100	2,618	4,847	5,564	5,262	5,882	5,817	2,979
Debt service funds	2,475	2,739	3,296	4,018	4,331	4,468	4,552	4,579	4,229	4,444
Capital projects funds	21,159	20,505	23,154	25,269	30,492	37,236	39,466	46,572	16,150	18,137
Total assigned	24,915	24,216	27,550	31,905	39,670	47,268	49,280	57,033	26,196	25,560
Total all other governmental funds	34,178	35,747	36,961	40,769	49,587	56,000	57,639	67,050	70,913	72,986
Total governmental funds	\$ 60,457	\$ 65,461	\$ 72,325	\$ 80,297	\$ 94,627	\$ 106,228	\$ 114,875	\$ 130,734	\$ 139,059	\$ 147,254

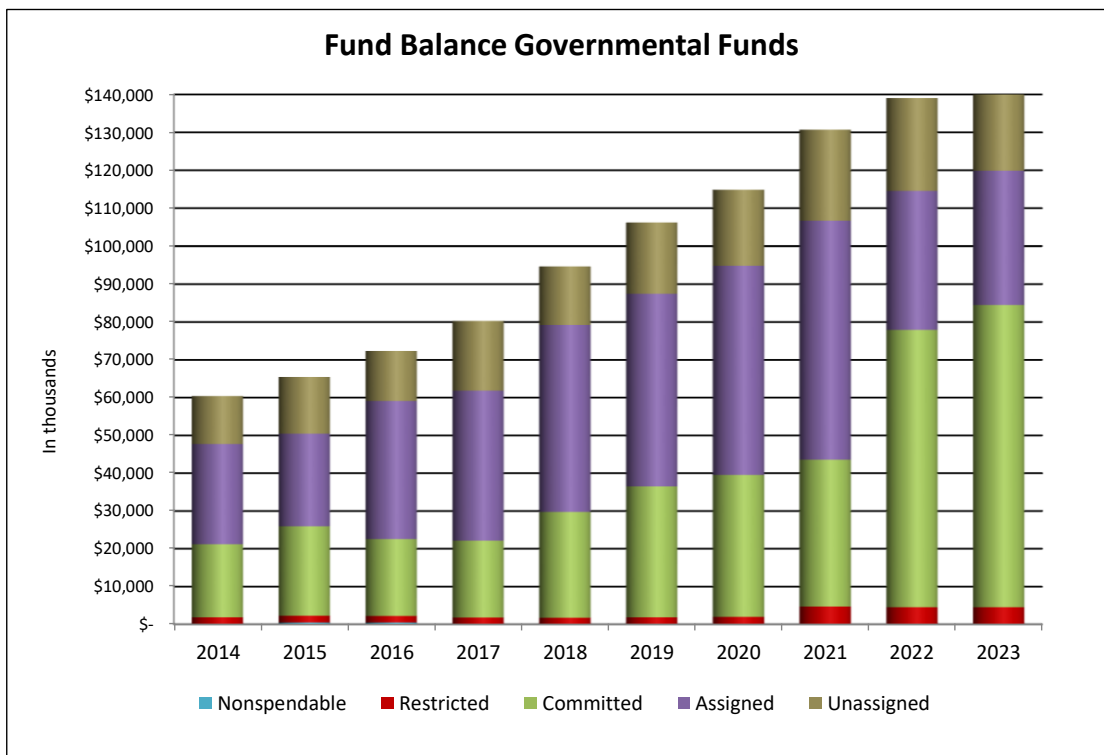




Table 4
City of Lacey
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

Fiscal Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Taxes	\$ 26,825	\$ 28,841	\$ 31,125	\$ 33,841	\$ 38,639	\$ 40,396	\$ 40,286	\$ 45,649	\$ 49,128	\$ 48,634
Licenses and permits	1,882	2,113	2,862	2,296	3,225	3,637	2,562	2,829	2,780	2,968
Intergovernmental revenues	5,501	5,305	5,198	8,469	5,942	9,213	10,228	7,776	5,709	10,693
Charges for services	6,448	7,089	7,775	8,856	8,019	9,888	8,515	13,495	9,167	11,251
Fines & forfeitures	700	569	306	276	243	252	167	142	89	92
Other revenue	1,462	1,418	1,429	1,600	2,436	3,111	2,234	403	(2,215)	7,756
Total revenues	42,818	45,335	48,695	55,338	58,504	66,497	63,992	70,294	64,658	81,394
Expenditures										
General government	5,334	5,797	5,836	6,605	6,949	7,682	7,330	7,800	8,512	9,808
Public Safety	10,748	11,184	11,327	11,770	11,764	12,718	13,127	13,524	14,516	17,290
Natural environment	4,080	4,293	4,433	4,588	4,910	5,444	5,520	5,475	5,965	7,475
Transportation	2,793	3,184	3,005	3,363	3,148	3,440	3,257	3,589	3,554	4,205
Economic environment	1,160	1,363	1,468	1,639	1,752	1,834	3,205	2,160	2,789	4,411
Social Services	10	11	12	103	120	255	1,324	595	843	792
Culture and recreation	6,516	6,581	6,728	7,012	7,336	7,909	7,112	6,968	8,148	9,469
Capital outlay	4,948	5,165	4,715	9,683	5,655	12,898	11,817	11,600	10,748	17,573
Debt service										
Principal	1,576	1,759	3,170	1,483	1,531	1,558	1,433	1,488	1,335	1,431
Interest	688	482	555	434	384	345	299	253	222	181
Debt issue costs	-	90	-	-	-	-	-	-	-	-
Total expenditures	37,853	39,909	41,249	46,680	43,549	54,083	54,424	53,452	56,632	72,635
Excess of revenue over (under) expenditures	4,965	5,426	7,446	8,658	14,955	12,414	9,568	16,842	8,026	8,759
Other financing sources (uses)										
Leases	95	41	-	-	-	54	-	-	727	33
Insurance Recovery	-	-	-	-	-	-	58	-	-	-
Debt issued	-	7,765	-	-	-	-	-	-	636	334
Premium on bonds issued	-	1,015	-	-	-	-	-	-	-	-
Payments to refunded bond escrow agent	-	(8,692)	-	-	-	-	-	-	-	-
Proceeds from sale of capital assets	-	3	-	-	41	-	-	-	-	-
Transfers in	6,030	5,175	7,323	6,352	8,067	7,990	3,155	5,788	2,172	6,502
Transfers out	(6,908)	(5,729)	(7,904)	(7,039)	(8,733)	(8,857)	(4,134)	(6,771)	(3,236)	(7,433)
Total other financing sources (uses)	(783)	(422)	(581)	(687)	(625)	(813)	(921)	(983)	299	(564)
Special item:										
Payment from County for RAC settlement	-	-	-	-	-	-	-	-	-	-
Net change in fund balances	\$ 4,182	\$ 5,004	\$ 6,865	\$ 7,971	\$ 14,330	\$ 11,601	\$ 8,647	\$ 15,859	\$ 8,325	\$ 8,195

Debt services as a percentage of noncapital expenditures¹ 6.4% 6.1% 9.9% 5.1% 4.7% 4.0% 3.7% 3.6% 3.1% 2.5%

¹ Noncapital expenditures consist of total expenditures less: capitalized amount from the Government-Wide Statements 2,512 3,301 3,510 8,752 3,220 6,696 7,012 4,978 5,810 8,596

Table 5
 City of Lacey
 Governmental Activities Tax Revenues By Source
 Last Ten Fiscal Years
 (modified accrual basis of accounting)
 (amounts expressed in thousands)

