

CITY OF LAKEWOOD, WA

ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR YEAR FISCAL YEAR ENDED DECEMBER 31, 2021





ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended December 31, 2021

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ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Year Ended December 31, 2021

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July 27, 2022

People of the City of Lakewood
Honorable Mayor and City Council

THE ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE CITY OF LAKEWOOD

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) of the City of Lakewood (the City) for the year ended December 31, 2021. The responsibility for both the accuracy of the data and the completeness and fairness of the presentation including all disclosures rests with City management. To provide a reasonable basis for making these representations, management has established a comprehensive framework of internal controls designed to protect the City's assets from loss, theft, or misappropriation. Because the cost of internal controls should not outweigh the anticipated benefits, the City's internal controls are designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements. While the Governmental Accounting Standards Board (the GASB) only requires local governments to produce basic financial statements and required supplementary information, the City elects to prepare a more detailed ACFR to qualify for the reporting excellence award program of the Government Finance Officers Association of the United States and Canada (GFOA).

The City's ACFR has been audited by the Washington State Auditor's Office for which the auditors have concluded that there is a reasonable basis to grant an unmodified (clean) opinion to the City's financial statements as of December 31, 2021. The auditor's report is presented as the first component of the financial section of this report.

This transmittal letter is designed to complement the Management Discussion and Analysis (MD&A) and should be read in conjunction with it. The MD&A can be found immediately following the Independent Auditor's Report.

REPORTING ENTITY

The City of Lakewood is an optional code city incorporated in 1996. It is the second largest city in Pierce County and is the host community to Joint Base Lewis McChord (JBLM), the largest Army military installation in the western United States and the largest single-site employer in the state of Washington. Our legacy and commitment to each other dates back over 100 years to World War I and the creation of Camp Lewis that then became Fort Lewis, followed by the addition of McChord Air Force Base, and now JBLM, the sole "Power Projection Platform" on the West Coast. Lakewood has a population of 60,030 and covers an area of 18.95 square miles, of which 17.17 square miles is land and 1.78 square miles is water. The City is known for its lakes, natural beauty, and economic potential.

The City Council is responsible for enacting all legislation and making general policy decisions governing the City. The City Manager, who serves as the chief executive officer of the City, is appointed by, reports directly to, and serves at the pleasure of the City Council. The City Manager implements the policies and goals of the City Council, manages and coordinates the overall operations of the City and provides leadership, coordination, and development of City departments, while ensuring the delivery of quality service and serving the needs of the public. This is accomplished through the expressed direction of the Lakewood City Council.

The City provides the following services to residents and businesses: parks and recreation, police, jail, streets and roads, stormwater collection and treatment, economic development, public improvements, building, planning and zoning, social and senior services, municipal court, and general administrative services. Water is provided by the Lakewood Water District and sewer services are provided through Pierce County. Fire services are provided by the West Pierce Fire and Rescue. Garbage and recycling is provided by Waste Connections under contract with the City. Power is provided by Tacoma Power, Puget Sound Energy, and Lakeview Light and Power. Library services are provided by the Pierce County Library system. K-12 education is provided by Clover Park School District #400 and Steilacoom Historical School District #1. Higher education is provided by Pierce College at Fort Steilacoom Park and Clover Park Technical College. Interstate Highway 5 and State Highway 512 pass through Lakewood. Pierce Transit and the Sound Transit (ST) systems, with stations adjacent to the I-5 Corridor and the Lakewood Towne Center, serve the community. The combination of services from these agencies provides excellent public transportation to the greater Tacoma/Seattle area.

ECONOMIC FACTORS AFFECTING FINANCIAL CONDITION

While the economic situation in 2021 improved, it will be some time before cities and the country can return to pre-March 2020/ pandemic levels. While there are signs of recovery, the pace and extent of economic growth is still uncertain. The action strategies implemented in March 2020, outlined below, continued through 2021, with flexibility in some areas.

To address the economic uncertainty as a result of the pandemic, the City took immediate action to accommodate potential losses in revenue. On March 3, 2020, the City mandated action strategies to pause all general government expenditures and these actions continued, although less stringent, through 2021 until the economy improves and revenue collections rebound to normal levels.

The emergency strategies implemented that are still in place are as follows:

- All current and future vacant positions (regular full-time, regular part-time, limited term, temporary, interns, seasonal) will not be filled for the foreseeable future, with certain limited exceptions;
- All discretionary spending (e.g., supplies, travel, training, overtime, etc.) are on hold indefinitely. Only those expenditures related to basic services (e.g., employee compensation, mandated training & certifications, basic services such as street maintenance, park maintenance, public safety, etc.) are to be advanced during this time;
- Anything not covered above will require pre-approval by the Deputy City Manager and the City Manager;
- Fleet & equipment, information technology, and property management projects and replacement shall only include essential items as well as those items that will be completed in 2020. All other projects and purchases will be considered in the next biennial budget dependent on the state of the economy;
- Transportation, parks and sewer improvement projects will continue as planned as these projects are funded with very limited general government funds; and

- Excess real estate excise taxes (REET) will be set aside to offset any decrease in REET collections and to ensure payment of debt service.

The implementation of these strategies is working. To date, the City has not had to reduce or eliminate programs or services nor has the City had to draw on its financial reserves.

ECONOMIC TRENDS

According to the Puget Sound Economic Forecaster, retail sales in the Puget Sound area has remained fairly strong despite concerns about inflation and supply chain disruptions. December 2021 retail sales fell by nearly 3%, however, 4th quarter retail sales grew by 2.5% over 3rd quarter. Inventories struggled to keep up with surging demands for goods, causing prices to increase. The overall supply of good remains low even through inventory levels have shown signs of improvement. The demand for shipping and low supply has created bargaining power for shipping companies, allowing them to ask for more money to ship goods. For certain goods, shipping costs increased by four times the price prior to the pandemic, resulting in higher costs to consumers as rising costs of shipping is passed onto them. Although rising fuel costs, among other factors, is contributing to higher prices, has not yet impacted consumers yet but may in the future as wages fail to keep up with inflation.

The real estate market continued to boom regionally and nationally. Construction employment in the Puget Sound area increased by .36%, above the national level which increased by .16%. While the figures do not indicate strong growth, it is a positive sign for the labor-deficient industry. Lumber and other building materials remained higher than pre-pandemic. New tariffs on Canadian lumber is expected to increase prices in the US while other construction materials may also be hard to find as supply chains remain problematic.

In 2021, there were 27,031 housing units in Lakewood, an increase of 0.12% over 2020. Of these units, 50% or 13,577 were single-family homes, 44% or 12,003 multi-family units, and 5% or 1,451 mobile homes and trailers. Average home prices in 2021 increased 22% compared to 2020 due to Inventory shortages combined with increases in consumer spending.

The community is residential and commercial, with the populace employed locally, at JBLM and in the neighboring cities, such as, Tacoma, University Place, Steilacoom and unincorporated Pierce County. Employment in Lakewood is highly concentrated in the retail and services sectors which serves the needs of the local market area population.

Major employers are Western State Hospital, Clover Park School District, Pierce College, Pierce Transit, St. Claire Hospital, Aacres WA LLC, McClane Northwest, Clover Park Technical College, Walmart and Camp Murray.

Major retailers include Walmart, Lakewood Ford, Lowe's Home Improvement, Kenworth Northwest, Target Corporation, Amazon and Enterprise Rentals.

Local sales tax collected in 2021 total \$14.4M, an increase of \$2.5M or 21% compared to 2020. By sector, retail trade increased by \$1.1M or 20% with increases in motor vehicle and parts sales, online sales, clothing and accessories, health and personal care, general merchandise, building materials and home furnishings. Services sector increased by \$562K or 22% with food services and drinking places leading the increase. Construction increased by \$417K or 21% due to increases in building construction and specialty trade contractors.

The 2020 assessed value of \$8.1B for 2021 property tax collections includes new construction and added improvements assessed value of \$77.8M or approximately 1.0% of the City's 2020 assessed valuation. The \$8.1B assessed value is approximately 8.0% higher than the 2019 assessed valuation of \$7.5B for 2020 property tax collections.

Real estate sales increased from \$728M in 2020 to \$911M in 2021, an increase of 25% or \$183M. Major real estate transactions (sales price of \$1M+) and the resulting real estate tax revenue to the City in 2021 include: multi-family units, notably the Citizen and Oak apartments, Oak Terrace apartments, Days Inn, Monte Vista Court apartments, Villa Lane Village, and Evergreen Ridge apartments; Woodspring Suites Hotel and America's Best Value Inn; Maple Creek Retirement Home; various vacant industrial land; and various retail offices and plazas. The City continued to provide tax incentives in the form of tax abatements to developer/owners of new construction or rehabilitation of multifamily housing located in designated areas within the City. Tax relief applies to the value of the improvements, excluding land and nonresidential improvements. This program is designed to encourage increased residential opportunities for local governments that plan under the State's Growth Management Act.

LONG-TERM PLANNING

In 2014, the City began the development of a six-year financial forecast to help provide a more effective delivery of services. Moving into 2022, the City will continue the development of the financial forecast that includes facts and assumptions to enable an accurate forecast of the financial future of the city to ensure whether adequate resources will be available to maintain current and projected city service levels with a particular focus on the impact of current economic conditions and, if not, develop strategies to address them. The forecast will also serve as a tool to examine financial trends and identify opportunities, particularly as new services or programs are evaluated. The financial forecast will serve as the mechanism to ensure these investments, commitments, and contractual obligations are penciled in for at least six years.

With each budget, the City will update expenditure and revenue projections for the next six years. Projections will include estimated operating costs for capital improvements that are included in the capital budget. This budget data will be presented to the City Council in a form that will facilitate budget decisions, based on a multi-year perspective. This forecast is intended to be an internal planning tool and shall be included in the biennial budget document and updated at least annually as part of the adopted budget process in the even years and the mid-biennial review in the odd years.

In compliance with the Growth Management Act within the State of Washington, the City is updating its 6-Year Capital Improvement Plan which includes an inventory of existing facilities, a forecast of future needs, proposed locations, capacities for new or expanded facilities, and a financing plan. The financing plan outlines the costs, revenues, and schedules for each capital improvement project. Capital project proposals will include complete, reliable and attainable costs estimates as possible. Project costs will be based on a thorough analysis of the projects and are expected to be as reliable as the level of detail known about a project. Project costs estimates will vary in reliability depending on whether they are to be undertaken in the first, second, or third biennium of the plan.

MAJOR INITIATIVES AND ACCOMPLISHMENTS

25th Cityhood Anniversary: The City celebrated its 25th anniversary with a street festival in Colonial Plaza. International performances representing Thailand, Mexico, Korea, and Guam showcased some of the rich cultures comprising Lakewood. The event also featured lived music by Chapter 5 and Michael Powers, local food trucks and vendors, and artistic and historical exhibits. To celebrate the momentous occasion, the City also held a number of special events throughout the year, including an art contest with two themes – Unity and Love Lakewood.

Healthy Communities Award: The City won the 2021 Healthy Communities Award from the Tacoma Pierce County Health Department for its new energy and climate change adopted into the City's Comprehensive Plan via Ordinance 756. The Healthy Communities Awards recognizes local jurisdictions that make a special effort to influence the health of their communities. The award is presented annually to the General Assembly of the

Pierce County Regional Council. The 2021 awards honored local jurisdictions and agencies that promote social, economic and environmental benefits for their communities by implementing either policies or actions they adopted from updates to their comprehensive plans or projects to innovatively respond to the COVID-19 pandemic.

Lakewood Station District Subarea Plan: The City Council took action to adopt the Lakewood Station District Subarea (LSDS) Plan, Hybrid Form-Based Code, and Planned Action on May 3, 2021 with an effective date of June 3, 2021. As the City plans for an additional 11,500 residents by 2030, new housing in the area near Lakewood Station will help meet this growth target as well as: provide additional affordable housing for current and future residents; add businesses and employment opportunities; maximize access to transit and use of the Sounder Station; improve safety for pedestrians and bicyclists; prevent the displacement of current residents when redevelopment occurs; and complement planning in the Downtown area. Opportunity abounds in the Lakewood Station District area to not only improve it for current residents and businesses, but to plan for the next 100+ years. The LSDS is located in the southeast section of the City, the subarea includes Sounder Station, St. Claire Hospital, the SR-512 Park-and-Ride, and the Pacific Highway and Bridgeport Way commercial areas. Also included is Lakewood Landing, a 30-acre mixed-use project currently being advertised nationwide to developers by the City.

State Capital Funding: The City secured \$3.7 million in capital funding from the state legislature for programs that will benefit the City. \$3.2 million was appropriated for improvements to American Lake Park, Wards Lake Park, and Fort Steilacoom Park. Another \$515 thousand was appropriated to the expansion of the Living Access Support Alliance (LASA) client services to reduce homelessness.

Body Cameras: In July 2019, the City Council approved the purchase of body cameras by the Lakewood Police Department. Lakewood will be the first Pierce County municipality to equip all marked vehicles with in-car cameras and all officers with body-worn cameras. The equipment to be purchased will equip all remaining officers with body cameras. Two additional employees will be hired to support public disclosure request and review of footage for prosecutorial purposes.

SSHA³P: The South Sound Housing Affordability Partners (SSHA³P) is a voluntary collaboration among 14 governments, including the City of Lakewood, to work together to create and preserve affordable, attainable, and accessible housing throughout Pierce County. Accomplishments in 2021 include: approval of the intergovernmental agreement by 14 Councils that will join SSHA³P; first executive board meeting occurred in October 2021; and Pierce County selected as the administering agency.

Triple Crown Award: In May 2019, the Government Finance Officers Association (GFOA) notified the City of its Triple Crown Award. GFOA's Triple Crown recognizes government who have received the GFOA's Certificate of Achievement for Excellence in Financial Reporting (fiscal year 2019), Popular Annual Financial Reporting Award (fiscal year 2019) and the Distinguished Budget Presentation Award (2019/2020 biennial budget).

New Traffic Signal Box Decorative Wraps: Four local traffic signal boxes received decorative wraps under a new program led by the Lakewood Arts Commission. The wraps feature designs by local artists and add some exciting flair to several intersections across the City. The pieces include: *Tribal Quilt* by Rosa Cruz; *Colorful Rocks* by Rosa Cruz; *Leap of Faith* by Katie Dean; and *Steila-Cross* by Kelly Loney.

Nearcation: The City implemented its new "Nearcation" website which celebrates local attractions and recommends nearby activities. You don't have to go far to have fun. Lakewood features outdoor fun, international flavors, world-class golf, exciting events, and so much more to do. Our new "Nearcation" website is a great reference for summer fun in Lakewood.

Comfort Inn: The Comfort Inn at 8620 South Hosmer Street was purchased for emergency shelter future permanent supportive housing. The 94-room shelter will accommodate up to 120 people. The Low Income Housing Initiative (LIHI) purchased the inn with funds contributed by Pierce County, the City of Tacoma, and the City of Lakewood (ARPA funds). The total cost was \$8.8 million; the City of Lakewood contributed \$1.0 million.

AWC Retro Refund: The city received \$117,286 from the Association of Washington Cities (AWC). The money is a refund awarded to the city as part of AWC's Workers' Comp Retro Program, which the city is a member. Refunds are disbursed base on workers' compensation claims within each jurisdiction. The AWC Workers' Comp Retro Program provides training and tools that empower employers to lower risks for on-the-job injuries. The focus on injury prevention and safety reduces a municipality's overall workers' compensation costs.

CED+ Permitting System Launch: The City partnered with Pierce County to utilize Pierce County's regional permitting and land use system ("PALS+") for the City's individual use. With the goal of delivering a "best in class" service to our community, the County and City worked on development the Lakewood system ("CED+") for nearly two years before launching the system for City users in October 2021, followed by public use on January 2022.

Transportation Projects: Completed sidewalk improvements at Lakewood Drive – Steilacoom Boulevard to Flett Creek. Improvements include curb, gutter, sidewalks, street lighting, drainage and overlay.

Parks Projects: Completed Fort Steilacoom Park ADA/Sensory All Abilities Playground. This playground is one of the most visited spaces at the park used by youth of all ages and abilities and improvements will allow children and family members of all abilities to more easily use and access this site. Additionally, restrooms were added at Fort Steilacoom Park Pavilion.

OUTLOOK FOR THE FUTURE

Preparation of the proposed 2023/2024 biennial budget will take into consideration of the current state of the local, regional, national and global economy under the COVID-19 pandemic and the Russia-Ukraine conflict and the resulting financial uncertainties, particularly as it relates to the global supply chain network. The supply chain crunch that was meant to be temporary is expected to last well into 2022 with port congestion, rising freight costs, labor and material shortages, and inflation are of concern. Throughout the pandemic, there have been historic wait times for ships headed into ports waiting to unload cargo from China. Meanwhile, gridlock at ports overseas creates additional delays as ships seek to obtain cargo. Freight costs are expected to increase with labor shortages, rising gas prices and port congestion all factor in. The United States labor market is in flux. The rollercoaster from layoffs and quarantine to flex work and work exodus in during the pandemic will continue to carry over into 2022. Material shortages is expected to persist in 2022 with virtually every key commodity is either up in price or scarce. Inflation is high, prices have skyrocketed and companies are beginning to pass them onto consumers.

As The Economist neatly put it recently, "the era of predictable unpredictability is not going away". As such, the City will continues to take a cautionary approach to revenue forecasting in accordance with the City's adopted financial policies. For example, sales tax revenue collections in 2020 came in at pre-pandemic levels, and 2021 collections came in even stronger, exceeding 2020 by \$2.4M or 20%. However, there is not a guarantee this level of sales tax collections will continue in 2023 given the continuing economic uncertainties. The good news is that the higher than anticipated revenue collections in 2020 and 2021 coupled with the action strategies put in place to address the impact of the pandemic in 2020 has resulted in one-time monies that are available for capital infrastructure projects and other one-time investment opportunities in 2022 to include the creation of an economic development opportunity program.

Given the 2022 operating margin between General Fund operating revenues and operating expenditures is very tight, new positions that are proposed beginning July 1, 2022 will not be filled until fiscal year 2021 is closed and a review and evaluation Q1, 2022 operating revenues is completed. We will also review and update and six-year financial forecast to ensure they are financially sustainable beyond 2022. These steps are necessary to ensure the General Fund has the fiscal capacity to fill the positions while operating within the City's adopted financial policies. This does not apply to ARPA funded positions or the permit technician position since these positions are funded with dedicated ARPA and development services fees, respectively.

A key attribute of the City's financial successes in recent years has been the adopted financial policies that provide a vital framework for governance and decision-making, especially in regards to issues that substantively impact the City's finances such as the current economic uncertainty. These policies have served the City very well during our region's pre-pandemic economic prosperity and they are serving us very well as the foundation for the City's response to the pandemic to include this mid-biennial budget review that in turn will allow the City to ensure a sustainable financial future by not overextending itself.

The City Council sets the vision for our City and adopts goals to reflect that vision and guide decision-making at all levels of City government. The goal setting process also builds consensus on policies and projects that impact City residents, businesses and the community as a whole.

The City's updated vision stated was adopted by the City Council on June 21, 2021 and includes significant public input provided via online community surveys, meetings with community groups and an open community interactive workshop, addresses community attitudes concerning current and anticipated issues affecting the City.

LAKESWOOD CITY COUNCIL GOALS

Lakewood is a thriving, urban, South Puget Sound City, possessing the core values of family, community, education, economic prosperity, and the equitable delivery of municipal services. We will advance these values by recognizing our past, taking action in the present, and pursuing a dynamic future.

The City Council's vision for Lakewood at its 30 Year Anniversary is a community:

- *Inspired by its own sense of history and progress;*
- *Known for its safe and attractive neighborhoods, vibrant downtown, active arts and cultural communities;*
- *Sustained by robust economic growth and job creation;*
- *Recognized for the excellence of its public and private schools, and its community and technical colleges;*
- *Characterized by the beauty of its lakes, parks and natural environment;*
- *Acknowledged for excellence in the delivery of municipal services;*
- *That actively cultivates, embraces, and continually strives to create a more inclusive community with the equitable delivery of City services; and*
- *Supportive of Joint Base Lewis McChord (JBLM), Camp Murray, service members and their families.*

On June 21, 2021 the Lakewood City Council officially adopted goals for 2021-2024. The purpose of the City Council Goals is to direct our community toward positive change and serve as the policy direction for City government as well as the policy guide for developing and implementing the City's upcoming 2023-2024 budget. City Council goals guide the allocation of resources through the budget and capital improvement program to assure that organizational work plans and projects are developed and achieved that move the community forward.

Operational values improve and optimize the functional performance of the City to achieve the Goals and Objectives listed in this plan.

- **Regional Partnerships** – The City encourages and participates in regional approaches to service delivery to the extent that a regional model produces efficiencies and cost savings, and ultimately improves service to our community members.
- **Efficiency** – The City is committed to providing public services in the most efficient manner possible and maximizing the public's return on its investment. The City will concentrate efforts on data-driven decisions that optimize available resources.
- **Accountability** – The City is accountable to the community for the achievement of City goals. The City will identify meaningful metrics and determine a series of benchmarks to convey City efforts within goal areas. The City will track performances over the next four years, adjusting when necessary, to optimize services and efforts.
- **Proactive Focus** – The City proactively focuses on the entire condition of the City. The City will promote long-term financial and strategic planning backed by quantifiable data and analysis.

ECONOMIC DEVELOPMENT

GOAL: The City of Lakewood promotes and supports a dynamic and robust local economy.

Objectives:

1.1 Align economic goals and resources across departments.

- A. Implement and continue to adjust the City's comprehensive economic development strategy to attract and preserve family and high wage jobs.
- B. Review and develop prudent business incentives that enhance economic development.
- C. Direct growth through sound planning. Update land use codes as necessary and continue to improve internal processes, including the implementation of new technologies.

1.2 Pursue infrastructure improvements vital to economic development and to bolster the City's competitiveness.

- A. Implement catalyst projects that promote private investment, i.e., the Downtown Plan, Lakewood Station District Plan, and the development of the Woodbrook Business Park and Lakewood Landing.
- B. Improve underutilized commercial and mixed-use areas, e.g., the WSDOT facility, revise zoning regulations where appropriate and minimize nonconforming uses.
- C. Expand and improve utilities and community assets, such as sewers, libraries, parks, public spaces, etc.

1.3 Enhance and diversify housing stock and improve multi-generational community assets.

- A. Improve and expand programs and policies to increase homeownership, diversify housing stock, and preserve existing housing to meet community needs.
- B. Continue to support youth and senior programming and expand community events.
- C. Support and preserve historical, cultural, and ecological places of significance.

1.4 Foster collaborative and advantageous partnerships with businesses, community members, non-profits, and regional partners.

- A. Be a leader in local economic development, regional transportation and planning policies.
- B. Continue partnership with JBLM and Camp Murray to improve communication and connectivity, land use development, and transportation.
- C. Expand partnerships with the Chamber of Commerce, neighborhood groups and associations, and other civic groups.
- D. Develop an educated workforce through collaboration with local educational institutions to leverage collective resources and to enhance K-12 and higher education opportunities.

1.5 Promote and facilitate sustainable economic development.

- A. Focus resources on business creation, attraction, retention, and expansion.
- B. Promote an entrepreneurial environment, encourage a balance of manufacturing, commercial, professional, and retail and service businesses.
- C. Continue to leverage and improve City assets, e.g., location, access, lakes, parks, civic engagement opportunities, transit options, cultural amenities, activity hubs, and utilities.

DEPENDABLE INFRASTRUCTURE**GOAL: The City of Lakewood provides safe, clean, well-maintained, and dependable infrastructure.**

Objectives:

2.1 Implement capital infrastructure projects to improve transportation, park, and utility systems.

- A. Identify future transportation projects and determine advantageous and sustainable funding strategies. Update the comprehensive plan and six-year TIP when necessary.
- B. Construct a Downtown Park that serves as a catalyst for the Downtown area.
- C. Expand neighborhood and non-motorized transportation infrastructure improvements to increase accessibility and connectivity to roadways, parks, public spaces, and public buildings.
- D. Provide a quality and diverse park and recreation system making strategic additions when prudent.
- E. Implement innovative technology solutions to enhance accessibility, operations, and City services.
- F. Partner with community members and stakeholders to identify and implement infrastructure solutions.

2.2 Invest in preventative maintenance of facilities, parks, and streets to protect City assets.

- A. Maintain infrastructure using best management practices to ensure it is reliable, safe, aesthetically pleasing, cost effective, and improves municipal services.

2.3 Advance infrastructure projects that enhance the City's identity and diversity.

- A. Enhance and upgrade street amenities, public right-of-way, and wayfinding and reader board signage.
- B. Showcase art, culture, and history to enhance sense of place.

2.4 Increase connectivity and accessibility.

- A. Leverage transit, multimodal infrastructure, and new technologies to improve accessibility in the City and with neighboring communities.
- B. Implement “complete streets” and non-motorized transportation projects that enable safe access for all users, and increases connectivity between neighborhoods, parks, and commercial areas. Update the Non-motorized Transportation Plan.
- C. Proactively pursue transportation safety solutions, including rail safety improvements.

PUBLIC SAFETY

GOAL: The City of Lakewood is one of the safest cities in Washington State.

Objectives:

3.1 Improve community safety and reduce crime through data-driven processes.

- A. Enhance law enforcement services through on-going training and new technologies.
- B. Promote crime prevention through environmental design (CPTED) principles.
- C. Develop, practice, update, and implement emergency management plans.

3.2 Match perception of public safety with reality.

- A. Promote advancements and achievements in public safety and the overall safety of the community.
- B. Provide streamlined and innovative public safety resources for residents, businesses, and visitors.

3.3 Provide resources to support the health, welfare, and safety of the community.

- A. Increase proactive abatement, code enforcement, and housing safety programs to eliminate blight and unsafe conditions.
- B. Encourage neighborhood association safety initiatives.
- C. Support creative criminal justice and alternative diversion programs.
- D. Take a proactive role in legislative advocacy in matters that impact public safety.
- E. Identify and implement new technologies and innovative programs that enhance municipal court services for the community and contract jurisdictions.

3.4 Expand community outreach and educational programs.

- A. Cultivate and sustain collaborative partnerships with law enforcement and community stakeholders to develop effective solutions, increase trust, and encourage mutual accountability.
- B. Continue to improve communication efforts with youth and underserved communities to remove barriers, increase trust, and provide opportunities for meaningful engagement.
- C. Emphasize crime prevention through public education.
- D. Use innovative approaches and partnerships to provide connections to services to individuals experiencing behavioral health incidents and/or homelessness.

FISCAL RESPONSIBILITY

GOAL: The City of Lakewood maintains a strong fiscal position.

Objectives:

4.1 Provide efficient and effective municipal services.

- A. Invest resources in core functions based on priorities.
- B. Continually analyze risk assumed by the City, adjust policies and programming if necessary.
- C. Monitor, refine, and respond to performance measures.

4.2 Evaluate revenues and expenditures and respond to changing service needs.

- A. Maintain and strategically use reserves in case of economic fluctuations, emergency needs, and to take advantage of emerging opportunities.
- B. Develop balanced biennial budgets consistent with adopted financial policies.
- C. Diversify revenue base and explore innovative funding sources.

4.3 Make smart investments in people, places, and resources.

- A. Continue to hire and cultivate top tier City personnel and strategically plan for future City leadership needs.
- B. Seek and promote diverse advisory groups.
- C. Continue to maintain “Well City” status.
- D. Continue to evaluate and implement strategic partnerships with other jurisdictions and entities for joint services when of benefit to the community.
- E. Continue to enhance cyber security measures to protect City systems.
- F. Effectively use American Rescue Plan Act funds to help the community recover from the COVID-19 pandemic.

TRANSPARENCY

GOAL: The City of Lakewood communicates its goals, successes, and challenges to the community and serves as a leader and champion for the community.

Objectives:

5.1 Enhance communications with residents, businesses, and community stakeholders about City issues, projects, and services.

- A. Create and implement a Communication Strategic Plan that prioritizes inclusivity, community engagement, meaningful civic participation, and enhances branding standards.
- B. Leverage new and existing communication methods and innovative partnerships to effectively build trust, disseminate information, and reduce barriers to access.
- C. Enhance city’s image through positive mixed media campaigns and spotlights, planning tools, land use codes, code enforcement, and infrastructure improvements.
- D. Continuously enhance online and digital services.
- E. Regularly implement surveys that measure community priorities, satisfaction, and specific projects.

5.2 Advocate for Lakewood at all levels of government.

- A. Continue to serve in a leadership capacity in national, regional, and local affairs.
- B. Develop annual legislative agenda and proactively engage with the county council, state legislature, and federal delegation.
- C. Improve awareness of JBLM's and Camp Murray's direct and indirect economic impacts on the city, region, county, and state.
- D. Advocate for increased public infrastructure funding for streets, non-motorized pathways, and parks and public spaces.
- E. Advocate for innovative solutions to lagging general fund growth, including: economic development programs to expand City revenues, such as including tax increment financing, and solutions to address unfunded mandates.

5.3 Strengthen connection and engagement with stakeholders, partners, and communities.

- A. Expand meaningful, two-way communication and engagement opportunities with community stakeholders and regional partners.
- B. Support and collaboratively engage with neighborhood groups, civic associations, and non-profits.
- C. Support access to information on workforce development, healthcare, and local services.
- D. Strengthen relationship with local school districts, colleges, and other public entities.

ROBUST & ACTIVE COMMUNITY

GOAL: The City of Lakewood is a livable, resilient, and inclusive community that embraces and celebrates diversity and delivers equitable municipal services.

NOTE: All Economic Development, Dependable Infrastructure, Public Safety, Fiscal Responsibility, and Transparency goals and objectives support the continued advancement of a robust and active community in Lakewood.

Objectives:

6.1 Continue to improve the quality of life for all residents, businesses, and visitors.

- A. Continue to partner with community-based organizations and partner entities to support the community's most vulnerable individuals and families.
- B. Support and encourage the physical, emotional, and behavioral health of those that live, work, and visit Lakewood.
- C. Develop, partner, and implement innovative strategies that foster a more livable, healthy, equitable, and resilient community.
- D. Enhance City-led community programming and events.

6.2 Continue to build and support an inclusive and equitable community that embraces, celebrates, and enhances diversity.

- A. Develop a Diversity, Equity, and Inclusion Strategic Plan to identify and provide tools and solutions to equity gaps in processes, policies, plans, programs, and services offered by the City using data-driven approaches.

- B. Enhance and expand communication and outreach efforts to eliminate barriers to full civic engagement and participation, creating a more inclusive, connected, and active community.
- C. Continue to build diversity, equity, and inclusion competency in City leadership and across the organization.
- D. Facilitate relationships with external partners and community stakeholders to increase inclusion and equitable access to services in Lakewood and beyond.

6.3 Provide a range of amenities and events that attract residents, businesses, and visitors.

- A. Celebrate, value and support the cultural diversity of the community through partnerships, public art, events and programs.
- B. Develop and expand events and activity hubs with a sense of place, dynamic user experiences, and a diversity of opportunities.
- C. Increase the connectivity of people and places throughout the community to cultivate a “neighborhood-feel” using infrastructure improvements, design standard enhancements, and recreational amenities and event offerings.

FINANCIAL INFORMATION

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

Independent Audit

State law requires an annual audit of all City books of account, financial records, and transactions by the State Auditor, an independently elected state official. In addition to meeting the requirements under state law, the audit was also designed to meet the requirements of the federal Single Audit Act of 1984 and related OMB Uniform Guidance. The 2021 audit of the City has been completed in conformance with generally accepted auditing standards. The financial statements of all City funds have been included in this audit. The City has been given an unmodified opinion on the annual financial statements in 2021 for the 24th consecutive year. The State Auditor's report on the basic financial statements is included in the financial section of this report.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Lakewood for its annual comprehensive financial report for the year ended December 31, 2020. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The City of Lakewood received the GFOA Distinguished Budget Presentation Award for its biennial budget for the years beginning January 1, 2021 and ending on December 31, 2022. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, a financial plan, an operations guide, and a communications medium.

The City of Lakewood also received the GFOA Popular Annual Financial Report Award for its 2020 PAFR. The GFOA established this program to encourage and assist state and local governments to extract information from their annual comprehensive financial report to produce high quality popular annual financial reports that are readily accessible and easily understandable to the general public, or other interested parties, who do not have a background in public finance. The award is valid for a period of one year only. We believe that our current popular annual financial report continues to meet the PAFR Report Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another award.

ACKNOWLEDGEMENTS

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Division. In addition, staff in all City departments should be recognized for responding so positively to the requests for detailed information which accompany each audit. The role of the State Auditor's Office should also be acknowledged as a significant contribution to a fine product. Finally, we wish to express our appreciation to the Mayor and City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City's finances and for providing the firm foundation for the pursuit of excellence in all realms of professional endeavors.

Respectfully submitted,



John J. Caulfield
City Manager



Tho Kraus
Deputy City Manager
(Chief Financial Officer)

CITY OFFICIALS

As of December 31, 2021



Left to Right: Councilmember Linda Farmer, Councilmember Paul Bocchi, Councilmember Mike Brandstetter, Councilmember Don Anderson, Deputy Mayor Mary Moss, Mayor Jason Whalen, Councilmember Pattie Belle.

CITY MANAGER

John J. Caulfield

DEPARTMENT DIRECTORS

Tho Kraus, Deputy City Manager (Chief Financial Officer)

M. David Bugher, Assistant City Manager/Community & Economic Development Director

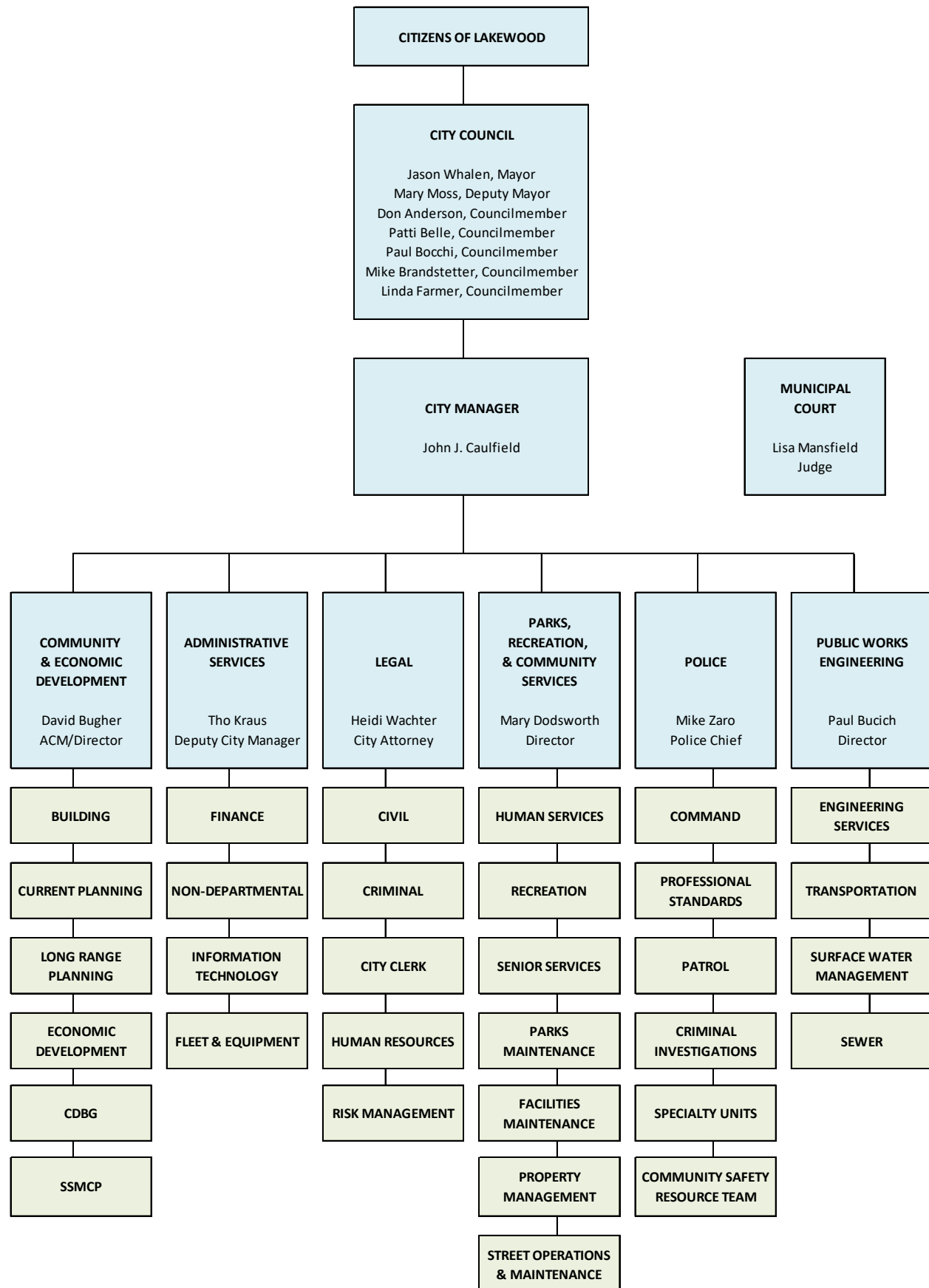
Heidi Wachter, City Attorney

Mike Zaro, Police Chief

Lisa Mansfield, Municipal Court Judge

Paul Bucich, Public Works Engineering Director

Mary Dodsworth, Parks, Recreation, and Community Services Director





Government Finance Officers Association

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

Presented to

**City of Lakewood
Washington**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2020

Christopher P. Morrell

Executive Director/CEO

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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 Lakewood
Lakewood, 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 Lakewood, as of and for the year then ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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.