Fiscal Year	Property Tax	Sales Tax	Business Tax	Excise Tax	Penalties & Interest	Total
2014	6,642	9,518	8,637	2,038	-	26,835
2015	6,826	10,777	8,885	2,333	-	28,821
2016	6,984	11,734	9,448	2,923	-	31,089
2017	7,263	13,348	9,833	3,375	-	33,819
2018	7,557	17,036	9,929	4,104	-	38,626
2019	7,912	17,929	10,152	4,417	-	40,410
2020	8,184	18,458	9,882	3,768	-	40,292
2021	8,692	21,219	10,907	4,815	-	45,633
2022	8,712	21,978	12,054	6,405	-	49,149
2023	9,016	22,607	13,211	3,804	-	48,638

Source: City of Lacey Statement of Activities

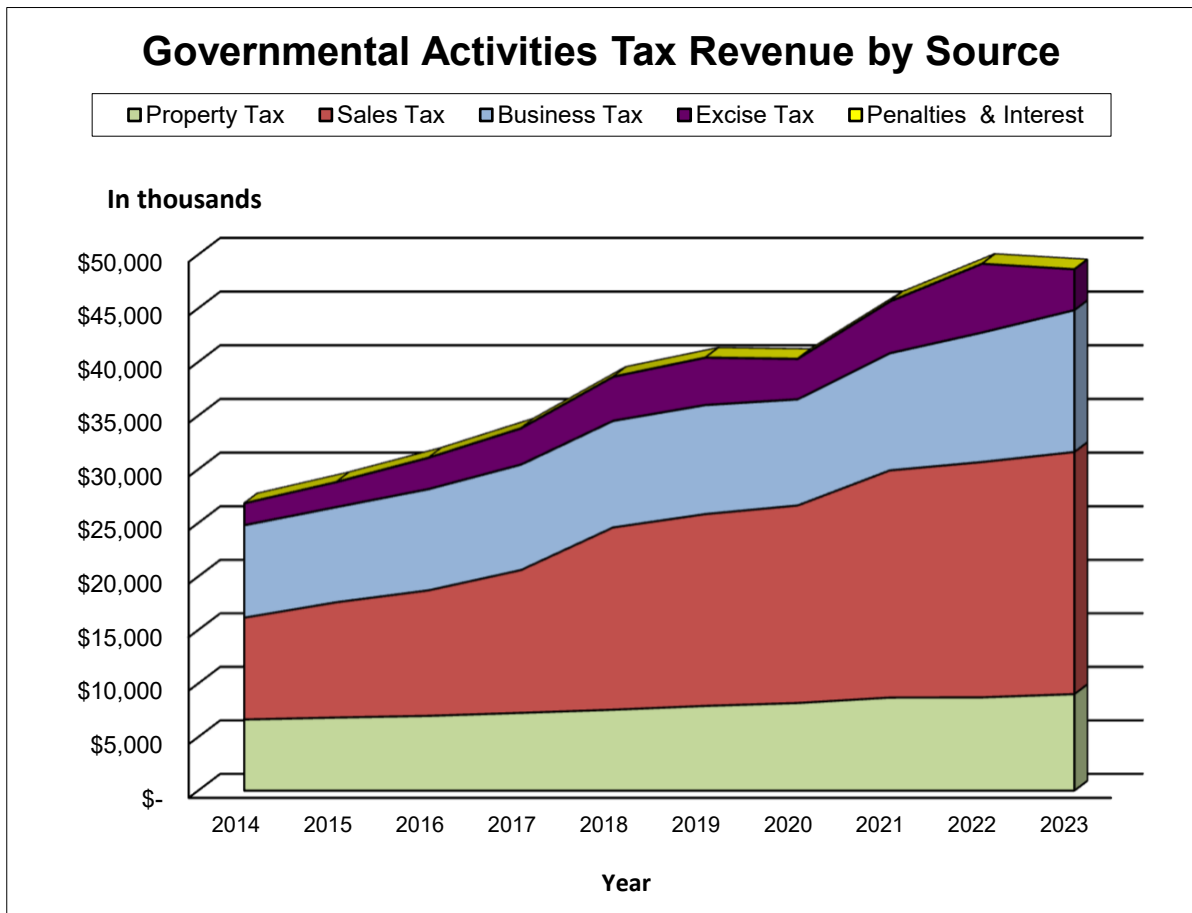


Table 6
 City of Lacey
 Sales Tax Revenues by Type, Governmental Funds
 Last Ten Fiscal Years
 (modified accrual basis of accounting)
 (amounts expressed in thousands except for per capita*)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Merchandise Stores	\$1,831	\$1,910	\$ 1,939	\$ 2,016	\$ 2,096	\$ 2,140	\$ 2,236	\$ 2,468	\$ 2,468	\$ 2,534
Sporting Goods, Hobby, Books	558	558	549	493	454	388	378	440	2,152	1,864
Construction of Buildings	407	801	880	764	1,842	2,030	1,762	1,430	1,613	1,762
Food Services, Drinking Places	886	947	1,045	1,068	1,171	1,211	1,069	1,359	1,473	1,576
Specialty Trade Contractors	448	535	645	654	688	734	816	865	949	1,051
Building Material and Garden	571	642	679	721	776	807	993	1,062	1,031	1,010
Merchant Wholesalers, Durable Goods	279	350	345	396	513	528	619	856	641	719
Motor Vehicle and Parts Dealer	308	317	348	359	447	468	489	586	627	624
Administrative and Support Svc	134	161	169	182	267	316	432	600	516	561
Furniture and Home Furnishings	120	141		184	200	206	197	225	579	560
Professional, Scientific, Tech	118	145	233	204	227	279	368	477	481	519
Food and Beverage Stores	254	249	238	233	240	257	293	300	327	337
Clothing and Accessories	189	232	244	260	280	298	270	392	335	331
Repair and Maintenance	216	228	256	257	274	314	283	280	286	325
Telecommunications	279	297	363	357	368	283	230	260	260	288
Health and Personal Care Store	94	122	157	157	305	234	266	318	279	262
Rental and Leasing Services	100	107	140	-	170	191	207	-	227	242
Merchant Wholesalers, Nondurable Goods	-	-	-	-	-	-	-	214	210	233
Unclassified	-	-	-	-	-	-	-	-	170	199
Heavy and Civil Engineering Construction	73	96	229	280	182	233	-	-	157	184
Miscellaneous Store Retailers	399	402	420	511	662	765	885	1,100	-	-
Electronics and Appliances	255	317	273	291	328	333	386	451	-	-
Nonstore Retailers	133	154	182	206	-	-	219	224	-	-
Subtotal for top (20-22)	7,652	8,711	9,334	9,593	11,490	12,015	12,398	13,907	14,781	15,181
Other (remaining)	790	859	1,121	1,093	1,182	1,260	1,283	1,721	1,320	1,415
Total Sales Tax	\$8,442	\$9,570	\$10,455	\$10,686	\$12,672	\$13,275	\$13,681	\$15,628	\$16,101	\$16,596
Local Tax Rate	0.85%	0.85%	0.85%	0.85%	0.85%	0.85%	0.85%	0.85%	0.85%	0.85%
Population	45,320	46,020	47,540	48,700	50,170	51,270	52,910	54,780	58,180	59,430
Per Capita (*expressed in dollar)										
Per Capita Top 20	\$ 169	\$ 189	\$ 196	\$ 197	\$ 229	\$ 234	\$ 234	\$ 254	\$ 254	\$ 255
Per Capita All Sales Tax	\$ 186	\$ 208	\$ 220	\$ 219	\$ 253	\$ 259	\$ 259	\$ 285	\$ 277	\$ 279

Note: The total sales tax amounts reported in this table do not equal to the sales tax amounts reported in the financial section. The amounts for criminal justice and hotel/motel taxes are excluded from this table but are included in the financial section.