Matter of Emphasis

As discussed in Note 15 to the 2021 financial statements, as a result of the COVID-19 pandemic, the full extent of the financial impact on the City is unknown at this time. Management's plans in response to this matter are also described in Note 15. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time; and
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information 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 the purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Information

The other information comprises the Introductory and Statistical sections but does not include the basic financial statements and our auditor's report thereon. Management is responsible for the other information included in the financial statements. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or provide any assurance thereon.

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

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we will also issue our report dated July 27, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report will be issued under separate cover in the City's Single Audit Report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Sincerely,

A handwritten signature in black ink, appearing to read "Pat McCarthy". The signature is fluid and cursive, with the first name "Pat" and last name "McCarthy" clearly distinguishable.

Pat McCarthy, State Auditor

Olympia, WA

July 27, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Lakewood's (the City) annual financial report provides a narrative overview of the City's financial activities for the fiscal year ended December 31, 2021. This information should be read in conjunction with the preceding letter of transmittal and the financial statements and notes to the financial statements that follow.

FINANCIAL HIGHLIGHTS

- The total assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at December 31, 2021 by \$239.4M. Net investment in capital assets (capital asset cost net of depreciation and related debt) accounted for 75% of this amount or \$180.5M. Of the remaining net position of \$58.9M or 25%, \$30.0M may be used to meet the government's ongoing obligations to its citizens, creditors and employees without legal restriction.
- The City's total net position increased by \$16.3, or 7% compared to 2020. Governmental activities increased by \$16.5M while business-type activities decreased by \$172K.
- Net investment in capital assets of governmental activities increased by \$3.5M mostly due to continuing capital construction and improvements of streets and parks. Restricted net position of governmental activities increased by \$10.3M or 55% due to increases in net pension assets and net increases in special revenue fund inflows and outflows of resources. Unrestricted net position of governmental activities increased by \$2.6M or 13% compared to 2020.
- Governmental fund balances at year-end were \$42.6, an increase of \$11.3M over the prior year. Of this fund balance, a total of \$11.2M or 26% is the unassigned balance which is available to fund ongoing activities without restrictions. The remaining fund balance is restricted or committed for housing assistance (including affordable housing), parks, transportation and sewer capital projects, local improvement district debt, tourism, police seizure, grants, public works trust fund loan debt, property abatement, and public art.
- All the unassigned fund balance of \$11.2M mentioned in the preceding belong to the City's general fund and the balance represented an increase of \$2.4M or 28% over 2020. This is attributed to the reduction in discretionary spending as mandated by the City Manager to lessen the impact of the economic crisis brought on by the pandemic and increase in sales tax, gambling tax, development services permits and fees, criminal justice sales tax, parks sales tax, admissions tax, franchise fees and state shared revenues.
- The City's long-term borrowing increased by \$9.0M or 50% during the current fiscal year. The increase was due to the issuance of \$6.6M in general obligation bonds in support of transportation projects and \$4.0 in surface water management revenue bonds for storm drainage elements of transportation improvements. Total principal repayment on outstanding debt during the year was \$1.7M.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements; 2) fund financial statements, and 3) notes to the financial statements. Other important information is also required to be disclosed to supplement the basic financial statements and is presented in the required supplementary information section following the notes to the financial statements.

In addition to the required components, the City's annual report also includes other supplementary information. The first set of supplementary information is the Combining Statements. These provide Balance Sheets, Schedules of Revenues, Expenditures, and Changes in Fund Balances with Budget to Actual Comparisons, Statement of Net Position, and Cash Flows for all nonmajor proprietary funds. Another set of supplementary information is the Statistical Section. This section provides a ten-year view of the City's revenues, expenditures, debt obligations and debt capacity, the City's largest

taxpayers, and those entities with the largest employment within the City. This section provides a long-term perspective on the City's economy.

Government-Wide Financial Statements

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

The **Statement of Net Position** presents information on all of the City's assets, liabilities, and deferred inflows and deferred outflows, with the difference reported as *net position*. This statement serves a purpose similar to that of a consolidated balance sheet in private business. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The **Statement of Activities** presents information showing how the City'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 the related cash flows. Thus, revenues and expenses are reported in this statement 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 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 include general government, law enforcement and public safety, construction and maintenance of streets, building inspection, municipal court services, jail services, community planning and development services, parks and recreation facilities, other community services and general administration. The business-type activities of the City includes surface water management.

The City has no separately identified component unit included in the government-wide financial statements or joint ventures.

The government-wide financial statements can be found immediately following the MD&A.

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 Lakewood, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

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. (For example, capital assets and long-term debt are not reported in governmental funds). 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 funds balance sheet and the governmental

funds statement of revenues, expenditures, and changes in fund balances include individual reconciliations to facilitate this comparison between governmental funds and governmental activities.

The City maintains 22 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, Community Development Block Grant (CDBG) Fund, American Rescue Plan Act (ARPA) Fund, Local Improvement District (LID) Debt Service, and the Transportation Capital Fund, which are considered to be major funds. Data from the remaining 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 in the combining and individual fund statements and schedules section of this report. A separate fiduciary fund is reported in the Basic Statements but is not included in the governmental funds financial statements.

The City maintains control over its operating funds through the adoption of the biennial budget. Budgets are adopted at the fund level and according to state law. A budgetary comparison statement is presented in the basic statements for the General Fund, ARPA Fund, and CDBG Fund, and in other supplementary information for other major and nonmajor governmental funds, to demonstrate compliance with this budget. The City's fiduciary fund is not budgeted.

The basic governmental fund financial statements can be found after the government-wide financial statements of this report.

Proprietary Funds

The City of Lakewood maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide statements. The City uses an enterprise fund to account for its surface water management. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its fleet and equipment, information technology, property management and risk management.

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 Surface Water Management Fund. The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds are provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The proprietary fund basic financial statements are presented following the governmental fund statements of this report.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to acquire a full understanding of the data provided in the government-wide and fund financial statements and can be found immediately following the basic financial statements of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents the required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found immediately following the notes to the financial statements of this report.

GOVERNMENT-WIDE OVERALL FINANCIAL ANALYSIS

Net Position. This section provides analysis of the government-wide financial statements including long-term and short-term information about the City's overall financial condition. The following tables address the financial results of the City as a whole.

CONDENSED STATEMENT OF NET POSITION
As of December 31, 2021 and 2020

| | Governmental Activities | | Business-Type Activities | | Total | |
|--|--------------------------------|----------------|---------------------------------|---------------|----------------|----------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Current and other assets | \$ 77,939,251 | \$ 50,054,923 | \$ 11,448,156 | \$ 6,148,554 | \$ 89,387,407 | \$ 56,203,477 |
| Capital assets net of accumulated depreciation | 171,547,428 | 164,748,039 | 26,434,333 | 27,700,554 | 197,981,761 | 192,448,593 |
| Total Assets | 249,486,679 | 214,802,962 | 37,882,489 | 33,849,108 | 287,369,168 | 248,652,070 |
| Deferred outflows of resources | 1,924,078 | 1,769,955 | - | - | 1,924,078 | 1,769,955 |
| Total deferred outflows of resources | 1,924,078 | 1,769,955 | - | - | 1,924,078 | 1,769,955 |
| Current liabilities | 12,721,813 | 7,176,490 | 749,859 | 131,979 | 13,471,672 | 7,308,469 |
| Long-term liabilities | 23,180,793 | 18,554,279 | 3,686,578 | 98,889 | 26,867,371 | 18,653,168 |
| Total Liabilities | 35,902,606 | 25,730,769 | 4,436,437 | 230,868 | 40,339,043 | 25,961,637 |
| Deferred inflows of resources | 9,534,659 | 1,332,029 | - | - | 9,534,659 | 1,332,029 |
| Total deferred outflows of resources | 9,534,659 | 1,332,029 | - | - | 9,534,659 | 1,332,029 |
| Net Position: | | | | | | |
| Net investment in capital assets | 154,064,390 | 150,518,400 | 26,405,968 | 27,700,554 | 180,470,358 | 178,218,954 |
| Restricted | 28,922,868 | 18,631,779 | 29,679 | 31,235 | 28,952,547 | 18,663,014 |
| Unrestricted | 22,986,234 | 20,359,940 | 7,010,405 | 5,886,451 | 29,996,639 | 26,246,391 |
| Total Net Position | \$ 205,973,492 | \$ 189,510,119 | \$ 33,446,052 | \$ 33,618,240 | \$ 239,419,544 | \$ 223,128,359 |

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$239.4M at December 31, 2021. This is an increase of \$16.3M or 7% compared to December 31, 2020. Governmental net position increased by \$16.5M or 9% while business-type activities decreased by \$200K or less than 1%.

The largest component of the City's net position, 75% or \$180.5M, is its net investment in capital assets which is calculated as the net book value of capital assets less the amounts of any outstanding debt used to acquire those assets. Capital assets such as land, streets, surface and storm water infrastructure, parks and trails, police vehicles, and machinery and equipment are used to provide services to the citizens. Consequently, these assets are not available to be sold or converted to cash in any other manner to cover current expenditures.

Of the \$30.0M unrestricted net position, \$7.0M belongs to the Surface Water Management enterprise while \$23.0M may be used to meet the City's ongoing obligations to its citizens, vendors and creditors. Examples of other city obligations for which the remaining unrestricted net position may be used are public safety, parks maintenance and street operations maintenance.

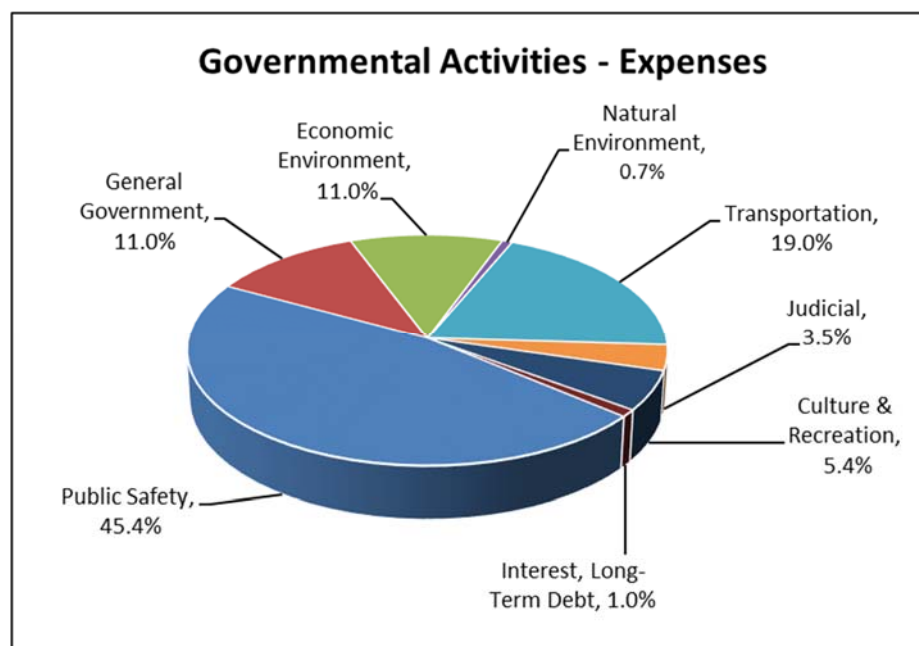
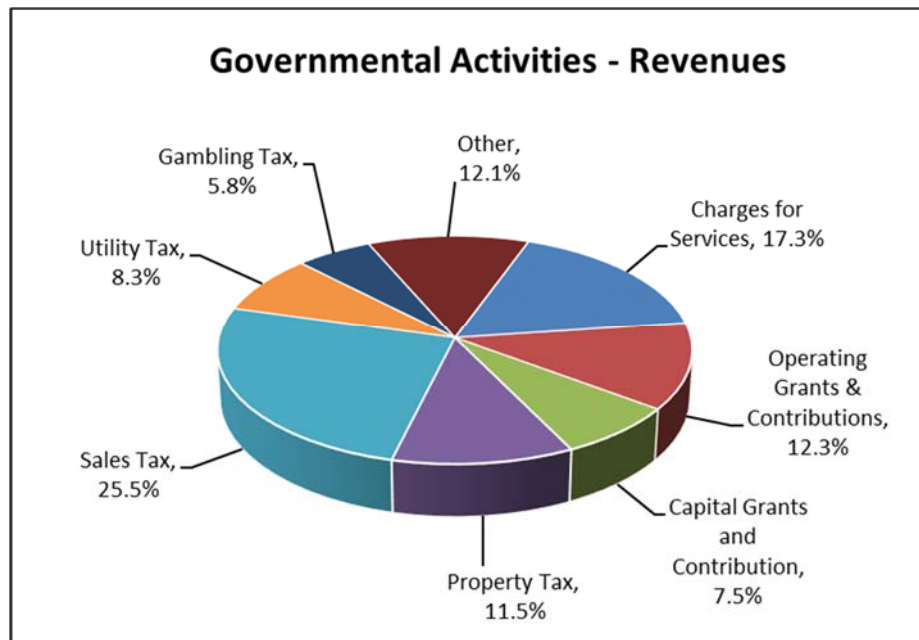
At the end of the fiscal year, the City reported positive balances in all reported categories of net position, both for the government as a whole, and for its separate governmental and business-type activities.

CHANGES IN NET POSITION
For the Years Ended December 31, 2021 and 2020

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|--------------------------------|-----------------------|---------------------------------|----------------------|-----------------------|-----------------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Revenues: | | | | | | |
| Programs revenues: | | | | | | |
| Charges for services | \$ 11,323,227 | \$ 11,416,754 | \$ 4,801,212 | \$ 4,888,034 | \$ 16,124,439 | \$ 16,304,788 |
| Operating grants & contributions | 8,031,405 | 7,211,477 | - | - | 8,031,405 | 7,211,477 |
| Capital grants & contributions | 4,925,286 | 4,766,648 | 37,518 | 120,169 | 4,962,804 | 4,886,817 |
| General revenues: | | | | | | |
| Property tax | 7,349,606 | 7,170,549 | - | - | 7,349,606 | 7,170,549 |
| Sales tax | 16,691,668 | 13,869,704 | - | - | 16,691,668 | 13,869,704 |
| Utility tax | 5,436,800 | 5,475,259 | - | - | 5,436,800 | 5,475,259 |
| Excise tax | 4,563,968 | 3,650,019 | - | - | 4,563,968 | 3,650,019 |
| Gambling tax | 3,786,769 | 1,910,429 | - | - | 3,786,769 | 1,910,429 |
| Lodging tax | 1,239,821 | 867,311 | - | - | 1,239,821 | 867,311 |
| Other taxes | 1,228,003 | 2,560,200 | - | - | 1,228,003 | 2,560,200 |
| Gain on sale of capital assets | 30,580 | 76,919 | - | - | 30,580 | 76,919 |
| Judgment and settlements | 34,823 | 49,328 | - | - | 34,823 | 49,328 |
| Investment earning | 256,059 | 294,892 | 6,486 | 23,677 | 262,545 | 318,569 |
| Miscellaneous | 576,783 | 278,159 | - | - | 576,783 | 278,159 |
| Total Revenue | <u>65,474,798</u> | <u>59,597,648</u> | <u>4,845,216</u> | <u>5,031,880</u> | <u>70,320,014</u> | <u>64,629,528</u> |
| Expenses: | | | | | | |
| General government | 5,518,716 | 7,408,721 | - | - | 5,518,716 | 7,408,721 |
| Public safety | 22,845,631 | 24,667,652 | - | - | 22,845,631 | 24,667,652 |
| Utilities | 895,853 | 18,849 | - | - | 895,853 | 18,849 |
| Transportation | 9,559,055 | 8,187,395 | - | - | 9,559,055 | 8,187,395 |
| Social Services | 700,608 | 666,418 | - | - | 700,608 | 666,418 |
| Economic environment | 5,518,816 | 4,506,421 | - | - | 5,518,816 | 4,506,421 |
| Natural environment | 369,110 | 319,129 | - | - | 369,110 | 319,129 |
| Culture and recreation | 2,711,011 | 2,254,703 | - | - | 2,711,011 | 2,254,703 |
| Judicial | 1,754,462 | 1,810,709 | - | - | 1,754,462 | 1,810,709 |
| Debt interest | 494,407 | 409,723 | - | - | 494,407 | 409,723 |
| Surface water management | - | - | 3,802,147 | 3,849,797 | 3,802,147 | 3,849,797 |
| Total Expenses | <u>50,367,669</u> | <u>50,249,720</u> | <u>3,802,147</u> | <u>3,849,797</u> | <u>54,169,816</u> | <u>54,099,517</u> |
| Change in net position before transfers | 15,107,129 | 9,347,928 | 1,043,069 | 1,182,083 | 16,150,198 | 10,530,011 |
| Transfers | 1,215,257 | 543,762 | (1,215,257) | (543,762) | - | - |
| Change in net position | 16,322,386 | 9,891,690 | (172,188) | 638,321 | 16,150,198 | 10,530,011 |
| Net position - beginning | 189,510,119 | 179,618,429 | 33,618,240 | 32,979,919 | 223,128,359 | 212,598,348 |
| Prior period adjustments | 140,987 | - | - | - | 140,987 | - |
| Adjusted net position - beginning | <u>189,651,106</u> | <u>179,618,429</u> | <u>33,618,240</u> | <u>32,979,919</u> | <u>223,269,346</u> | <u>212,598,348</u> |
| Net position - ending | <u>\$ 205,973,492</u> | <u>\$ 189,510,119</u> | <u>\$ 33,446,052</u> | <u>\$ 33,618,240</u> | <u>\$ 239,419,544</u> | <u>\$ 223,128,359</u> |

Governmental Activities

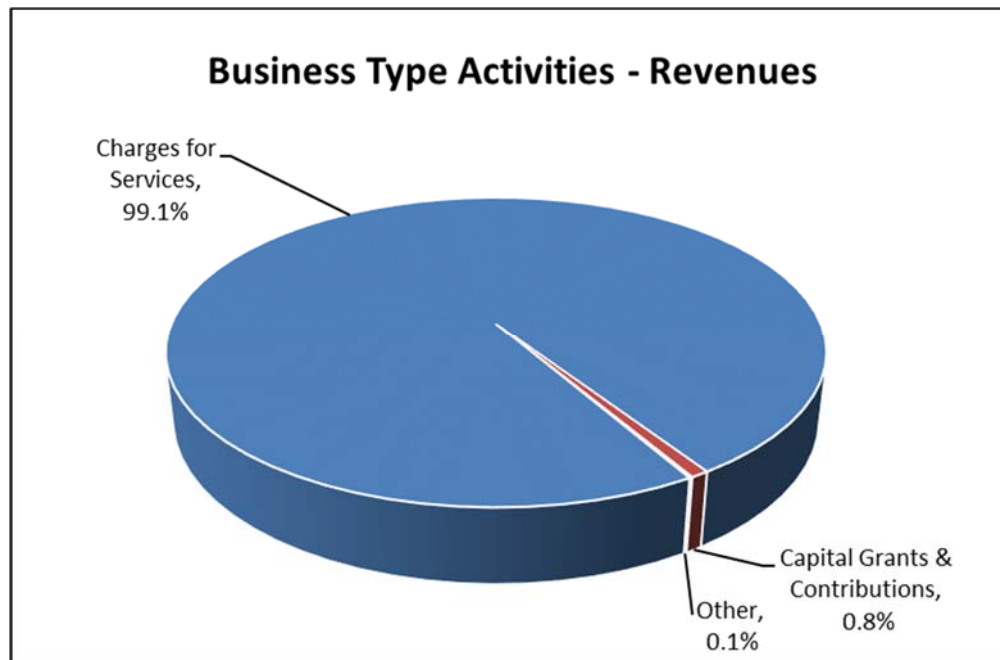
Current and other assets of the City's governmental activities increased by \$27.9M or 56% which is significantly higher than the previous year increase of \$2.1M or 4%. The largest increases are due to the City's proportionate share of LEOFF 2 pension assets which increased by \$11.1M or 169% as reported by the Washington Department of Retirement Services and unspent ARPA funds of \$5.7M. Other increases are attributable to sales tax (including parks sales tax, brokered natural gas use tax and criminal justice sales tax) which increased by \$2.8M or 20%, gambling tax which increased by \$1.9M or 98%, real estate excise tax which increased by \$914K or 25%, lodging tax which increased by \$653K or 39%, and fines & forfeitures which increased by \$357K or 28%. The remaining increase is due to unspent transportation bond proceeds of \$5.5M.



Business-Type Activities

Under business-type activities current and other assets increased by \$5.3M or 86% primarily due to an increase in cash and cash equivalents resulting from the issuance of surface water management revenue bonds to pay for storm drainage element of transportation capital improvements. Capital assets net of accumulated depreciation decreased by \$1.3M or 5% due to annual depreciation charges in surface water infrastructure and machinery and equipment. Correspondingly, net investment in capital assets decreased by the equivalent 5%.

Restricted net position of \$30K for business-type activities comprise the resources dedicated to American Lake Management District 1 which decreased by \$2K from 2020. Unrestricted net position increased by \$1.1M or 19% due primarily to a decrease in transfers to parks and transportation capital improvements for storm drainage related elements of the projects and increase in capital contributions.



FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

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

Governmental Funds

The focus of the City'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's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary spending as they represent the portion of fund balance that has not yet been constrained to a specific purpose by either an external authority, the City governance itself or a group or individual that has been delegated authority by the City Council.

As of the end of 2021, the City's governmental funds had a combined ending fund balance of \$42.6M which increased by \$11.3M or 36% from the prior year. Approximately \$11.2M or 26% of this amount constitutes unassigned General Fund balance, which is available for spending at the City Council's discretion. Restricted fund balance is \$18.8M while \$12.6M is committed fund balance both of which are unavailable for new spending because of existing legal and legislative constraints.

The General Fund is the chief operating fund of the City. The General Fund ending fund balance at December 31, 2021 is \$17.6M. This ending fund balance represents 38% of the General and Street M&O operating revenues and is 24% or \$11.2M greater than the required ending fund balance reserves per the City's financial policies as follows:

- **2% General Fund Contingency Reserves:** The purpose of this reserve is to accommodate unexpected operational changes, legislative impacts, or other economic events affecting the City's operations which could not have been reasonably anticipated at the time the original budget was prepared. A 2% reserve fund based on the General/Street O&M Funds operating revenues equates to \$927.0K.
- **5% General Fund Ending Fund Balance Reserves:** The purpose of this reserve is to provide financial stability, cash flow for operations and the assurance that the City will be able to respond to revenue shortfalls with fiscal strength. A 5% reserve fund based on the General/Street O&M Funds operating revenues equates to \$2.3M
- **5% Strategic Reserves:** This reserve provides some fiscal means for the City to respond to potential adversities such as public emergencies, natural disasters or similarly major unanticipated events. A 5% reserve fund based on the General/Street O&M Funds operating revenues equates to \$2.3M.
- **Economic Development Opportunity Fund:** The purpose of this reserve to accumulate excess funds from the General Fund and other funds that are eligible to provide economic development opportunity related expenditures. The set aside is \$1.0M each year in 2021 and 2022 for a total of \$2.0M.

Compared to 2021, total revenues and other financing sources in the General Fund increased by \$2.4M or 6% to \$46.3M while total expenditures and other financing uses increased by \$2.0M or 5% to \$42.0M. Within these increases, operating revenues increased by \$2.4M or 6% to \$46.3M, and operating expenditures decreased by \$771K or 2% to \$36.8M. Ending fund balance of \$16.8M at December 31, 2021 is an increase of \$4.0M or 29% due to increases in tax revenue and fines and penalties, offset by decreases in intergovernmental and charges for services. Additionally, expenditures and one-time transfers in support of capital improvements projects decreased.

Changes in General Fund activity compared to the prior year were:

- Tax revenues increased by \$5.0 or 18% as follows:
 - Local sales and use tax revenue increased by \$2.5M or 21%.
 - Gambling tax revenue increased by \$1.9M or 98%.
 - Other sales tax revenue (parks sales tax, brokered natural gas, criminal justice sales tax) increased by \$354K or 18%.
 - Property tax revenue increased by \$172K or 2%.
 - Admissions tax increased by \$130K or 134%.
- Development services permits and fees revenue decreased by \$187K or 8%.
- Other licenses and permits increased by \$56K or 16%.
- State shared revenues decreased by \$106K or 7% (increase in criminal justice high crime offset by increase in liquor revenues).
- Intergovernmental contract revenue for municipal court services decreased by \$236K or 63%.
- Fines and forfeitures from photo and school zone infractions increased by \$418K or 63% while other municipal court fines and forfeitures decreased by \$62K or 10%.
- Grant revenues decreased by \$2.7M or 81% mainly due to the CARES Act grant funding received in the prior year.
- Capital and other 1-time programs decreased by \$2.9M or 71% mainly due to CARES Act grant spending in the prior year.
- Transfers out increased by \$2.5M or 243% due to increased support to capital improvement projects.

The remaining increases in governmental funds ending fund balance increase of \$7.3M is attributable primarily to:

- Other Major Funds increased by \$2.1M:
 - Transportation Capital Projects Fund increased by \$2.1M due to unspent capital sources.
- NonMajor Funds increased by \$5.2M:
 - Transportation Benefit District Fund increased by \$900K due not allocating \$20 vehicle licensing fees to eligible transportation capital projects and earmarking those proceeds for future eligible projects.
 - Hotel/Motel Lodging Tax Fund increased by \$700K due to increased lodging tax revenues and unspent grant awards.
 - Parks Capital Projects Fund increased by \$500K due to unspent capital sources.
 - Real Estate Excise Tax Capital Fund increased by \$2.8M due to strong real estate market resulting in higher real estate tax revenue as well as less funding provided to eligible capital projects.

Proprietary Fund

The City of Lakewood's proprietary funds provide the same type of information found in the government-wide business-type activities, but in more detail.

Unrestricted net position of the Surface Water Management Fund at the end of the year amounted to \$7.0M representing an increase over the prior year of \$1.1K or 19%. Other factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

Compared to 2020, business-type activities of the City's Surface Water Management reduced the City's total net position by \$172K. Operating revenues decreased by \$187K or 4% and operating expenses decreased by \$47K or 1%. Transfers to governmental funds decreased by \$671K or 124%.

GENERAL FUND BUDGETARY AND ACTUAL HIGHLIGHTS

The City budgets on a biennial basis with each budget beginning in an odd numbered year. Appropriations for operating funds are authorized for two years, but must be reviewed and reauthorized by the City Council in the middle of the biennial period. In 2021, the City made three budget adjustments. The following discussion is reflective only of the current year of the biennium.

The General Fund operating expenditure budget increased by \$3.2M between the original adopted budget and the final adjusted budget for fiscal year 2021. The following are the major changes for the General Fund's 2021 budget:

- \$250K for jail services
- \$142K for Build Your Better Marketing Campaign
- \$55K for oak tree mitigation
- \$383K for various grant funded programs
- \$32K for WSDOT relocation analysis
- \$30K for human services programs
- \$495K for information technology projects (servers, cybersecurity, co-location, new position)
- \$121K for vehicle and equipment purchases
- \$30K for City Hall reconfiguration study
- \$9K for Washington Cities Insurance Authority annual assessment increase
- \$23K in support of Colonial Plaza public art
- \$17K for communications camera equipment
- \$35K for communications strategic plan
- \$10K for third part SEPA review
- \$60K for tree preservation public participation plan
- \$36K for economic development strategy
- \$238K for body worn cameras funded by law enforcement and criminal justice legislative funding
- \$427K to implement the Lakewood Police Independent Guild collective bargaining agreement
- \$823K to restore fleet and equipment reserves collection

The General Fund's ending fund balance of \$17.8M is \$7.9M above the projected \$9.8M for 2021 due to increases in revenues and other sources of \$4.5M or 11% and decreases in expenditures and other uses of \$3.4M or 8%.

- Almost all revenues and other sources were exceeded budget estimates. Notable among these are local sales and use tax revenue (over by \$2.4M or 20%), gambling taxes (over by \$986K or 35%), other tax revenue (over by \$457K or 3%), franchise fees (over by \$95K or 2%), development services and fees (over by \$306K or 17%), state shared revenues (over by \$137K or 11%), and fines and forfeitures (over by \$242K or 17%).
- All departments had budgetary saving. Notable among these are police (below by \$1.2M or 5%), parks, recreation and community services (below by \$328K or 11%), capital and other 1-time programs (below by \$1.0M or 47%), interfund transfers (below by \$152K or 8%), community and economic development (below by \$96K or 4%), legal services (below by \$69K or 4%), administrative services (below by \$38K or 2%), municipal court (below by \$252K or 13%), and city manager department (below by \$94K or 13%).

CAPITAL ASSET AND DEBT ADMINISTRATION**Capital Assets**

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2021 amounted to \$197.9M (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure, and construction in progress. For more details, please see Note 6.

CAPITAL ASSETS AT YEAR-END, NET OF DEPRECIATION

| | Governmental Activities | | Business-Type Activities | | Total | |
|--------------------------|--------------------------------|----------------------|---------------------------------|----------------------|-----------------------|-----------------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Land | \$ 23,935,478 | \$ 23,819,258 | \$ 1,860,947 | \$ 1,860,947 | \$ 25,796,425 | \$ 25,680,205 |
| Construction in progress | 33,614,356 | 23,094,709 | 37,485 | 526,240 | 33,651,841 | 23,620,948 |
| Building | 18,664,675 | 19,119,086 | 1,608,882 | 1,646,016 | 20,273,557 | 20,765,102 |
| Infrastructure | 90,308,271 | 93,637,997 | 22,874,492 | 23,606,149 | 113,182,763 | 117,244,147 |
| Machinery and equipment | 5,024,647 | 5,076,989 | 52,527 | 61,202 | 5,077,174 | 5,138,191 |
| Total Capital Assets | <u>\$ 171,547,427</u> | <u>\$164,748,038</u> | <u>\$ 26,434,333</u> | <u>\$ 27,700,554</u> | <u>\$ 197,981,760</u> | <u>\$ 192,448,592</u> |

Capital construction activity during the year was concentrated on the continued expansion and improvement of city streets, traffic corridors and parks grounds and facilities. Major projects along with 2021 construction spending included the following:

| | |
|--|--------|
| Streets: 112th/111th (Bridgeport Way to Kendrick) | \$1.0M |
| Traffic Signal Replacement: 100th & Lakewood Drive | \$713K |
| Overlay: 108th Street – Bridgeport Way to Pacific Highway | \$721K |
| Sidewalks: Lakewood Drive - Steilacoom Blvd. to Flett Creek | \$850K |
| Sidewalks: Veterans Drive - Gravelly Lake Drive to American Lake Park | \$1.6M |
| Streets: Washington Blvd and Edgewood Drive (North Fort to Gravelly Lk. Dr.) | \$5.4M |

Long-term debt

At the end of 2021, the City had total General Obligation bonded debt outstanding of \$18.6M for future principal payments which are backed by the full faith and credit of the government. The remainder of the City's debt represents Public Works Trust Fund Loans, special assessment bonds, notes payable, and revenue bonds.

LONG-TERM DEBT

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|-------------------------|----------------------|--------------------------|-------------|----------------------|----------------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| 2020 LTGO - Private Placement | \$ 667,375 | \$ - | \$ - | \$ - | \$ 667,375 | \$ - |
| 2020 LTGO - Private Placement | 5,971,635 | - | - | - | 5,971,635 | - |
| 2020 LTGO - Private Placement | 2,853,435 | 3,029,885 | - | - | 2,853,435 | 3,029,885 |
| 2019 LTGO | 6,930,000 | 7,200,000 | - | - | 6,930,000 | 7,200,000 |
| 2019 LTGO Premium | 506,505 | 536,305 | - | - | 506,505 | 536,305 |
| 2016 LTGO | 1,355,590 | 1,536,314 | - | - | 1,355,590 | 1,536,314 |
| LOCAL Financing | 840,000 | 960,000 | - | - | 840,000 | 960,000 |
| LOCAL Financing Premium | 90,934 | 108,254 | - | - | 90,934 | 108,254 |
| Public Works Trust Fund Loan | 2,646,882 | 3,110,818 | - | - | 2,646,882 | 3,110,818 |
| Promissory note (59th Ave) | 214,742 | 281,225 | - | - | 214,742 | 281,225 |
| Special Assessment w/ governmental commitments | 918,397 | 1,255,428 | - | - | 918,397 | 1,255,428 |
| 2021 Revenue Bonds | - | - | 4,028,365 | - | 4,028,365 | - |
| Total | \$ 22,995,494 | \$ 18,018,229 | \$ 4,028,365 | \$ - | \$ 27,023,859 | \$ 18,018,229 |

The City's total debt increased by \$9.0M during the current fiscal year due to the issuance of a new general obligation and special assessment bonds to finance construction and improvements in transportation infrastructure.

The City's most current general obligation bond rating (as of April 2019) by Standard & Poor's Ratings Services (S&P) is "AA". Issuers or issues rated AA demonstrate very strong creditworthiness relative to other U.S. municipal or tax-exempt issuers or issues. Standard & Poor's rated the City's special assessment bonds as "A-". Additional information on the City's long-term debt can be found in Note 9 and in the Statistical Section of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

As mentioned in the Letter of Transmittal, local government's finances tend to lag changing economic conditions by 18 months. While the rollout and popular acceptance of vaccines seem to point to the way out of the health crisis and towards reopening of the economy, most acute effects of the economic downturn upon local governments may not be felt fully until 2021, and could continue through 2023. Much uncertainty also looms over the lingering effects of the crisis and the fiscal spending countermeasures on markets and the overall economy.

The Adopted 2021/2022 Biennial Budget does not reduce services even though operating revenues have declined. The development of the adopted budget focuses on life/health/safety service elements, legal mandates, and the Lakewood City Council goals and priorities. The overall budget is balanced and, while not consistent with adopted financial policies, is part of an overall strategy based on a conservative expectation of when full economic recovery will occur. While the recovery is expected to be strong given that the pre-pandemic economy was highly functioning and federal support for individuals, businesses and governments were sustained, there are still both existential and unknown risks that can slow it down. Yet if the economy recovers in the next two years, cutting or eliminating services now for perhaps a year or two is not very efficient since it will take time and resources to restart these services. More importantly, the action strategies in place are working, required reserves are not being impacted and in the event the economy worsens we have time to adjust accordingly.

A key attribute that places Lakewood in a position of strength to overcome challenges and orient ourselves to take advantage of future opportunities is our ability to make strategic decisions and investments for the betterment of the community. This adopted budget continues this approach by providing a path that supports the City's Vision Statement, City Council goals and funds the top-notch municipal services our community has come to expect. Once adopted by the Lakewood City Council, the budget establishes the direction for all City programs and services for the coming biennium. This document serves as a synthesis of the Lakewood City Council's direction and employee recommendations on how to best accomplish the Lakewood City Council Goals and respond to community needs in accordance with available resources, established policies, and sound financial and business practices.