Table 7
City of Lacey
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year Ended December 31	Real Property ¹	Personal Property ¹	Total Taxable Assessed Value ¹	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value ²
2014	4,155,780	183,332	4,339,112	1.54	4,604,217	94.24%
2015	4,423,321	186,050	4,609,371	1.49	4,880,716	94.44%
2016	4,729,482	190,122	4,919,604	1.43	5,224,283	94.17%
2017	5,068,586	198,014	5,266,600	1.39	5,542,916	95.01%
2018	5,543,712	199,731	5,743,443	1.33	6,014,736	95.49%
2019	6,171,516	210,061	6,381,577	1.25	6,749,291	94.55%
2020	7,052,923	216,011	7,268,934	1.14	7,880,130	92.24%
2021	7,624,185	257,662	7,881,847	1.11	8,478,369	92.96%
2022	8,837,101	295,766	9,132,867	0.96	9,805,920	93.14%
2023	12,217,133	322,423	12,539,556	0.74	13,161,569	95.27%

Source: Thurston County Assessor.

Explanation:

Property in the county is revalued each year to Fair Market Value with one-sixth of the county being physically inspected.

Taxable assessed values have been adjusted for all tax-exempt real property.

Tax rates are per \$1,000 of assessed value.

¹ Includes the regular values of property subject to regular (non-voter approved) levies.

Values have been adjusted for all exemptions including senior citizens/disabled persons.

² Ratio set by the Washington Department of Revenue.

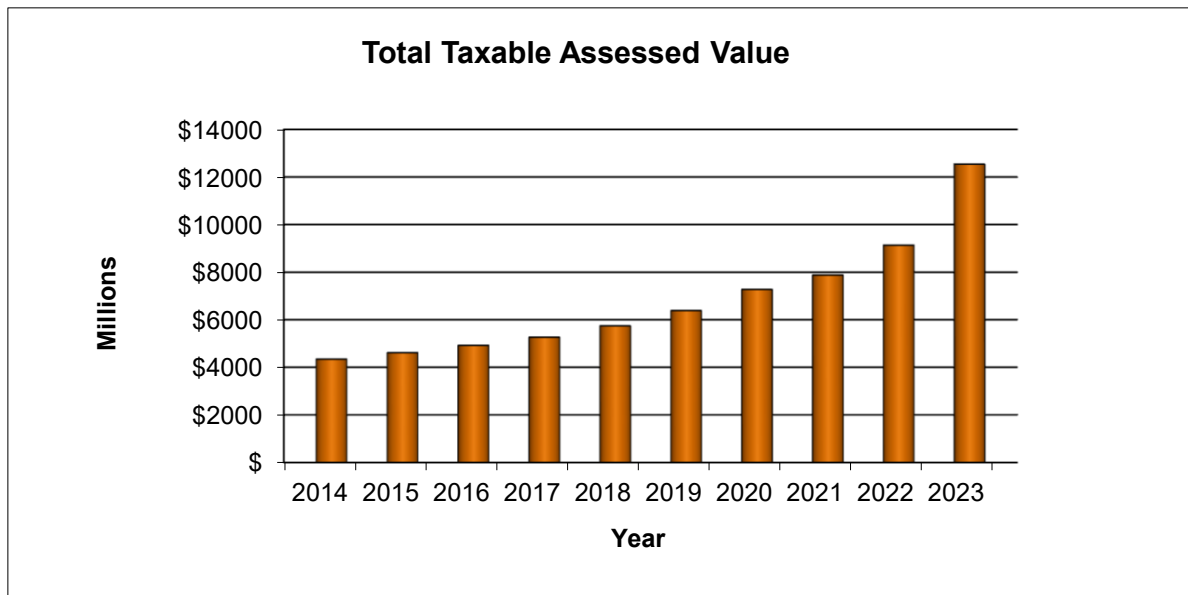


Table 8
City of Lacey
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years

Fiscal Year	City of Lacey			Overlapping Rates ¹								Total Direct & Overlapping Rates
	Regular Rate	General Obligation Debt Service	Total Direct Rates	State Schools	Thurston County	Medic One	PUD #1	Library	North Thurston School District #3	Fire District #3	Port of Olympia	
2014	1.28	0.26	1.54	2.38	1.39	0.39	0.01	0.42	4.84	1.53	0.20	12.70
2015	1.24	0.25	1.49	2.28	1.39	0.37	0.01	0.41	5.40	1.50	0.19	13.04
2016	1.21	0.22	1.43	2.12	1.37	0.37	0.01	0.41	5.25	1.50	0.18	12.64
2017	1.17	0.22	1.39	1.99	1.31	0.35	0.01	0.40	5.59	1.50	0.17	12.71
2018	1.13	0.20	1.33	2.81	1.29	0.33	0.01	0.38	5.53	1.50	0.19	13.37
2019	1.07	0.18	1.25	2.54	1.26	0.32	0.01	0.36	3.49	1.50	0.18	10.91
2020	0.98	0.16	1.14	2.93	1.20	0.30	0.01	0.34	4.42	1.47	0.18	11.99
2021	0.96	0.15	1.11	2.90	1.14	0.29	0.01	0.32	4.91	1.50	0.17	12.35
2022	0.88	0.08	0.96	2.68	1.01	0.35	0.01	0.29	4.67	1.49	0.15	11.61
2023	0.68	0.06	0.74	2.26	0.79	0.30	0.01	0.24	3.79	1.23	0.13	9.49

Source: Thurston County Assessor, Statistical Report of Assessments for Taxes Payable in fiscal year.

Explanation

¹ Overlapping rates are those of local and county governments that apply to property owners within the City of Lacey. Not all overlapping rates apply to all Lacey property owners; for example, although the county property tax rates apply to all city property owners, the Fire District rates apply only to the approximately one-third of city property owners whose property is located within that district's geographic boundaries.

Note: The levy limit calculation applies to a taxing district's budget, and not to increases in the assessed value or tax bill of individual properties. Washington State Law (RCW 84.55) restricts individual taxing districts from collecting, in any year, more than one percent increase in their regular, non-voted, levy over the highest levy amount since 1985. To increase the basic rate to the maximum of 3.60 would require a vote.

The Washington State Constitution limits the regular (non-voted) combined property tax rate applied to an individual's property to one percent of the market valuation. Voters may vote special levies that are added to this figure. If the taxes of all districts exceed this amount, each is proportionately reduced until the total is at or below the one-percent limit.

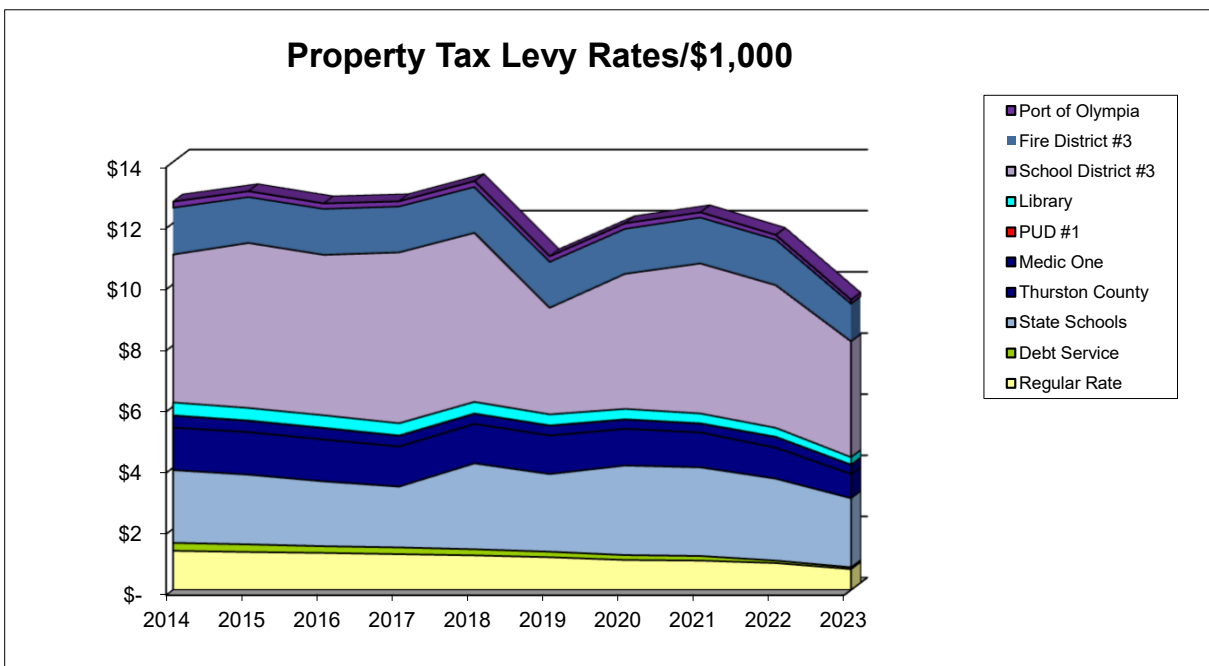




Table 9
 City of Lacey
 Principal Property Taxpayers
 Current Year and Ten Years Ago
 December 31, 2023
 (amounts expressed in thousands)