The 2021/2022 budget includes the following:

Advancements in Dependable Infrastructure

- Update of the Non-Motorized Transportation Plan;
- Update 2009 Parks and Recreation Advisory Board (PRAB) street ends report to include a more comprehensive update on each street end in terms of site feasibility and financial costs;
- With the loss of TBD revenue, the 2022 chip seal and pavement management programs are currently not funded (\$640,000). However, like replacement reserves, it is recommended that these funds be reinstated when financial resources become available in 2021 and 2022;

Advancements in Economic Development

- Implement PALS+ permit system in partnership with Pierce County;
- Continue with targeted economic development with a specific focus on the Downtown, the Lakewood Station District which includes Lakewood Landing, the I-5 retail frontage along Pacific Highway South, Woodbrook Industrial Business Park, International District, Springbrook and Tillicum, and McChord North Clear Zone (NCZ);
- Implement the Five Year 2020-2024 Consolidated Plan to include funding in support of an expansion of LASA and funding to support Habitat for Humanity and the building of nine new low-income homes;
- Continue to proactively represent the City and participate at PCRC and PSRC to include sub-group meetings;

Advancements in Public Safety

- Continue commitment to setting aside 1% of General Fund for human and social services to include homelessness and mental illness;
- Continue Veteran's Treatment Court and evaluate other types of Community/Mental Health court models;
- Evaluate feasibility of body camera program now that in-car camera systems are installed in all patrol vehicles;
- Continue implementation of the Rental Housing Safety Program (RSHP);
- Continue proactive Abatement Program;
- Continue the partnership between the City, West Pierce Fire and Rescue (WPFR) and University Place (new in 2020) in support of expanded regional emergency management services;

Advancements in Fiscal Responsibility

- Continue to provide strong and transparent financial reporting with a focus on full disclosure to include the preparation of the biennial budget, Popular Annual Financial Report (PAFR), Annual Comprehensive Financial Report (ACFR), six-year financial forecast, performance measures, and fleet user's manual;
- Implement a city-wide document management system that will help advance the City's efforts to go paperless;

Advancements in Transparency

- Continue to strengthen the City's relationships and opportunities for collaboration with neighborhood groups, associations, JBLM, local schools and institutions and advisory boards and committees;
- Grow connection with recently reinstated Lakewood African American Policy Advisory Committee (LAAPAC);
- Continue youth summit to engage teens in community issues and gather information for future programs;
- Implement a cooperative use agreement between the City and Clover Park School District;
- Continue to act and serve in a leadership capacity in national, state, regional and local affairs;
- Continue to provide a proactive County, State and Federal legislative agenda that promotes and protects the interests and needs of the Lakewood community;

- Provide leadership that advances the City's diversity, equity, inclusion and engagement strategies to include the addition of a Diversity, Equity and Inclusion Manager to serve as a subject matter expert for the City's Equity Team. This position will focus on workforce development and diversity, increasing cultural awareness of city personnel, diversity training, community engagement, and increased community stakeholder collaboration;
- Continue City's leadership and contribution to the South Sound Military and Communities Partnership (SSMCP) continues with a focus on transportation, housing, child care services, the North Clear Zone (NCZ) and the development of an updated Growth Coordination Plan;
- Continue with the number of events sponsored by the City each year to include a Farmers Market at the Colonial Plaza, a 25th cityhood anniversary celebration, and evaluate a potential community Independence Day fireworks event in 2022;
- Complete an updated City Strategic Plan for 2021-2022;
- Continue the implementation of the *Build Your Better Here* imaging campaign;
- Continue with Lakewood Community Dashboard;
- Continue to partner with the Pierce County Library System to identify options for new libraries in the Downtown and Tillicum neighborhoods;
- Evaluate new Public Art Policy and Public Art Program implementation; and
- Develop virtual programming options in support of youth, families, older adults and special events

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the City of Lakewood'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 Tho Kraus, Deputy City Manager (Chief Financial Officer), City of Lakewood, 6000 Main Street SW, Lakewood, Washington 98499, telephone (253) 983-7706, or visit the City's website at <https://cityoflakewood.us>

BASIC FINANCIAL STATEMENTS

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City of Lakewood
Statement of Net Position
December 31, 2021

| | Primary Government | | |
|--|-----------------------|----------------------|-----------------------|
| | Governmental | Business-type | |
| | Activities | Activities | Total |
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | \$ 48,393,465 | \$ 11,258,613 | \$ 59,652,078 |
| Receivables (net) | 10,117,038 | 118,838 | 10,235,876 |
| Due from other governments | 1,675,238 | 6,499 | 1,681,737 |
| Internal balances | (64,206) | 64,206 | - |
| Total current assets | 60,121,535 | 11,448,156 | 71,569,691 |
| Noncurrent assets | | | |
| Net pension asset | 17,817,716 | - | 17,817,716 |
| Capital assets - not depreciated | 57,549,834 | 1,898,431 | 59,448,265 |
| Capital assets - depreciated - net | 113,997,594 | 24,535,902 | 138,533,496 |
| Total noncurrent assets | 189,365,144 | 26,434,333 | 215,799,477 |
| TOTAL ASSETS | 249,486,679 | 37,882,489 | 287,369,168 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred outflows of resources related to pensions | 1,855,674 | - | 1,855,674 |
| Deferred charge on refunding | 68,404 | - | 68,404 |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | 1,924,078 | - | 1,924,078 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Accounts payable and accruals | 2,460,179 | 221,060 | 2,681,239 |
| Wages payable and benefits payable | 1,447,609 | 49,601 | 1,497,210 |
| Unearned revenue | 5,685,046 | - | 5,685,046 |
| Due to other governments | 575 | - | 575 |
| Contracts payable | 331,508 | - | 331,508 |
| Other accrued liabilities | 130,241 | 400 | 130,641 |
| Current portion of long-term liabilities | 2,666,655 | 478,798 | 3,145,453 |
| Total current liabilities | 12,721,813 | 749,859 | 13,471,672 |
| Noncurrent liabilities | | | |
| General obligation bonds and notes | 18,210,546 | - | 18,210,546 |
| Other bonds, notes and loans payable | 2,182,944 | 3,590,670 | 5,773,614 |
| Special assessment debt with government commitment | 790,935 | - | 790,935 |
| Compensated absences payable | 1,996,368 | 95,908 | 2,092,276 |
| Total noncurrent liabilities | 23,180,793 | 3,686,578 | 26,867,371 |
| TOTAL LIABILITIES | 35,902,606 | 4,436,437 | 40,339,043 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred inflows of resources related to pensions | 9,534,659 | - | 9,534,659 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 9,534,659 | - | 9,534,659 |
| NET POSITION | | | |
| Net investment in capital assets | 154,064,390 | 26,405,968 | 180,470,358 |
| Restricted for: | | | |
| Capital projects | 13,139,038 | - | 13,139,038 |
| Debt Service | 986,136 | - | 986,136 |
| Grants | 1,800,470 | - | 1,800,470 |
| Law enforcement | 371,705 | - | 371,705 |
| Affordable housing | 181,358 | - | 181,358 |
| Tourism related activities | 2,305,431 | - | 2,305,431 |
| Pensions | 10,138,731 | - | 10,138,731 |
| Lake Management District | - | 29,679 | 29,679 |
| Unrestricted | 22,986,234 | 7,010,405 | 29,996,639 |
| TOTAL NET POSITION | \$ 205,973,492 | \$ 33,446,052 | \$ 239,419,544 |

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

City of Lakewood
Statement of Activities
For the Year Ended December 31, 2021

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | |
|---|---------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|----------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | |
| | | | | | Governmental Activities | Business-type Activities | Total |
| Primary government: | | | | | | | |
| Governmental activities: | | | | | | | |
| General government | \$ 5,518,716 | \$ 4,535,576 | \$ 1,832,995 | \$ - | \$ 849,855 | \$ - | \$ 849,855 |
| Public safety | 22,845,631 | 1,352,288 | 2,674,101 | - | (18,819,242) | - | (18,819,242) |
| Utilities | 895,853 | 1,403,995 | - | - | 508,142 | - | 508,142 |
| Transportation | 9,559,055 | 189,474 | 1,786,206 | 4,241,203 | (3,342,172) | - | (3,342,172) |
| Social services | 700,608 | - | - | - | (700,608) | - | (700,608) |
| Economic environment | 5,518,816 | 2,003,579 | 971,753 | - | (2,543,484) | - | (2,543,484) |
| Natural environment | 369,110 | 87,086 | 766,350 | - | 484,326 | - | 484,326 |
| Culture and recreation | 2,711,011 | 151,462 | - | 684,083 | (1,875,466) | - | (1,875,466) |
| Judicial | 1,754,462 | 1,599,767 | - | - | (154,695) | - | (154,695) |
| Debt interest | 494,407 | - | - | - | (494,407) | - | (494,407) |
| Total governmental activities | 50,367,669 | 11,323,227 | 8,031,405 | 4,925,286 | (26,087,751) | - | (26,087,751) |
| Business-type activities: | | | | | | | |
| Surface Water Management | 3,802,147 | 4,801,212 | - | 37,518 | - | 1,036,583 | 1,036,583 |
| Total business-type activities | 3,802,147 | 4,801,212 | - | 37,518 | - | 1,036,583 | 1,036,583 |
| Total primary government | \$ 54,169,816 | \$ 16,124,439 | \$ 8,031,405 | \$ 4,962,804 | (26,087,751) | 1,036,583 | (25,051,168) |
| General revenues: | | | | | | | |
| Property tax | | | | | 7,349,606 | - | 7,349,606 |
| Sales tax | | | | | 16,691,668 | - | 16,691,668 |
| Utility tax | | | | | 5,436,800 | - | 5,436,800 |
| Excise tax | | | | | 4,563,968 | - | 4,563,968 |
| Gambling tax | | | | | 3,786,769 | - | 3,786,769 |
| Hotel/motel lodging tax | | | | | 1,239,821 | - | 1,239,821 |
| Other taxes | | | | | 1,228,003 | - | 1,228,003 |
| Gain (loss) on sale of capital assets | | | | | 30,580 | - | 30,580 |
| Judgments and settlements | | | | | 34,823 | - | 34,823 |
| Investment earnings | | | | | 256,059 | 6,486 | 262,545 |
| Miscellaneous | | | | | 576,783 | - | 576,783 |
| Total general revenues | | | | | 41,194,880 | 6,486 | 41,201,366 |
| Change in net position before transfers | | | | | 15,107,132 | 1,043,072 | 16,150,201 |
| Transfers | | | | | 1,215,257 | (1,215,257) | - |
| Change in net position | | | | | 16,322,389 | (172,185) | 16,150,201 |
| Net position - beginning | | | | | 189,510,119 | 33,618,240 | 223,128,359 |
| Prior period adjustment - Note 7 | | | | | 140,987 | - | 140,987 |
| Adjusted net position - beginning | | | | | 189,651,106 | 33,618,240 | 223,269,346 |
| Net position - ending | | | | | \$ 205,973,492 | \$ 33,446,052 | \$ 239,419,544 |

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

City of Lakewood
Balance Sheet
Governmental Funds
December 31, 2021

| | General Fund | CDBG Fund | ARPA Fund | LID Debt Service Fund | Transportation Capital Fund | Total Nonmajor Funds | Total Governmental Funds |
|--|---------------------|--------------------|--------------------|--------------------------|--------------------------------|----------------------------|--------------------------------|
| ASSETS | | | | | | | |
| Cash and cash equivalents | \$14,516,795 | \$ - | \$5,691,488 | \$ 118,950 | \$ 6,806,288 | \$15,493,452 | \$42,626,973 |
| Customer accounts receivable | 1,091,544 | - | - | - | - | 2,195 | 1,093,739 |
| Due from other governments | 174,113 | 114,000 | - | - | 883,593 | 503,532 | 1,675,238 |
| Notes/contracts receivable | - | 1,524,367 | - | - | - | 5,250 | 1,529,617 |
| Special assessments receivable | - | - | - | 1,226,803 | - | 41,128 | 1,267,931 |
| Taxes receivable | 4,996,010 | - | - | - | 54,165 | 1,175,576 | 6,225,751 |
| Interfund loan receivable | 342,941 | - | - | - | - | - | 342,941 |
| Total assets | <u>21,121,403</u> | <u>1,638,367</u> | <u>5,691,488</u> | <u>1,345,753</u> | <u>7,744,046</u> | <u>17,221,133</u> | <u>54,762,190</u> |
| LIABILITIES | | | | | | | |
| Accounts payable | 1,060,236 | 3,074 | 99,250 | - | 434,437 | 566,740 | 2,163,737 |
| Wages payable | 1,295,435 | 11,064 | 7,167 | - | - | 93,488 | 1,407,154 |
| Due to other governments | 259 | 130 | - | - | - | 186 | 575 |
| Unearned revenue | 99,022 | - | 5,585,053 | - | - | 971 | 5,685,046 |
| Contracts payable | - | 16,073 | - | - | 262,631 | 52,804 | 331,508 |
| Other accrued liabilities | 61,197 | - | 18 | - | 57,405 | 11,621 | 130,241 |
| Interfund loan payable | - | 94,532 | - | - | - | 248,409 | 342,941 |
| Total liabilities | <u>2,516,149</u> | <u>124,873</u> | <u>5,691,488</u> | <u>-</u> | <u>754,473</u> | <u>974,219</u> | <u>10,061,202</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | |
| Unavailable revenue | <u>854,597</u> | <u>-</u> | <u>-</u> | <u>1,226,803</u> | <u>-</u> | <u>46,377</u> | <u>2,127,777</u> |
| FUND BALANCES (DEFICITS) | | | | | | | |
| Restricted | - | 1,513,494 | - | 118,950 | 6,109,142 | 11,042,552 | 18,784,138 |
| Committed | 6,560,616 | - | - | - | 880,431 | 5,157,985 | 12,599,032 |
| Unassigned | <u>11,190,041</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>11,190,041</u> |
| Total fund balances | <u>17,750,657</u> | <u>1,513,494</u> | <u>-</u> | <u>118,950</u> | <u>6,989,573</u> | <u>16,200,537</u> | <u>42,573,211</u> |
| Total liabilities, deferred inflows, and fund balances | <u>\$21,121,403</u> | <u>\$1,638,367</u> | <u>\$5,691,488</u> | <u>\$1,345,753</u> | <u>\$ 7,744,046</u> | <u>\$17,221,133</u> | <u>\$54,762,190</u> |

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

City of Lakewood
Reconciliation of Balance Sheet to the Statement of Net Position
December 31, 2021

Fund balances of governmental funds \$ 42,573,211

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore not reported in the funds

| | | |
|---|----------------|-------------|
| Governmental capital Assets (net) beginning of year | 159,753,006 | |
| Plus: capital assets additions | 13,120,081 | |
| Less: depreciation expense | (6,053,292) | |
| Less: prior period adjustment | <u>116,220</u> | |
| | | 166,936,015 |

Long-term liabilities applicable to the City's activities are not due and payable in the current period and are not reported as fund liabilities

| | | |
|---|---------------|--------------|
| Long term liabilities outstanding beginning of year | (21,157,941) | |
| Plus: debt issued | (6,639,010) | |
| Less: debt redeemed, including amortization | 1,661,747 | |
| Plus: compensated absences issued | (2,760,144) | |
| Less: compensated absences redeemed | 3,047,900 | |
| Plus: deferred charge on refunding | 68,404 | |
| Compensated absences in internal service funds | <u>52,517</u> | |
| | | (25,726,527) |

Certain revenues reported on the government-wide Statement of Activities is reported as deferred inflows of resources in the governmental funds

| | | |
|-------------------------------|--------------|-----------|
| Property Tax | 175,281 | |
| Municipal Court | 679,316 | |
| Property Abatements | 41,128 | |
| Local Improvement Districts | 1,226,803 | |
| Public Works Trust Fund Loans | <u>5,250</u> | |
| | | 2,127,778 |

Assets and liabilities of internal service funds are included in governmental activities in the Statement of Net Position

| | | |
|---|-----------------|-----------|
| Fleet & Equipment Fund Assets | 8,137,090 | |
| Property Management Fund Assets | 803,708 | |
| Information Technology Fund Assets | 1,371,128 | |
| Risk Management Fund Assets | 65,978 | |
| Fleet & Equipment Fund Liabilities | (41,373) | |
| Property Management Fund Liabilities | (72,084) | |
| Information Technology Fund Liabilities | (209,979) | |
| Risk Management Fund Liabilities | (65,978) | |
| Less balances in internal service funds | <u>(64,206)</u> | |
| | | 9,924,284 |

Long term assets and deferred inflows/outflows of resources related to pensions and losses on debt refunding are included in governmental activities in the Statement of Net Position

| | | |
|--|--------------------|------------|
| Net pension asset | 17,817,716 | |
| Deferred outflows of resources related to pensions | 1,855,674 | |
| Deferred inflows of resources related to pensions | <u>(9,534,659)</u> | |
| | | 10,138,731 |

\$ 205,973,492

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

City of Lakewood
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2021

| | General Fund | CDBG Fund | ARPA Fund | LID Debt Service Fund | Transportation Capital Fund | Total Nonmajor Funds | Total Governmental Funds |
|---|----------------------|---------------------|------------------|-----------------------------|--------------------------------|-------------------------|--------------------------------|
| REVENUES | | | | | | | |
| Taxes | \$ 33,579,772 | \$ - | \$ - | \$ - | \$ - | \$ 6,798,691 | \$ 40,378,463 |
| Special assessments | - | - | - | 195,085 | - | - | 195,085 |
| Licenses and permits | 5,913,172 | - | - | - | - | 189,474 | 6,102,646 |
| Intergovernmental | 2,272,903 | 923,863 | 1,298,065 | - | 4,046,118 | 2,514,559 | 11,055,508 |
| Charges for goods and services | 2,304,135 | - | - | - | 994,553 | 1,862,328 | 5,161,016 |
| Fines and penalties | 1,485,321 | 95 | - | - | - | - | 1,485,416 |
| Interest and other earnings | 46,851 | 1,492 | 1,209 | 57,357 | 4,346 | 140,434 | 251,689 |
| Miscellaneous | 138,020 | 5,781 | - | - | - | 28,771 | 172,572 |
| Contributions and donations | 33,641 | - | - | - | - | 37,655 | 71,296 |
| Total revenues | <u>45,773,815</u> | <u>931,231</u> | <u>1,299,274</u> | <u>252,442</u> | <u>5,045,017</u> | <u>11,571,912</u> | <u>64,873,691</u> |
| EXPENDITURES | | | | | | | |
| Current: | | | | | | | |
| General government | 4,297,518 | - | 1,155,905 | 2,690 | - | - | 5,456,113 |
| Public safety | 24,432,945 | - | - | - | - | 457,761 | 24,890,706 |
| Utilities | - | - | - | - | - | 895,853 | 895,853 |
| Transportation | 265,410 | - | - | - | 1,793,499 | 2,252,912 | 4,311,821 |
| Social services | 700,608 | - | - | - | - | - | 700,608 |
| Economic environment | 2,749,008 | 781,325 | 45,325 | - | - | 1,885,673 | 5,461,331 |
| Natural environment | 369,110 | - | - | - | - | - | 369,110 |
| Culture and recreation | 2,090,034 | - | - | - | - | 91,091 | 2,181,125 |
| Judicial | 1,647,317 | - | - | - | - | 70,256 | 1,717,573 |
| Debt service: | | | | | | | |
| Principal retirement | - | - | - | 337,031 | - | 1,277,595 | 1,614,626 |
| Interest and other debt service costs | - | - | - | 41,808 | 49,389 | 424,586 | 515,783 |
| Capital outlay | <u>238,260</u> | <u>-</u> | <u>98,044</u> | <u>-</u> | <u>10,188,473</u> | <u>2,758,287</u> | <u>13,283,064</u> |
| Total expenditures | <u>36,790,210</u> | <u>781,325</u> | <u>1,299,274</u> | <u>381,529</u> | <u>12,031,361</u> | <u>10,114,014</u> | <u>61,397,713</u> |
| Excess (deficiency) of revenues over expenditures | <u>8,983,605</u> | <u>149,906</u> | <u>-</u> | <u>(129,087)</u> | <u>(6,986,344)</u> | <u>1,457,898</u> | <u>3,475,978</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | | |
| Transfers in | 284,700 | - | - | - | 2,466,988 | 5,752,601 | 8,504,289 |
| Transfers out | (5,248,450) | (18,137) | - | - | - | (2,007,945) | (7,274,532) |
| Bonds Issued | - | - | - | - | 6,639,010 | - | 6,639,010 |
| Total other financing sources (uses) | <u>(4,963,750)</u> | <u>(18,137)</u> | <u>-</u> | <u>-</u> | <u>9,105,998</u> | <u>3,744,656</u> | <u>7,868,767</u> |
| Net change in fund balances | 4,019,855 | 131,769 | - | (129,087) | 2,119,654 | 5,202,554 | 11,344,745 |
| Fund balances - beginning | <u>13,730,802</u> | <u>1,381,725</u> | <u>-</u> | <u>248,037</u> | <u>4,869,919</u> | <u>10,997,983</u> | <u>31,228,466</u> |
| Fund balances - ending | <u>\$ 17,750,657</u> | <u>\$ 1,513,494</u> | <u>\$ -</u> | <u>\$ 118,950</u> | <u>\$ 6,989,573</u> | <u>\$ 16,200,537</u> | <u>\$ 42,573,211</u> |

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

City of Lakewood
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities
For the Year Ended December 31, 2021

Net change in fund balances - total governmental funds \$ 11,344,745

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of these assets are capitalized and depreciated over the estimated useful lives of the assets (includes capital assets of internal service funds):

| | | |
|--|--------------------|-----------|
| Capital asset purchases and construction in progress capitalized | 13,283,064 | |
| Book value assets retired | (162,983) | |
| Depreciation expense | <u>(6,053,292)</u> | |
| | | 7,066,789 |

Expenses for compensated absences reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

| | | |
|---|-------------|---------|
| Prior year compensated absences | 3,082,161 | |
| Current year compensated absences | (2,799,436) | |
| Change in Internal Service Funds compensated absences | <u>-</u> | |
| | | 282,725 |

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of long term debt consumes the current financial resources of governmental funds. These transactions have no effect on net position. Also, governmental funds report the effect of issuance costs, premiums, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

| | | |
|---|-----------------|-------------|
| Issuance of G.O. bonds | (6,639,010) | |
| Premium on bond issuance | - | |
| Bond principal retired | 1,614,626 | |
| Bond premium amortized | 47,121 | |
| Amortization of deferred charge on refunding | <u>(25,747)</u> | |
| Issuance of long term debt and premiums on bonds sold | <u>-</u> | |
| | | (5,003,010) |

Adjustment for GASB 68 pension reporting

| | | |
|----------------------------|----------------|-----------|
| Pension expense adjustment | 2,767,068 | |
| State contributions | <u>394,485</u> | |
| | | 3,161,553 |

Interfund revenues and expenditures are not reported on the Statement of Activities:

Net effect of internal service funds consolidation (49,977)

Deferred inflows of resources reported in the funds are reported as revenue in the government-wide financial statements

| | | |
|-------------------------------|------------------|-----------|
| Prior year deferred inflows | (2,608,214) | |
| Current year deferred inflows | <u>2,127,778</u> | |
| | | (480,436) |

\$ 16,322,389

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

City of Lakewood
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended December 31, 2021

| | Budgeted Amounts | | | Variance with |
|---|------------------|---------------|---------------|---------------|
| | Original | Final | Actual | Final Budget |
| REVENUES | | | | |
| Taxes | \$ 27,259,500 | \$ 29,722,500 | \$ 33,579,772 | \$ 3,857,272 |
| Licenses and permits | 5,684,825 | 5,684,825 | 5,913,172 | 228,347 |
| Intergovernmental | 1,535,360 | 2,196,865 | 2,272,903 | 76,038 |
| Charges for goods and services | 2,283,255 | 2,288,255 | 2,304,135 | 15,880 |
| Fines and penalties | 1,110,600 | 1,135,600 | 1,485,321 | 349,721 |
| Interest and other earnings | 97,930 | 97,930 | 46,851 | (51,079) |
| Miscellaneous | 54,071 | 54,071 | 138,020 | 83,949 |
| Contributions and donations | 90,250 | 125,696 | 33,641 | (92,055) |
| Total revenues | 38,115,791 | 41,305,742 | 45,773,815 | 4,468,073 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 4,443,344 | 4,582,559 | 4,297,518 | (285,041) |
| Public safety | 24,533,267 | 26,380,110 | 24,432,945 | (1,947,165) |
| Transportation | 179,028 | 251,314 | 265,410 | 14,096 |
| Social services | 725,339 | 911,060 | 700,608 | (210,452) |
| Economic environment | 2,653,336 | 3,120,752 | 2,749,008 | (371,744) |
| Natural environment | 356,269 | 357,249 | 369,110 | 11,861 |
| Culture and recreation | 2,069,640 | 2,382,289 | 2,090,034 | (292,255) |
| Judicial | 1,656,922 | 1,742,891 | 1,647,317 | (95,574) |
| Capital outlay | - | 238,260 | 238,260 | - |
| Total expenditures | 36,617,145 | 39,966,484 | 36,790,210 | (3,176,274) |
| Excess (deficiency) of revenues over expenditures | 1,498,646 | 1,339,258 | 8,983,605 | 7,644,347 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 284,700 | 284,700 | 284,700 | - |
| Transfers out | (2,746,823) | (5,522,530) | (5,248,450) | 274,080 |
| Total other financing source (uses) | (2,462,123) | (5,237,830) | (4,963,750) | 274,080 |
| Net change in fund balances | (963,477) | (3,898,572) | 4,019,855 | 7,918,427 |
| Fund balances - beginning | 5,767,631 | 13,730,802 | 13,730,802 | - |
| Fund balances - ending | \$ 4,804,155 | \$ 9,832,231 | \$ 17,750,657 | \$ 7,918,427 |

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

City of Lakewood
CDBG Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended December 31, 2021

| | Budgeted Amounts | | | Variance with |
|---|------------------|--------------|--------------|----------------|
| | Original | Final | Actual | Final Budget |
| REVENUES | | | | |
| Intergovernmental | \$ 595,000 | \$ 4,364,908 | \$ 923,863 | \$ (3,441,045) |
| Fines and penalties | - | - | 95 | 95 |
| Interest and other earnings | - | - | 1,492 | 1,492 |
| Miscellaneous | - | - | 5,781 | 5,781 |
| Total revenues | 595,000 | 4,364,908 | 931,231 | (3,433,677) |
| EXPENDITURES | | | | |
| Current: | | | | |
| Economic environment | 595,000 | 5,446,633 | 781,325 | (4,665,308) |
| Total expenditures | 595,000 | 5,446,633 | 781,325 | (4,665,308) |
| Excess (deficiency) of revenues over expenditures | - | (1,081,725) | 149,906 | 1,231,631 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | - | (300,000) | (18,137) | 281,863 |
| Total other financing source (uses) | - | (300,000) | (18,137) | 281,863 |
| Net change in fund balances | - | (1,381,725) | 131,769 | 1,513,494 |
| Fund balances - beginning | - | 1,381,725 | 1,381,725 | - |
| Fund balances - ending | \$ - | \$ - | \$ 1,513,494 | \$ 1,513,494 |

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

City of Lakewood
ARPA Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended December 31, 2021

| | Budgeted Amounts | | | Variance with |
|---|------------------|--------------|--------------|----------------|
| | Original | Final | Actual | Final Budget |
| REVENUES | | | | |
| Intergovernmental | \$ - | \$ 4,192,719 | \$ 1,298,065 | \$ (2,894,654) |
| Interest and other earnings | - | - | 1,209 | 1,209 |
| Total revenues | - | 4,192,719 | 1,299,274 | (2,893,445) |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | - | 3,651,577 | 1,155,905 | (2,495,672) |
| Public safety | - | 102,198 | - | (102,198) |
| Economic environment | - | - | 45,325 | 45,325 |
| Capital outlay: | | | | |
| Capital | - | 438,944 | 98,044 | (340,900) |
| Total expenditures | - | 4,192,719 | 1,299,274 | (2,893,445) |
| Excess (deficiency) of revenues over expenditures | - | - | - | - |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | - | - | - | - |
| Total other financing source (uses) | - | - | - | - |
| Net change in fund balances | - | - | - | - |
| Fund balances - beginning | - | - | - | - |
| Fund balances - ending | \$ - | \$ - | \$ - | \$ - |

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

City of Lakewood
Statement of Net Position
Proprietary Funds
December 31, 2021

| | <u>Business-type Activities</u> | <u>Governmental Activities</u> |
|---|-------------------------------------|--------------------------------|
| | <u>Surface Water Management</u> | <u>Internal Service Funds</u> |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 11,258,613 | \$ 5,766,492 |
| Due from other governments | 6,499 | - |
| Taxes Receivable | 118,838 | - |
| Total current assets | <u>11,383,950</u> | <u>5,766,492</u> |
| Noncurrent assets: | | |
| Land | 1,860,947 | - |
| Construction in Progress | 37,484 | 11,999 |
| Buildings | 1,849,673 | - |
| Infrastructure | 44,146,843 | - |
| Improvements other than buildings | - | 137,279 |
| Machinery and equipment | 332,332 | 11,434,954 |
| Less: accumulated depreciation | <u>(21,792,946)</u> | <u>(6,972,821)</u> |
| Total noncurrent assets | <u>26,434,333</u> | <u>4,611,411</u> |
| Total assets | <u>37,818,283</u> | <u>10,377,903</u> |
| LIABILITIES | | |
| Current liabilities: | | |
| Accounts payable | 221,060 | 290,749 |
| Wages and benefits payable | 49,601 | 40,455 |
| Contracts payable | - | 5,692 |
| Other accrued liabilities | 400 | - |
| Compensated absences | 41,103 | 15,755 |
| Revenue bonds payable | 437,695 | - |
| Total current liabilities | <u>749,859</u> | <u>352,651</u> |
| Noncurrent liabilities: | | |
| Compensated absences | 95,908 | 36,763 |
| Revenue bonds payable | 3,590,670 | - |
| Total noncurrent liabilities | <u>3,686,578</u> | <u>36,763</u> |
| Total liabilities | <u>4,436,437</u> | <u>389,414</u> |
| NET POSITION | | |
| Net investment in capital assets | 26,405,968 | 4,611,412 |
| Restricted for Lake Management District | 29,679 | - |
| Unrestricted | 6,946,199 | 5,377,078 |
| Total net position | <u>\$ 33,381,846</u> | <u>\$ 9,988,490</u> |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds | 64,206 | |
| Net position of business-type activities | <u>\$ 33,446,052</u> | |

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

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

| | Business-type Activities Surface Water Management | Governmental Activities Internal Service Funds |
|---|--|---|
| OPERATING REVENUES | | |
| Charges for goods and services | \$ 4,801,212 | \$ 5,021,819 |
| Miscellaneous | - | 117,286 |
| Total operating revenues | <u>4,801,212</u> | <u>5,139,105</u> |
| OPERATING EXPENSES | | |
| Personal Services | 829,077 | 770,268 |
| Materials and supplies | 18,703 | 519,032 |
| Services and charges | 1,402,014 | 3,437,574 |
| External and interfund taxes | 218,046 | - |
| Depreciation | 1,273,282 | 1,050,148 |
| Total operating expenses | <u>3,741,122</u> | <u>5,777,022</u> |
| Operating income (loss) | <u>1,060,090</u> | <u>(637,917)</u> |
| NONOPERATING REVENUES (EXPENSES) | | |
| Gain (loss) on disposal of capital assets | - | 30,580 |
| Investment earnings | 6,282 | 4,696 |
| Interest expense | (28,361) | - |
| Insurance recoveries | - | 215,508 |
| Total nonoperating revenues (expenses) | <u>(22,079)</u> | <u>250,784</u> |
| Income (loss) before contributions and transfers | 1,038,011 | (387,133) |
| Capital contributions | 37,518 | 319,195 |
| Transfers out | (1,215,256) | (14,500) |
| Change in net position | (139,727) | (82,438) |
| Total net position - beginning | 33,521,573 | 10,046,161 |
| Prior period adjustment (Note 11) | - | 24,767 |
| Total net position - beginning - Restated | <u>33,521,573</u> | <u>10,070,928</u> |
| Total net position - ending | <u>\$ 33,381,846</u> | <u>\$ 9,988,490</u> |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds | <u>(32,461)</u> | |
| Changes in net position of business-type activities | <u>\$ (172,188)</u> | |

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

City of Lakewood
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2021

| | Business-type Activities Enterprise Funds Surface Water Management | Governmental Activities Internal Service Funds |
|---|---|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash receipts from customers | \$ 4,862,134 | \$ - |
| Cash from interdepartmental services | - | 5,139,105 |
| Cash paid to employees | (806,486) | (738,322) |
| Cash paid to suppliers | (1,235,681) | (3,824,850) |
| Cash paid to interfund and external taxes | (218,046) | - |
| Other operating receipts (payments) | - | 5,692 |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | <u>2,601,921</u> | <u>581,625</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | |
| Gain (loss) on disposal of capital assets | - | 246,088 |
| Transfers to other funds | (1,215,256) | (14,500) |
| NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES | <u>(1,215,256)</u> | <u>231,588</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Intergovernmental revenue | 37,518 | - |
| Capital contributions | - | 319,195 |
| Acquisition and construction of capital assets | (37,484) | (641,761) |
| Interest paid on long-term debt | (28,361) | - |
| Debt proceeds | 4,028,365 | - |
| NET CASH USED FOR CAPITAL AND CAPITAL-RELATED FINANCING ACTIVITIES | <u>4,000,038</u> | <u>(322,566)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Interest income | 6,281 | 4,697 |
| NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES | <u>6,281</u> | <u>4,697</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 5,392,984 | 495,344 |
| CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR | 5,865,629 | 5,271,148 |
| CASH AND CASH EQUIVALENTS - END OF YEAR | <u>\$ 11,258,613</u> | <u>\$ 5,766,492</u> |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | |
| Operating Income | \$ 1,060,090 | \$ (637,917) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | |
| Increase/(decrease) in depreciation expense | 1,273,282 | 1,050,148 |
| Increase/(decrease) in accounts payable - supplier | 209,933 | 174,356 |
| Increase/(decrease) in payable to other governments | 10,132 | 153 |
| Increase/(decrease) in wages payable | 6,167 | (3,946) |
| Increase/(decrease) in retainage payable | (4,214) | - |
| Increase/(decrease) in compensated absences payable | (4,259) | (1,169) |
| Increase/(decrease) in accounts receivables | 50,790 | - |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | <u>\$ 2,601,921</u> | <u>\$ 581,625</u> |
| NON-CASH CAPITAL CONTRIBUTIONS | <u>\$ -</u> | <u>\$ -</u> |

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

City of Lakewood
Statement of Fiduciary Net Position
Custodial Fund
December 31, 2021

| | <u>Custodial Activities</u> |
|--------------------------------|--|
| ASSETS | |
| Current assets: | |
| Cash and cash equivalents | \$ 143,408 |
| Due from other governments | <u>38,328</u> |
| Total assets | <u><u>\$ 181,736</u></u> |
| LIABILITIES | |
| Current liabilities: | |
| Payable to State of Washington | - |
| Payable to other governments | <u>\$ 81,944</u> |
| Total liabilities | <u><u>\$ 81,944</u></u> |
| NET POSITION | |
| Restricted | <u>99,792</u> |
| Total net position | <u><u>\$ 99,792</u></u> |

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

City of Lakewood
Statement of Changes in Fiduciary Net Position
Custodial Fund
For the Year Ended December 31, 2021

| | Custodial Activities |
|---|---------------------------------|
| ADDITIONS | |
| Contributions: | |
| Court receipts | \$ 728,472 |
| State excise tax collections | 105,756 |
| Police cash seizures deposits | 293 |
| Total additions | <u>\$ 834,521</u> |
| DEDUCTIONS | |
| Court remittances | \$ 728,772 |
| State excise tax remittances | 105,756 |
| Total deductions | <u>\$ 834,528</u> |
| Net increase (decrease) in fiduciary net position | \$ (7) |
| Total net position - beginning | |
| Beginning balance adjustment | 99,799 |
| Total net position - ending | <u>\$ 99,792</u> |

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

REPORTING ENTITY

The City of Lakewood, Pierce County, Washington (the “City”), was incorporated in 1996 and operates under the laws of the state of Washington applicable to an optional code city. The City's Annual Comprehensive Financial Report includes the funds, agencies and boards controlled by or dependent upon the City. In conformance with GASB Statement 14, *The Financial Reporting Entity*, the primary basis of determining whether outside agencies and organizations should be considered component units of the City is financial accountability. Financial accountability is dependent on the City's obligation to redeem the organization's debts, to finance the organization's deficits, and the extent to which subsidies from the City constitute a major portion of the organization's total resources. Applying these criteria in GASB Statement 14, the City had no relationships that qualify as component unit in 2020.

FUND RECLASSIFICATION

The Real Estate Excise Tax Fund was reclassified from special revenue to capital project fund as use of these funds is restricted for capital purposes.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information on all the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Our policy is to allocate indirect costs to specific functions or segments. 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) grant and contributions that are restricted to meeting the operational or capital requirements, or a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

FINANCIAL STATEMENT PRESENTATION

MAJOR FUNDS

Major Governmental Funds:

The **General Fund** is the City's operating fund. It accounts for all financial resources of the general government, except those required or elected to be accounted for in another fund. These include the costs of legislative and executive departments, municipal court services, finance and information technology departments, legal department, community development services, human resources; parks, recreation, and human services; economic development, police and animal control. Major sources of revenue reported for the General Fund include property, sales and use, and utility taxes, as well as franchise fees.

The **Transportation Capital Fund** accounts for capital projects related to street infrastructure. Revenue and other resources reported for the Transportation Capital Fund include real estate excise taxes, direct and indirect federal grants, state grants, motor vehicle fuel taxes and transfers in from the Transportation Benefit District \$20 vehicle license fee.

The **CDBG (Community Development Block Grant) Fund** was established to account for revenues and expenditures associated with Community Development Block Grants (CDBG), and HOME Investment Partnership Act grants. Revenue and other resources reported in the CDBG Fund include direct and indirect federal grants and local donations and contributions.

The **ARPA (American Rescue Plan Act) Fund** was established for the purpose of segregating revenues received through and expenditures eligible under the American Rescue Plan Act of 2021. The ARPA Fund consists of monies allocated to the City under ARPA and distributed to the City in 2021 and 2022. The City shall appropriate and use ARPA funds only for eligible purposes as permitted by ARPA and the U.S. Department of the Treasury.

The **LID Debt Service Fund** was established to account for both the payment of special assessment bonds, as well as the collection of assessments from property owners within the local improvement district (LID). The assessment payments are the revenue source for the debt payments.

Major Proprietary Fund:

The **Surface Water Management Fund** accounts for activities that provide storm water collection and disposal services to the City. Activities include administration, engineering, construction, operation, maintenance, and repairs, which are primarily supported by user fees. The fees are billed along with Pierce County's semi-annual property taxes, and remitted by the County to the City.

OTHER FUND TYPES

Additionally, the government reports the following fund types:

Debt service funds account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.

Capital projects funds account for the acquisition and construction of the government's capital facilities, other than those by proprietary funds.

Internal service funds account for the financing of goods or services provided by fleet and equipment, property management, information technology and risk management provided to other departments or agencies of a government, or to other governments, on a cost-reimbursement basis.

Fiduciary fund accounts for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units. These include: court fines and forfeits due to other jurisdictions; seized assets in the form of cash; and taxes and fees collected for other governments. While the fiduciary fund is included in the Basic Statements section, it is not consolidated with any of the government-wide financial statements. Fiduciary funds are not budgeted.

In order to obtain an understanding of changes in the City's net position and the results of the City's operations, the financial statements for the year ended December 31, 2021 should be read in conjunction with the government's financial statements for the year ended December 31, 2020.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Basis of accounting refers to when revenues and expenditures or expenses are recognized and reported in the financial statements.

The **accrual basis** of accounting is used by proprietary funds. Under this method, revenues are recognized when earned, and expenses are recognized when incurred. The measurement focus is based on the commercial model, which uses a flow of economic resources approach. Under this approach, the operating statements for the proprietary funds focus on a measurement of net income (revenues and expenses) and both current and non-current assets and liabilities are reported on the related balance sheets.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's Surface Water Management Fund and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported to the various functions concerned.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise and internal service funds are user charges, the cost of providing goods or services to the general public on a continuing basis. Operating expenses for enterprise funds and internal service funds includes the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fiduciary funds are reported under the flow of economic resources measurement focus and the accrual basis of accounting.

The **modified accrual** basis of accounting is used by governmental funds. Revenues and other financial resources are recognized when they become susceptible to accrual, i.e., when the related funds become both measurable and available to finance expenditures of the current period. To be considered "available", revenue must be collected during the current period or soon enough thereafter to pay current liabilities. The City uses sixty days when evaluating the availability criteria.

Property taxes, sales taxes, utility taxes, licenses, franchise fees, and interest associated within the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. 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 120 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 120 days of year-end). Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City. Expenditures are recognized when the related fund liability is incurred. Since the recognition of depreciation does not reduce net financial resources, it is not considered as expenditure. Other exceptions include (1) inventories of materials and prepaid items are

reported as expenditures when purchased, (2) interest on long-term debt is not accrued but is recorded as an expenditure when due, (3) accumulated unpaid vacation and sick pay are considered expenditures when paid.

Major revenues recorded on the modified accrual basis are:

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

Other Locally Levied Taxes - Pierce County also acts as the City's collection agent for the $\frac{1}{4}\%$ and optional $\frac{1}{4}\%$ real estate excise taxes. Although a time lag occurs in payment of these taxes to the City, since the taxes are actually collected by Pierce County in December and receipted to the City within 10 days after the end of the year, they are considered to be both measurable and available, and are, therefore, accrued as revenue at year end. The State of Washington acts as the City's collection agency for the locally levied sales tax. The sales tax is distributed monthly and remitted to the City in the following month. The Sales Tax remittance in January and February are considered both measurable and available and is therefore accrued as revenue at year-end.

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

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

Other Revenue Sources - Other items recognized as revenue in the current year on the modified accrual basis include investment interest earned but not received at year end; inter-fund and intergovernmental service billings related to services provided in the current year which are outstanding at year-end, and any other material revenue amounts determined to be both measurable and available under current modified accrual accounting practices.

BUDGETARY INFORMATION

Scope of Budget

Annual appropriated budgets are adopted, on a biennial basis, for the general, special revenue, and capital project funds on the modified accrual basis of accounting. For governmental funds, both budget and actual information is presented on a GAAP basis of accounting. Budgetary accounts are integrated in fund ledgers for all budgeted funds, but the financial statements include budgetary comparisons for the general fund, major special revenue funds, debt service funds, and CIP funds only.

Budgets for debt service funds are adopted at the level of the individual debt issue and for fiscal periods that correspond to the lives of debt issue.

Annual appropriated budgets are adopted at the fund level, and the budgets constitute the legal authority for expenditures at that level. Total fund appropriation includes expenditures, other financing uses, and estimated ending fund balance. Subsidiary revenue and expenditure ledgers are used to compare the budgeted amounts with actual revenues and expenditures.

At the fund level, actual expenditures cannot exceed budgeted appropriations. Appropriations for general and special revenue funds lapse at year-end. The budgeted financial statements represented in this report reflect the final budget authorization, including all amendments.

Amending the Budget

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

When the City Council determines that it is in the best interest of the City to increase or decrease the appropriation for a particular fund, it may do so by ordinance approved by one more than the majority after holding public hearing(s). The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

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

ASSETS, LIABILITIES, FUND BALANCE, AND NET POSITION

Cash and Investments

It is the City's policy to invest all temporary cash surpluses. Short-term residual investments of surplus cash in the primary government is classified on the Statement of Net Position as cash and cash equivalents in various funds. The interest on these investments is prorated to the various funds based on the participating fund's ending cash balance.

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

The City's deposits are entirely covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (WPDPC).

The City is authorized by State law to purchase certificates of deposit issued by Washington State depositories that participate in a state insurance pool managed by the Washington Public Deposit Protection Commission; securities purchased by the Washington State Investment Pool; U.S. Treasury and Agency securities, banker's acceptances trading in the secondary market; and repurchase agreements with dealers that use authorized securities as collateral. In accordance with GASB 31, investments in money market investments and participating interest-earning investment contracts with a remaining maturity of one year or less at the time of purchase are stated at amortized cost. All other investments are stated at fair value. There was no material deviation from fair value quoted at year-end.

Receivables

Receivables include taxes receivable, accounts receivable, interest receivable, notes receivable and grants receivable. Taxes receivable consist of property taxes receivable. (See Note 4)

Accounts receivable consist of amounts owed from private individuals or organizations for goods and services including amounts owed for which the City is not required to bill. Notes receivable include amounts owed from private individuals for money loaned to provide assistance in paying for side sewer connection costs. Public works trust fund loan proceeds were the funding source for the loans made.

Also included in General Fund receivables are amounts due in connection with municipal court fines, fees, and penalties. The Washington State Administrative Office of the Courts (AOC) provides the primary information system for many courts in the state of Washington through its Judicial Information System (JIS). The City utilizes JIS for tracking all court revenues, and followed the AOC-recommended methodology for determining the amount of current local receivables, as well as for estimating future collections related to current local receivables.

Accrued interest receivable consists of amounts earned on investments and notes at the end of the year.

Grants Receivable consists of amounts owed from governmental or other third parties. Special Assessments are recorded when levied.

Special assessments receivable consist of current and delinquent assessments and related interest and penalties. Deferred assessments on the fund financial statements consist of unbilled special assessments that are liens against the property benefited. As of December 31, 2021, no amount of special assessments receivable were delinquent.

Uncollected amounts are considered immaterial and the direct write-off method is used when applicable.

Amounts Due to and from Other Funds

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as interfund loans receivable/payable. All other outstanding balances between funds are reported as due to/from other funds.

Inventories

Inventories in the governmental funds are recorded as expenditures at the time of purchase. Amounts remaining at year-end are immaterial and, therefore, are not reflected on the balance sheets of those funds. There were no material inventories at year-end in the Internal Service or Enterprise Funds.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost equal to or greater than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated fair market value if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Land and construction in progress are not depreciated. Costs for additions or improvements to capital assets are capitalized when they increase the effectiveness or efficiency of the asset. The costs for normal maintenance and repairs are not capitalized. Major outlays for capital assets and improvements are recorded in Construction in Progress as they are constructed, and capitalized upon completion.

Capital assets of the City are depreciated using the straight-line method over the following ranges of estimated useful lives:

| <u>Assets</u> | <u>Years</u> |
|------------------------------------|--------------|
| Buildings & improvements | 25 – 75 |
| Improvements other than buildings | 10 – 20 |
| Public domain infrastructure | 10 – 50 |
| Police boats | 15– 20 |
| Police vehicles | 6 – 10 |
| Police vehicles (seizure) | 3 – 5 |
| Operations & maintenance vehicles | 6 – 10 |
| Operations & maintenance equipment | 2 – 5 |

Compensated Absences

The City records a liability for all outstanding vacation pay and accrued compensatory time. In governmental funds, vacation pay, personal time off, and compensatory time is recorded as expenditures when paid, which occurs when used or upon termination. In the entity-wide statements and the proprietary fund statements, vacation pay and compensatory time is recorded as a liability and expense in the year earned. Accrued compensated absences for proprietary fund employees are recorded as liabilities in those funds expected to incur the related future expense.

City employees who are non-represented accumulate combination leave and major medical leave. Upon termination or retirement, the employees in this group who have less than three years of service with the City receive 75% of his or her combination leave at the current rate of pay. Employees with three or more years of service receive 100% of their combination leave at their current rate of

pay. Those individuals who are of retirement age upon separation or who are laid off from the City receive 25% of their major medical leave at their current rate of pay, with a maximum of 160 hours to be paid out.

The Teamsters Union members receive one type of leave, Paid Time-Off (PTO), and are paid 65% of their leave balance at their current rate of pay upon separation.

The Lakewood Police Independent Guild members receive one type of leave, PTO, and are paid 65% of their leave balance at their current rate of pay upon separation.

The Lakewood Police Management Guild (LPMG), receive one type of leave, PTO, and are paid 65% of their leave balance at their current rate of pay upon separation.

City employees who are members of the Associate of Federal, State, County, and Municipal Employees (AFSCME) union also accumulate PTO, and upon separation receive 65% of their PTO at their current rate of pay.

Pensions

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

Long-term Liabilities

In the government-wide financial statements and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Long-term debt outstanding at year-end is outlined in Note 9.

Deferred Outflows/Inflows of Resources

The deferred inflow of resources account is used to offset receivables established in the governmental funds for certain revenues that are measurable but not considered available to finance payment of current obligations and, therefore, are not susceptible to accrual on the modified accrual basis. When the receivable amounts are collected in future periods, this liability account is reduced and corresponding revenue is recorded. The portions of Property Taxes that do not meet the availability criteria are recorded as deferred inflow of resources. (See Note 4)

Fund Balance Classification

Fund balance is a measurement of available financial resources in governmental funds and is the difference between total assets plus deferred outflows of resources and total liabilities plus deferred inflows of resources.

Beginning with the most restrictive constraints, fund balance amounts will be reported in the following categories:

Nonspendable – amounts that are not in a spendable form or are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for the specific purposes stipulated by external parties either constitutionally or through enabling legislation.

Committed – amounts that can be used only for the specific purposes determined by formal action of the City Council. Commitments may be changed or lifted by referring to the formal action that imposed the constraint originally.

Assigned – amounts *intended* to be used by the government for specific purposes. Intent is expressed by the governing body (City Council) or a body or official to which the City has delegated the authority to assign amounts to be used for specific purposes (City Manager). In governmental funds other than the general fund, assigned fund balance represents the amount

that is not restricted or committed. This indicates that resources in other government funds, at a minimum, are intended to be used for the purpose of that fund.

Unassigned – includes all amounts not contained in other classifications and is the residual classification of the general fund only. Unassigned amounts are available for any legal purpose.

The responsibility for allocating funds to specific classifications is designated as follows:

Committed Fund Balance – The City Council is the highest level of decision-making authority, and the formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is established by ordinance approved by the Council.

When multiple categories of fund balance are available for expenditure, the City will start with the most restricted category and spend those funds first before moving down to the next category of available funds.

Fund Balance Details

| 2021 Fund Balance Classification | | | | | | |
|--|---------------|--------------|------------------|-------------------------|-----------------------------|---------------|
| | General Fund | CDBG Fund | LID Debt Service | Transportation CIP Fund | Nonmajor Governmental Funds | Total |
| Restricted for: | \$ - | \$ 1,513,494 | \$ 118,950 | \$ 6,109,142 | \$ 11,042,552 | \$ 18,784,138 |
| Transportation CIP | - | - | - | 6,109,142 | - | 6,109,142 |
| Parks CIP | - | - | - | - | 368,008 | 368,008 |
| Real Estate Excise Tax | - | - | - | - | 5,080,464 | 5,080,464 |
| Transportation Benefit District | - | - | - | - | 1,581,424 | 1,581,424 |
| Property Abate/Rental Housing Safety Prog/1406 Funds | - | - | - | - | 181,358 | 181,358 |
| Local Improvement District-related debt | - | - | 118,950 | - | - | 118,950 |
| Hotel/Motel Lodging Tax | - | - | - | - | 2,305,431 | 2,305,431 |
| Police Seizure | - | - | - | - | 371,705 | 371,705 |
| Neighborhood Stabilization Program Grant | - | - | - | - | 254,677 | 254,677 |
| Office of Economic Adjustment Grant/SSMCP | - | - | - | - | 32,299 | 32,299 |
| Public Works Trust Fund Debt | - | - | - | - | 734,093 | 734,093 |
| LID Guaranty | - | - | - | - | 133,093 | 133,093 |
| CDBG Fund | - | 1,513,494 | - | - | - | 1,513,494 |
| Committed to: | \$ 6,560,615 | \$ - | \$ - | \$ 880,431 | \$ 5,157,985 | \$ 12,599,031 |
| 2% Contingency Reserves | 926,769 | - | - | - | - | 926,769 |
| 5% Ending Fund Balance Reserves | 2,316,923 | - | - | - | - | 2,316,923 |
| 5% Strategic Reserves | 2,316,923 | - | - | - | - | 2,316,923 |
| Economic Development Opportunity Fund | 1,000,000 | - | - | - | - | 1,000,000 |
| Transportation CIP | - | - | - | 880,431 | - | 880,431 |
| Street Operations & Maintenance | - | - | - | - | 23,780 | 23,780 |
| Property Abate/Rental Housing Safety Prog/1406 Funds | - | - | - | - | 468,263 | 468,263 |
| Public Art | - | - | - | - | 120,224 | 120,224 |
| Parks CIP | - | - | - | - | 3,020,215 | 3,020,215 |
| Sewer Project CIP | - | - | - | - | 1,525,503 | 1,525,503 |
| Unassigned: | \$ 11,190,042 | \$ - | \$ - | \$ - | \$ - | \$ 11,190,042 |
| General Fund | 11,190,042 | - | - | - | - | 11,190,042 |
| Total Fund Balances: | \$ 17,750,657 | \$ 1,513,494 | \$ 118,950 | \$ 6,989,573 | \$ 16,200,537 | \$ 42,573,211 |

NOTE 2—SUPPLEMENTAL APPROPRIATIONS**Operating Budget Funds**

Appropriations established during 2021 are provided below. As explained in Note 1, both original and supplemental appropriations are adopted by the City Council by ordinance. Both original and final budget appropriations are shown on the accompanying financial statements. The final budget values include all adopted adjustments to original budget amounts.

| Governmental Funds | 2021 | | |
|--|----------------------|-----------------------------|-----------------------|
| | Original Budget | Supplemental Appropriations | Final Budget |
| General Fund | \$ 39,363,968 | \$ 6,125,046 | \$ 45,489,014 |
| Special Revenue Funds: | | | |
| Street Operations & Maintenance | 2,343,813 | 171,660 | 2,515,473 |
| Transportation Benefit District | - | - | - |
| Hotel/Motel Lodging Tax | 672,250 | 140,941 | 813,191 |
| Property Abatement/RHSP/1406 Funds | 470,000 | 758,001 | 1,228,001 |
| Public Art | 7,500 | 158,000 | 165,500 |
| Narcotics Seizure | 120,000 | 120,696 | 240,696 |
| Felony Seizure | - | 47,837 | 47,837 |
| Federal Seizure | 120,000 | 40,906 | 160,906 |
| Community Development Block Grant | 595,000 | 5,151,632 | 5,746,632 |
| Neighborhood Stabilization Program | 78,000 | 219,114 | 297,114 |
| South Sound Military Communities Partnership | 227,500 | 8,935,573 | 9,163,073 |
| Public Safety Grants | 132,328 | 583,153 | 715,481 |
| American Rescue Plan Act | - | 4,192,719 | 4,192,719 |
| Debt Service Funds: | | | |
| General Obligation Debt Service | 1,690,821 | - | 1,690,821 |
| LID Debt Service | 268,920 | 113,084 | 382,004 |
| Sewer Project Debt | 670,086 | - | 670,086 |
| LID Guaranty | - | - | - |
| Capital Projects Funds: | | | |
| Parks Capital Improvements | 570,000 | 12,672,089 | 13,242,089 |
| Transportation Capital Improvements | 15,732,002 | 11,685,153 | 27,417,155 |
| Real Estate Excise Tax | 2,078,195 | 139,000 | 2,217,195 |
| Sewer Project Capital Improvements | 795,000 | 948,461 | 1,743,461 |
| Total Budgeted Funds | \$ 65,935,383 | \$ 52,203,065 | \$ 118,138,448 |

NOTE 3 – DEPOSITS AND INVESTMENTS

As required by state law, all deposits and investments of the City's funds are obligations of the U.S. Government, the Local Government Investment Pool (LGIP), bankers' acceptances, or deposits with Washington State banks and savings and loan institutions. In 2017 the City utilized obligations of the Local Government Investment Pool and Washington state banks as legal authorized investment instruments.

Cash and Deposits

At year-end, the City had \$59,652,078 in cash and cash equivalents. Custodial credit risk for these deposits is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. However, the City's deposits are covered up to \$250,000 through federal depository insurance and through the Washington Public Deposit Protection Commission (WPDPC), a multiple financial institution collateral pool, for amounts over \$250,000. Under Washington State statutes, members of the WPDPC may be assessed on a prorated basis if the pool's collateral is insufficient to cover a loss.

The City is a participant in the Local Government Investment Pool was authorized by Chapter 294, Laws of 1986, and is managed and operated by the Washington State Treasurer. The State Finance Committee is the administrator of the statute that created the pool

and adopts rules. The State Treasurer is responsible for establishing the investment policy for the pool and reviews the policy annually and proposed changes are reviewed by the LGIP advisory Committee.

Investments in the LGIP, a qualified external investment pool, are reported at amortized cost which approximates fair value. The LGIP is an unrated external investment pool. The pool portfolio is invested in a manner that meets the maturity, quality, diversification and liquidity requirements set forth by the GASBS 79 for external investments pools that elect to measure, for financial reporting purposes, investments at amortized cost. The LGIP does not have any legally binding guarantees of share values. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals.

The Office of the State Treasurer prepares a stand-alone LGIP financial report. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0200, online at <http://www.tre.wa.gov>.

As of December 31, 2021, the City had the following investments and maturities:

| Investment Maturities | | | | |
|----------------------------------|----------------------|-------------|-------------|----------------------|
| Investment | < 1 Year | 1 - 3 Years | > 3 Years | Total |
| Local Government Investment Pool | \$ 52,825,269 | \$ - | \$ - | \$ 52,825,269 |
| Total: | \$ 52,825,269 | \$ - | \$ - | \$ 52,825,269 |

Reconciliation of Government-Wide Statement of Net Position:

| | |
|--|----------------------|
| Cash in bank accounts per books | \$ 6,958,316 |
| Petty cash/change fund/investigative fund | 11,900 |
| Local Government Investment Pool | 52,825,269 |
| Cash reported in fiduciary fund | (143,408) |
| Total cash and investment, Government-Wide Statement of Net Position | <u>\$ 59,652,078</u> |

Investments

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy states: The City will minimize interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and investing operating funds in primarily short-term securities, money market mutual funds or similar investment pools.

Credit Risk

Credit risk is the risk that an issuer or other counter-party has to an investment in not fulfilling its obligations. The City's investment policy states that the City will minimize credit risk by limiting investments to the safest type of securities; prequalifying the financial institutions and brokers/dealers with which the City will do business; and diversifying the investment portfolio so that potential losses on individual securities will be minimized.

State law and the City's investment policy limits the instruments in which the City may invest. The following are categories of investments authorized under the City's policy, in general order of safety and liquidity: Local Government Investment Pool (LGIP); repurchase agreements; U.S. treasury obligations; U.S. government agencies; U.S. government-sponsored corporations/instrumentalities; bankers' acceptances (secondary market domestic and foreign); commercial paper (secondary market); insured certificates of deposit (banks and savings & loans); and uninsured/collateralized certificates of deposit (banks and savings & loans).

The credit risk of the State Investment Pool is limited to obligations of the US Government, government sponsored enterprises, or insured demand deposit accounts and certificates of deposit.

As of December 31, 2021, the City had \$52,825,269 in the LGIP. The LGIP is unrated and is comparable to a Securities Exchange Commission 2a-7 pool which is designed to minimize credit risk.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The City diversifies its investments by security type and institution. The investment policy states: "No more than 5% of the portfolio may be invested in the securities of a single issuer, except for the U.S. Treasury, to which no limits apply. No more than 30% of the portfolio may be invested in bankers' acceptances and certificates of deposit."

Due to fluctuations in the aggregate surplus funds balance, maximum percentages for a particular issuer or investment type may be exceeded at a point in time subsequent to the purchase of a particular issuer or investment type. Securities need not be liquidated to realign the portfolio; however, consideration should be given to this matter when future purchases are made to ensure that appropriate diversification is maintained.

NOTE 4 – RECEIVABLES, DEFERRED INFLOWS OF RESOURCES, DUE FROM OTHER GOVERNMENTS

Property Taxes

The Pierce County Assessor Treasurer is responsible for collecting property taxes levied in the County by all taxing districts. Amounts collected by the County on the City's behalf are remitted monthly.

PROPERTY TAX CALENDAR

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

Taxes are levied and become an enforceable lien against properties as of January 1. Annual tax billings may be paid in two equal installments, due April 30 and October 31. At December 31, 2021, the total balance of property taxes receivable recorded by the City was \$175,281. All of this is recorded as deferred inflow of resources, since it was not collected within the first 60 days of 2022.

Property taxes are recorded as a receivable when levied, offset by deferred inflow of resources. During the year, property tax revenues are recognized when cash is collected. At year-end, property tax revenues are recognized for collections expected to occur within 30 days. No allowance for uncollectible taxes is established because delinquent taxes are considered fully collectible.

Under State law, the maximum levy (for general governmental services) is up to \$3.60 per \$1,000 of assessed valuation, subject to two limitations, set forth below. Since the City is not a full service city, the City is only allowed \$1.60. The remaining \$2.00 is for the fire district (\$1.50) and library district (\$0.50).

1. Chapter 84.55 of the State RCW was amended most recently by Initiative No. 747 (which was passed by voters on November 6, 2001), limits the total dollar amount of regular property taxes levied by the City to the amount of such taxes levied in the three most recent years multiplied by a limit factor, plus an adjustment to account for taxes on new construction, improvements and state-assessed property at the previous year's rate. As amended by Initiative No. 747, the limit factor is the lesser of 101% or 100% plus the percent change in the Implicit Price Deflator, unless a greater amount is approved by a simple majority of the voters; and
2. The Washington State Constitution limits the total regular property taxes to 1% of assessed valuation or \$10 per \$1,000 of value. If the taxes of all districts exceed this amount, each is proportionately reduced until the total is at or below the 1% limit.

The City's regular levy for 2021 was \$0.91 per \$1,000 on an assessed valuation of \$8,111,198,629 for a total regular levy of \$7,404,572.

Receivables & Due from Other Governments

The receivables and due from other governmental entities for the fiscal year ended December 31, 2021 are detailed below.

| Receivables & Due From Other Governments | | | | | | | | | |
|---|---------------------|---------------------|---------------------|--------------------|---------------------|----------------------|--------------------------|--------------------------------|--------------------------|
| As of December 31, 2021 | | | | | | | | | |
| Receivable | General | CDBG | LID Debt Service | Transportation CIP | Nonmajor Gov't'l | Total Gov't'l Funds | Total Gov't'l Activities | Total Business Type Activities | Total Primary Government |
| Property Tax | \$ 175,281 | \$ - | \$ - | \$ - | \$ - | \$ 175,281 | \$ 175,281 | \$ - | \$ 175,281 |
| Sales and Use Tax | 1,780,307 | - | - | - | 796 | 1,781,103 | 1,781,103 | - | 1,781,103 |
| Other Tax (County & State) | 3,040,421 | - | - | 54,165 | 1,154,355 | 4,248,941 | 4,248,941 | 118,838 | 4,367,779 |
| Municipal Court Receivables | 780,310 | - | - | - | - | 780,310 | 780,310 | - | 780,310 |
| Other Receivables | 311,234 | - | - | - | - | 311,234 | 311,234 | - | 311,234 |
| Notes/Loans Receivable | - | 1,524,367 | - | - | 5,250 | 1,529,617 | 1,529,617 | - | 1,529,617 |
| Abatement Assessments | - | - | - | - | 16,221 | 16,221 | 16,221 | - | 16,221 |
| Special Assessments | - | - | 1,226,803 | - | 47,527 | 1,274,330 | 1,274,330 | - | 1,274,330 |
| City of Dupont | 8,649 | - | - | - | - | 8,649 | 8,649 | - | 8,649 |
| City of Federal Way - WATPA | - | - | - | - | 67,232 | 67,232 | 67,232 | - | 67,232 |
| City of Puyallup - TNET | 3,977 | - | - | - | - | 3,977 | 3,977 | - | 3,977 |
| City of Tacoma | - | 22,133 | - | - | - | 22,133 | 22,133 | - | 22,133 |
| Department of Commerce | 4,405 | - | - | - | 60,756 | 65,161 | 65,161 | - | 65,161 |
| Department of Defense | - | - | - | - | 257,773 | 257,773 | 257,773 | - | 257,773 |
| Department of Justice | - | - | - | - | 7,701 | 7,701 | 7,701 | - | 7,701 |
| Department of Ecology | - | - | - | - | - | - | - | 6,499 | 6,499 |
| FBI PNWIL | 1,601 | - | - | - | - | 1,601 | 1,601 | - | 1,601 |
| Housing and Urban Development Program | - | 91,867 | - | - | - | 91,867 | 91,867 | - | 91,867 |
| Office of Justice Programs | - | - | - | - | 24,225 | 24,225 | 24,225 | - | 24,225 |
| Pierce County | - | - | - | - | 7,315 | 7,315 | 7,315 | - | 7,315 |
| Pierce County (Sex Offender Residency) | 3,733 | - | - | - | - | 3,733 | 3,733 | - | 3,733 |
| Puget Sound Police Departments (EVOG Trainings) | 3,942 | - | - | - | - | 3,942 | 3,942 | - | 3,942 |
| Sound Transit | 12,803 | - | - | - | - | 12,803 | 12,803 | - | 12,803 |
| South Sound 911 | 1,615 | - | - | - | - | 1,615 | 1,615 | - | 1,615 |
| Town of Steilacoom | 8,171 | - | - | - | - | 8,171 | 8,171 | - | 8,171 |
| WA State Dept of Transportation | - | - | - | 883,593 | 3,124 | 886,717 | 886,717 | - | 886,717 |
| WA State Military | 8,665 | - | - | - | 25,406 | 34,071 | 34,071 | - | 34,071 |
| WA State Recreation and Conservation | - | - | - | - | 50,000 | 50,000 | 50,000 | - | 50,000 |
| Western State Hospital | 89,000 | - | - | - | - | 89,000 | 89,000 | - | 89,000 |
| Washington State Health Authority | 27,553 | - | - | - | - | 27,553 | 27,553 | - | 27,553 |
| Total by Fund | \$ 6,261,667 | \$ 1,638,367 | \$ 1,226,803 | \$ 937,758 | \$ 1,727,681 | \$ 11,792,276 | \$ 11,792,276 | \$ 125,337 | \$ 11,917,613 |

Deferred Inflows of Resources

The table below provides details of the deferred inflows of resources related to unavailable revenues reported in the governmental funds Balance Sheet. Unavailable revenue is recognized as revenue in the accrual basis Government-Wide Statement of Activities because, while unavailable at December 31, 2021, the amounts were known and due to the City.

| Deferred Inflows of Resources As of December 31, 2021 | | | | |
|--|-------------------|---------------------|--------------------------|-----------------------------|
| Deferred Inflows of Resources | General | LID Debt Service | Nonmajor Governmental | Total General Government |
| Local Improvement Districts | \$ - | \$ 1,226,803 | \$ - | \$ 1,226,803 |
| Public Works Trust Fund Loan - Side Sewer | - | - | 5,249 | 5,249 |
| Property Tax | 175,281 | - | - | 175,281 |
| Municipal Court | 679,316 | - | - | 679,316 |
| Abatements | - | - | 41,128 | 41,128 |
| Total: Deferred Inflows - Governmental Funds | \$ 854,597 | \$ 1,226,803 | \$ 46,377 | \$ 2,127,777 |

NOTE 5 – DUE TO OTHER GOVERNMENTS

At December 31, 2021, the City recorded \$575 as due to other governments as follows:

| Due to Other Governments As of December 31, 2021 | | | | |
|---|---------------|---------------|--------------------------|---------------|
| Payable | General | CDBG | Nonmajor Governmental | Total |
| Use Tax | \$ 259 | \$ - | \$ 186 | \$ 445 |
| HUD - Section 108 Loan | - | 130 | - | 130 |
| Total by Fund | \$ 259 | \$ 130 | \$ 186 | \$ 575 |

NOTE 6 – CAPITAL ASSETS

Capital assets activity for governmental funds for the year ended December 31, 2021 was as follows:

| | Beginning Balance 1/1/2021 | Prior Period Adjustment | Adjusted Beginning Balance 1/1/2021 | Increases | Decreases | Ending Balance 12/31/2021 |
|--|----------------------------------|-------------------------------|---|---------------------|-----------------------|---------------------------------|
| Governmental Activities | | | | | | |
| Capital assets, not being depreciated: | | | | | | |
| Land and land rights | \$ 23,819,258 | \$ 116,220 | \$ 23,935,478 | \$ - | \$ - | \$ 23,935,478 |
| Construction in progress | 23,094,709 | - | 23,094,709 | 12,859,204 | (2,339,557) | 33,614,356 |
| Total capital assets, being not depreciated | 46,913,967 | 116,220 | 47,030,187 | 12,859,204 | (2,339,557) | 57,549,834 |
| Capital Assets being depreciated: | | | | | | |
| Buildings | 26,227,943 | - | 26,227,943 | 69,915 | - | 26,297,858 |
| Infrastructure | 159,687,526 | - | 159,687,526 | 2,327,816 | - | 162,015,342 |
| Machinery and equipment | 13,024,047 | - | 13,024,047 | 1,007,447 | (465,031) | 13,566,462 |
| Total capital assets, being depreciated | 198,939,516 | - | 198,939,516 | 3,405,178 | (465,031) | 201,879,662 |
| Less accumulated depreciation for: | | | | | | |
| Buildings | (7,108,857) | - | (7,108,857) | (524,326) | - | (7,633,183) |
| Infrastructure | (66,049,529) | - | (66,049,529) | (5,657,542) | - | (71,707,071) |
| Machinery and equipment | (7,947,058) | 24,767 | (7,922,291) | (1,084,555) | 465,031 | (8,541,815) |
| Total accumulated depreciation | (81,105,444) | 24,767 | (81,080,677) | (7,266,423) | 465,031 | (87,882,069) |
| Total capital assets being depreciated, net | 117,834,072 | 24,767 | 117,858,839 | (3,861,245) | - | 113,997,594 |
| Governmental Activities capital assets, net | \$ 164,748,038 | \$ 140,987 | \$ 164,889,025 | \$ 8,997,959 | \$ (2,339,557) | \$ 171,547,427 |

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

| Business-Type Activities | Beginning Balance 1/1/2021 | Adjusted Beginning Balance 1/1/2021 | Increases | Decreases | Ending Balance 12/31/2021 |
|---|---|--|---------------------|---------------------|--|
| Capital assets, not being depreciated: | | | | | |
| Land and land rights | \$ 1,860,947 | \$ 1,860,947 | \$ - | \$ - | \$ 1,860,947 |
| Constuction in progress | 526,240 | 526,240 | 37,484 | (526,239) | 37,485 |
| Total capital assets, not being depreciated | 2,387,187 | 2,387,187 | 37,484 | (526,239) | 1,898,432 |
| Capital assets being depreciated: | | | | | |
| Buildings | 1,849,673 | 1,849,673 | - | - | 1,849,673 |
| Infrastructure | 43,651,027 | 43,651,027 | 495,816 | - | 44,146,843 |
| Machinery and equipment | 332,332 | 332,332 | - | - | 332,332 |
| Total capital assets being depreciated | 45,833,032 | 45,833,032 | 495,816 | - | 46,328,848 |
| Less accumulated depreciation for: | | | | | |
| Buildings | (203,657) | (203,657) | (37,133) | - | (240,791) |
| Infrastructure | (20,044,877) | (20,044,877) | (1,227,473) | - | (21,272,350) |
| Machinery and equipment | (271,130) | (271,130) | (8,676) | - | (279,806) |
| Total accumulated depreciation | (20,519,665) | (20,519,665) | (1,273,282) | - | (21,792,947) |
| Total capital assets being depreciated, net | 25,313,367 | 25,313,367 | (777,466) | - | 24,535,901 |
| Business-Type Activities capital assets, net | \$ 27,700,554 | \$ 27,700,554 | \$ (739,982) | \$ (526,239) | \$ 26,434,333 |

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

| Capital Asset Depreciation by Function | |
|--|---------------------|
| As of December 31, 2021 | |
| Governmental Activities: | |
| General Government | \$ 556,063 |
| Judicial | 4,255 |
| Public Safety (Police) | 816,239 |
| Transportation (Highways and Streets) | 5,220,920 |
| Economic Environment | 13,232 |
| Culture and Recreation | 655,714 |
| Total Depreciation Expense - Governmental Activities | 7,266,424 |
| Business-Type Activities: | |
| Utilities and Environment (Surface Water Management) | 1,273,282 |
| Total Depreciation Expense - Business-Type Activities | 1,273,282 |
| Total Depreciation Expense | \$ 8,539,706 |

The City has active construction projects at December 31, 2021. The City's commitments to contractors are as follows:

| Construction Commitments | | | | |
|--|--|----------------------|---------------------|-----------------------|
| Vendor | Contract Name | Contract Amount | Payments | Balance at 12/31/2021 |
| Construction Contracts | | | | |
| Axum General Construction | Streets: Steilacoom Blvd/88th (Weller to Custer Rd.) | \$ 400,211 | \$ - | \$ 400,211 |
| Plumb Signs Inc | Gateways | 10,990 | 8,929 | 2,061 |
| R. L. Alia Company | Streets: 112th/111th (Bridgeport Way to Kendrick) | 7,619,065 | 4,701,994 | 2,917,070 |
| Saybr Contractors Inc | Fort Steilacoom Park Pavilion Restroom Improvements | 101,846 | 81,745 | 20,101 |
| Tucci & Sons, Inc | Fort Steilacoom Park/Angle Lane Parking & Trail Improvement | 1,129,442 | 1,003,278 | 126,165 |
| Consulting and Engineering Services | | | | |
| AHBL Inc | 146th St. SW: Murray Rd. SW to Woodbrook Dr. SW | 20,210 | 18,380 | 1,830 |
| Aquatechnex LLC | American Lake Treatment Project / Lakewood Management District | 39,042 | 33,780 | 5,262 |
| Brown and Caldwell | Clover Creek Flood Risk Reduction Study | 271,377 | 6,263 | 265,115 |
| Bruce Dees & Associates | Springbrook Park Expansion V | 140,085 | 93,334 | 46,752 |
| Cascade Right-Of-Way Svcs LLC | Streets: Steilacoom Blvd – Farwest to Phillips Road | 63,234 | 44,215 | 19,019 |
| Cascade Right-Of-Way Svcs LLC | Streets: Washington Blvd and Edgewood Drive | 45,580 | 33,126 | 12,454 |
| Cascade Right-Of-Way Svcs LLC | Wards Lake Improvements | 18,205 | 11,470 | 6,735 |
| D.A. Hogan and Associates Inc | Fort Steilacoom Park Turf Infields | 259,365 | 60,756 | 198,609 |
| KPG INC | Safety: SRTS - Phillips Rd W-Side - Agate to Onyx | 19,052 | 18,344 | 708 |
| KPG INC | Streets: S Tacoma Way - 88th to 80th St | 49,434 | 41,929 | 7,505 |
| Parametrix | Streets: Washington Blvd and Edgewood Drive | 2,133,703 | 2,065,840 | 67,863 |
| SCJ Alliance | Seeley Lake Improvement Project | 49,000 | 44,142 | 4,858 |
| Tetra Tech Inc | Waughop Lake Alum Treatment | 95,757 | 85,471 | 10,286 |
| | | \$ 12,465,597 | \$ 8,352,995 | \$ 4,112,603 |

NOTE 7 – PENSION PLANS

The City participates in four retirement plans. Two are defined contribution pension plans administered by International City Manager's Association (ICMA), and two are defined benefit pension plans administered by Washington State, namely, the Law Enforcement Officers Plan 2 (LEOFF Plan 2) under the WA State Department of Retirement Systems (DRS), and the Volunteer Fire Fighters and Reserve Officers Relief and Pension Plan (VFFRPF) under a separate Washington State board.

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 2021:

| Aggregate Pension Amounts - All | |
|---------------------------------|----------------|
| Pension assets | \$ 17,817,716 |
| Deferred outflows of resources | \$ 1,855,674 |
| Deferred inflows of resources | \$ (9,534,659) |
| Pension expenditures | \$ 2,137,743 |

The City's contributions to the two ICMA plans in 2021 are the same as the plan sponsor's reported contributions. The VFFRPF is not reported due to materiality considerations but plan information is provided in this section.