Taxpayer	Type of Business	2023			2014		
		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Target Corporation	Retail/Warehouse	\$ 224,013	1	2.45%	\$ 93,578	1	2.17%
Lacey Industrial LLC	Retail/Warehouse	188,721	2	2.07%			
NP Hawks Prairie Building 1 Owner LLC	Retail/Warehouse	187,891	3	2.06%			
Panorama City	Retirement Community	172,997	4	1.89%	66,812	2	1.54%
Colfin	Retail/Warehouse	148,174	5	1.62%			
Gonsalves & Santucci Inc	Retail/Warehouse	105,778	6	1.16%			
MRE Propco LP	Retail/Warehouse	93,730	7	1.03%			
Trader Joes Company	Retail/Warehouse	88,601	8	0.97%	23,797	9	0.55%
DPIF4 WA 11 Lacey LLC	Retail/Warehouse	90,613	9	0.99%			
Home Depot USA Inc	Retail/Warehouse	79,110	10	0.87%	32,242	5	0.74%
WIG Properties LLC	Real Estate Development				35,237	3	0.81%
Capital Development Company	Real Estate Development				33,228	4	0.77%
Cabela's Wholesale Inc	Wholesale/retail				26,165	6	0.60%
MWSH South Lacey LLC	Real Estate Development				25,340	7	0.58%
FR/CAL Meridian LLC	Real Estate Development						
VGC Lacey LLC	Leasing/Land Development						
Lacey Market Square I and II LLC	Leasing/Land Development				22,422	10	0.52%
Puget Sound Energy/ELEC	Utility				23,891	8	0.55%
Totals for Top 10		1,379,628		15.11%	382,712		8.82%
Balance of Taxpayers		7,753,239		84.89%	3,956,400		91.18%
Total Assessed Values		<u>\$ 9,132,867</u>		<u>100.00%</u>	<u>\$ 4,339,112</u>		<u>100.00%</u>

Source: Thurston County Assessor

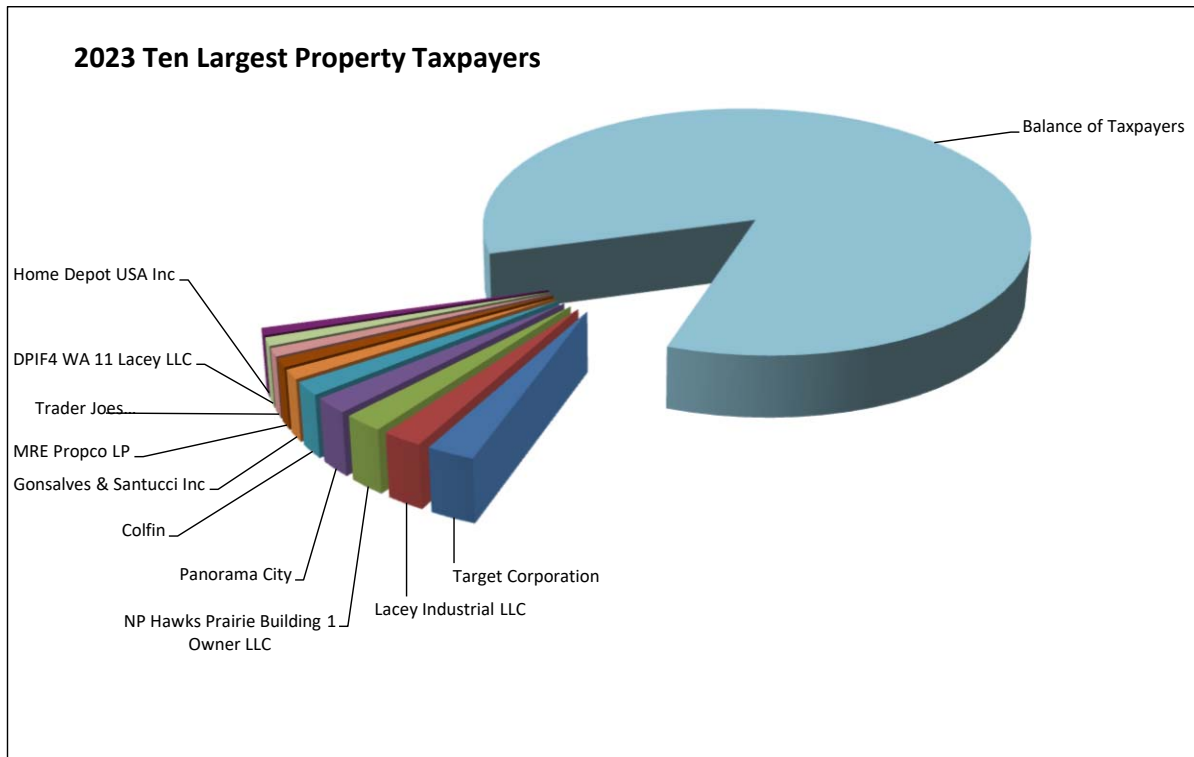


Table 10
City of Lacey
Property Tax Levies and Collections
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year Ended December 31	Regular Tax Levy for Fiscal Year ¹	Special Tax Levy for Fiscal Year ¹	Total Tax Levy for Fiscal Year ¹	Collected within the Fiscal Year of the Levy ²		Collections in subsequent Years ²	Total Collections To-Date	
				Amount	Percentage of Levy		Amount	Percentage of Levy
2014	5,503	1,130	6,633	6,567	99.00%	66	6,633	100.00%
2015	5,682	1,136	6,818	6,789	99.57%	29	6,818	100.00%
2016	5,898	1,094	6,992	6,942	99.28%	50	6,992	100.00%
2017	6,135	1,119	7,254	7,227	99.63%	26	7,253	99.99%
2018	6,438	1,124	7,562	7,528	99.55%	33	7,561	99.99%
2019	6,776	1,126	7,902	7,867	99.56%	33	7,900	99.97%
2020	7,067	1,119	8,186	8,139	99.43%	34	8,173	99.84%
2021	7,558	1,139	8,697	8,551	98.32%	13	8,564	98.47%
2022	8,045	682	8,727	8,671	99.36%	-	8,671	99.36%
2023	8,349	674	9,023	8,964	99.35%	-	8,964	99.35%

¹ Source: Thurston County Assessor

² Source: City of Lacey Finance Department and Thurston County Assessor

Note: Tax levy for fiscal years 2012 through 2020 have been adjusted for subsequent certification adjustments.