Descriptions of the plans are as follows:

Plan 1-City of Lakewood: A Defined Contribution Plan, Retirement Trust - ICMA # 109566

During the first couple of months of 1995-96 (*the City became incorporated February 28, 1996*), the City's employees voted not to join the State's Public Employees Retirement Systems (*PERS*). Instead, the employees of the City voted to participate in a section 401 (a) - IRS, plan administered through International City Manager's Association (*ICMA*). The plan was established under the authority of the

City Council, which is responsible for amending the provisions and contribution requirements. The plan is a qualified plan – “a defined contribution plan” registered through the Internal Revenue Service (IRS) as a section 401 (a). The vesting schedules are the same as PERS with added enhancements where employees can manage their own investment portfolio of both the employee and employer contributions. Contributions to the plan are not subject to federal income tax (pre-tax dollars). All full time employees are required to participate. A vesting schedule, shown below, is tied to years of service that an employee may bring from the previous vesting in PERS or another qualified plan.

| Years of Service | Vesting Percentage |
|------------------------|--------------------|
| 0 - 1 Year of Service | 20% |
| 1 - 2 Years of Service | 40% |
| 2 - 3 Years of Service | 60% |
| 3 - 4 Years of Service | 80% |
| 4+ Years of Service | 100% |

The table below shows the percentage contributions that are made bi-monthly by the employer and employee to this qualified money purchase plan. Contributions are made every payroll cycle (*on the 5th & 20th of each month*). The balance in the trust as of December 31, 2021, was \$29,040,001.

| 2021 Employer Contribution | 2021 Employee Contribution |
|----------------------------|----------------------------|
| 7.62% | 5.08% |
| \$730,102 | \$468,735 |

Each employee directs his/her investment among various investment options as defined by the ICMA group for both the employee and employer contributions. Upon separation of service prior to retirement, all employee contributions may be withdrawn without regard to age. Employer contributions will be distributed to the employee based upon the vesting schedule. The contract has identified regular retirement age at 55.

Plan assets, which consist of stocks, bonds, and guaranteed insurance contracts, are not the property of the City are not subject to the claims of the City’s general creditors. The program is administered by a private consulting firm, the ICMA. Actuarial determinations are not required because benefits paid to participants upon retirement are limited to: (a) A non-forfeitable, non-transferable annuity contract purchased by the plan’s trustee; (b) Retirement benefits paid from the employee’s deferred savings to which no contributions by the City or the participants can be added after retirement; or (c) A single lump-sum payment equal to the accumulated balance in the employee’s deferred savings account as of his or her retirement date.

Plan 2-City of Lakewood: A Defined Money Contribution Plan, Money Purchase Retirement Trust-ICMA # 109266

During the first couple of months of 1995-96 (*the City became incorporated February 28, 1996*), the City’s employees, through an election, voted not to join Social Security Retirement Plan (SSI). Instead, the City participates in a Money Purchase qualified plan, a defined money contribution plan - Retirement Trust Section 401 (a), administered through ICMA, which is registered with the Internal Revenue Service section 401. The plan was established under the authority of the City Council, which is responsible for amending the provisions and contribution requirements. The benefit package includes the following: 1) long term disability benefits, 2) survivor benefits for spouse and children, 3) lump sum death benefits and, 4) life benefits. Contributions to the plan are not subject to federal income tax. All full time employees and the City Council members who are under the Omnibus Budget Reconciliation Act of 1990 are required to participate. The contribution percentages are listed as follows:

| 2021 Employer Contribution | 2021 Employee Contribution |
|----------------------------|----------------------------|
| 4.77% | 6.20% |
| \$1,049,131 | \$1,363,649 |

Each employee directs his/her investment among various investment options for both the employee and employer contribution.

Upon separation of service prior to retirement, all employee contributions may be withdrawn without regard to age which may include a penalty from the Internal Revenue Service. Employer contributions must be left in the plan and distributed when the participant attains age 55. Employee and employer contributions for retirement benefits are 100% vested.

Temporary employees are not part of the 401(a) plan. Temporary employees contribute to social security insurance. The balance in the trust as of December 31, 2021, was \$54,537,239.

Law Enforcement Officers' LEOFF Plan 2

All City commissioned officers participate in LEOFF Plan 2 retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans. The state Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

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

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

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

LEOFF Plan 2 provides retirement, disability and death benefits. Retirement benefits are calculated using 2% of the member's Final Average Salary (FAS) times the member's years of service. FAS is the monthly average of the member's 60 consecutive highest-paid service credit months. Members are eligible for retirement with a full benefit at age 53 with at least five years of service credit. Members who retire before age 53 receive reduced benefits. If the member has at least 20 years of service and is age 50 to 52, the reduction is 3% for each year before age 53. Otherwise, the benefits are actuarially reduced for each year before age 53. LEOFF Plan 2 retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other LEOFF Plan 2 benefits include duty and nonduty disability payments; a Cost-of-Living Adjustment (COLA) based on the Consumer Price Index, capped at 3% annually; and a one-time, duty-related death benefit, if the Washington State Department of Labor & Industries finds the member eligible. 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 the Office of the State Actuary (OSA) to fully fund Plan 2. The employer rate includes an administrative expense component set at 0.18%. Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board.

Effective July 1, 2017, when a LEOFF employer charge 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 2021.

The LEOFF Plan 2 required contribution rates (expressed as a percentage of covered payroll) for 2021 were as follows:

| LEOFF Plan 2 | | |
|-----------------------------|--------------|--------------|
| Actual Contribution Rates | Employer | Employee |
| January - June 2021 | | |
| State and local governments | 5.15% | 8.59% |
| Administrative Fee | 0.18% | |
| Total | 5.33% | 8.59% |
| July - December 2021 | | |
| State and local governments | 5.12% | 8.53% |
| Administrative Fee | 0.18% | |
| Total | 5.30% | 8.53% |

The City's actual contributions to the plan were \$629,325 for the year ended December 31, 2021.

The Legislature, by means of a special funding arrangement, appropriates money from the state General Fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute. For the state fiscal year ending June 30, 2021, the state contributed \$78,170,320 to LEOFF to LEOFF Plan 2. The amount recognized by the City as its proportionate share of this amount is \$394,485.

Actuarial Assumptions

The total net pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2021 with a valuation date of June 30, 2020. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) 2013-2018 *Demographic Experience Study* and the 2019 *Economic Experience Study*.

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

- **Inflation:** 2.75% total economic inflation; 3.50% salary inflation
- **Salary increases:** In addition to the base 3.50% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.40%

Mortality rates were developed using the Society of Actuaries' Pub. H-2010 mortality rates, which vary by member status, as the base table. The OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society of Actuaries to project mortality rate 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.

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

- For purposes of the June 30, 2020 Actuarial Valuation Report (AVR), a non-contribution rate setting valuation under current funding policy, the Office of the State Actuary (OSA) introduced temporary method changes to produce asset and liability measures as of the valuation date. See high-level summary below. OSA will revert back to the methods outlined in the 2019 AVR when preparing the 2021 AVR, a contribution rate-setting valuation, which will serve as the basis for the 2022 ACFR results.
- To produce measures at June 30, 2020, unless otherwise noted in the 2020 AVR, OSA relied on the same data, assets, methods, and assumptions as the June 30, 2019 AVR. OSA projected the data forward one year reflecting assumed new

hires and current members exiting the plan as expected. OSA estimated June 30, 2020, assets by relying on the fiscal year end 2019 assets, reflecting actual investment performance over FY 2020, and reflecting assumed contribution amounts and benefit payments during FY 2020. OSA reviewed the actual June 30, 2020, participant and financial data to determine if and any material changes to projection assumptions were necessary. OSA also considered any material impacts to the plans from the 2021 legislation. See the 2020 AVR for more information.

Discount Rate

The discount rate used to measure the total pension liability was 7.40%.

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 benefits 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. Based on these 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 7.40% 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 7.40% was determined using a building-block method. In selecting this assumption, OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMA's) and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the CMA's and their target asset allocation to simulate future investment returns over various times.

Estimated Rates of Return by Asset Class

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021, are summarized in the table below. The inflation component used to create the table is 2.20% and represents the WSIB's most recent long-term estimate of broad economic inflation.

| Asset Class | Target Allocation | % Long-Term Expected Rate of Return Arithmetic |
|-----------------|-------------------|--|
| Fixed Income | 20% | 2.2% |
| Tangible Assets | 7% | 5.1% |
| Real Estate | 18% | 5.8% |
| Global Equity | 32% | 6.3% |
| Private Equity | 23% | 9.3% |
| | 100% | |

Sensitivity of Net Pension Asset

The table below presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.40%, as well as what the City proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.40%) or 1-percentage point higher (8.40%) than the current rate.

| | 1% Decrease (6.4%) | Rate (7.4%) | 1% Increase (8.4%) |
|--------------|------------------------|------------------------|------------------------|
| LEOFF 2 | \$ (11,235,865) | \$ (17,817,716) | \$ (23,206,940) |
| Total | \$ (11,235,865) | \$ (17,817,716) | \$ (23,206,940) |

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, 2021, the City reported a total pension asset of \$17,817,716 for its proportionate share of the net pension assets as follows:

| Pension Asset | |
|---------------|----------------|
| LEOFF 2 | (\$17,817,716) |

The amount of the liability (or asset) reported above for LEOFF Plan 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 liability (or asset), the related State support, and the total portion of the net pension liability (or asset) that was associated with the City were as follows:

| | Pension Asset |
|---|------------------------|
| LEOFF 2 - Employer's proportionate share | \$ (17,817,716) |
| LEOFF 2 - State's proportionate share of the net pension asset associated with the employer | (11,494,372) |
| Total | \$ (29,312,088) |

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

| | Proportionate Share | | Change in Proportion |
|---------|---------------------|-----------|----------------------|
| | 6/30/2020 | 6/30/2021 | |
| LEOFF 2 | 0.32519% | 0.30676% | -0.018% |

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30 are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in the *Schedules of Employer and Non-employer Allocations* for all plans except LEOFF 1.

In fiscal year 2021, the State of Washington contributed 39% of LEOFF 2 employer contributions pursuant to RCW 41.27.725 and all other employers contributed the remaining 61% of employer contributions.

Pension Expense

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

| Pension Expense | |
|-----------------|------------------|
| LEOFF 2 | \$2,137,743 |
| \$ | 2,137,743 |

Deferred Outflows of Resources and Deferred Inflows of Resources

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

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Difference between expected and actual experience | 808,144 | (94,165) |
| Net difference between projected and actual investment earnings on pension plan investments | - | (8,495,615) |
| Change of assumptions | \$7,702 | (847,412) |
| Changes in proportion and differences between contributions and proportionate share of contributions | 707,745 | (\$97,467) |
| Contributions subsequent to the measurement date | \$332,081 | - |
| Total | \$ 1,855,672 | \$ (9,534,659) |

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

| Year Ended December 31 | LEOFF 2 |
|------------------------|-----------------------|
| 2022 | (2,205,021) |
| 2023 | (2,050,497) |
| 2024 | (1,933,747) |
| 2025 | (2,185,167) |
| 2026 | 30,296 |
| Thereafter | 333,068 |
| Total | \$ (8,011,068) |

Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Fund (VFFRPF)

VFFRPF is a cost-sharing, multiple-employer defined benefit plan administered by the State Board for Volunteer Fire Fighters and Reserve Officers. The Board is appointed by the Governor and is comprised of five members of fire departments covered by Chapter 41.24 RCW. Administration costs of the VFFRPF are funded through legislative appropriation. Approximately 362 local governments, consisting of fire departments, emergency medical service districts and law enforcement agencies, contribute to the plan. In addition, the state, a non-employer contributing entity, contributes 40% of the fire insurance premium tax. Retirement benefits are established in Chapter 41.24 RCW and may be amended only the Legislature.

The VFFRPF plan does not issue a stand-alone financial report, but is included in the annual comprehensive financial report (ACFR) of the State of Washington. The State ACFR may be downloaded from the Office of Financial Management (OFM) website at www.ofm.wa.gov.

Membership in the VFFRPF includes volunteer firefighters, emergency medical technicians, and commissioned reserve law enforcement officers of participating employers. After 25 years of active membership, members having reached the age of 65 and who have paid their annual retirement fee for 25 years are entitled to receive a monthly benefit of \$50 plus \$10 per year of service, for a maximum monthly benefit of \$300. Reduced pensions are available for members under the age of 65 or with less than 25 years of service.

Members are vested after ten years of service. The VFFRPF members earn no interest on contributions and may elect to withdraw their contributions upon termination. Death and active duty disability benefits are provided at no cost to the member. Death benefits in the line of duty consist of a lump sum of \$214,000 and funeral and burial expenses of \$2,000. Members receiving disability benefits at the time of death shall be paid \$500.

Contributions

Contribution rates for emergency medical service districts (EMSD) and law enforcement agencies are set each year by the Board based on the actual cost of participation as determined by the OSA. All other contribution rates are set by the Legislature. Municipalities may opt to pay the member's fee on their behalf.

The contribution rates for 2021 were as follows:

| VFFRPF | | |
|------------------|--------------|----------------------------|
| | Firefighters | EMSD & Reserve Officers |
| Municipality Fee | \$ 30 | \$ 105 |
| Member Fee | 30 | 30 |

The City's actual contributions to the plan were \$1,850 for the year ended December 31, 2021. The City has opted to pay members' fees on their behalf. Contributions on behalf of members were \$150 for the year ended December 31, 2021.

In accordance with Chapter 41.24 RCW, the State contributes 40% of the fire insurance premium tax to the plan. For fiscal year 2021 the fire insurance premium tax contribution was \$7.7 million.

Actuarial Assumptions

The total pension asset for the VFFRPF was determined by an actuarial valuation by the Office of the State (OSA) as of June 30, 2020, and rolled forward to June 30, 2021, using the following actuarial assumptions, applied to all prior periods included in the measurement:

- **Inflation:** 2.25%
- **Salary Increases:** N/A
- **Investment Rate of Return:** 6.00%

The actuarial assumptions used in the valuation were based on the results of the OSA's 2021 Report on Financial Condition and Economic Experience Study, the 2021 Pension Experience Study, and the 2018 Relief Experience Study. Additional assumptions for subsequent events and law changes are current as of the 2020 valuation report. Mortality assumptions used for this plan are consistent with assumptions used for Public Employees' Retirement System. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout their lifetime.

Discount Rate

The discount rate used to measure the total VFFRPF pension liability was 6 percent. To determine that rate, an asset sufficiency test was completed to test whether the pension plan's fiduciary net position was sufficient to make all projected future benefit payments of current plan members. Consistent with current law, the completed asset sufficiency test included an assumed 6 percent long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. Consistent with the longterm expected rate of return, a 6 percent future investment rate of return on invested assets was assumed for the test. Contributions from plan members, municipalities, and the state will be made at the current contribution rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Long-Term Expected Rate of Return

The long-term expected rate of return on the VFFRPF pension plan investments of 7.4 percent was determined using a building-block-method. In selecting this assumption, the Office of the State Actuary (OSA) reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered capital market assumptions and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns over various time horizons.

Estimated Rates of Return by Asset Class

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021, are summarized in the table below. The inflation component used to create the table is 2.25% and represents WSIB's most recent long-term estimate of broad economic inflation.

| Asset Class | Target Allocation | % Long-Term Expected Rate of Return Arithmetic |
|-----------------|-------------------|--|
| Fixed Income | 20% | 2.2% |
| Tangible Assets | 7% | 5.1% |
| Real Estate | 18% | 5.8% |
| Global Equity | 32% | 6.3% |
| Private Equity | 23% | 9.3% |
| | 100% | |

Sensitivity of the Net Pension Asset

The following presents the City's proportionate share of the VFFRPF net pension asset calculated using the discount rate of 6.0%, as well as what the City's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage point lower (5%) or 1-percentage point higher (7%) than the current rate.

| Asset Class | 1% Decrease (5%) | Current Discount Rate (6%) | 1% increase (7%) |
|-------------|------------------|----------------------------|------------------|
| VFFRPF | \$ 7,790 | \$ (17,604) | \$ (38,374) |

Pension Plan Fiduciary Net Position

Detailed information about the VFFRPF plan's fiduciary net position is available in the separately issued State of Washington ACFR.

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

At June 30, 2021, the City reported an asset of \$16,969 for its proportionate share of the VFFRPF plan's net position. The City's proportion of the net pension asset was based on actuarial contributions to the plan relative to total contributions of all participating municipalities. At June 30, 2021 the City's proportion was .08%

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

For the year ended December 31, 2021, the City recognized pension expense of \$1850. Deferred outflows of resources and deferred inflows of resources are not material to the VFFRPF plan.

NOTE 8 – RISK MANAGEMENT

The City of Lakewood is a member of the Washington Cities Insurance Authority (WCIA). Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and / or jointly contracting for risk management services. WCIA has a total of 166 members.

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

Liability coverage is written on an occurrence basis, without deductibles. Coverage includes general, automobile, police, errors or omissions, stop gap, employment practices and employee benefits liability. Limits are \$4 million per occurrence in the self-insured layer, and \$21 million in limits above the self-insured layer is provided by reinsurance. Total limits are \$25 million per occurrence subject to aggregates and sublimits. The Board of Directors determines the limits and terms of coverage annually.

Insurance for property, automobile physical damage, fidelity, inland marine, and boiler and machinery coverage are purchased on a group basis. Various deductibles apply by type of coverage. Property coverage is self-funded from the members' deductible to \$750,000, for all perils other than flood and earthquake, and insured above that to \$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 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 act, 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.

No amounts of settlements exceeded insurance coverage in each of the past three years, 2019-2021.

The following is a summary of coverage in force in 2021:

| Schedule of Insurance in Force As of December 31, 2021 | | | |
|---|--------------------|---|--|
| Company | Policy Period | Details of Coverage | Limit |
| WCIA | 1/1/21 - 12/31/21 | Liability Program (Auto, General, Police, Errors or Omissions, Employment Practices, Employee Benefit and Stop Gap) | \$20M per Occurrence Subject to Aggregates and Sub-Limits. Self-Insured Layer Limit \$4M per Occurrence; (Reinsured Layers) - Governmental Entities Mutual, Inc. \$6M per Occurrence; Argonaut Insurance Company \$5M per Occurrence and Aggregate per Member, and Allied World Assurance Company, Inc. \$5M per Occurrence and per Member Aggregate and 25M Pool Aggregate. |
| WCIA | 1/1/21 - 12/31/21 | Property Program - Manuscript Policy All Risk Form | \$400M per occurrence. Sub-Limits: \$150M Earthquake per Occurrence and Annual Pool Aggregate; \$100M Flood per Occurrence and Annual Pool Aggregate, except \$50M Flood Sub-Limit within Flood Zones A and V. Other Sub-Limits may apply. Deductible: Earthquake: 2% of Values Involved Subject to \$250K Minimum per Occurrence; Flood: \$250K per Occurrence, except within Flood Zones A and V; 3% of the total building/facility values involved in the loss subject to a \$500K minimum occurrence. All Other Perils, \$5K. |
| WCIA | 1/1/21 - 12/31/21 | Auto Physical Damage Program | Actual Cash Value for scheduled vehicles except optional replacement cost coverage for vehicles valued over \$50K and scheduled with the current replacement value. Deductible, \$1K (waived for glass repair and damage by fire or lightning). |
| Hartford Steam Boiler Inspection and Insurance Company | 1/1/21 - 12/31/21 | Boiler and Machinery (Equipment Breakdown) Insurance | \$100M maximum limit (Equipment Breakdown); \$10M Business Income, Service Interruption; \$5M Demolition Ordinance of Law; and \$1M Extra Expense; \$500K Perishable Goods, Expediting Expenses, Hazardous Substances \$100K Off Premises Equipment Breakdown, Contingent Business Income, Data Restoration; Deductible: \$10K for Combined All Coverage (With Exceptions). |
| Chubb Insurance Company | 1/1/21 - 12/31/21 | Pollution Liability | \$2M Per Condition, Pollution Condition or Indoor Environmental Condition Limit of Liability; \$10M Total Policy and Program Aggregate Limit of Liability for all Pollution Conditions and Indoor Pollution and Indoor Environmental Conditions. \$250K Maximum for "Catastrophe Management Costs" Arising out of all Pollution Conditions and Indoor Environmental Conditions. Deductibles: \$100K Per Pollution Condition or Indoor Environmental Condition; and, 5 Days per Pollution Condition or Indoor Environmental Condition for Business Interruption Loss |
| AIG National Union Fire Insurance Company | 1/1/21 - 12/31/21 | Crime/Fidelity Insurance Blanket Coverage | \$2.5M for: Employee Theft Per Loss Coverage, Forgery or Alteration, Inside Premises – Theft of Money and Securities, Inside Premises – Robbery or Safe Burglary of Other Property, Outside the Premises, Computer and Funds Transfer Fraud, Money Orders and Counterfeit Money, and Faithful Performance of Duty required by law. Blanket coverage for all employees unless excluded under the insurance policy. Deductibles: \$10,000; and, \$50K Impersonation Fraud Coverage Deductible with a \$250K sub-limit. |
| AIG Specialty Insurance Company | 1/1/21 - 12/31/21 | Information Security Insurance (Cyber Insurance) | \$10M Aggregate Pool Policy Limit and per Member \$1M Limit. Sublimits: 1M Security and Privacy Liability per Member; \$1M Regulatory Action per Member; \$1M Cyber Extortion including Bitcoin Ransom Coverage; \$1M PCI-DSS Assessment or Fine per Member; \$75K Affected Individuals Privacy Event Svc per Member; \$1M Event Mgmt. Electronic Data and \$1M Event Management Event Response per Member; \$1M Bricking; and \$1M Cyber Extortion Including Bitcoin Ransom Coverage. Deductibles: \$25K Security and Privacy Liability Insurance Including Regulatory Action; \$25K PCI-DSS Assessment; 100 Affected Individuals Privacy Event Services; and, \$25K Event Management, E-Discovery None. |
| AIG Specialty Insurance Company | 1/1/21 - 5/31/21 | Information Security Insurance (Cyber Insurance) | \$10M Aggregate Pool Policy Limit and per Member \$1M Limit. Sublimits: 1M Security and Privacy Liability per Member; \$1M Regulatory Action per Member; \$1M PCI-DSS Assessment or Fine per Member; \$75K Affected Individuals Privacy Event Svc per Member/5M Aggregate; \$1M Event Mgmt. Electronic Data; \$1M Event Management Event Response per Member; \$1M Bricking, and \$1M Cyber Extortion Including Bitcoin Ransom Coverage. Deductibles: \$25K Security and Privacy Liability Insurance Including Regulatory Action; \$25K PCI-DSS Assessment; 100 Affected Individuals Privacy Event Services; and, \$25K Event Management, E-Discovery None. |
| AIG Specialty Insurance Company | 5/31/21 - 12/31/21 | Information Security Insurance (Cyber Insurance) | \$10M Aggregate Pool Policy Limit and per Member \$1M Limit. Sublimits: 1M Security and Privacy Liability per Member; \$1M Regulatory Action per Member; \$1M PCI-DSS Assessment or Fine per Member; \$1M Privacy Event Svc per Member/\$10M Pool Limit; \$1M Event Mgmt. Electronic Data; \$1M Event Management Event Response per Member; \$1M Bricking and \$100K per member /1M Cyber Extortion Including Bitcoin Ransom Coverage. Deductibles: \$50K Security and Privacy Liability Insurance Including Regulatory Action; \$50K PCI-DSS Assessment; \$50K Event Management, E-Discovery None and \$50K Cyber Extortion. |

Source: Washington Cities Insurance Authority

NOTE 9 – LONG-TERM LIABILITIES

Long-term debt activity, including compensated absences liabilities, for the year ended December 31, 2021, is recapped below.

| Description | Date of Issue | Maturity Date | Interest Rate | Original Issue Amount | Beginning of Year O/S Debt | Amount Issued | Amount Redeemed | End of Year O/S Debt | Current Portion | Noncurrent Portion |
|---|---------------|---------------|---------------|-----------------------|----------------------------|----------------------|---------------------|----------------------|---------------------|----------------------|
| General Obligation Bonds | | | | | | | | | | |
| 2021A LTGO - Private Placement | 10/16/2021 | 12/1/2023 | 1.00% | \$ - | \$ - | \$ 667,375 | \$ - | \$ 667,375 | \$ 333,130 | \$ 334,245 |
| 2021B LTGO - Private Placement | 10/16/2021 | 12/1/2037 | 1.84% | - | - | 5,971,635 | - | 5,971,635 | - | 5,971,635 |
| 2020 LTGO - Private Placement | 12/09/2019 | 12/01/2035 | 2.00% | 3,029,885 | 3,029,885 | - | 176,450 | 2,853,435 | 178,630 | 2,674,805 |
| 2019 LTGO | 05/08/2019 | 12/01/2038 | 3.0% - 5.0% | 7,460,000 | 7,200,000 | - | 270,000 | 6,930,000 | 285,000 | 6,645,000 |
| 2016 LTGO - Private Placement | 04/19/2016 | 12/01/2028 | 1.40% - 2.41% | 1,884,032 | 1,536,314 | - | 180,724 | 1,355,590 | 181,819 | 1,173,771 |
| LOCAL Financing | 03/24/2015 | 12/01/2027 | 2.33% | 1,460,000 | 960,000 | - | 120,000 | 840,000 | 125,000 | 715,000 |
| Subtotal GO Bonds | | | | 13,833,917 | 12,726,199 | 6,639,010 | 747,174 | 18,618,035 | 1,103,579 | 17,514,456 |
| Unamortized bond and local financing premium | | | | | | | | | | |
| 2019 LTGO - Unamortized Premium | 05/08/2019 | 12/01/2038 | 3.0% - 5.0% | 595,905 | 536,305 | - | 29,800 | 506,505 | 29,800 | 476,705 |
| LOCAL Financing - Unamortized Premium | 03/24/2015 | 12/01/2027 | 2.33% | 207,849 | 108,255 | - | 17,321 | 90,934 | 17,321 | 73,613 |
| Subtotal Unamortized Premiums | | | | 803,754 | 644,559 | - | 47,121 | 597,438 | 47,121 | 550,317 |
| Special Assessment Bonds (with governmental commitments) | | | | | | | | | | |
| CLID 1109 - Private Placement | 03/01/2020 | 03/01/2033 | 2.78% | 922,757 | 922,757 | - | 70,757 | 852,000 | 71,000 | 781,000 |
| CLID 1101/1103 - Private Placements | 12/01/2006 | 12/01/2026 | 3.75% - 4.65% | 2,824,704 | 210,000 | - | 210,000 | - | - | - |
| UD 1108 - Private Placement | 01/18/2008 | 12/01/2027 | 4.22% - 5.30% | 880,000 | 122,671 | - | 56,274 | 66,398 | 56,463 | 9,935 |
| Subtotal Special Assessment Bonds | | | | 4,627,461 | 1,255,428 | - | 337,031 | 918,398 | 127,463 | 790,935 |
| Notes Payable | | | | | | | | | | |
| 59th Avenue | 04/30/2005 | 04/30/2024 | Varies | 1,071,000 | 281,225 | - | 66,483 | 214,742 | 68,969 | 145,773 |
| Subtotal Notes Payable | | | | 1,071,000 | 281,225 | - | 66,483 | 214,742 | 68,969 | 145,773 |
| Government Loans | | | | | | | | | | |
| PWTF – 04-691-PRE-132 | 07/07/2005 | 07/07/2024 | 1.00% | 593,864 | 118,861 | - | 29,715 | 89,145 | 29,715 | 59,430 |
| PWTF – 06-962-022 | 09/18/2006 | 09/18/2026 | 0.50% | 5,000,000 | 1,766,892 | - | 294,482 | 1,472,410 | 294,482 | 1,177,928 |
| PWTF - 08-951-025 | 03/01/2008 | 07/01/2028 | 0.50% | 1,840,000 | 832,209 | - | 104,026 | 728,183 | 104,026 | 624,157 |
| PWTF - 12-951-025 | 06/01/2012 | 06/01/2031 | 0.50% | 500,000 | 392,857 | - | 35,714 | 357,143 | 35,714 | 321,429 |
| Subtotal Government Loans | | | | 7,933,864 | 3,110,819 | - | 463,938 | 2,646,882 | 463,938 | 2,182,944 |
| Compensated absences | | | | | 3,139,710 | 2,760,144 | 3,047,900 | 2,851,954 | 855,586 | 1,996,368 |
| Subtotal Governmental Activities | | | | | 21,157,941 | 9,399,154 | 4,709,647 | 25,847,448 | 2,666,655 | 23,180,793 |
| Business-type Activities | | | | | | | | | | |
| Surface Water Management Revenue Bond | | | | | | | | | | |
| SWM Revenue Bond - 2021 | 10/16/2021 | 12/1/2030 | 1.74% | - | - | 4,028,365 | - | 4,028,365 | 437,695 | 3,590,670 |
| Subtotal HUD Loans | | | | - | - | 4,028,365 | - | 4,028,365 | 437,695 | 3,590,670 |
| Compensated absences | | | | | 141,270 | 86,912 | 91,171 | 137,011 | 41,103 | 95,908 |
| Subtotal Business-type activities | | | | | 141,270 | 4,115,277 | 91,171 | 4,165,376 | 478,798 | 3,686,578 |
| Total | | | | | \$ 21,299,211 | \$ 13,514,431 | \$ 4,800,818 | \$ 30,012,824 | \$ 3,145,453 | \$ 26,867,371 |

On October 14, 2021 the City issued \$667,375 taxable limited tax general obligation bonds through private placement. The proceeds from the sale of the bonds will be used to finance transportation projects and the bond's issuance cost. The bonds carry an interest rate of 1.00% and are scheduled to fully mature in 2023.

On October 14, 2021 the City issued \$5,971,635 in limited tax general obligation bonds through private placement. The proceeds from the sale of the bonds will be used to finance transportation projects and the bond's issuance cost. The bonds carry an interest rate of 1.84% and are scheduled to fully mature in 2037.

On October 14, 2021 the City issued \$4,028,365 in surface water revenue bonds through private placement. The proceeds from the sale of the bonds will be used to finance storm drainage element of transportation projects and the bond's issuance cost. The bonds carry an interest rate of 1.74% and are scheduled to fully mature in 2030.

On December 9, 2020 the City issued \$3,029,885 in limited tax general obligation bonds through private placement. The proceeds from the sale of the bonds will be used to finance transportation projects and the bond's issuance cost. The bonds carry an interest

rate of 2.00% and are scheduled to fully mature in the year 2035. In the event of a default, defined as nonpayment of principal and interest within ten days of the due date, the creditor bank may elect to increase the interest rate on the bond by an additional 2.00%. On March 2, 2020 the City issued special assessment long-term debt in the amount of \$922,757 through private placement. The bond pays interest at 2.70% maturing in 2033. The City has issued similar special assessment debt to provide funds for the residential infrastructure improvements. Special assessment bonds were created by ordinance, adopted by Council, and repaid from amounts levied against the property owners benefitted by the construction.

The Local Improvement District (LID) bonds were issued through private placements. A separate guaranty fund is available to cover most outstanding delinquencies at the end of the assessment period. The City's obligation doesn't extend beyond the guaranty fund assets. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service is due, the government must provide the resources to cover the deficiency until other resources, for example, foreclosure proceeds, are received. The City's LID Guaranty Fund also covers any uncollectible special assessment debt. As of December 31, 2021, no amount of special assessment receivables was considered delinquent.

The 2016 LTGO Bonds was used to refund 2009 LTGO Bonds. The 2016 bonds were issued through a private placement and are a limited general obligation of the City. For as long as the bonds are outstanding, the City has irrevocably pledged to budget and appropriate from all monies legally available, within the constitutional and statutory limitations provided by law without a vote of the electorate, the amounts sufficient to pay the principal and interest on the bonds when due.

The City has four outstanding public works trust fund loans (PWTFL) in support of sewer extensions into the Tillicum and Woodbrook neighborhoods that are financed with an assessment on all Lakewood sewer accounts.

Compensated absences are a liability of the City for accrued vacation and compensatory time of employees. The liability for compensated absences in prior years has mainly been liquidated in the General Fund, and to a smaller extent, the Street Operations and Maintenance Fund, Street Capital Projects Fund and the Surface Water management fund.

Future payment requirements on existing debt balances are as follows:

| Year(s) | Principal | Interest |
|---------------|----------------------|---------------------|
| 2022 | \$ 2,201,643 | \$ 617,115 |
| 2023 | 2,218,548 | 547,748 |
| 2024 | 2,245,843 | 501,326 |
| 2025 | 2,190,269 | 450,906 |
| 2026 | 2,229,105 | 403,301 |
| 2027-2031 | 8,010,643 | 1,368,599 |
| 2032-2036 | 5,735,340 | 612,567 |
| thereafter | 1,595,030 | 57,105 |
| Totals | \$ 26,426,421 | \$ 4,558,667 |

Conduit Debt

A Section 108 Loan in the amount of \$700,000 was issued in 2014 for Curbside Motors Incorporated and another for \$310,000 in 2015 for Living Access Support Alliance by the United States Department of Housing and Urban Development (HUD) to the City. The outstanding combined principal balance as of December 31, 2021, of \$788,000 is being repaid by a third party and, therefore, do not constitute a debt or a pledge of the City's full faith and credit. Accordingly, this debt is not reported in the accompanying financial statements.

Arbitrage Liability

Arbitrage is the reinvestment of the proceeds of tax-exempt securities in materially higher yielding taxable securities. The federal government requires that such excess earnings be remitted to the federal government (arbitrage rebate). The City reviewed the applicability of arbitrage rebate regulations on its outstanding general obligation and LID bonds and is in compliance with those regulations.

Computation of Legal Debt Margin

Under RCW 39.36.020, a City may incur general obligation debt for general city purposes in an amount not to exceed 2½% of the value of all taxable property within the City. State law requires all property to be assessed at 100% of its true and fair value. Unlimited tax general obligation debt requires an approving vote of the people, and any election to validate such general obligation debt must have a voter turnout of at least 40% of those who voted in the last State general election and of those voting; 60% must be in the affirmative. The City Council may, by ordinance, authorize the issuance of limited tax general obligation debt in an amount up to 1.5% of the valuation within the City without a vote of the people. No combination of limited or unlimited tax debt may exceed 7½% of the valuation. The debt service on unlimited tax debt is secured by excess property tax levies, whereas the debt service on limited tax debt is secured by property taxes collected with the City's council-manic levy.

The City's assessed valuation for 2021 was \$9,388,375,496 and the total amount of debt the City may issue is \$681,267,020. Remaining legal debt capacities as of December 31, 2021 are:

| Legally Remaining Debt Capacity As of December 31, 2021 | |
|--|-----------------------|
| General Government (no vote required) | \$ 117,964,491 |
| General Government (3/5 majority vote required) | 93,883,755 |
| Parks and open space (3/5 majority vote required) | 234,709,387 |
| Utilities (3/5 majority vote required) | 234,709,387 |
| Total Capacity | \$ 681,267,020 |

Leases

Senior Center Lease: In 2006, the City entered into a 5-year cancelable lease agreement with Pierce County to provide facilities for the Senior Center, which was renewed twice for a total of 10 years. In 2015, the City switched to an annual renewal of the lease. Beginning in 2017, the City entered into a 3-year lease agreement with renewal options for 2 additional 1-year terms (2020 and 2021). In 2021 renovations have been going on by Pierce County to bring the building up to code, therefore the building lease payments for 2021 totaled \$0. Future lease payment will be determined when renovation has been completed and a new contract has established.

McGavick Center Lease: In 2007, the City entered into an agreement with Clover Park Technical College to contribute eleven percent of the construction costs for the McGavick Center. The contribution is in equal installments of \$101,850 over 20 years. In return for the contribution, the City has use of the center for 18 days per year for a 30-year period to be used for tourism related activities. Lease payments to Clover Park Technical College for 2021 totaled \$101,850. The future minimum lease payments for the years 2022 through 2027 are \$101,850 per year, subject to future contract renewal provisions.

NOTE 10 – INTERFUND TRANSACTIONS

Interfund transfers for the year ended December 31, 2021, were as follows:

| | | Transfer-Out From | | | | | | | | |
|----------------|------------------------------|---------------------|------------------|--------------------|----------------------|--------------------------|------------------------|-------------------------------|--------------------------------|---------------------|
| | | General | CDBG | Transportation CIP | Nonmajor Gov't Funds | Total Governmental Funds | Internal Service Funds | Total Governmental Activities | Total Business-Type Activities | Total |
| Transfer-In To | General Fund | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 284,700 | \$ 284,700 |
| | Transportation CIP | 3,262,260 | 18,137 | - | 1,044,344 | 4,324,740 | - | 4,324,740 | 930,556 | 5,255,297 |
| | Non-Major Governmental Funds | 1,986,190 | - | - | 963,601 | 2,949,791 | 14,500 | 2,964,291 | - | 2,964,291 |
| | Total | \$ 5,248,450 | \$ 18,137 | \$ - | \$ 2,007,945 | \$ 7,274,532 | \$ 14,500 | \$ 7,289,032 | \$ 1,215,256 | \$ 8,504,288 |

The following describes the amounts transferred out during 2021:

General Fund:

- \$3,262,260 to the Transportation Capital to fund various transportation capital projects
- \$1,986,190 to nonmajor governmental as follows:
 - \$1,280,910 to subsidize street operations
 - \$184,287 in support of abatement programs
 - \$22,500 for public art
 - \$50,000 for South Sound Military Communities Partnership
 - \$448,494 for general obligation debt

CDBG:

- \$23,177 from CDBG to Transportation CIP for eligible construction project

Surface Water Management (SWM) Fund:

- \$284,700 to General Fund for administrative fees and landscape maintenance
- \$930,556 to Transportation Capital Projects Fund for storm drainage element of projects

Nonmajor Governmental Funds:

- \$64,048 from Hotel/Motel Lodging Tax Fund to Parks Capital Project
- \$190,000 from Sewer Debt to Sewer Capital Fund to fund various sewer projects
- \$1,749,896 from Real Estate Excise Tax as follows:
 - \$773,601 to GO Bond Debt Service Fund in support of transportation capital projects
 - \$158,000 to Parks Capital Projects Fund
 - \$818,295 to Transportation Capital Projects Fund

Internal Service Funds:

- \$14,500 to reimburse seizure fund for transfer of seizure funded vehicle for general operations

In addition, at the end of 2021, the General Fund made the following interfund loans:

- \$33,777 to the CDBG Fund
- \$49,861 to OEA Grant/SSMCP Fund
- \$229,425 to the Public Safety Grants Fund, to cover year-end negative cash balances resulting from the timing of grant eligible expenditures prior to grant billing.