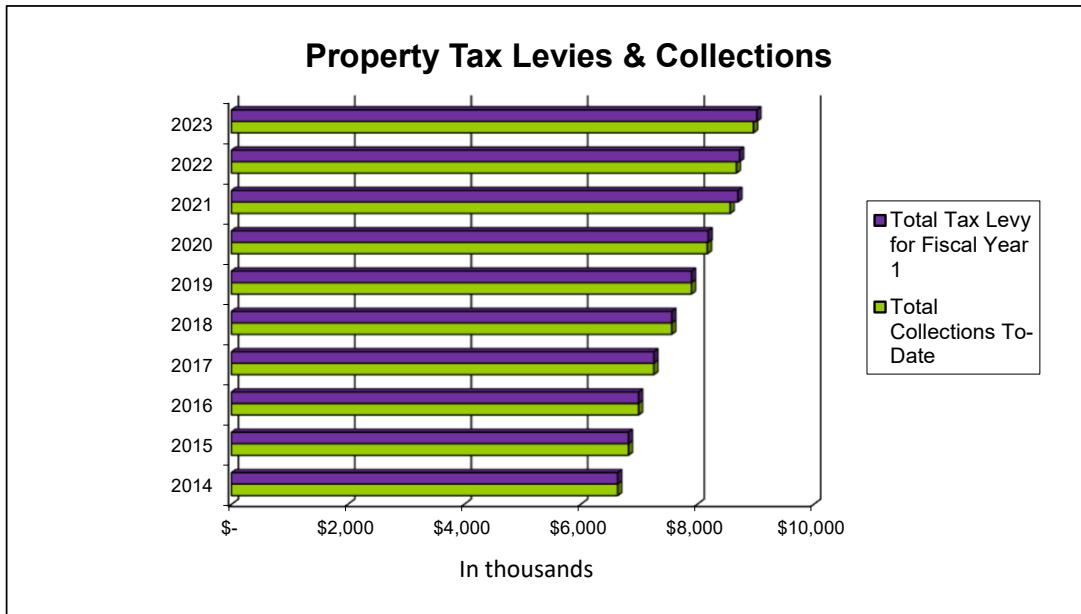


Table 11
 City of Lacey
 Ratio of Outstanding Debt by Type
 Last Ten Fiscal Years
 (amounts expressed in thousands, except per capital amount)

Fiscal Year	Governmental Activities					Business-Type Activities			Total Primary Government	Percentage of Personal Income	Per Capita ⁴
	General Obligation Bonds ¹	LOCAL Loan ²	Revenue Bond Animal Services ³	Leases	Contracts Payable	Revenue/Direct Placement Bonds ¹ Water Fund	Wastewater Fund	Stormwater Fund			
2014	17,248	818	93	93	-	6,972	-	1,411	26,635	1.31%	588
2015	16,291	661	73	107	-	6,689	-	1,353	25,174	1.17%	547
2016	13,153	501	-	77	-	6,403	-	1,294	21,428	0.94%	451
2017	11,741	337	-	43	-	6,110	1,294	1,236	20,761	0.87%	426
2018	10,302	171	-	39	-	5,810	1,218	1,175	18,715	0.72%	373
2019	8,823	-	-	64	-	5,502	1,144	1,113	16,646	0.60%	325
2020	7,294	-	-	42	-	5,189	1,068	1,049	14,642	0.47%	274
2021	5,697	-	-	19	-	4,868	991	985	12,560	0.37%	229
2022	4,535	-	-	593	509	4,535	912	917	12,001	0.33%	206
2023	3,350	-	-	483	648	4,193	831	848	10,353	0.28%	-

Note: Detail regarding the City's outstanding debt can be found in the notes to the financial statements.

¹ Presented net of original premiums

² Loan issued to provide funding to TCOMM 911 for a capital asset acquisition. Payments are funded by TCOMM 911.

³ The City of Lacey administers the Animal Services financials.

⁴ See Table 16 - Demographic and Economics Statistics for personal income and population data.

* Information represents estimated information, as actual data is not available.

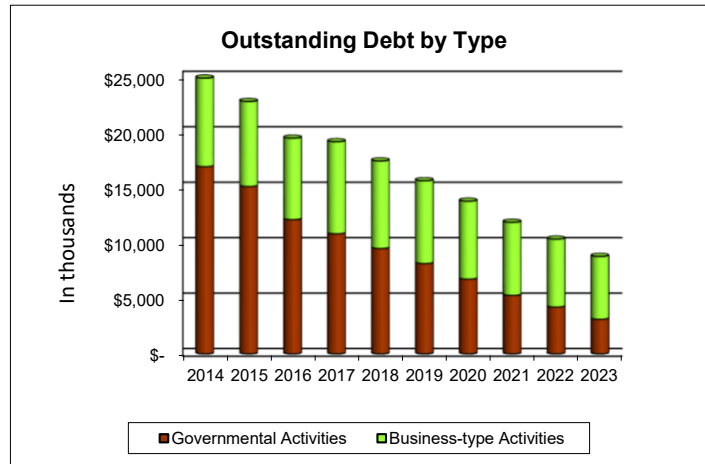
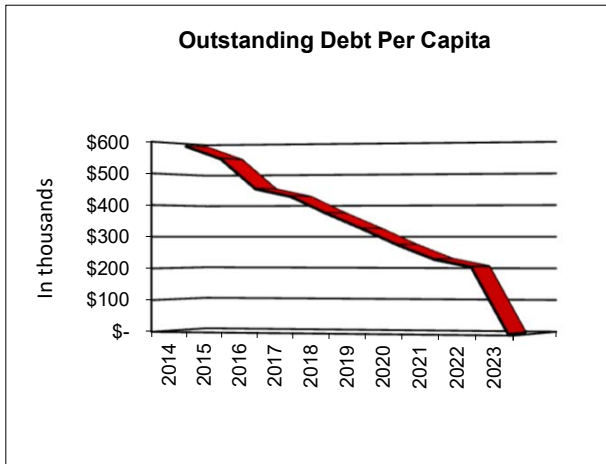


Table 12
City of Lacey
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
 (amounts expressed in thousands, except per capita amount)

<u>Fiscal Year</u>	<u>General Obligation Bonds ¹</u>	<u>Less: Amounts Restricted to Repaying Principal</u>	<u>Total</u>	<u>Percentage of Estimated Actual Taxable Value of Property ²</u>	<u>Per Capita ³</u>
2014	17,248	-	17,248	0.37%	169
2015	16,291	-	16,291	0.33%	156
2016	13,153	-	13,153	0.25%	120
2017	11,741	-	11,741	0.21%	104
2018	10,302	-	10,302	0.17%	89
2019	8,823	-	8,823	0.13%	71
2020	7,294	-	7,294	0.09%	54
2021	5,697	-	5,697	0.07%	39
2022	4,535	-	4,535	0.05%	29
2023	3,350	-	3,350	0.03%	16

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

Explanation

¹ Presented net of original premiums.

² See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on page 8-7 for property value data.

³ Per capita data can be found in the Demographic and Economic Statistics on page 8-16.

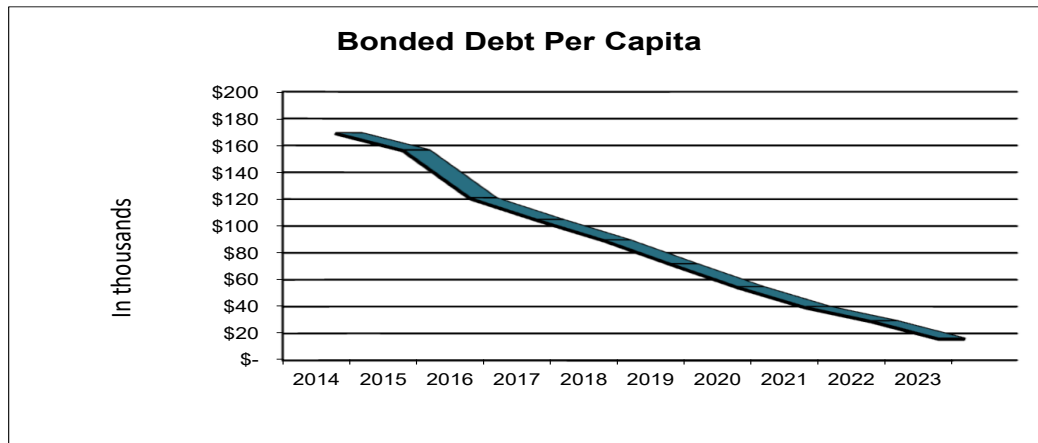


Table 13
 City of Lacey
 Direct and Overlapping Government Activities Debt
 As of December 31, 2023
 (amounts expressed in thousands)