NOTE 11 – PRIOR PERIOD ADJUSTMENT

Governmental-type capital asset activity prior period adjustment of \$140,987 is for \$116,220 in Land and land rights for Springbrook Park purchased in 2019 being capitalized in 2021, and \$24,767 in overstated 2020 financial statement accumulated depreciation on machinery and equipment.

| Governmental Activities | Beginning Balance 1/1/2021 | Prior Period Adjustment | Adjusted Beginning Balance 1/1/2021 | Increases | Decreases | Ending Balance 12/31/2021 |
|--|---|--|--|---------------------|-----------------------|--|
| Capital assets, not being depreciated: | | | | | | |
| Land and land rights | \$ 23,819,258 | \$ 116,220 | \$ 23,935,478 | \$ - | \$ - | \$ 23,935,478 |
| Constuction in progress | 23,094,709 | - | 23,094,709 | 12,859,204 | (2,339,557) | 33,614,356 |
| Total capital assets, being not depreciated | 46,913,967 | 116,220 | 47,030,187 | 12,859,204 | (2,339,557) | 57,549,834 |
| Capital Assets being depreciated: | | | | | | |
| Buildings | 26,227,943 | - | 26,227,943 | 69,915 | - | 26,297,858 |
| Infrastructure | 159,687,526 | - | 159,687,526 | 2,327,816 | - | 162,015,342 |
| Machinery and equipment | 13,024,047 | - | 13,024,047 | 1,007,447 | (465,031) | 13,566,462 |
| Total capital assets, being depreciated | 198,939,516 | - | 198,939,516 | 3,405,178 | (465,031) | 201,879,662 |
| Less accumulated depreciation for: | | | | | | |
| Buildings | (7,108,857) | - | (7,108,857) | (524,326) | - | (7,633,183) |
| Infrastructure | (66,049,529) | - | (66,049,529) | (5,657,542) | - | (71,707,071) |
| Machinery and equipment | (7,947,058) | 24,767 | (7,922,291) | (1,084,555) | 465,031 | (8,541,815) |
| Total accumulated depreciation | (81,105,444) | 24,767 | (81,080,677) | (7,266,423) | 465,031 | (87,882,069) |
| Total capital assets being depreciated, net | 117,834,072 | 24,767 | 117,858,839 | (3,861,245) | - | 113,997,594 |
| Governmental Activities capital assets, net | \$ 164,748,038 | \$ 140,987 | \$ 164,889,025 | \$ 8,997,959 | \$ (2,339,557) | \$171,547,427 |

NOTE 12 – HEALTH AND WELFARE

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

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

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

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

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

The AWC Trust HCP includes medical, dental and vision insurance through the following carriers: Kaiser Foundation Health Plan of Washington, Kaiser Foundation Health Plan of Washington Options, Inc., Regence BlueShield, Asuris Northwest Health, Delta Dental of Washington, and Vision Service Plan. Eligible members are cities and towns within the state of Washington. Non-City Entities (public

agency, public corporation, intergovernmental agency, or political subdivision within the state of Washington) are eligible to apply for coverage into the AWC Trust HCP, submitting application to the Board of Trustees for review as required in the Trust Agreement.

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

Participating employers' contract to remain in the AWC Trust HCP for a minimum of three years. Participating employers with over 250 employees must provide written notice of termination of all coverage a minimum of 12 months in advance of the termination date, and participating employers with under 250 employees must provide written notice of termination of all coverage a minimum of 6 months in advance of termination date.

When all coverage is being terminated, termination will only occur on December 31. Participating employers terminating a group or line of coverage must notify the 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.

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.

NOTE 13 – CONTINGENCIES AND LITIGATION

The City of Lakewood is occasionally subject to routine legal proceedings as it carries on with the functions of government. The City's threshold for disclosing potential losses from judgements against the City is \$50,000. The City does not believe that each pending or potential claim will exceed the threshold but acknowledges them in an abundance of caution based on representations by the plaintiffs. While there may be potential judgements that exceed this amount, the City carries liability and property insurance through the Washington Cities Insurance Authority and retains insurance defense counsel services.

There are additionally two litigation items that have the potential for judgements exceeding \$50,000. Each is brought under the Public Records Act, for which the range of penalties is broad. We are confident that these will not exceed \$50,000 but mention them here in an abundance of caution. This type of claim is not insured and the City can cover the expected judgment.

As of July 27, 2022, there are five pending claims, cases and/or litigation against the City, with potential to exceed the \$50,000 threshold. All five are expected to be covered by insurance.

NOTE 14 – TAX ABATEMENTS

The City of Lakewood offers Multiunit Housing Tax Incentive Program per RCW 84.14.100. The purpose of the program is to encourage increased residential opportunities, including affordable housing, in cities that are required to plan or choose to plan, under the Growth Management Act, within urban centers where the affected city's governing authority has found the problem to exist. The program aims to stimulate new construction of multifamily housing units and the rehabilitation of existing vacant and underutilized buildings for multifamily housing in the urban centers having such deficiencies, thereby, increasing residential opportunities.

Thirty days after the anniversary of the date of the certificate of tax exemption and each year for the tax exemption period, the owner of the rehabilitated or newly constructed property must file with a designated authorized representative of the city an annual report indicating the following:

- (a) A statement of occupancy and vacancy of the rehabilitated or newly constructed property during the twelve months ending with the anniversary date;
- (b) A certification by the owner that the property has not changed use and, if applicable, that the property has been in compliance with the affordable housing requirements, as described in RCW 84.14.020, since the date the certificate was approved;
- (c) A description of changes or improvements constructed after issuance of the certificate of tax exemption; and
- (d) Any additional information requested by the City in regards to the tax-exempt units.

For the fiscal year ended December 31, 2021, the City abated property taxes totaling \$42,868 under this program. The abatement amount is calculated by applying the applicable multiplier to the difference between the assessed and taxable value. Because the property taxes that were abated pertain to the regular levy, rather than the excess levy, the potential tax loss to the City of \$42,868 was shifted to other property taxpayers.

NOTE 15 – COVID-19 PANDEMIC

In February 2020, the Governor of the State of Washington declared a state of emergency in response to the spread of COVID-19. Precautionary measures to slow the spread of the virus continued throughout 2021. The measures included limitations on business operations, public events, gatherings, travel, and in-person interactions.

The City responded by restricting all general government expenditures, such as new hires, discretionary spending, etc., a countermeasure that will remain in place in 2021 and will continue through 2022 and beyond depending on when full recovery happens. The full extent of the financial impact on the City is unknown at this time. The length of time these measures will continue to be in place, and the full extent of the direct or indirect financial impact on the City is unknown at this time.

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REQUIRED SUPPLEMENTARY INFORMATION

City of Lakewood
Schedule of Proportionate Share of the Net Pension Liability (Asset)

LEOFF 2

As of June 30, 2021

Last 7 Fiscal Years*

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|------------------------|------------------------|------------------------|------------------------|-----------------------|-----------------------|-----------------------|
| Employer's proportion of the net pension asset | 0.3068% | 0.3252% | 0.3474% | 0.3547% | 0.3452% | 0.3379% | 0.3406% |
| Employer's proportionate share of the net pension asset | \$ (17,817,717) | \$ (6,633,401) | \$ (8,048,562) | \$ (7,200,919) | \$ (4,790,743) | \$ (1,965,200) | \$ (3,500,512) |
| State's proportionate share of the net pension asset associated with the employer | \$ (11,494,372) | \$ (4,241,558) | \$ (5,270,730) | \$ (4,662,459) | \$ (3,107,666) | \$ (1,281,167) | \$ (2,314,541) |
| Total | <u>\$ (29,312,089)</u> | <u>\$ (10,874,959)</u> | <u>\$ (13,319,292)</u> | <u>\$ (11,863,379)</u> | <u>\$ (7,898,409)</u> | <u>\$ (3,246,367)</u> | <u>\$ (5,815,053)</u> |
| Covered payroll | \$ 11,711,902 | \$ 13,035,430 | \$ 11,959,728 | \$ 11,243,699 | \$ 10,882,017 | \$ 10,274,320 | \$ 10,067,043 |
| Employer's proportionate share of the net pension asset as a percentage of covered employee payroll | 152.1% | 50.9% | 67.3% | 64.0% | 44.0% | 19.1% | 34.8% |
| Plan fiduciary net position as a percentage of the total pension asset | 142.0% | 115.8% | 128.7% | 118.5% | 113.4% | 106.0% | 111.7% |

*This schedule continues to be built prospectively until it accumulates ten fiscal years of data that is required under GAAP.

City of Lakewood
Schedule of Employer Contributions
LEOFF 2
As of December 31, 2021
Last 7 Fiscal Years*

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Statutorily or contractually required contributions | \$ 629,325 | \$ 636,136 | \$ 620,348 | \$ 631,767 | \$ 580,241 | \$ 544,089 | \$ 516,402 |
| Contributions in relation to the statutorily or contractually required contributions | \$ (629,325) | \$ (636,136) | \$ (620,348) | \$ (631,767) | \$ (580,241) | \$ (544,089) | \$ (516,402) |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Covered payroll | \$ 12,062,758 | \$ 11,859,179 | \$ 12,107,278 | \$ 11,545,187 | \$ 11,003,434 | \$ 10,844,951 | \$ 9,525,162 |
| Contributions as a percentage of covered employee payroll | 5.2% | 5.4% | 5.1% | 5.5% | 5.3% | 5.0% | 5.4% |

**This schedule continues to be built prospectively until it accumulates ten fiscal years of data that is required under GAAP.*

Note: Significant methods and assumptions used in calculating the actuarial determined contribution are presented in Note 7.

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OTHER SUPPLEMENTARY INFORMATION

City of Lakewood
Schedule of Expenditures for Federal Awards
For the Year Ended December 31, 2021

| Federal Agency (Pass-Through Agency) | Federal Program | ALN | Other Award Number | Expenditures | | | | Note |
|--|---|--------|-----------------------|--------------------------|--------------------|---------------|---------------------------------|------|
| | | | | From Pass-Through Awards | From Direct Awards | Total | Passed through to Subrecipients | |
| Office of Local Defense Community Cooperation, Department of Defense | Community Economic Adjustment Assistance for Compatible Use & Joint Land Use Studies | 12.610 | HQ00051910022 | \$ - | \$ 503,592.68 | \$ 503,592.68 | \$ - | |
| | | | W9124J1920006 | - | 30,911.29 | 30,911.29 | - | |
| Total ALN 12.610: | | | | - | 534,503.97 | 534,503.97 | - | |
| CDBG - Entitlement Cluster | | | | | | | | |
| Assistant Secretary for Community Planning & Development, Department of Housing & Urban Development | Community Development Block Entitlement Grants | 14.218 | B19MC5-30016 | - | 87,754.24 | 87,754.24 | - | |
| | | | B20MC5-30016 | - | 98,598.10 | 98,598.10 | - | |
| | | | B21MC5-30016 | - | 52,624.53 | 52,624.53 | - | |
| | | | B21MC5-30016 | - | 58,794.78 | 58,794.78 | - | |
| | | | B21MC5-30016 | - | 221,671.48 | 221,671.48 | - | 3 |
| Assistant Secretary for Community Planning & Development, Department of Housing & Urban Development | COVID 19 - Community Development Block Grants / Entitlement Grants | 14.218 | B20MW5-30016 | - | 571,364.15 | 571,364.15 | - | |
| Total CDBG Grants Entitlement Cluster ALN 14.218: | | | | - | 1,090,807.28 | 1,090,807.28 | - | |
| Assistant Secretary for Community Planning & Development, Department of Housing & Urban Development (via Washington State Department of Commerce) | Community Development Block Grants/State's program & Non-Entitlement Grants in Hawaii | 14.228 | 08-F6401-012 | 9,263.18 | | 9,263.18 | - | 5 |
| | | | 11-67400-002 | 43,357.30 | | 43,357.30 | - | 5 |
| Total ALN 14.228: | | | | 52,620.48 | - | 52,620.48 | - | |
| Assistant Secretary for Community Planning & Development, Department of Housing & Urban Development (via Tacoma Community Redevelopment Authority) | Home Investment Partnerships Program | 14.239 | CA2239926a | 113,522.33 | - | 113,522.33 | - | |
| Office Of Justice Programs, Department of Justice | Drug Court Discretionary Grant Program | 16.585 | 2018-VC-BX-0026 | - | 70,255.57 | 70,255.57 | - | |
| Office on Violence Against Women (OVW), Department of Justice (via Washington State Department of Commerce) | Violence Against Women Formula Grants | 16.588 | F-19-31103-059 | 25,983.28 | - | 25,983.28 | - | |
| | | | | | | | | |
| Office of Justice Programs, Department of Justice | Bulletproof Vest Partnership | 16.607 | FFY2019 | - | 6,960.76 | 6,960.76 | - | |
| | | | FFY2020 | - | 8,437.82 | 8,437.82 | - | |
| Total ALN 16.607: | | | | - | 15,398.58 | 15,398.58 | - | |
| Office Of Justice Programs, Department of Justice(City of Puyallup - Tacoma Narcotics | Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | F18-31440-009 | 7,953.20 | - | 7,953.20 | - | |
| Office Of Justice Programs, Department of Justice | Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | 2020-DJ-BX-0257 | | 31,561.84 | - | | |
| Office Of Justice Programs, Department of Justice | COVID 19 - Coronavirus Relief Fund | 16.738 | 2020-VD-BX-0148 | - | 24,153.99 | 24,153.99 | - | |
| Total ALN 16.738: | | | | 7,953.20 | 55,715.83 | 63,669.03 | - | |
| Criminal Division, Department of Justice | Equitable Sharing | 16.922 | WA0272300 | - | 18,501.04 | 18,501.04 | - | |
| Federal Bureau of Investigation, Department of Justice | Pacific Northwest Innocence Lost | 16.U01 | 2008-6-16 | - | 19,939.94 | 19,939.94 | - | |
| Highway Planning and Construction Cluster | | | | | | | | |
| Federal Highway Administration, Department of Transportation (via US Department of Transportation) | Highway Planning & Construction | 20.205 | WSDOT-CM-3136(008) | 52,742.51 | - | 52,742.51 | - | |
| | | | WSDOT-STPUL-2977(010) | 22,075.00 | - | 22,075.00 | - | |
| | | | WSDOT-STPUL-2977(011) | 49,113.70 | - | 49,113.70 | - | |
| Total Highway Planning and Construction Cluster Total ALN 20.205 | | | | 123,931.21 | - | 123,931.21 | - | |
| Highway Safety Cluster | | | | | | | | |
| National Highway Traffic Safety Administration, Department of Transportation (via WA Traffic Safety Commission) | State & Community Highway Safety | 20.600 | 2022-HVE-4447 | 3,123.62 | - | 3,123.62 | - | |
| | | | 2021-HVE-4094 | 6,626.33 | - | 6,626.33 | - | |
| Total Highway Safety Cluster ALN 20.600 | | | | 9,749.95 | - | 9,749.95 | - | |
| Department Offices Treasury (via Pierce County) | COVID 19 - Coronavirus Relief Fund | 21.019 | SC-108317 | 40,420.00 | - | 40,420.00 | - | |
| Department of the Treasury | ARPA - Corona Virus State Fiscal Recovery Fund | 21.027 | SLT 9045 | - | 1,299,274.63 | 1,299,274.63 | 1,133,420.00 | 6a |
| Substance Abuse & Mental Health Services Administration, Health & Human Services (via WA State Health Care Authority) | Substance Abuse Prevention & Treatment Block Grant | 93.959 | T1010057-HCA-K3907 | 122,856.18 | - | 122,856.18 | - | |

City of Lakewood
Schedule of Expenditures for Federal Awards
For the Year Ended December 31, 2021

| Federal Agency (Pass-Through Agency) | Federal Program | ALN | Other Award Number | Expenditures | | | | Note |
|---|--|--------|--------------------|--------------------------|---------------------|---------------------|---------------------------------|------|
| | | | | From Pass-Through Awards | From Direct Awards | Total | Passed through to Subrecipients | |
| U.S. Coast Guard, Homeland Security Department (via Washington State Parks & Recreation Commission) | Boating Safety Financial Assistance | 97.012 | 3320FAS200153 | 11,867.52 | - | 11,867.52 | - | |
| Federal Emergency Management Agency, Department of Homeland Security (via Washington State Military Department) | Emergency Management Performance Grants | 97.042 | E21-110 | 25,438.95 | - | 25,438.95 | 25,439 | 6b |
| | | | E22-164 | 25,406.00 | - | 25,406.00 | 25,406 | 6c |
| Federal Emergency Management Agency, Department of Homeland Security (via Washington State Military Department) | COVID 19 - Emergency Management Performance Grants | 97.042 | E20-2305 | 2,689.00 | - | 2,689.00 | 2,689 | 6d |
| Federal Emergency Management Agency, Department of Homeland Security (via Washington State Military Department) | ARPA - Emergency Management Performance Grants | 97.042 | E22-245 | 8,665.50 | - | 8,665.50 | 8,666 | 6e |
| Total ALN 97.042: | | | | 62,199.45 | - | 62,199.45 | 62,199 | |
| Federal Emergency Management Agency, Department of Homeland Security (via Seattle Police Department) | Homeland Security Grant Program | 97.067 | E20-095 | 4,412.78 | - | 4,412.78 | - | 8 |
| Total Federal Awards Expended: | | | | \$ 575,517 | \$ 3,104,398 | \$ 3,679,915 | \$ 1,195,619 | |

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

NOTE 1 - BASIS OF ACCOUNTING

This schedule is prepared on the same basis of accounting as the City of Lakewood's financial statements. The city uses the accrual basis of accounting.

NOTE 2 - INDIRECT COST RATE

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

NOTE 3 - REVOLVING LOAN FUND - PROGRAM INCOME

The city administers a revolving loan program for CDBG Down-Payment Assistance and Major Home Repairs. Under this federal program, repayments to the city program are considered program revenue (income) and loans of such funds to eligible recipients are considered expenditures. The amount of revolving loan funds disbursed to participants for the year was \$171,188. The amount of loan principal and interest repayments for the year was \$215,568.

NOTE 4 - LOAN GUARANTEE

Section 108 Loans approved by the U.S. Department of Housing and Urban Development.

Prior Years Federal Loans

- 1) Curbside Motors Incorporated in the amount of \$700,000 with the loan term from 2014 - 2035. The loan balance as of 12/31/2021 is \$509,000.
- 2) Living Access Support Alliance in the amount of \$310,000 with the loan term from 2015 - 2035. The loan balance as of 12/31/2021 is \$279,000.
- 3) 108th St. Road Improvement in the amount of \$140,000 with a loan term of 2017 - 2020. The loan balance as of 8/31/2020 is zero. This loan was paid back using CDBG entitlement grant funds.

The City of Lakewood participates in the U.S. Department of Housing and Urban Development (HUD) Section 108 Loan Guarantee Program in order to leverage economic development projects. The City is able to guarantee up to five times its annual CDBG allocation. The block grant is partial guarantee for the loan, and no City funds are pledged for the 108 loans. The Zion's Bank serves as the City's custodian under a custodial agreement disbursing the Section 108 funds to the borrower, receiving loan payments from the borrower, and remitting the repayments to HUD.

NOTE 5 - PROGRAM INCOME

These expenditures were paid with program income.

NOTE 6 - AMOUNTS AWARDED TO SUBRECIPIENTS

Included in the total amount expended for this program is a) \$99,250 to Pierce County, \$1,000,000 to Low Income housing Institute (LIHI), \$34,170 to Communities in Schools; b) \$25,439; c) \$25,406; d) \$2,689; e) \$8,666 all to West Pierce Fire & Rescue.

NOTE 7 - PROGRAM COSTS

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

NOTE 8 - NON-CASH AWARDS - Other

During 2021 the City of Lakewood Police Department received special emergency response supplies from the City of Seattle Police Department. These supplies were purchased with U.S. Department of Homeland Security funds and are valued at \$4,412.

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COMBINING STATEMENTS

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**Combining Statement – Nonmajor Governmental Funds Description
For the Year Ended December 31, 2021**

Special Revenue Funds

Special Revenue funds are used to account for the proceeds of revenue sources (other than special assessments, expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Funds

Debt Service Funds accounts for the accumulation of resources for the payment of special assessment bond principal, interest and related costs. Revenues for this fund consist of special assessments.

Capital Projects Funds

Capital Project Funds account for acquisition or construction of major capital facilities with the exception of those facilities financed by proprietary and trust funds. The major sources of revenue for this fund are real estate excise tax, motor vehicle excise tax, grants from other agencies, and contributions from other funds.

City of Lakewood
Combining Governmental Balance Sheet
Nonmajor Governmental Funds
Summary by Fund Type
December 31, 2021

| | Special Revenue Funds | Debt Service Funds | Capital Projects Funds | Total Nonmajor Governmental Funds |
|--|--------------------------|-----------------------|---------------------------|--|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 5,188,028 | \$ 867,185 | \$ 9,438,239 | \$ 15,493,452 |
| Customer accounts receivable | 2,195 | - | - | 2,195 |
| Due from other governments | 385,461 | - | 118,071 | 503,532 |
| Notes/contracts receivable | - | 5,250 | - | 5,250 |
| Special assessments receivable | 41,128 | - | - | 41,128 |
| Taxes Receivable | 314,181 | - | 861,395 | 1,175,576 |
| Total assets | <u>5,930,993</u> | <u>872,435</u> | <u>10,417,705</u> | <u>17,221,133</u> |
| LIABILITIES | | | | |
| Accounts payable | 200,452 | - | 366,288 | 566,740 |
| Wages payable | 90,036 | - | 3,452 | 93,488 |
| Due to other governments | 186 | - | - | 186 |
| Unearned revenue | - | - | 971 | 971 |
| Contracts payable | - | - | 52,804 | 52,804 |
| Other accrued liabilities | 11,621 | - | - | 11,621 |
| Interfund loan payable | 248,409 | - | - | 248,409 |
| Total liabilities | <u>550,704</u> | <u>-</u> | <u>423,515</u> | <u>974,219</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable revenue | <u>41,128</u> | <u>5,249</u> | <u>-</u> | <u>46,377</u> |
| Total liabilities and deferred inflows of resources | <u>591,832</u> | <u>5,249</u> | <u>423,515</u> | <u>1,020,596</u> |
| FUND BALANCES | | | | |
| Restricted | 4,726,894 | 867,186 | 5,448,472 | 11,042,552 |
| Committed | <u>612,267</u> | <u>-</u> | <u>4,545,718</u> | <u>5,157,985</u> |
| Total fund balances | <u>5,339,161</u> | <u>867,186</u> | <u>9,994,190</u> | <u>16,200,537</u> |
| Total liabilities, deferred inflows, and fund balances | <u>\$ 5,930,993</u> | <u>\$ 872,435</u> | <u>\$ 10,417,705</u> | <u>\$ 17,221,133</u> |

City of Lakewood
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Summary by Fund Type
For the Year Ended December 31, 2021

| | Special Revenue Funds | Debt Service Funds | Capital Projects Funds | Total Nonmajor Governmental Funds |
|---|--------------------------|-----------------------|---------------------------|---|
| REVENUES | | | | |
| Taxes | \$ 2,241,659 | \$ - | 4,557,032 | \$ 6,798,691 |
| Licenses and permits | 189,474 | - | - | 189,474 |
| Intergovernmental | 1,830,476 | - | 684,083 | 2,514,559 |
| Charges for goods and services | 458,333 | 790,478 | 613,517 | 1,862,328 |
| Interest and other earnings | 54,369 | 859 | 85,206 | 140,434 |
| Miscellaneous | 19,041 | 5,649 | 4,081 | 28,771 |
| Contributions and donations | 16,800 | - | 20,855 | 37,655 |
| Total revenues | <u>4,810,152</u> | <u>796,986</u> | <u>5,964,774</u> | <u>11,571,912</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public safety | 457,761 | - | - | 457,761 |
| Utilities and environment | - | - | 895,853 | 895,853 |
| Transportation | 2,252,912 | - | - | 2,252,912 |
| Economic environment | 1,885,662 | - | 11 | 1,885,673 |
| Culture and recreation | 37,902 | - | 53,189 | 91,091 |
| Judicial | 70,256 | - | - | 70,256 |
| Debt service: | | | | |
| Principal | - | 1,277,595 | - | 1,277,595 |
| Interest and other debt service costs | - | 424,586 | - | 424,586 |
| Capital outlay: | | | | |
| Capital | 99,414 | - | 2,658,873 | 2,758,287 |
| Total expenditures | <u>4,803,907</u> | <u>1,702,181</u> | <u>3,607,926</u> | <u>10,114,014</u> |
| Excess (deficiency) of revenues over expenditures | <u>6,245</u> | <u>(905,195)</u> | <u>2,356,848</u> | <u>1,457,898</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 1,552,197 | 1,222,095 | 2,978,309 | 5,752,601 |
| Transfers out | (68,049) | (190,000) | (1,749,896) | (2,007,945) |
| Total other financing sources (uses) | <u>1,484,148</u> | <u>1,032,095</u> | <u>1,228,413</u> | <u>3,744,656</u> |
| Net change in fund balances | 1,490,393 | 126,900 | 3,585,261 | 5,202,554 |
| Fund balances - beginning | <u>3,848,768</u> | <u>740,286</u> | <u>6,408,929</u> | <u>10,997,983</u> |
| Fund balances - ending | <u>\$ 5,339,161</u> | <u>\$ 867,186</u> | <u>\$ 9,994,190</u> | <u>\$ 16,200,537</u> |

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Combining Statement – Nonmajor Special Revenue Funds Description For the Year Ended December 31, 2021

The **Street Operations and Maintenance Fund** is used to account for the receipts and disbursements associated with City planning, establishing, repairing and maintaining City streets, sidewalks, and appurtenances, including pedestrian and bicycle paths, lanes and routes. The fund is supported primarily by an interfund transfer from the General Fund, motor vehicle fuel tax and permits to a much lesser degree. Primary areas of service are transportation planning, traffic operations and maintenance, neighborhood traffic services, snow and ice response, and street maintenance.

The **Transportation Benefit District Fund** is used to account for the annual \$20 vehicle license fee (VLF) revenues used to fund specific transportation projects. Proceeds from the VLF are transferred to Fund 302 Transportation Capital Projects to provide funding of those specific projects.

The **Hotel/Motel Lodging Tax Fund** is used to account for the hotel/motel lodging tax revenues and associated disbursements. RCW 67.28 authorizes a transient rental tax of up to two percent for lodging at hotels, motels, private campgrounds, RV parks and similar facilities. RCW 67.28 also authorizes a five percent special hotel/motel tax on the same base. The expenditures from this fund must adhere to the governing state statutes, which limit the expenditures to those costs related to tourism promotion, and acquisition and/or operation of tourism-related facilities.

The **Property Abatement Fund/Rental Housing Safety Program** accounts for property abatement, rental housing safety program, and 1406 affordable housing authorized under the provisions of Substitute House Bill 1406 to be funded by additional sales and use tax credits. The property abatement portion of this fund accounts for projects that the City has identified and processed through the abatement program. All revenues from the rightful recovery of those project expenses, along with all revenues from fees, fines, and interest, and other rightful recoveries from those projects are deposited into the fund for the purpose of funding additional abatement projects. The rental housing safety program portion of this fund accounts for the registration program fees and associated expenditures of administering this program. The program requires all residential rental properties (apartments, single family homes, duplexes, etc.) within Lakewood city limits to be registered. The program is designed to ensure that all rental housing units comply with specific life and safety standards and are providing a safe place for tenants to live.

The **Public Art Fund's** sole purpose is to account for the revenue from the fees charged for the rental of the McGavick Center by the City and expenditure of that revenue for approved public art activities.

The **Narcotics Seizure Fund** was established for the purposes of tracking assets seized as a result of involvement with the illegal sale, possession, or distribution of drugs or controlled substances, and for the purchase of controlled substances or drugs by law enforcement officers or agents, as well as for such other expenses the City determines to be reasonably connected with public safety activity. Seized cash balances in which legal ownership has not been adjudicated are accounted for in the fiduciary fund.

The **Felony Seizure Fund** accounts for assets seized by the police department under RCW 10.105.101 and the related expenditures. The statute authorizes the seizure of assets that have been or was actually employed as an instrumentality in the commission of, or in aiding or abetting in the commission of any felony, or which was furnished or was intended to be furnished by any person in the commission of, as a result of, or as compensation for the commission of, any felony, or which was acquired in whole or in part with proceeds traceable to the commission of a felony. Seized cash balances in which legal ownership has not been adjudicated are accounted for in the fiduciary fund.

The **Federal Seizure Fund** was established to track the revenues associated with assets seized as a result of the police department working in conjunction with federal law enforcement. The fund also accounts for public safety expenditures funded by those revenues. Seized cash balances in which legal ownership has not been adjudicated are accounted for in the fiduciary fund.

The **Neighborhood Stabilization Program Fund** accounts for the revenues and expenditures associated with the Federal Neighborhood Stabilization Program Grant. The NSP was established for the purpose of stabilizing communities that have suffered from foreclosures and abandonment. The NSP1 program provides funds to purchase and redevelop foreclosed and abandoned homes and residential properties. The NSP3 program provides a third round of neighborhood stabilization grants to all states and select governments on a formula basis.

The **Office of Economic Adjustment Grant (OEA)/South Sound Military Communities Partnership (SSMCP) Fund** accounts for the revenues and expenditures associated with the Federal Office of Economic Adjustment Grant Program, which provides grants to assist communities with the alleviation of socioeconomic effects that may result from military base closures and realignments. This fund also accounts for all activity associated with the South Sound Military Communities Partnership.

The **Public Safety Grants Fund** accounts for the revenues and expenditures related to public safety grants and local revenues.

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City of Lakewood
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2021

| | Street Operations & Maintenance | Transportation Benefit District | Hotel/ Motel Lodging Tax | Property Abatement/ Rental Housing Safety | Public Art | Narcotics Seizure |
|---|---------------------------------------|------------------------------------|--------------------------------|---|-------------------|----------------------|
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ - | \$ 1,581,424 | \$ 2,168,133 | \$ 686,782 | \$ 120,224 | \$ 196,643 |
| Customer accounts receivable | - | - | - | 2,195 | - | - |
| Due from other governments | - | - | - | - | - | - |
| Special assessments receivable | - | - | - | 24,907 | - | - |
| Taxes Receivable | 134,559 | - | 159,197 | 20,425 | - | - |
| Total assets | <u>134,559</u> | <u>1,581,424</u> | <u>2,327,330</u> | <u>734,309</u> | <u>120,224</u> | <u>196,643</u> |
| LIABILITIES | | | | | | |
| Accounts payable | 55,157 | - | 21,899 | 34,790 | - | 4,641 |
| Wages and benefits payable | 53,682 | - | - | 15,310 | - | - |
| Due to other governments | - | - | - | - | - | - |
| Other accrued liabilities | 1,940 | - | - | 9,681 | - | - |
| Interfund loan payable | - | - | - | - | - | - |
| Total liabilities | <u>110,779</u> | <u>-</u> | <u>21,899</u> | <u>59,781</u> | <u>-</u> | <u>4,641</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Unavailable revenue | - | - | - | 24,907 | - | - |
| Total liabilities and deferred inflows of resources | <u>110,779</u> | <u>-</u> | <u>21,899</u> | <u>84,688</u> | <u>-</u> | <u>4,641</u> |
| FUND BALANCES (DEFICITS) | | | | | | |
| Restricted | - | 1,581,424 | 2,305,431 | 181,358 | - | 192,002 |
| Committed | 23,780 | - | - | 468,263 | 120,224 | - |
| Total fund balances | <u>23,780</u> | <u>1,581,424</u> | <u>2,305,431</u> | <u>649,621</u> | <u>120,224</u> | <u>192,002</u> |
| Total liabilities, deferred inflows, and fund balances (deficits) | <u>\$ 134,559</u> | <u>\$ 1,581,424</u> | <u>\$ 2,327,330</u> | <u>\$ 734,309</u> | <u>\$ 120,224</u> | <u>\$ 196,643</u> |

City of Lakewood
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2021

| | Felony Seizure | Federal Seizure | Neighborhood Stabilization Program | Office of Economic Adjustment Grant/ SSMCP | Public Safety Grants | Total Nonmajor Special Revenue Funds |
|--|-------------------|--------------------|--|--|----------------------------|---|
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 36,198 | \$ 143,505 | \$ 255,119 | \$ - | \$ - | \$ 5,188,028 |
| Customer accounts receivable | - | - | - | - | - | 2,195 |
| Due from other governments | - | - | - | 257,773 | 127,688 | 385,461 |
| Special assessments receivable | - | - | 16,221 | - | - | 41,128 |
| Taxes Receivable | - | - | - | - | - | 314,181 |
| Total assets | <u>36,198</u> | <u>143,505</u> | <u>271,340</u> | <u>257,773</u> | <u>127,688</u> | <u>5,930,993</u> |
| LIABILITIES | | | | | | |
| Accounts payable | - | - | 429 | 55,582 | 27,954 | 200,452 |
| Wages and benefits payable | - | - | 13 | 9,761 | 11,270 | 90,036 |
| Due to other governments | - | - | - | 186 | - | 186 |
| Other accrued liabilities | - | - | - | - | - | 11,621 |
| Interfund loan payable | - | - | - | 159,945 | 88,464 | 248,409 |
| Total liabilities | <u>-</u> | <u>-</u> | <u>442</u> | <u>225,474</u> | <u>127,688</u> | <u>550,704</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Unavailable revenue | - | - | 16,221 | - | - | 41,128 |
| Total liabilities and deferred inflows of resources | <u>-</u> | <u>-</u> | <u>16,663</u> | <u>225,474</u> | <u>127,688</u> | <u>591,832</u> |
| FUND BALANCES (DEFICITS) | | | | | | |
| Restricted | 36,198 | 143,505 | 254,677 | 32,299 | - | 4,726,894 |
| Committed | - | - | - | - | - | 612,267 |
| Total fund balances (deficits) | <u>36,198</u> | <u>143,505</u> | <u>254,677</u> | <u>32,299</u> | <u>-</u> | <u>5,339,161</u> |
| Total liabilities, deferred inflows, and fund balances (deficits) | <u>\$ 36,198</u> | <u>\$ 143,505</u> | <u>\$ 271,340</u> | <u>\$ 257,773</u> | <u>\$ 127,688</u> | <u>\$ 5,930,993</u> |

City of Lakewood
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2021

| | Street Operations and Maintenance | Transportation Benefit District | Hotel/Motel Lodging Tax | Property Abatement/ Rental Housing Safety | Public Art | Narcotics Seizure |
|--|--|------------------------------------|----------------------------|---|-------------------|----------------------|
| REVENUES | | | | | | |
| Taxes | \$ - | \$ 892,796 | \$ 1,239,821 | \$ 109,042 | \$ - | \$ - |
| Licenses and permits | 189,474 | - | - | - | - | - |
| Intergovernmental | 791,653 | - | - | - | - | - |
| Charges for goods and services | 11,408 | - | - | 256,708 | - | 2,217 |
| Interest and other earnings | - | 875 | 2,118 | 44,768 | 126 | 171 |
| Miscellaneous | 3,247 | - | - | - | - | 15,794 |
| Contributions and donations | - | - | - | - | - | - |
| Total revenues | <u>995,782</u> | <u>893,671</u> | <u>1,241,939</u> | <u>410,518</u> | <u>126</u> | <u>18,182</u> |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| Public safety | - | - | - | - | - | 66,876 |
| Transportation | 2,252,912 | - | - | - | - | - |
| Economic environment | - | - | 527,489 | 603,598 | - | - |
| Culture and recreation | - | - | - | - | 37,902 | - |
| Judicial | - | - | - | - | - | - |
| Capital outlay: | | | | | | |
| Capital | - | - | - | - | - | - |
| Total expenditures | <u>2,252,912</u> | <u>-</u> | <u>527,489</u> | <u>603,598</u> | <u>37,902</u> | <u>66,876</u> |
| Excess (deficiency) of revenues over expenditures | <u>(1,257,130)</u> | <u>893,671</u> | <u>714,450</u> | <u>(193,080)</u> | <u>(37,776)</u> | <u>(48,694)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | 1,280,910 | - | - | 184,287 | 22,500 | 14,500 |
| Transfers out | - | - | (68,049) | - | - | - |
| Total other financing source (uses) | <u>1,280,910</u> | <u>-</u> | <u>(68,049)</u> | <u>184,287</u> | <u>22,500</u> | <u>14,500</u> |
| Net change in fund balances | 23,780 | 893,671 | 646,401 | (8,793) | (15,276) | (34,194) |
| Fund balances - beginning | - | 687,753 | 1,659,030 | 658,414 | 135,500 | 226,196 |
| Fund balances - ending | <u>\$ 23,780</u> | <u>\$ 1,581,424</u> | <u>\$ 2,305,431</u> | <u>\$ 649,621</u> | <u>\$ 120,224</u> | <u>\$ 192,002</u> |