Governmental Unit	General Obligation Debt Outstanding	Estimated Percent Overlapping with City ¹	Direct and Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Thurston County	83,837	20.74%	\$ 17,388
Port of Olympia	29,955	20.74%	6,213
Public Utility District 1	22,666	20.74%	4,701
North Thurston School District #3	217,960	54.15%	118,025
Fire District No. 3	17,325	60.91%	10,553
	371,743		156,880
City of Lacey's direct debt ²			4,481
Total direct and overlapping debt			\$ 161,361

Source: Assessed value data used to estimate applicable percentages provided by the Thurston County Assessor. Debt outstanding information is provided by the Thurston County Treasurer (County and District Debt Outstanding)

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Lacey. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Explanation

¹ The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the government's boundaries and dividing it by the county's total taxable assessed value as well as the other governmental units.

² Presented net of original premiums.

Table 14
City of Lacey
Legal Debt Margin Information
Last Ten Fiscal Years
(amounts expressed in thousands)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt Limit	\$ 325,433	\$ 345,703	\$ 368,970	\$ 394,995	\$ 430,758	\$ 478,618	\$ 545,170	\$ 591,139	\$ 684,965	\$ 940,467
Total net debt applicable to limit	17,840	16,718	13,421	11,806	10,189	8,547	7,009	5,402	5,108	3,810
Legal debt margin	\$ 307,593	\$ 328,985	\$ 355,549	\$ 383,189	\$ 420,569	\$ 470,071	\$ 538,161	\$ 585,737	\$ 679,857	\$ 936,657
Total net debt applicable to the limit as a percentage of debt limit	5.5%	4.8%	3.6%	3.0%	2.4%	1.8%	1.3%	0.9%	0.7%	0.4%
Legal Debt Margin Calculations:										
Total Assessed Valuation of Taxable Real & Personal Property	\$ 5,266,600	\$ 5,743,443	\$ 6,381,577	\$ 7,268,934	\$ 7,881,847	\$ 9,132,867	\$ 12,539,556			
Legal Debt limit (7.5% of total assessed value)	\$ 394,995	\$ 430,758	\$ 478,618	\$ 545,170	\$ 591,139	\$ 684,965	\$ 940,467			
Outstanding General Obligation Ineptness as of December 31, 2023										
Governmental Activities - G.O. bonds, net of premium	\$ 11,741	\$ 10,302	\$ 8,823	\$ 7,294	\$ 5,697	\$ 4,535	\$ 3,350			
Governmental Activities - LOCAL program loan	337	171	-	-	-	-	-			
Governmental Activities - leases	43	39	64	42	19	593	483			
Total Ineptness subject to debt limit	12,121	10,512	8,887	7,336	5,716	5,128	3,833			
Less: Amount set aside for repayment of G.O. debt	(315)	(323)	(340)	(327)	(314)	(20)	(23)			
Net Ineptness subject to debt limit	\$ 11,806	\$ 10,189	\$ 8,547	\$ 7,009	\$ 5,402	\$ 5,108	\$ 3,810			
Legal debt margin	\$ 383,189	\$ 420,569	\$ 470,071	\$ 538,161	\$ 585,737	\$ 679,857	\$ 936,657			

Note: Under the Revised Code of Washington (RWC), the City of Lacey's outstanding obligation debt should not exceed 7.5 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.



Table 15
 City of Lacey
 Pledged-Revenue Coverage
 Last Ten Fiscal Years
 (amounts expressed in thousands)

Fiscal Year	Sewer/Water Revenue Bonds						Special Assessment Bonds			
	Total Operating Revenues	Less Operating Expenses	Net Available Revenue	Debt Service			Special Assessment Collections	Debt Service		
				Principal	Interest	Coverage		Principal	Interest	Coverage
2014*	30,890	21,777	9,113	300	277	15.79	742	-	-	n/a
2015*	34,816	22,633	12,183	320	286	20.10	742	-	-	n/a
2016*	39,755	23,953	15,802	325	279	26.16	516	-	-	n/a
2017*	38,559	24,280	14,279	330	273	23.68	166	-	-	n/a
2018*	44,179	26,776	17,403	416	295	24.48	208	-	-	n/a
2019*	44,111	28,509	15,602	424	287	21.94	-	-	-	n/a
2020*	44,074	32,071	12,003	431	278	16.93	-	-	-	n/a
2021*	51,750	33,051	18,699	442	266	26.41	-	-	-	n/a
2022*	51,438	34,652	16,786	459	253	23.58	-	-	-	n/a
2023*	55,727	35,124	20,603	471	239	29.02	-	-	-	n/a

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

Operating revenues do not include investment earnings and other non-operating revenues.

Operating expenses do not include interest or depreciation expenses.

Debt Service amounts are only for cash payments (excluding amortization of bonds premiums)

Public trust fund loan is included for special assessment bonds.

The City's minimum required debt coverage is 1.20 per bond ordinance, only for Sewer/Water Revenue Bonds.

Amounts for 2004 through 2012 did not include stormwater fund revenues and expenses

*Includes revenues and expense of the City's Waterworks Utility which includes water, wastewater, and stormwater funds.

Table 16
City of Lacey
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income (amounts expressed in thousands)	Per Capita Personal Income ¹	North Thurston Public School Enrollment ¹	Unemployment Rate ^{1,2}
2014	45,320	2,040,578	45,026	14,848	6.3%
2015	46,020	2,151,251	46,746	15,048	5.8%
2016	47,540	2,272,840	47,809	15,065	5.6%
2017	48,700	2,395,602	49,191	15,177	5.9%
2018	50,170	2,605,930	51,942	15,293	4.7%
2019	51,270	2,794,830	54,512	15,724	4.8%
2020	53,526	3,128,274	58,444	14,767	8.3%
2021	54,850	3,409,202	62,155	15,101	5.2%
2022	58,180	3,616,178	62,155 ³	15,209	4.4%
2023	59,430	3,693,872	62,155 ³	15,250	4.1%

Data Sources:

¹ Thurston Regional Planning Council, The Profile (www.trpc.org)

² U.S. Bureau of Labor Statistics: Local Area Unemployment Statistics
<http://www.bls.gov/lau/home.htm>

Explanation:

¹ The per capita personal income for Lacey is not available and therefore used is the data for Thurston County. The amount is presented is "nominal" dollars, which represent the actual dollar value at the point in time for which the income as measured and do not include the effects of inflation.

² Unemployment Rate for Thurston County (Annual Average)

³ Current year data is not available. Used previous year's data.