City of Lakewood
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2021

| | Felony Seizure | Federal Seizure | NSP Grant | OEA Grant/ SSMCP | Public Safety Grants | Total Nonmajor Special Revenue Funds |
|--|-------------------|--------------------|-------------------|---------------------|-------------------------|--|
| REVENUES | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 2,241,659 |
| Licenses and permits | - | - | - | - | - | 189,474 |
| Intergovernmental | - | 919 | 46,093 | 531,351 | 460,460 | 1,830,476 |
| Charges for goods and services | - | - | - | 188,000 | - | 458,333 |
| Interest and other earnings | 40 | 181 | 6,090 | - | - | 54,369 |
| Miscellaneous | - | - | - | - | - | 19,041 |
| Contributions and donations | - | - | - | 16,800 | - | 16,800 |
| Total revenues | <u>40</u> | <u>1,100</u> | <u>52,183</u> | <u>736,151</u> | <u>460,460</u> | <u>4,810,152</u> |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| Public safety | 11,679 | - | - | - | 379,206 | 457,761 |
| Transportation | - | - | - | - | - | 2,252,912 |
| Economic environment | - | - | 9,263 | 745,312 | - | 1,885,662 |
| Culture and recreation | - | - | - | - | - | 37,902 |
| Judicial | - | - | - | - | 70,256 | 70,256 |
| Capital outlay: | | | | | | |
| Capital | - | 18,501 | 43,357 | 26,558 | 10,998 | 99,414 |
| Total expenditures | <u>11,679</u> | <u>18,501</u> | <u>52,620</u> | <u>771,870</u> | <u>460,460</u> | <u>4,803,907</u> |
| Excess (deficiency) of revenues over expenditures | <u>(11,639)</u> | <u>(17,401)</u> | <u>(437)</u> | <u>(35,719)</u> | <u>-</u> | <u>6,245</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | - | - | - | 50,000 | - | 1,552,197 |
| Transfers out | - | - | - | - | - | (68,049) |
| Total other financing source (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>50,000</u> | <u>-</u> | <u>1,484,148</u> |
| Net change in fund balances | (11,639) | (17,401) | (437) | 14,281 | - | 1,490,393 |
| Fund balances - beginning | 47,837 | 160,906 | 255,114 | 18,018 | - | 3,848,768 |
| Fund balances - ending | <u>\$ 36,198</u> | <u>\$ 143,505</u> | <u>\$ 254,677</u> | <u>\$ 32,299</u> | <u>\$ -</u> | <u>\$ 5,339,161</u> |

City of Lakewood
Street Operations and Maintenance
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended December 31, 2021

| | Budgeted Amounts | | | Variance with |
|---|------------------|-------------|-------------|---------------|
| | Original | Final | Actual | Final Budget |
| REVENUES | | | | |
| Licenses and permits | \$ 106,500 | \$ 106,500 | \$ 189,474 | \$ 82,974 |
| Intergovernmental | 855,410 | 855,410 | 791,653 | (63,757) |
| Charges for goods and services | - | - | 11,408 | 11,408 |
| Miscellaneous | - | - | 3,247 | 3,247 |
| Total revenues | 961,910 | 961,910 | 995,782 | 33,872 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Transportation | 2,343,812 | 2,515,472 | 2,252,912 | (262,560) |
| Capital Outlay | - | - | - | - |
| Total expenditures | 2,343,812 | 2,515,472 | 2,252,912 | (262,560) |
| Excess (deficiency) of revenues over expenditures | (1,381,902) | (1,553,562) | (1,257,130) | 296,432 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 1,381,902 | 1,553,562 | 1,280,910 | (272,652) |
| Total other financing source (uses) | 1,381,902 | 1,553,562 | 1,280,910 | (272,652) |
| Net change in fund balances | - | - | 23,780 | 23,780 |
| Fund balances - beginning | - | - | - | - |
| Fund balances - ending | \$ - | \$ - | \$ 23,780 | \$ 23,780 |

City of Lakewood
Transportation Benefit District
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended December 31, 2021

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|---|------------------|--------------|--------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Taxes | \$ 835,000 | \$ 835,000 | \$ 892,796 | \$ 57,796 |
| Interest and other earnings | - | - | 875 | 875 |
| Total revenues | 835,000 | 835,000 | 893,671 | 58,671 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Total expenditures | - | - | - | - |
| Excess (deficiency) of revenues over expenditures | 835,000 | 835,000 | 893,671 | 58,671 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | - | - | - | - |
| Total other financing source (uses) | - | - | - | - |
| Net change in fund balances | 835,000 | 835,000 | 893,671 | 58,671 |
| Fund balances - beginning | 640,000 | 687,753 | 687,753 | - |
| Fund balances - ending | \$ 1,475,000 | \$ 1,522,753 | \$ 1,581,424 | \$ 58,671 |

City of Lakewood
Hotel/Motel Lodging Tax
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended December 31, 2021

| | Budgeted Amounts | | | Variance with |
|---|------------------|--------------|--------------|---------------|
| | Original | Final | Actual | Final Budget |
| REVENUES | | | | |
| Taxes | \$ 800,000 | \$ 1,000,000 | \$ 1,239,821 | \$ 239,821 |
| Interest and other earnings | - | - | 2,118 | 2,118 |
| Total revenues | 800,000 | 1,000,000 | 1,241,939 | 241,939 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Economic environment | 672,250 | 672,250 | 527,489 | (144,761) |
| Total expenditures | 672,250 | 672,250 | 527,489 | (144,761) |
| Excess (deficiency) of revenues over expenditures | 127,750 | 327,750 | 714,450 | 386,700 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | - | (140,941) | (68,049) | 72,892 |
| Total other financing source (uses) | - | (140,941) | (68,049) | 72,892 |
| Net change in fund balances | 127,750 | 186,809 | 646,401 | 459,592 |
| Fund balances - beginning | 1,247,353 | 1,659,030 | 1,659,030 | - |
| Fund balances - ending | \$ 1,375,103 | \$ 1,845,839 | \$ 2,305,431 | \$ 459,592 |

City of Lakewood
Property Abatement/Rental Housing Safety Program/1406 Affordable Housing
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended December 31, 2021

| | Budgeted Amounts | | | Variance with |
|---|------------------|-----------|------------|---------------|
| | Original | Final | Actual | Final Budget |
| REVENUES | | | | |
| Taxes | \$ 98,000 | \$ 98,000 | \$ 109,042 | 11,042 |
| Charges for goods and services | 252,000 | 252,300 | 256,708 | 4,408 |
| Interest and other earnings | 35,000 | 35,000 | 44,768 | 9,768 |
| Total revenues | 385,000 | 385,300 | 410,518 | 25,218 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Economic environment | 470,000 | 1,228,001 | 603,598 | (624,403) |
| Total expenditures | 470,000 | 1,228,001 | 603,598 | (624,403) |
| Excess (deficiency) of revenues over expenditures | (85,000) | (842,701) | (193,080) | 649,621 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 85,000 | 184,287 | 184,287 | - |
| Total other financing source (uses) | 85,000 | 184,287 | 184,287 | - |
| Net change in fund balances | - | (658,414) | (8,793) | 649,621 |
| Fund balances - beginning | - | 658,414 | 658,414 | - |
| Fund balances - ending | \$ - | \$ - | \$ 649,621 | \$ 649,621 |

City of Lakewood
Public Art
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended December 31, 2021

| | Budgeted Amounts | | | Variance with |
|---|------------------|-----------|------------|---------------|
| | Original | Final | Actual | Final Budget |
| REVENUES | | | | |
| Interest and other earnings | \$ - | \$ - | \$ 126 | \$ 126 |
| Miscellaneous | 7,500 | 7,500 | - | (7,500) |
| Total revenues | 7,500 | 7,500 | 126 | (7,374) |
| EXPENDITURES | | | | |
| Current: | | | | |
| Culture and recreation | 7,500 | 165,500 | 37,902 | (127,598) |
| Total expenditures | 7,500 | 165,500 | 37,902 | (127,598) |
| Excess (deficiency) of revenues over expenditures | - | (158,000) | (37,776) | 120,224 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfer in | - | 22,500 | 22,500 | - |
| Total other financing source (uses) | - | 22,500 | 22,500 | - |
| Net change in fund balances | - | (135,500) | (15,276) | 120,224 |
| Fund balances - beginning | - | 135,500 | 135,500 | - |
| Fund balances - ending | \$ - | \$ - | \$ 120,224 | \$ 120,224 |

City of Lakewood

Narcotics Seizure

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual

For the Year Ended December 31, 2021

| | Budgeted Amounts | | | Variance with |
|---|------------------|-----------|------------|---------------|
| | Original | Final | Actual | Final Budget |
| REVENUES | | | | |
| Charges for goods and services | - | - | 2,217 | 2,217 |
| Interest and other earnings | - | - | 171 | 171 |
| Miscellaneous | - | - | 15,794 | 15,794 |
| Total revenues | - | - | 18,182 | 18,182 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public safety | - | 120,696 | 66,876 | (53,820) |
| Capital Outlay | 120,000 | 120,000 | - | (120,000) |
| Total expenditures | 120,000 | 240,696 | 66,876 | (173,820) |
| Excess (deficiency) of revenues over expenditures | (120,000) | (240,696) | (48,694) | 192,002 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfer in | - | 14,500 | 14,500 | - |
| Total other financing source (uses) | - | 14,500 | 14,500 | - |
| Net change in fund balances | (120,000) | (226,196) | (34,194) | 192,002 |
| Fund balances - beginning | 120,000 | 226,196 | 226,196 | - |
| Fund balances - ending | \$ - | \$ - | \$ 192,002 | \$ 192,002 |

City of Lakewood
Felony Seizure
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended December 31, 2021

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|---|------------------|----------|-----------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Interest and other earnings | \$ - | \$ - | \$ 40 | \$ 40 |
| Total revenues | - | - | 40 | 40 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public safety | - | 47,837 | 11,679 | (36,158) |
| Total expenditures | - | 47,837 | 11,679 | (36,158) |
| Excess (deficiency) of revenues over expenditures | - | (47,837) | (11,639) | 36,198 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Total other financing source (uses) | - | - | - | - |
| Net change in fund balances | - | (47,837) | (11,639) | 36,198 |
| Fund balances - beginning | - | 47,837 | 47,837 | - |
| Fund balances - ending | \$ - | \$ - | \$ 36,198 | \$ 36,198 |

City of Lakewood

Federal Seizure

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual

For the Year Ended December 31, 2021

| | Budgeted Amounts | | | Variance with |
|---|------------------|-----------|------------|---------------|
| | Original | Final | Actual | Final Budget |
| REVENUES | | | | |
| Intergovernmental | \$ - | \$ - | \$ 919 | \$ 919 |
| Interest and other earnings | - | - | 181 | 181 |
| Total revenues | - | - | 1,100 | 1,100 |
| EXPENDITURES | | | | |
| Capital outlay: | | | | |
| Capital | 120,000 | 160,906 | 18,501 | (142,405) |
| Total expenditures | 120,000 | 160,906 | 18,501 | (142,405) |
| Excess (deficiency) of revenues over expenditures | (120,000) | (160,906) | (17,401) | 143,505 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Total other financing source (uses) | - | - | - | - |
| Net change in fund balances | (120,000) | (160,906) | (17,401) | 143,505 |
| Fund balances - beginning | 120,000 | 160,906 | 160,906 | - |
| Fund balances - ending | \$ - | \$ - | \$ 143,505 | \$ 143,505 |

City of Lakewood
Neighborhood Stabilization Program (NSP)
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended December 31, 2021

| | Budgeted Amounts | | | Variance with |
|---|------------------|-----------|------------|---------------|
| | Original | Final | Actual | Final Budget |
| REVENUES | | | | |
| Intergovernmental | \$ 78,000 | \$ 42,000 | \$ - | \$ (42,000) |
| Charges for goods and services | - | - | 46,093 | 46,093 |
| Interest and other earnings | - | - | 6,090 | 6,090 |
| Total revenues | 78,000 | 42,000 | 52,183 | 10,183 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Economic environment | 78,000 | 297,114 | 9,263 | (287,851) |
| Capital outlay | - | - | 43,357 | 43,357 |
| Total expenditures | 78,000 | 297,114 | 52,620 | (244,494) |
| Excess (deficiency) of revenues over expenditures | - | (255,114) | (437) | 254,677 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Total other financing source (uses) | - | - | - | - |
| Net change in fund balances | - | (255,114) | (437) | 254,677 |
| Fund balances - beginning | - | 255,114 | 255,114 | - |
| Fund balances - ending | \$ - | \$ - | \$ 254,677 | \$ 254,677 |

City of Lakewood
OEA Grant/SSMCP
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended December 31, 2021

| | Budgeted Amounts | | | Variance with |
|---|------------------|--------------|------------|----------------|
| | Original | Final | Actual | Final Budget |
| REVENUES | | | | |
| Intergovernmental | \$ - | \$ 8,909,228 | \$ 531,351 | \$ (8,377,877) |
| Charges for goods and services | 177,500 | 186,000 | 188,000 | 2,000 |
| Contributions and donations | - | - | 16,800 | 16,800 |
| Total revenues | 177,500 | 9,095,228 | 736,151 | (8,359,077) |
| EXPENDITURES | | | | |
| Current: | | | | |
| Economic environment | 227,500 | 897,345 | 745,312 | (152,033) |
| Capital Outlay | - | 8,265,728 | 26,558 | (8,239,170) |
| Total expenditures | 227,500 | 9,163,073 | 771,870 | (8,391,203) |
| Excess (deficiency) of revenues over expenditures | (50,000) | (67,845) | (35,719) | 32,126 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 50,000 | 50,000 | 50,000 | - |
| Total other financing source (uses) | 50,000 | 50,000 | 50,000 | - |
| Net change in fund balances | - | (17,845) | 14,281 | 32,126 |
| Fund balances - beginning | - | 18,018 | 18,018 | - |
| Fund balances - ending | \$ - | \$ 173 | \$ 32,299 | \$ 32,126 |

City of Lakewood
Public Safety Grants
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended December 31, 2021

| | Budgeted Amounts | | | Variance with |
|---|------------------|------------|------------|---------------|
| | Original | Final | Actual | Final Budget |
| REVENUES | | | | |
| Intergovernmental | \$ 132,328 | \$ 715,481 | \$ 460,460 | \$ (255,021) |
| Total revenues | 132,328 | 715,481 | 460,460 | (255,021) |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public safety | - | 490,662 | 379,206 | (111,456) |
| Judicial | 132,328 | 224,819 | 70,256 | (154,563) |
| Capital outlay: | | | | |
| Capital | - | - | 10,998 | 10,998 |
| Total expenditures | 132,328 | 715,481 | 460,460 | (255,021) |
| Excess (deficiency) of revenues over expenditures | - | - | - | - |
| Net change in fund balances | | | | |
| | - | - | - | - |
| Fund balances - beginning | - | - | - | - |
| Fund balances - ending | \$ - | \$ - | \$ - | \$ - |

**Combining Statement – Nonmajor Debt Service Funds Description
For the Year Ended December 31, 2021**

The **General Obligation Debt Service** Fund accounts for General Obligation Bonds.

The **Sewer Project Debt Service** Fund accounts for the Public Works Trust Fund Loans that the City secured to fund both sewer main construction and the side sewer construction loan program.

The **LID Guaranty Debt Service Fund** accounts for the guaranty funds as required for local improvement districts.

City of Lakewood
Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2021

| | General Obligation Debt Service | Sewer Project Debt | LID Guaranty | Total Nonmajor Debt Service Funds |
|--|---------------------------------------|-----------------------|-------------------|---|
| ASSETS | | | | |
| Cash and cash equivalents | \$ - | \$ 734,092 | \$ 133,093 | \$ 867,185 |
| Notes/contracts receivable | - | 5,250 | - | 5,250 |
| Total assets | <u>-</u> | <u>739,342</u> | <u>133,093</u> | <u>872,435</u> |
| LIABILITIES | | | | |
| Accounts Payable | - | - | - | - |
| Total liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable revenue | - | 5,249 | - | 5,249 |
| Total liabilities and deferred inflows of resources | <u>-</u> | <u>5,249</u> | <u>-</u> | <u>5,249</u> |
| FUND BALANCES | | | | |
| Restricted | - | 734,093 | 133,093 | 867,186 |
| Total fund balances | <u>-</u> | <u>734,093</u> | <u>133,093</u> | <u>867,186</u> |
| Total liabilities, deferred inflows, and fund balances | <u>\$ -</u> | <u>\$ 739,342</u> | <u>\$ 133,093</u> | <u>\$ 872,435</u> |

City of Lakewood
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended December 31, 2021

| | General Obligation Debt Service | Sewer Project Debt | LID Guaranty | Total Nonmajor Debt Service Funds |
|---|---------------------------------------|--------------------------|--------------|--|
| REVENUES | | | | |
| Charges for goods and services | \$ - | \$ 790,478 | \$ - | \$ 790,478 |
| Interest and other earnings | - | 734 | 125 | 859 |
| Miscellaneous | - | 5,649 | - | 5,649 |
| Total revenues | - | 796,861 | 125 | 796,986 |
| EXPENDITURES | | | | |
| Debt service: | | | | |
| Principal | 813,657 | 463,938 | - | 1,277,595 |
| Interest and other debt service costs | 408,438 | 16,148 | - | 424,586 |
| Total expenditures | 1,222,095 | 480,086 | - | 1,702,181 |
| Excess (deficiency) of revenues over expenditures | (1,222,095) | 316,775 | 125 | (905,195) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 1,222,095 | - | - | 1,222,095 |
| Transfers Out | - | (190,000) | - | (190,000) |
| Total other financing sources (uses) | 1,222,095 | (190,000) | - | 1,032,095 |
| Net change in fund balances | - | 126,775 | 125 | 126,900 |
| Fund balances - beginning | - | 607,318 | 132,968 | 740,286 |
| Fund balances - ending | \$ - | \$ 734,093 | \$ 133,093 | \$ 867,186 |

City of Lakewood
General Obligation Debt Service
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended December 31, 2021

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|---|------------------|-------------|-------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Total revenues | - | - | - | - |
| EXPENDITURES | | | | |
| Debt service: | | | | |
| Principal | 990,080 | 990,080 | 813,657 | (176,423) |
| Interest | 700,741 | 700,741 | 408,438 | (292,303) |
| Total expenditures | 1,690,821 | 1,690,821 | 1,222,095 | (468,726) |
| Excess (deficiency) of revenues over expenditures | (1,690,821) | (1,690,821) | (1,222,095) | 468,726 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers-in | 1,690,821 | 1,690,821 | 1,222,095 | (468,726) |
| Total other financing source (uses) | 1,690,821 | 1,690,821 | 1,222,095 | (468,726) |
| Net change in fund balances | - | - | - | - |
| Fund balances - beginning | - | - | - | - |
| Fund balances - ending | \$ - | \$ - | \$ - | \$ - |

City of Lakewood
Sewer Project Debt
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended December 31, 2021

| | Budgeted Amounts | | | Variance with |
|---|------------------|------------|------------|---------------|
| | Original | Final | Actual | Final Budget |
| REVENUES | | | | |
| Charges for goods and services | \$ 785,000 | \$ 785,000 | \$ 790,478 | \$ 5,478 |
| Interest and other earnings | 6,600 | 6,600 | 734 | (5,866) |
| Miscellaneous | 8,881 | 8,881 | 5,649 | (3,232) |
| Total revenues | 800,481 | 800,481 | 796,861 | (3,620) |
| EXPENDITURES | | | | |
| Debt service: | | | | |
| Principal | 463,938 | 463,938 | 463,938 | - |
| Interest | 16,148 | 16,148 | 16,148 | - |
| Total expenditures | 480,086 | 480,086 | 480,086 | - |
| Excess (deficiency) of revenues over expenditures | 320,395 | 320,395 | 316,775 | (3,620) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfer out | (190,000) | (190,000) | (190,000) | - |
| Total other financing source (uses) | (190,000) | (190,000) | (190,000) | - |
| Net change in fund balances | 130,395 | 130,395 | 126,775 | (3,620) |
| Fund balances - beginning | 578,288 | 607,318 | 607,318 | - |
| Fund balances - ending | \$ 708,683 | \$ 737,713 | \$ 734,093 | \$ (3,620) |

City of Lakewood
LID Guaranty
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended December 31, 2021

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|--|------------------|------------|------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Interest and other earnings | \$ - | \$ - | \$ 125 | \$ 125 |
| Total revenues | - | - | 125 | 125 |
| EXPENDITURES | | | | |
| Total expenditures | - | - | - | - |
| Excess (deficiency) of revenues over expenditures | - | - | 125 | 125 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Total other financing source (uses) | - | - | - | - |
| Net change in fund balances | - | - | 125 | 125 |
| Fund balances - beginning | 132,294 | 132,968 | 132,968 | - |
| Fund balances - ending | \$ 132,294 | \$ 132,968 | \$ 133,093 | \$ 125 |

**Combining Statement – Nonmajor Capital Project Funds Description
For the Year Ended December 31, 2021**

The **Parks Capital Project Fund** accounts for general government capital improvement projects.

The **Sewer Capital Project Fund** accounts for the construction of a sewer system. Once the sanitary sewer lines are constructed, the system will be turned over to Pierce County for operations and maintenance. Prior to properties connecting up to the sewer system, property owners will be subject to the City's sewer availability charges.

The **Real Estate Excise Tax Fund** is used to account for the receipt and disbursement of the first and second 0.25 percent real estate excise tax and other revenue sources that may be authorized by the City Council. The first 0.25 percent real estate excise tax is authorized by RCW 82.46.010, and dedicated for the capital purposes defined in RCW 35.43.040. Such expenditures include public buildings and facilities, parks, and debt service associated with such capital-oriented projects. The second 0.25 percent real estate tax authorized by the Growth Management Act RCW 82.46.035. These revenues are restricted to financing capital projects specified in a capital facilities plan.

City of Lakewood
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2021

| | Parks CIP | Real Estate Excise Tax CIP | Sewer Project CIP | Total Nonmajor Capital Projects Funds |
|--|---------------------|-------------------------------|----------------------|--|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 3,686,631 | \$ 4,223,615 | \$ 1,527,993 | \$ 9,438,239 |
| Due from other governments | 118,071 | - | - | 118,071 |
| Taxes receivable | 796 | 860,599 | - | 861,395 |
| Total assets | <u>3,805,498</u> | <u>5,084,214</u> | <u>1,527,993</u> | <u>10,417,705</u> |
| LIABILITIES | | | | |
| Accounts payable | 362,343 | 3,750 | 195 | 366,288 |
| Wages payable | 2,128 | - | 1,324 | 3,452 |
| Retainage payable | 52,804 | - | - | 52,804 |
| Unearned revenue | - | - | 971 | 971 |
| Total liabilities | <u>417,275</u> | <u>3,750</u> | <u>2,490</u> | <u>423,515</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Total liabilities and deferred inflows of resources | <u>417,275</u> | <u>3,750</u> | <u>2,490</u> | <u>423,515</u> |
| FUND BALANCES (DEFICITS) | | | | |
| Restricted | 368,008 | 5,080,464 | - | 5,448,472 |
| Committed | <u>3,020,215</u> | <u>-</u> | <u>1,525,503</u> | <u>4,545,718</u> |
| Total fund balances (deficits) | <u>3,388,223</u> | <u>5,080,464</u> | <u>1,525,503</u> | <u>9,994,190</u> |
| Total liabilities, deferred liabilities and fund balances (deficits) | <u>\$ 3,805,498</u> | <u>\$ 5,084,214</u> | <u>\$ 1,527,993</u> | <u>\$ 10,417,705</u> |

City of Lakewood
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2021

| | Parks CIP | REET | Sewer Project CIP | Total Nonmajor Capital Projects Funds |
|---|---------------------|---------------------|---------------------|---------------------------------------|
| REVENUES | | | | |
| Taxes | \$ - | \$ 4,557,032 | \$ - | \$ 4,557,032 |
| Intergovernmental | 684,083 | - | - | 684,083 |
| Charges for goods and services | - | - | 613,517 | 613,517 |
| Interest and other earnings | 1,539 | 1,817 | 81,850 | 85,206 |
| Miscellaneous | - | - | 4,081 | 4,081 |
| Contributions and donations | 20,855 | - | - | 20,855 |
| Total revenues | <u>706,477</u> | <u>4,558,849</u> | <u>699,448</u> | <u>5,964,774</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Utilities and environment | - | - | 895,853 | 895,853 |
| Economic environment | - | - | 11 | 11 |
| Natural environment | - | - | - | - |
| Culture and recreation | 53,189 | - | - | 53,189 |
| Capital outlay: | | | | |
| Capital | 2,658,873 | - | - | 2,658,873 |
| Total expenditures | <u>2,712,062</u> | <u>-</u> | <u>895,864</u> | <u>3,607,926</u> |
| Excess (deficiency) of revenues over expenditures | <u>(2,005,585)</u> | <u>4,558,849</u> | <u>(196,416)</u> | <u>2,356,848</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 2,788,309 | - | 190,000 | 2,978,309 |
| Transfers Out | - | (1,749,896) | - | (1,749,896) |
| Total other financing sources (uses) | <u>2,788,309</u> | <u>(1,749,896)</u> | <u>190,000</u> | <u>1,228,413</u> |
| Net change in fund balances | 782,724 | 2,808,953 | (6,416) | 3,585,261 |
| Fund balances - beginning | <u>2,605,499</u> | <u>2,271,511</u> | <u>1,531,919</u> | <u>6,408,929</u> |
| Fund balances - ending | <u>\$ 3,388,223</u> | <u>\$ 5,080,464</u> | <u>\$ 1,525,503</u> | <u>\$ 9,994,190</u> |

City of Lakewood

Parks CIP

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual

For the Year Ended December 31, 2021

| | Budgeted Amounts | | | Variance with |
|---|------------------|--------------|--------------|----------------|
| | Original | Final | Actual | Final Budget |
| REVENUES | | | | |
| Intergovernmental | \$ 332,000 | \$ 7,583,229 | \$ 684,083 | \$ (6,899,146) |
| Interest & other earnings | - | - | 1,539 | 1,539 |
| Contributions and donations | - | 10,000 | 20,855 | 10,855 |
| Total revenues | 332,000 | 7,593,229 | 706,477 | (6,886,752) |
| EXPENDITURES | | | | |
| Current: | | | | |
| Economic environment | - | - | - | - |
| Capital Outlay: | | | | |
| Culture and recreation | - | 25,000 | 53,189 | 28,189 |
| Capital Outlay | 570,000 | 13,217,089 | 2,658,873 | (10,558,216) |
| Total expenditures | 570,000 | 13,242,089 | 2,712,062 | (10,530,027) |
| Excess (deficiency) of revenues over expenditures | (238,000) | (5,648,860) | (2,005,585) | 3,643,275 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 238,000 | 3,067,478 | 2,788,309 | (279,169) |
| Transfer out | - | - | - | - |
| Total other financing source (uses) | 238,000 | 3,067,478 | 2,788,309 | (279,169) |
| Net change in fund balances | - | (2,581,382) | 782,724 | 3,364,106 |
| Fund balances - beginning | - | 2,605,499 | 2,605,499 | - |
| Fund balances - ending | \$ - | \$ 24,117 | \$ 3,388,223 | \$ 3,364,106 |

City of Lakewood
Real Estate Excise Tax
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended December 31, 2021

| | Budgeted Amounts | | | Variance with |
|---|------------------|--------------|--------------|---------------|
| | Original | Final | Actual | Final Budget |
| REVENUES | | | | |
| Taxes | \$ 1,800,000 | \$ 3,500,000 | \$ 4,557,032 | \$ 1,057,032 |
| Interest and other earnings | - | - | 1,817 | 1,817 |
| Total revenues | 1,800,000 | 3,500,000 | 4,558,849 | 1,058,849 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Total expenditures | - | - | - | - |
| Excess (deficiency) of revenues over expenditures | 1,800,000 | 3,500,000 | 4,558,849 | 1,058,849 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | (2,078,195) | (2,217,195) | (1,749,896) | 467,299 |
| Total other financing source (uses) | (2,078,195) | (2,217,195) | (1,749,896) | 467,299 |
| Net change in fund balances | (278,195) | 1,282,805 | 2,808,953 | 1,526,148 |
| Fund balances - beginning | 540,095 | 2,271,511 | 2,271,511 | - |
| Fund balances - ending | \$ 261,900 | \$ 3,554,316 | \$ 5,080,464 | \$ 1,526,148 |

City of Lakewood
Sewer Project CIP
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended December 31, 2021

| | Budgeted Amounts | | | Variance with |
|---|------------------|-------------|--------------|---------------|
| | Original | Final | Actual | Final Budget |
| REVENUES | | | | |
| Intergovernmental | \$ - | \$ 75,000 | \$ - | (75,000) |
| Charges for services | 165,000 | 583,760 | 613,517 | 29,757 |
| Interest and other earnings | - | - | 81,850 | 81,850 |
| Miscellaneous | - | - | 4,081 | 4,081 |
| Total revenues | 165,000 | 658,760 | 699,448 | 40,688 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Utilities | - | 521,042 | 895,853 | 374,811 |
| Economic environment | 35,000 | 35,000 | 11 | (34,989) |
| Capital Outlay: | | | | |
| Capital outlay | 760,000 | 1,187,419 | - | (1,187,419) |
| Total expenditures | 795,000 | 1,743,461 | 895,864 | (847,597) |
| Excess (deficiency) of revenues over expenditures | (630,000) | (1,084,701) | (196,416) | 888,285 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 190,000 | 190,000 | 190,000 | - |
| Total other financing source (uses) | 190,000 | 190,000 | 190,000 | - |
| Net change in fund balances | (440,000) | (894,701) | (6,416) | 888,285 |
| Fund balances - beginning | 465,586 | 1,531,919 | 1,531,919 | - |
| Fund balances - ending | \$ 25,586 | \$ 637,218 | \$ 1,525,503 | \$ 888,285 |

Supplementary Budgetary Schedules
Other Major Governmental Funds with Annual Budgets

This section provides optional supplementary budget-to-actual comparisons for the other two major funds that have annual appropriations but are not special revenue fund-types. Under GAAP, these schedules should not be presented in the basic financial statements and are not required supplementary information.

The **LID Debt Service Fund** is a major fund that is appropriated annually to account for the payment of special assessment bonds, as well as the collection of assessments from property owners within the local improvement district (LID).

The **Transportation Capital Fund** is a major fund that is appropriated annually to account for capital projects related to street infrastructure.

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City of Lakewood
LID Debt Service
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended December 31, 2021

| | Budgeted Amounts | | | Variance with |
|---|------------------|------------|------------|---------------|
| | Original | Final | Actual | Final Budget |
| REVENUES | | | | |
| Special Assessments | \$ 201,508 | \$ 187,178 | \$ 195,085 | \$ 7,907 |
| Interest and other earnings | 67,412 | 67,412 | 57,357 | (10,055) |
| Total revenues | 268,920 | 254,590 | 252,442 | (2,148) |
| EXPENDITURES | | | | |
| Current: | | | | |
| General Government | 950 | 1,862 | 2,690 | 828 |
| Debt service: | | | | |
| Principal | 232,031 | 338,334 | 337,031 | (1,303) |
| Interest | 35,939 | 41,808 | 41,808 | - |
| Total expenditures | 268,920 | 382,004 | 381,529 | (475) |
| Excess (deficiency) of revenues over expenditures | - | (127,414) | (129,087) | (1,673) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | - | - | - | - |
| Total other financing source (uses) | - | - | - | - |
| Net change in fund balances | - | (127,414) | (129,087) | (1,673) |
| Fund balances - beginning | - | 248,037 | 248,037 | - |
| Fund balances - ending | \$ - | \$ 120,623 | \$ 118,950 | \$ (1,673) |

City of Lakewood
Transportation CIP
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Year Ended December 31, 2021

| | Budgeted Amounts | | | Variance with |
|---|------------------|--------------|--------------|----------------|
| | Original | Final | Actual | Final Budget |
| REVENUES | | | | |
| Intergovernmental | \$ 5,281,405 | \$ 8,989,723 | \$ 4,046,118 | \$ (4,943,605) |
| Charges for goods and services | 150,302 | 1,299,985 | 994,553 | (305,432) |
| Interest & other earnings | - | - | 4,346 | 4,346 |
| Total revenues | 5,431,707 | 10,289,708 | 5,045,017 | (5,244,691) |
| EXPENDITURES | | | | |
| Current: | | | | |
| Transportation | 587,000 | 1,736,683 | 1,793,499 | 56,816 |
| Debt service: | | | | |
| Interest | - | - | 49,389 | 49,389 |
| Capital Outlay: | | | | |
| Capital outlay | 15,145,002 | 25,680,472 | 10,188,473 | (15,491,999) |
| Total expenditures | 15,732,002 | 27,417,155 | 12,031,361 | (15,385,794) |
| Excess (deficiency) of revenues over expenditures | (10,300,295) | (17,127,447) | (6,986,344) | 10,141,103 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Issuance of debt | 6,600,000 | 6,600,000 | 6,639,010 | 39,010 |
| Transfers in | 2,954,295 | 6,129,410 | 2,466,988 | (3,662,422) |
| Transfer out | - | - | - | - |
| Proceeds from sale of assets | - | - | - | - |
| Total other financing source (uses) | 9,554,295 | 12,729,410 | 9,105,998 | (3,623,412) |
| Net change in fund balances | (746,000) | (4,398,037) | 2,119,654 | 6,517,691 |
| Fund balances - beginning | 927,246 | 4,869,919 | 4,869,919 | - |
| Fund balances - ending | \$ 181,246 | \$ 471,882 | \$ 6,989,573 | \$ 6,517,691 |

**Combining Statement – Internal Service Funds Description
For the Year Ended December 31, 2021**

The **Fleet and Equipment Fund** accounts for all costs associated with operating, maintaining and replacing the City's vehicles and other motorized equipment. This fund owns and depreciates all non-proprietary fund assets of this nature. Rates charged to user departments are based on the full cost of maintaining fleet and equipment, including the recovery of related depreciation expense.

The **Property Management Fund** accounts for all costs associated with the maintenance and operations of City Hall, Police Station, and Parking/Light Rail Facility. Maintenance and operating costs are charged to this fund which is funded primarily through user charges allocated to the operating funds. The fund has also accumulated replacement reserves for the purpose of funding future major repairs and capital improvements to city-owned facilities.

The **Information Technology Fund** accounts for all costs and services associated with the City's information technology needs. This fund is used to support all internal systems such as the City's geographical information system needs, internal and external web resources, email systems, business continuity needs, infrastructure resources, applications and overall support. This fund owns and depreciates all non-proprietary fund assets related to these functions. Information technology costs are allocated to the operating funds.

The **Risk Management Fund** accounts for the financial administration of the City's comprehensive risk management program. The fund assures that the revenues and assets of the City are protected through an established risk control and risk finance program including risk management goals and objectives, a formalized risk assessment process and methodology for reviewing and monitoring of the effectiveness of the risk management program. This fund is funded primarily through user charges allocated to the operating funds.