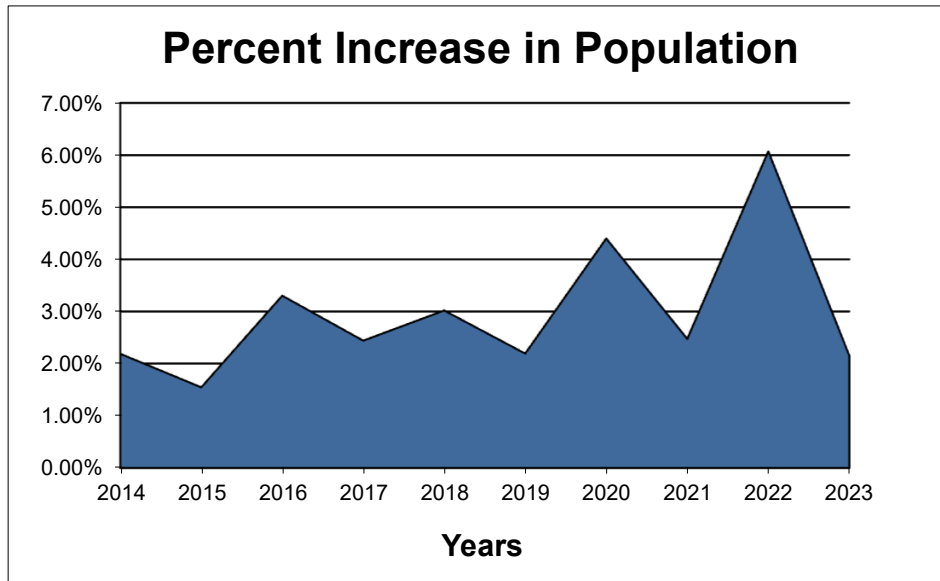


Table 17
City of Lacey
Principal Employers
Current Year and Ten Years Ago

Employer	Business type	2023		2014	
		Approx. Number of Employees	Percentage of Total City Employment ⁵	Approx. Number of Employees ³	Percentage of Total City Employment ³
State of Washington ¹	Government	2,520	7.4%	2,590	12%
North Thurston Public Schools ¹	Education	2,000	5.9%	1,700	8%
Amazon	Retail	838	2.5%		
St. Martin's University ¹	Education	612	1.8%	100-500	1%
Petsmart Inc	Retail	480	1.4%		
Harbor Wholesale	Retail	407	1.2%		
South Sound Behavioral Hospital	Healthcare	405	1.2%		
Medline Industries	Retail	393	1.2%		
Wal-Mart Corporation ¹	Retail	368	1.1%	100-500	1%
City of Lacey ²	Government	330	1.0%	241	1%
Panorama City ¹	Retirement Community	319	0.9%	450	2%
Costco Corporation ¹	Retail	307	0.9%	100-500	1%
Uline	Retail	304	0.9%		
Fred Meyer ¹	Retail	274	0.8%		
Target Corporation ¹	Retail	269	0.8%	100-500	1%
Fortune Casino	Casino	233	0.7%		
TMRG ¹	Retail	228	0.7%		
Target Store T-1355	Retail	190	0.6%		
Xerox	Retail			650	3%
Safeway Corporation	Retail			100-500	1%
Cabela's Wholesale Inc	Retail			300	1%
Total		10,477	31.0%	6,431 - 8,431	35%
Total estimated jobs in City ⁴		34,160		21,178 ⁵	

Source

¹ Thurston Regional Planning Council (TRPC), State Government Employment by City/UGA

² City of Lacey, full-time equivalent

³ City of Lacey, 2014 ACFR

⁴ Thurston Regional Planning Council (TRPC), Lacey 2023 Statistical Profile

Explanation:

⁵ Percentage of total city employment for 2023 is based on 2017 total estimated jobs 34,160.

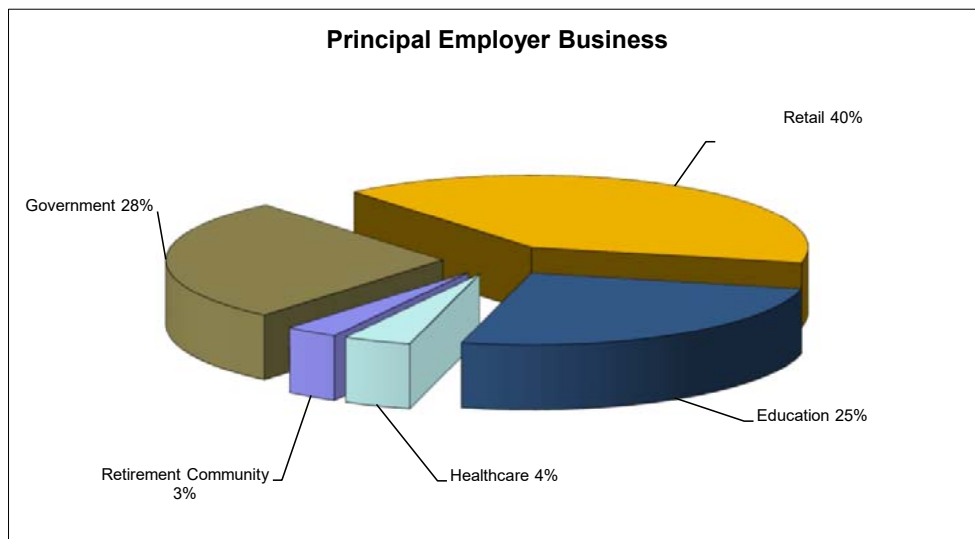


Table 18
 City of Lacey
 Full-time Equivalent City Government Employees by Function
 Last Ten Fiscal Years

Function	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General government	31.00	31.00	31.00	35.00	36.00	39.00	38.00	41.00	43.00	44.00
Security of persons and property										
Police Officers	53.00	53.00	53.00	53.00	54.00	60.00	65.00	65.00	65.00	65.00
Civilians	11.64	11.00	11.00	11.00	11.00	11.00	12.00	12.00	15.00	18.00
Transportation										
Engineering	36.00	36.00	36.00	37.00	39.00	41.00	40.00	40.00	47.00	48.00
Maintenance	35.00	35.50	35.50	37.50	38.00	42.00	44.50	44.50	46.50	46.50
Economic development	16.00	16.00	16.00	18.00	18.00	18.00	18.00	19.00	19.00	21.00
Culture and recreation	15.00	15.00	15.00	15.00	16.50	16.50	16.00	16.00	16.50	17.50
Water	23.45	23.45	23.45	23.45	24.95	26.95	28.45	28.45	36.45	39.00
Wastewater	15.55	15.55	15.55	16.55	17.05	18.05	16.55	16.55	17.55	17.00
Stormwater	6.50	6.50	7.50	7.50	6.50	7.50	7.50	7.50	7.50	7.50
Total	243.14	243.00	244.00	254.00	261.00	280.00	286.00	290.00	313.50	323.50

Source: City of Lacey Budget Records

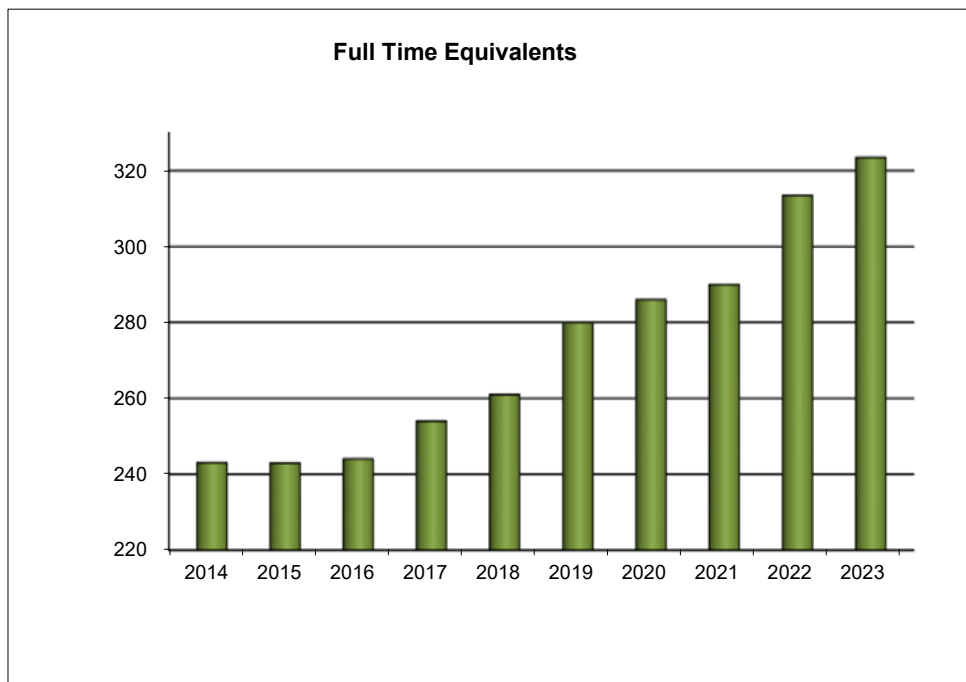




Table 19
City of Lacey
Operating Indicators by Function
Last Ten Fiscal Years

Function	2014	2015	2016	2017	2018	2019	2020 ⁴	2021 ⁴	2022	2023
Police										
Total Arrests	3,109	2,792	2,292	2,083	1,871	1,973	1,514	1,229	1,329	1,656
Total citations issued	4,557	4,197	2,203	2,546	1,842	2,314	1,202	1,097	1,186	1,184
Incidents	40,712	41,784	38,240	44,317	41,956	46,576	38,786	38,364	41,372	43,315
Overall crime rate per thousand population ¹	30.2	74.2	70.3	65.0	59.0	59.6	53.1	55.7	59.1	55.9 ³
Highways and streets										
State of the street (% of Very Good or Good Condition) ⁵	96.5%	95.9%	97.0%	97.0%	97.6%	96.5%	96.2%	97.2%	97.2%	96.4%
St Ft of sidewalk replaced	2,600	3,530	4,530	7,717	8,790	10,030	8,494	6,186	6,179	8,848
Yards of sweeper debris collected	1,307	1,856	1,515	1,769	1,861	2,458	3,100	2,790	3,245	2,572
Economic Development										
Number of new building permits issued	333	311	378	199	207	234	178	207	136	204
Number of building inspections	7,587	7,587	11,145	9,169	9,208	9,346	7,934	6,911	7,170	7,546
Number of complaints processed	92	107	449	105	90	175	Unavailable	88	50	111
Commercial site plan reviews ²	12	16	42	65	60	57	11	62	62	17
Culture and recreation										
Community center bookings	756	719	730	733	777	763	92	158	420	482
Regional Athletic Complex (RAC) fields bookings	2,281	2,496	2,548	2,575	2,441	1,316	2,158	2,481	2,410	3,026
RAC Number of participants - leagues, tournaments	74,910	75,150	76,349	77,119	76,420	78,251	40,600	76,802	82,150	90,780
Program registrations	11,860	12,105	16,644	16,385	11,868	10,524	2,452	5,000	7,546	7,520
Community-wide special events	31	31	33	29	26	28	7	28	29	35
Water										
Gallons of water pumped (millions)	2,483	2,633	2,698	2,650	2,746	2,778	2,749	2,955	2,921	3,065
Gallons of water sold (millions)	2,216	2,329	2,470	2,399	2,477	2,458	2,482	2,900	2,585	2,842
Percentage of water sold	89%	88%	92%	91%	90%	88%	90%	98%	88%	93%
Average daily consumption (millions of gallons)	6	6	7	7	8	8	8	8	8	8
Number of valves exercised	2,578	1,715	2,226	3,027	1,874	2,634	3,751	3,370	2,449	2,245
Number of hydrants exercised	3,258	3,933	3,577	3,789	3,848	4,014	3,985	3,904	4,035	4,261
Number of water mains breaks	84	121	181	95	82	16	19	26	18	30
Number of customer accounts	23,185	23,571	23,984	25,112	25,638	25,159	25,109	25,722	25,810	26,245
Number of irrigation customer accounts	723	739	751	803	806	840	864	882	861	861
Wastewater										
Number of lift station incident responses	362	363	303	355	460	706	625	388	445	541
Number of STEP system connections	4,093	4,175	4,250	4,350	4,476	4,606	4,734	4,845	4,948	3,980
Number of STEP system incident responses	150	180	191	213	242	241	268	273	255	303
Lines cleaned (in feet)	403,906	262,153	277,756	328,224	228,979	141,173	189,116	281,565	242,646	197,903
Lines televised (in feet)	155,367	161,233	121,261	155,525	173,756	106,025	197,635	228,710	181,624	179,092
Odor complaints	1	1	3	2	2	1	-	-	-	-
Stormwater										
City responses to spills	136	129	159	123	136	141	95	121	133	131

Sources: Various departments of the City and the "Statistical Measurements" reports from City Manager's Office.

Notes:

¹ In 2015, the Federal crime collection data standard changed to the National Incident-Based Reporting System (NIBRS), which is a more comprehensive crime data collection system than the previous system, the Uniform Crime Reporting (UCR) program. The result is higher crime rates are being reported as more categories of crimes are reported and not necessarily more incidents (quantity) of crimes.

² 2016-2022 numbers include both commercial and residential site plan reviews (separate data not available)

³ Current year data is an estimate.

⁴ By Proclamation No. 20-05, Washington State Governor declared all counties in the state of Washington in a State of Emergency, effect as of December 31, 2020. Throughout the State of Emergency, which was terminated October 31, 2021, business and social activities were limited to varying degrees.

⁵ Starting in 2022, the State of the Street report will be completed every other year.

Table 20
City of Lacey
Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Security of persons and property										
Police station	1	1	1	1	1	1	1	1	1	1
Patrol vehicles	22	22	23	23	21	19	19	19	19	19
Highways and streets										
Miles of street ¹	368 LM	375 LM	379 LM	383 LM	384 LM	387 LM	388 LM	404 LM	418 LM	420 LM
Miles of sidewalk	200 CL	200 CL	202 CL	206 CL	208 CL	220 CL	225 CL	223 CL	224 CL	225 CL
Number of streetlights	4,311	4,448	4,910	4,953	5,077	5,107	5,237	5,474	6,221	5,660
Number of street signs	7,942	8,126	8,344	8,515	8,632	8,822	8,835	9,242	9,404	9,434
Number of traffic signals	56	56	56	57	78	78	78	78	78	78
Culture and recreation										
Number of parks	25	25	25	25	25	26	26	26	26	26
Parks acreage including outside city limits	568	568	568	568	568	568	568	568	568	568
Developed parks acres	340	340	340	340	340	340	340	340	340	340
Total open space acres with outside city limits	637	637	637	637	637	637	637	637	659	659
Soccer fields	10	10	10	10	10	10	10	10	10	10
Tennis courts	9	9	9	9	9	9	9	9	9	9
Baseball, softball fields	12	12	12	12	12	12	12	12	12	12
Community centers	1	1	1	1	1	1	1	1	1	1
Senior centers	1	1	1	1	1	1	1	1	1	1
Community buildings	3	3	3	3	3	3	3	3	3	3
Water										
Number of production wells	20	20	20	20	20	20	20	20	20	20
Miles of water lines	392	402	386	386	391	398	416	421	426	429
Number of reservoirs	7	7	7	7	7	7	7	7	8	8
Number of booster stations	6	6	6	6	6	6	6	6	6	6
Number of valves	10,512	12,214	11,283	11,020	11,412	11,749	11,832	12,653	12,835	13,156
Number of Hydrants	3,653	3,685	3,720	3,786	3,904	4,014	4,058	4,184	4,210	4,277
Wastewater										
Miles of sewer transmission lines	162	147	167	171	175	178	180	185	190	192
Number of lift stations	48	50	51	52	48	48	48	48	46	48
Miles of STEP transmission lines	55	55	56	59	62	63	63	66	67	68
Odor control facilities	13	13	13	13	11	11	11	9	9	9
Stormwater										
Number of catch basins	5,235	5,245	5,810	6,010	6,010	6,410	6,480	6,410	6,524	6,590
Number of city storm ponds	63	47	47	47	47	47	47	47	50	50
Acres of storm ponds	115	110	110	110	110	110	110	110	111	111

Sources: Various city departments and the "Statistical Measurements" reports from City Manager's Office.

Note: No capital asset indicators are available for the general government or physical environment.

Note:

¹ CL = Center Line Miles; LM = Lane Miles



CITY
OF **LACEY**