City of Lakewood
Combining Statement of Net Position
Nonmajor Internal Service Funds
December 31, 2021

| | Fleet & Equipment | Property Management | Information Technology | Risk Management | Total Nonmajor Internal Service Funds |
|-----------------------------------|----------------------|------------------------|---------------------------|--------------------|---|
| ASSETS | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | \$ 4,638,452 | \$ 646,562 | \$ 415,500 | \$ 65,978 | \$ 5,766,492 |
| Total current assets | <u>4,638,452</u> | <u>646,562</u> | <u>415,500</u> | <u>65,978</u> | <u>5,766,492</u> |
| Noncurrent assets: | | | | | |
| Construction in Progress | - | 11,999 | - | - | 11,999 |
| Improvements other than buildings | - | 137,279 | - | - | 137,279 |
| Machinery and equipment | 9,409,870 | 117,202 | 1,907,883 | - | 11,434,955 |
| Less: accumulated depreciation | <u>(5,911,232)</u> | <u>(109,334)</u> | <u>(952,255)</u> | <u>-</u> | <u>(6,972,821)</u> |
| Total noncurrent assets | <u>3,498,638</u> | <u>157,146</u> | <u>955,628</u> | <u>-</u> | <u>4,611,412</u> |
| Total assets | <u>8,137,090</u> | <u>803,708</u> | <u>1,371,128</u> | <u>65,978</u> | <u>10,377,904</u> |
| LIABILITIES | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | 41,373 | 51,511 | 137,599 | 60,266 | 290,749 |
| Wages and benefits payable | - | - | - | - | - |
| Retainage payable | - | - | - | 5,692 | 5,692 |
| Payable to other governments | - | - | - | - | - |
| Other liabilities payable | - | 8,705 | 31,730 | 20 | 40,455 |
| Compensated absences | <u>-</u> | <u>3,560</u> | <u>12,195</u> | <u>-</u> | <u>15,755</u> |
| Total current liabilities | <u>41,373</u> | <u>63,776</u> | <u>181,524</u> | <u>65,978</u> | <u>352,651</u> |
| Noncurrent liabilities: | | | | | |
| Compensated absences | <u>-</u> | <u>8,308</u> | <u>28,455</u> | <u>-</u> | <u>36,763</u> |
| Total noncurrent liabilities | <u>-</u> | <u>8,308</u> | <u>28,455</u> | <u>-</u> | <u>36,763</u> |
| Total liabilities | <u>41,373</u> | <u>72,084</u> | <u>209,979</u> | <u>65,978</u> | <u>389,414</u> |
| NET POSITION | | | | | |
| Net investment in capital assets | 3,498,638 | 157,146 | 955,628 | - | 4,611,412 |
| Unrestricted | <u>4,597,079</u> | <u>574,478</u> | <u>205,521</u> | <u>-</u> | <u>5,377,078</u> |
| Total net position | <u>\$ 8,095,717</u> | <u>\$ 731,624</u> | <u>\$ 1,161,149</u> | <u>\$ -</u> | <u>\$ 9,988,490</u> |

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

| | Fleet & Equipment | Property Management | Information Technology | Risk Management | Total Internal Service Funds |
|--|----------------------|------------------------|---------------------------|--------------------|---------------------------------|
| OPERATING REVENUES | | | | | |
| Charges for goods and services | \$ 1,445,404 | \$ 796,387 | \$ 1,506,731 | \$ 1,273,297 | \$ 5,021,819 |
| Miscellaneous revenue | - | - | - | 117,286 | 117,286 |
| Total operating revenues | <u>1,445,404</u> | <u>796,387</u> | <u>1,506,731</u> | <u>1,390,583</u> | <u>5,139,105</u> |
| OPERATING EXPENSES | | | | | |
| Personal services | - | 186,907 | 583,361 | - | 770,268 |
| Materials and supplies | 335,456 | 63,354 | 115,524 | 4,698 | 519,032 |
| Services and charges | 308,824 | 544,639 | 982,718 | 1,601,393 | 3,437,574 |
| Intergovernmental | - | - | - | - | - |
| Insurance and claims | - | - | - | - | - |
| Depreciation | <u>766,171</u> | <u>17,389</u> | <u>266,588</u> | <u>-</u> | <u>1,050,148</u> |
| Total operating expenses | <u>1,410,451</u> | <u>812,289</u> | <u>1,948,191</u> | <u>1,606,091</u> | <u>5,777,022</u> |
| Operating income (loss) | 34,953 | (15,902) | (441,460) | (215,508) | (637,917) |
| NONOPERATING REVENUES | | | | | |
| Subsidy from interlocal grant | - | - | - | - | - |
| Gain on disposal of capital assets | 30,580 | - | - | - | 30,580 |
| Investment earnings | 3,932 | 550 | 214 | - | 4,696 |
| Insurance recoveries | - | - | - | 215,508 | 215,508 |
| Miscellaneous | - | - | - | - | - |
| Interest expense | - | - | - | - | - |
| Total nonoperating revenues | <u>34,512</u> | <u>550</u> | <u>214</u> | <u>215,508</u> | <u>250,784</u> |
| Income (loss) before contributions and transfers | 69,465 | (15,352) | (441,246) | - | (387,133) |
| Capital Contributions | 99,695 | - | 219,500 | - | 319,195 |
| Transfers in | - | - | - | - | 0 |
| Transfers out | <u>(14,500)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(14,500)</u> |
| Change in net position | 154,660 | (15,352) | (221,746) | - | (82,438) |
| Total net position - beginning | 7,916,290 | 746,976 | 1,382,895 | - | 10,046,161 |
| Prior period adjustment (Note 11) | <u>24,767</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>24,767</u> |
| Total net position - beginning - Restated | <u>7,941,057</u> | <u>746,976</u> | <u>1,382,895</u> | <u>-</u> | <u>10,070,928</u> |
| Total net position - ending | <u>\$ 8,095,717</u> | <u>\$ 731,624</u> | <u>\$ 1,161,149</u> | <u>\$ -</u> | <u>\$ 9,988,490</u> |

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

| | Fleet & Equipment | Property Management | Information Technology | Risk Management | Total Internal Service Funds |
|---|----------------------|------------------------|---------------------------|--------------------|---------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Cash from interdepartmental services | \$ 1,445,404 | \$ 796,387 | \$ 1,506,731 | \$ 1,390,583 | \$ 5,139,105 |
| Cash paid to employees | - | (153,812) | (584,479) | (31) | (738,322) |
| Cash paid to suppliers | (647,205) | (607,993) | (1,007,944) | (1,561,708) | (3,824,850) |
| Other operating receipts (payments) | - | - | - | 5,692 | 5,692 |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 798,199 | 34,582 | (85,692) | (165,464) | 581,625 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | |
| Gain (loss) on disposal of capital assets | 30,580 | - | - | 215,508 | 246,088 |
| Transfers from other funds | - | - | - | - | - |
| Transfers to other funds | (14,500) | - | - | - | (14,500) |
| NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES | 16,080 | - | - | 215,508 | 231,588 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | |
| Capital contributions | 99,695 | - | 219,500 | - | 319,195 |
| Acquisition and construction of capital assets | (585,059) | (11,858) | (44,844) | - | (641,761) |
| NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES | (485,364) | (11,858) | 174,656 | - | (322,566) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Interest income | 3,932 | 550 | 214 | - | 4,697 |
| NET CASH PROVIDED BY INVESTING ACTIVITIES | 3,932 | 550 | 214 | - | 4,697 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 332,847 | 23,274 | 89,178 | 50,044 | 495,344 |
| BALANCES - BEGINNING OF YEAR (Restated, See Note 11) | 4,305,605 | 623,288 | 326,322 | 15,933 | 5,271,148 |
| BALANCES - END OF YEAR | \$ 4,638,452 | \$ 646,562 | \$ 415,500 | \$ 65,977 | \$ 5,766,492 |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | | | | |
| Operating Income | \$ 34,953 | \$ (15,902) | \$ (441,460) | \$ (215,508) | \$ (637,917) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | | | |
| Increase/(decrease) in depreciation expense | 766,171 | 17,389 | 266,588 | - | 1,050,148 |
| Increase/(decrease) in accounts payable - supplier | (2,925) | 37,060 | 90,146 | 50,075 | 174,356 |
| Increase/(decrease) in payable to other governments | - | - | 153 | - | 153 |
| Increase/(decrease) in wages & benefits payable | - | (6,822) | 2,907 | (31) | (3,946) |
| Increase/(decrease) in compensated absences | - | 2,857 | (4,026) | - | (1,169) |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | \$ 798,199 | \$ 34,582 | \$ (85,692) | \$ (165,464) | \$ 581,625 |
| NON-CASH CAPITAL CONTRIBUTIONS | \$ - | \$ - | \$ - | \$ - | \$ - |

STATISTICAL SECTION

Statistical Section

The statistical section presents detailed information as a context for understanding what the information in the financial statements and note disclosures say about the City's overall financial health. The following are the five categories of information presented in this section.

Financial Trends – These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

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

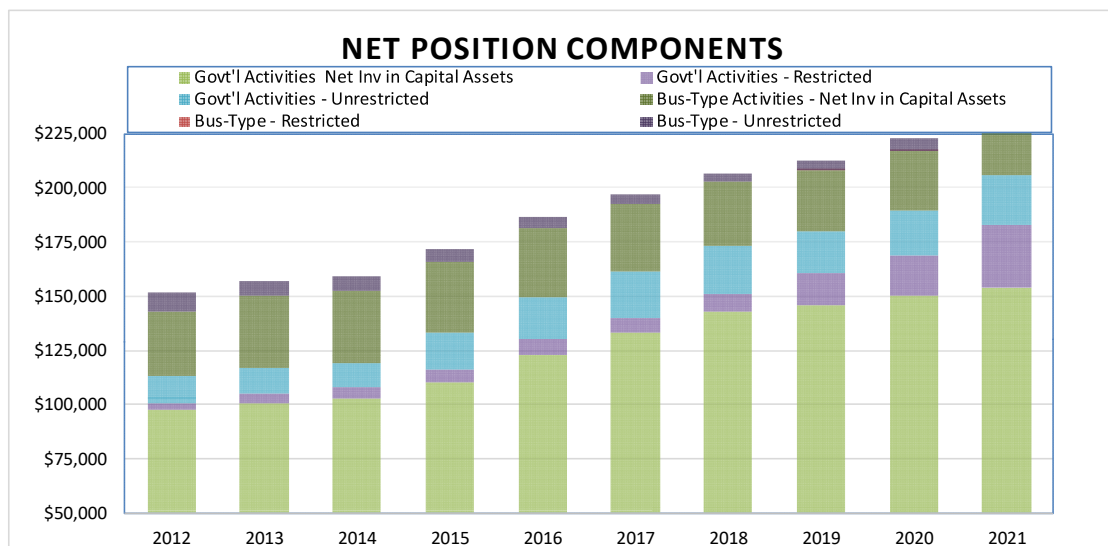
Debt Capacity – These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information – These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information – 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.

Schedule 1
Net Position by Component (in thousands)
Last Ten Fiscal Years

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Governmental activities | | | | | | | | | | |
| Net investment in capital assets | \$ 97,427 | \$ 100,848 | \$ 103,007 | \$ 110,661 | \$ 122,799 | \$ 133,425 | \$ 142,821 | \$ 145,612 | \$ 150,518 | \$ 154,064 |
| Restricted | 3,618 | 4,638 | 4,830 | 5,806 | 7,395 | 6,503 | 8,585 | 15,011 | 18,632 | 28,923 |
| Unrestricted | 12,094 | 11,461 | 11,565 | 16,546 | 19,113 | 21,417 | 21,627 | 18,995 | 20,360 | 22,986 |
| Total governmental activities net position | 113,139 | 116,947 | 119,402 | 133,013 | 149,307 | 161,345 | 173,033 | 179,618 | 189,510 | 205,973 |
| Business-type activities | | | | | | | | | | |
| Net investment in capital assets | 29,788 | 33,613 | 33,001 | 32,733 | 31,816 | 30,989 | 29,730 | 28,532 | 27,701 | 26,406 |
| Restricted | - | - | - | - | - | - | - | 17 | 31 | 30 |
| Unrestricted | 9,031 | 6,296 | 6,976 | 5,927 | 5,580 | 4,834 | 3,753 | 4,431 | 5,886 | 7,010 |
| Total business-type activities net position | 38,819 | 39,909 | 39,977 | 38,661 | 37,396 | 35,823 | 33,483 | 32,980 | 33,618 | 33,446 |
| Primary government | | | | | | | | | | |
| Net investment in capital assets | 134,461 | 136,009 | 143,394 | 154,615 | 154,615 | 164,414 | 172,551 | 174,144 | 178,219 | 180,470 |
| Restricted | 4,638 | 4,830 | 5,806 | 7,395 | 7,395 | 6,503 | 8,585 | 15,028 | 18,663 | 28,953 |
| Unrestricted | 17,757 | 18,541 | 22,473 | 24,693 | 24,693 | 26,251 | 25,381 | 23,426 | 26,246 | 29,996 |
| Total primary government net position | \$ 156,856 | \$ 159,380 | \$ 171,674 | \$ 186,703 | \$ 186,703 | \$ 197,168 | \$ 206,516 | \$ 212,598 | \$ 223,128 | \$ 239,419 |

**Source:**

City of Lakewood Finance Division

Schedule 2
Changes in Net Position
Last ten fiscal years
(in thousands)

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 7,046 | \$ 7,284 | \$ 7,481 | \$ 4,360 | \$ 4,306 | \$ 4,520 | \$ 4,730 | \$ 4,857 | \$ 7,409 | \$ 5,519 |
| Public safety | 20,480 | 21,580 | 21,486 | 22,000 | 23,471 | 23,944 | 25,396 | 26,068 | 24,668 | 22,846 |
| Utilities and environment | 489 | 453 | 59 | 20 | 28 | 35 | 26 | - | 19 | 896 |
| Transportation | 6,220 | 3,624 | 6,157 | 6,097 | 6,341 | 6,763 | 7,952 | 8,293 | 8,187 | 9,559 |
| Social services | 238 | 384 | 589 | 585 | 629 | 624 | 668 | 714 | 666 | 701 |
| Economic environment | 3,549 | 4,239 | 4,971 | 3,687 | 3,843 | 4,306 | 4,298 | 5,733 | 4,506 | 5,519 |
| Natural environment | - | 290 | - | 298 | 249 | 286 | 281 | 325 | 319 | 369 |
| Culture and recreation | 2,057 | 1,978 | 1,776 | 2,030 | 2,088 | 2,185 | 2,252 | 2,581 | 2,255 | 2,711 |
| Judicial | 1,757 | 1,718 | 1,491 | 1,537 | 1,645 | 1,750 | 1,816 | 1,834 | 1,811 | 1,754 |
| Interest on long-term debt | 263 | 254 | 237 | 269 | 233 | 211 | 187 | 348 | 410 | 494 |
| Total governmental activities expenses | 42,099 | 41,803 | 44,247 | 40,884 | 42,833 | 44,624 | 47,606 | 50,753 | 50,250 | 50,368 |
| Business-type activities: | | | | | | | | | | |
| Surface water management | 2,668 | 2,492 | 3,142 | 3,244 | 3,338 | 3,528 | 3,267 | 3,805 | 3,850 | 3,802 |
| Total business-type activities net position | 2,668 | 2,492 | 3,142 | 3,244 | 3,338 | 3,528 | 3,267 | 3,805 | 3,850 | 3,802 |
| Total primary government expenses | 44,767 | 44,295 | 47,389 | 44,127 | 46,171 | 48,152 | 50,873 | 54,558 | 54,100 | 54,170 |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General government | 3,066 | 5,411 | 5,211 | 3,439 | 3,878 | 4,452 | 4,929 | 5,332 | 4,903 | 4,536 |
| Public safety | 1,376 | 1,506 | 1,252 | 1,023 | 1,203 | 1,530 | 1,336 | 1,903 | 1,888 | 1,352 |
| Utilities and environment | 1,022 | 916 | 781 | 931 | 892 | 885 | 886 | 1,325 | 1,089 | 1,404 |
| Transportation | 99 | 70 | 560 | 57 | 417 | 136 | 164 | 152 | 537 | 189 |
| Economic environment | 1,027 | 384 | 1,060 | 1,130 | 1,227 | 1,539 | 2,024 | 1,587 | 2,399 | 2,004 |
| Natural environment | - | 34 | - | 80 | 84 | 83 | 81 | 92 | 86 | 87 |
| Culture and recreation | 237 | 234 | 247 | 266 | 219 | 240 | 250 | 303 | 128 | 151 |
| Judicial | 1,812 | 1,655 | 1,754 | 1,970 | 1,968 | 1,932 | 1,621 | 1,948 | 388 | 1,600 |
| Operating grants and contributions | 4,290 | 2,913 | 3,162 | 4,785 | 5,048 | 5,126 | 5,462 | 3,502 | 7,211 | 8,031 |
| Capital grants and contributions | 6,595 | 3,149 | 3,784 | 7,361 | 12,519 | 7,151 | 8,383 | 3,474 | 4,767 | 4,925 |
| Total governmental activities program revenues | 19,524 | 16,272 | 17,810 | 21,042 | 27,457 | 23,075 | 25,136 | 19,617 | 23,395 | 24,279 |
| Business-type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Surface water management | 2,733 | 2,721 | 2,724 | 2,740 | 2,768 | 2,755 | 2,792 | 4,351 | 4,888 | 4,801 |
| Operating grants and contributions | 143 | - | - | - | - | - | - | - | - | - |
| Capital grants and contributions | - | 913 | 277 | 211 | 190 | 144 | 49 | 75 | 120 | 38 |
| Total business-type activities program revenues | 2,876 | 3,634 | 3,000 | 2,951 | 2,959 | 2,899 | 2,841 | 4,426 | 5,008 | 4,839 |
| Total primary government program revenues | \$ 22,400 | \$ 19,906 | \$ 20,811 | \$ 23,993 | \$ 30,415 | \$ 25,974 | \$ 27,977 | \$ 24,043 | \$ 28,403 | \$ 29,118 |

Schedule 2
Changes in Net Position
Last ten fiscal years
(in thousands)

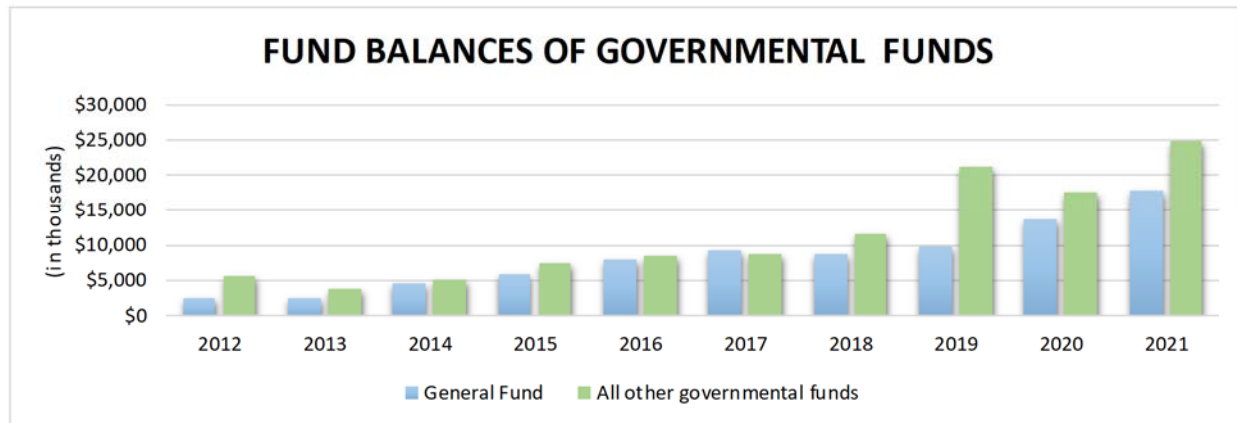
| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Net (Expense) Revenue | | | | | | | | | | |
| Governmental activities | \$ (22,575) | \$ (25,531) | \$ (26,437) | \$ (19,842) | \$ (15,376) | \$ (21,549) | \$ (22,470) | \$ (31,135) | \$ (26,855) | \$ (26,089) |
| Business-type activities | 208 | 1,142 | (141) | (293) | (379) | (629) | (426) | 620 | 1,158 | 1,037 |
| Total primary government net expense | (22,367) | (24,389) | (26,578) | (20,135) | (15,755) | (22,178) | (22,896) | (30,515) | (25,696) | (25,052) |
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Taxes: | | | | | | | | | | |
| Property taxes | 6,219 | 6,200 | 6,424 | 6,652 | 6,712 | 6,844 | 6,859 | 7,061 | 7,171 | 7,350 |
| Sales taxes | 9,565 | 9,453 | 9,697 | 10,184 | 10,736 | 11,629 | 12,784 | 13,848 | 13,870 | 16,692 |
| Utility taxes | 6,214 | 8,311 | 5,748 | 5,704 | 5,629 | 5,744 | 5,409 | 5,575 | 5,475 | 5,437 |
| Excise taxes | 3,082 | 1,159 | 1,107 | 1,509 | 2,125 | 2,468 | 2,701 | 3,004 | 3,650 | 4,564 |
| Other taxes | 1,927 | 2,989 | 5,515 | 4,604 | 4,851 | 4,925 | 5,619 | 7,676 | 5,338 | 6,254 |
| Gain (loss) on sale/retirement of capital as: | 13 | 22 | 91 | - | - | 183 | 53 | 208 | 77 | 31 |
| Contributions to other governments | (3,022) | - | - | - | - | - | - | - | - | - |
| Judgements and settlements | 116 | 99 | 81 | - | - | - | - | - | 49 | 35 |
| Donations of capital assets | - | - | 11 | - | - | - | - | - | - | - |
| Investment earnings | 213 | 219 | 221 | 202 | 214 | 319 | 484 | 440 | 295 | 256 |
| Miscellaneous | 2 | 80 | 191 | 1,071 | 495 | 481 | 781 | 46 | 278 | 577 |
| Transfers | 954 | 78 | (190) | 1,040 | 909 | 993 | 1,983 | 1,205 | 544 | 1,215 |
| Total governmental activities | 25,283 | 28,610 | 28,897 | 30,966 | 31,671 | 33,586 | 36,673 | 39,063 | 36,747 | 42,410 |
| Business-type activities: | | | | | | | | | | |
| Investment earnings | 25 | 24 | 12 | 14,899 | 23 | 48 | 70 | 81 | 24 | 6 |
| Miscellaneous | - | - | 9 | 1 | - | - | - | - | - | - |
| Transfers | (954) | (78) | 190 | (1,040) | (909) | (993) | (1,984) | (1,205) | (544) | (1,215) |
| Total business-type activities | (929) | (54) | 211 | (1,024) | (886) | (944) | (1,914) | (1,123) | (520) | (1,209) |
| Total primary government | 24,354 | 28,557 | 29,108 | 29,941 | 30,785 | 32,641 | 34,759 | 37,940 | 36,226 | 41,201 |
| Change in Net Position | | | | | | | | | | |
| Governmental activities | 2,708 | 3,080 | 2,460 | 11,124 | 16,294 | 12,037 | 14,203 | 7,928 | 9,892 | 16,321 |
| Prior period adjustment - Note 7 | - | - | - | - | - | - | 52 | - | - | 141 |
| Business-type activities | (721) | 1,088 | 70 | (1,317) | (1,265) | (1,573) | (2,340) | (503) | 638 | (172) |
| Total primary government | \$ 1,987 | \$ 4,168 | \$ 2,530 | \$ 9,807 | \$ 15,030 | \$ 10,463 | \$ 11,915 | \$ 7,424 | \$ 10,530 | \$ 16,150 |

Source:

City of Lakewood Finance Division

Schedule 3
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(in thousands)

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|------------------------------------|----------|----------|----------|----------|----------|----------|-----------|-----------|-----------|-----------|
| General Fund | | | | | | | | | | |
| Nonspendable | \$ - | \$ 20 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Spendable: | | | | | | | | | | |
| Restricted | - | - | - | - | - | - | - | - | - | - |
| Committed | - | 5 | 6 | 4,405 | 4,543 | 4,809 | 5,020 | 5,221 | 5,338 | 6,561 |
| Assigned | - | - | - | - | - | - | - | - | - | - |
| Unassigned | 2,615 | 2,556 | 4,527 | 1,444 | 3,367 | 4,344 | 3,828 | 4,653 | 8,393 | 11,190 |
| Total | 2,615 | 2,581 | 4,533 | 5,849 | 7,909 | 9,152 | 8,848 | 9,874 | 13,731 | 17,751 |
| All Other Governmental Funds | | | | | | | | | | |
| Nonspendable | 1 | 20 | - | - | - | - | - | - | - | - |
| Spendable: | | | | | | | | | | |
| Restricted | 4,720 | 3,881 | 4,029 | 5,806 | 7,395 | 6,503 | 8,585 | 16,403 | 12,639 | 18,784 |
| Committed | 833 | 895 | 1,087 | 1,494 | 1,068 | 2,119 | 2,920 | 4,716 | 4,859 | 6,038 |
| Assigned | - | 840 | - | - | - | - | - | - | - | - |
| Unassigned | - | (1,971) | - | - | - | - | - | - | - | - |
| Total all other governmental funds | \$ 5,554 | \$ 3,666 | \$ 5,117 | \$ 7,300 | \$ 8,463 | \$ 8,622 | \$ 11,505 | \$ 21,119 | \$ 17,498 | \$ 24,822 |



Schedule 4
Changes in Fund Balances, Governmental Funds
(in thousands)
Last Ten Fiscal Years

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Revenues | | | | | | | | | | |
| Taxes | \$ 26,814 | \$ 26,420 | \$ 26,717 | \$ 28,565 | \$ 29,983 | \$ 31,508 | \$ 33,424 | \$ 35,115 | \$ 34,011 | \$ 40,379 |
| Special assessments | - | 179 | 179 | 511 | 140 | 140 | 201 | 157 | 204 | 195 |
| Licenses and permits | 4,016 | 4,186 | 4,459 | 4,582 | 4,857 | 5,144 | 6,008 | 5,721 | 6,057 | 6,103 |
| Intergovernmental | 10,611 | 7,487 | 8,590 | 11,585 | 15,684 | 11,217 | 13,318 | 7,800 | 12,246 | 11,056 |
| Charges for services | 2,651 | 2,906 | 3,824 | 3,209 | 4,058 | 4,067 | 3,840 | 4,755 | 4,290 | 5,161 |
| Fines and forfeitures | 2,084 | 1,884 | 1,614 | 1,557 | 1,620 | 1,456 | 1,425 | 1,670 | 1,140 | 1,485 |
| Investment and other earnings | 195 | 203 | 212 | 199 | 196 | 291 | 414 | 550 | 273 | 252 |
| Miscellaneous | 709 | 486 | 210 | 298 | 415 | 292 | 357 | 271 | 232 | 173 |
| Contributions | 21 | 274 | 87 | 118 | 517 | 189 | 316 | 78 | 54 | 71 |
| Total revenues | 47,101 | 44,025 | 45,892 | 50,624 | 57,471 | 54,304 | 59,302 | 56,117 | 58,509 | 64,875 |
| Expenditures | | | | | | | | | | |
| General government | 6,754 | 7,562 | 7,152 | 4,170 | 3,852 | 4,140 | 4,438 | 4,421 | 6,750 | 5,456 |
| Public safety | 19,538 | 20,405 | 20,548 | 22,121 | 23,024 | 24,128 | 26,028 | 26,069 | 24,084 | 24,891 |
| Utilities and environment | 482 | 71 | 58 | 20 | 28 | 35 | 26 | - | 19 | 896 |
| Transportation | 3,543 | 2,801 | 2,897 | 2,845 | 2,709 | 3,156 | 3,542 | 3,601 | 2,976 | 4,312 |
| Social services | 460 | 384 | 588 | 585 | 629 | 624 | 668 | 714 | 666 | 701 |
| Natural & Economic environment | 3,334 | 4,478 | 5,008 | 3,986 | 4,078 | 4,589 | 4,587 | 6,037 | 4,745 | 5,830 |
| Culture and recreation | 1,723 | 1,664 | 1,431 | 1,788 | 1,830 | 1,930 | 1,996 | 2,169 | 1,792 | 2,181 |
| Judicial | 1,679 | 1,721 | 1,468 | 1,550 | 1,647 | 1,760 | 1,823 | 1,820 | 1,759 | 1,718 |
| Capital outlay | 8,639 | 4,175 | 5,193 | 12,213 | 15,998 | 13,496 | 16,242 | 8,730 | 17,557 | 13,283 |
| Debt service: | | | | | | | | | | |
| Principal | 782 | 789 | 791 | 646 | 1,230 | 936 | 951 | 1,057 | 1,176 | 1,615 |
| Interest and debt issue costs | 273 | 256 | 240 | 284 | 220 | 200 | 177 | 369 | 431 | 516 |
| Total expenditures | 47,207 | 44,306 | 45,374 | 50,210 | 55,246 | 54,994 | 60,479 | 54,986 | 61,955 | 61,398 |
| Excess of revenues over (under) expenditures | (106) | (281) | 518 | 415 | 2,225 | (689) | (1,176) | 1,131 | (3,446) | 3,476 |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Transfers in | 2,955 | 1,933 | 3,795 | 6,686 | 6,600 | 8,654 | 11,388 | 11,208 | 6,285 | 8,504 |
| Transfers out | (2,009) | (1,856) | (2,879) | (5,606) | (5,925) | (7,614) | (9,013) | (9,954) | (5,742) | (7,274) |
| Bonds Issued | - | - | - | 1,639 | 2,205 | 141 | - | 7,460 | 3,953 | 6,639 |
| Payments to escrow | - | - | - | - | (1,884) | - | - | - | - | - |
| Insurance proceeds | 53 | 29 | 16 | 2 | - | - | - | - | - | - |
| Interfund loan | - | - | - | - | - | 506 | - | - | - | - |
| Bond premium | - | - | - | 208 | - | - | - | 596 | - | - |
| Proceeds from sale of assets | - | 581 | - | 154 | 2 | 404 | 40 | 200 | 65 | - |
| Nonrevenues | - | 8 | - | - | - | - | - | - | - | - |
| Total other financing sources (uses) | 999 | 695 | 933 | 3,084 | 998 | 2,091 | 2,414 | 9,510 | 4,562 | 7,869 |
| Net change in fund balance | \$ 893 | \$ 414 | \$ 1,451 | \$ 3,499 | \$ 3,223 | \$ 1,402 | \$ 1,238 | \$ 10,641 | \$ 1,115 | \$ 11,345 |
| Debt service as a percentage of noncapital expenditures | 2.74% | 2.60% | 2.56% | 2.45% | 3.70% | 2.74% | 2.55% | 3.08% | 3.62% | 4.43% |

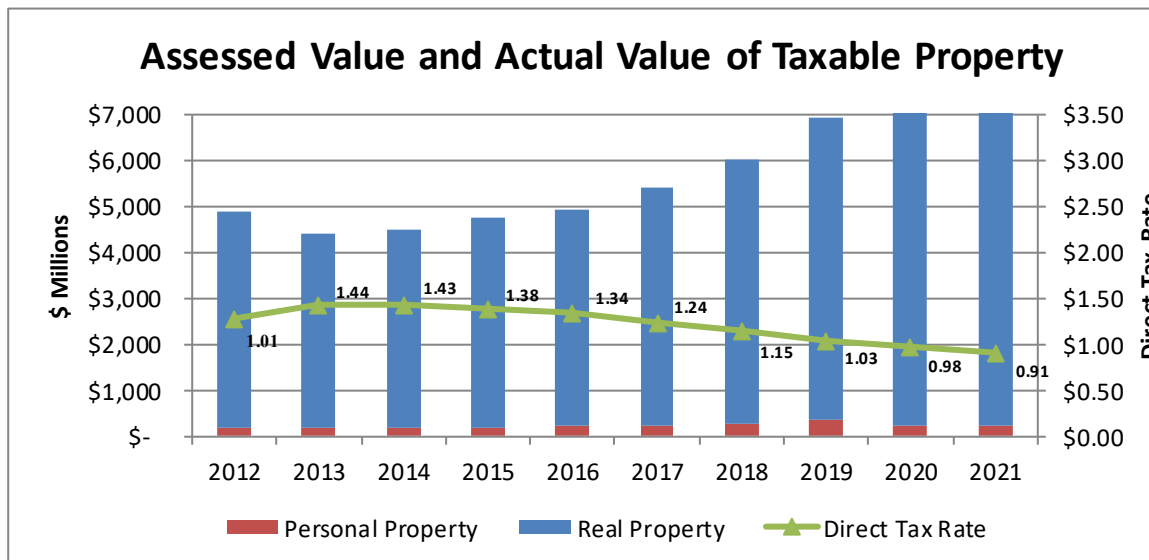
- Fund balance increased in 2015 primarily due to issuance of debt under the Local Option Capital Asset Lending Program (LOCAL) for the City's LED streetlight retrofit program.
- Fund balance increased in 2018 due to increase in sales tax.
- Fund balance increased in 2019 due to the issuance of \$8.0 million in G.O. bonds and lower capital outlay spending.
- Fund balance decreased in 2020 due to an increase in capital spending.
- Fund balance increased in 2021 due to the issuance of \$6.6 million in G.O. bonds and lower capital outlay spending.

Source:

City of Lakewood Finance Division

Schedule 5
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years

| Fiscal Year | Real Property | Personal Property | Total Taxable Assessed Valuation | Total Direct Tax Rate |
|-------------|------------------|-------------------|----------------------------------|-----------------------|
| 2012 | \$ 4,679,612,726 | \$ 204,704,287 | \$ 4,884,317,013 | 1.28 |
| 2013 | 4,212,809,774 | 208,123,283 | 4,420,933,057 | 1.44 |
| 2014 | 4,296,330,425 | 198,348,975 | 4,494,679,400 | 1.43 |
| 2015 | 4,546,242,514 | 201,989,100 | 4,748,231,614 | 1.38 |
| 2016 | 4,724,117,345 | 219,025,856 | 4,943,143,201 | 1.34 |
| 2017 | 5,189,383,162 | 221,031,681 | 5,410,414,843 | 1.24 |
| 2018 | 5,735,143,229 | 267,639,860 | 6,002,783,089 | 1.15 |
| 2019 | 6,576,257,802 | 353,487,584 | 6,929,745,386 | 1.03 |
| 2020 | 7,227,669,821 | 229,094,565 | 7,456,764,386 | 0.98 |
| 2021 | 7,879,106,822 | 232,091,807 | 8,111,198,629 | 0.91 |



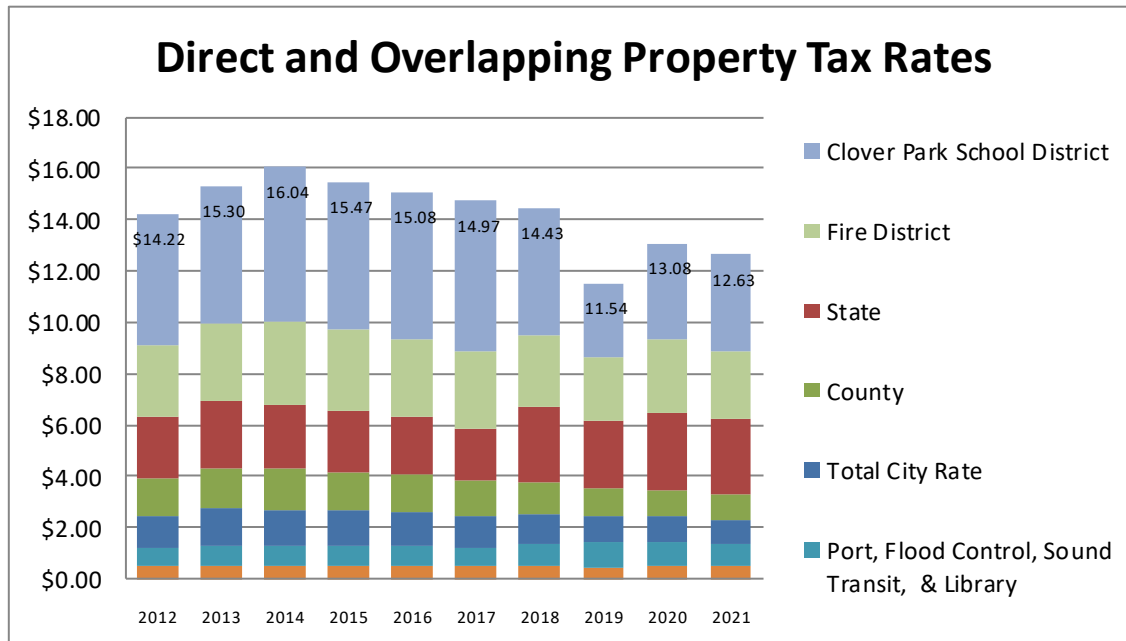
Note: Values are based on prior year assessed value for current year taxes.

Source:

Pierce County Assessor Treasurer

Schedule 6
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

| | Direct Rate | | Overlapping Rates | | | | | | | | | Total Direct and Overlapping Rate | | | | | |
|------|---------------------|------|------------------------|------------------|-------------------|------------------|------------------|-------------------------------------|-----------------------------------|---------------------|------------------|--|--------|----|------|----|-------|
| | City of Lakewood | | State of Washington | Pierce County | Port of Tacoma | Flood Control | Sound Transit | Emergency Management Services | Clover Park School District | Lakewood Library | Fire District | | | | | | |
| 2012 | \$ | 1.28 | \$ | 2.41 | \$ 1.42 | \$ 0.18 | - | - | \$ | 0.50 | \$ | 5.11 | \$0.50 | \$ | 2.82 | \$ | 14.22 |
| 2013 | | 1.44 | | 2.63 | | 1.58 | 0.18 | 0.10 | | 0.50 | | 5.34 | 0.50 | | 3.03 | | 15.30 |
| 2014 | | 1.43 | | 2.53 | | 1.56 | 0.18 | 0.10 | | 0.50 | | 5.98 | 0.50 | | 3.26 | | 16.04 |
| 2015 | | 1.38 | | 2.39 | | 1.48 | 0.18 | 0.10 | | 0.50 | | 5.77 | 0.50 | | 3.17 | | 15.47 |
| 2016 | | 1.34 | | 2.23 | | 1.43 | 0.18 | 0.10 | | 0.50 | | 5.71 | 0.50 | | 3.08 | | 15.08 |
| 2017 | | 1.24 | | 2.07 | | 1.33 | 0.18 | 0.09 | 0.25 | | 0.50 | 5.88 | 0.47 | | 2.96 | | 14.97 |
| 2018 | | 1.15 | | 2.91 | | 1.23 | 0.18 | 0.08 | 0.23 | | 0.48 | 4.96 | 0.43 | | 2.78 | | 14.43 |
| 2019 | | 1.03 | | 2.62 | | 1.13 | 0.18 | 0.08 | 0.21 | | 0.44 | 2.88 | 0.50 | | 2.48 | | 11.54 |
| 2020 | | 0.98 | | 3.01 | | 1.05 | 0.18 | 0.10 | 0.20 | | 0.50 | 3.78 | 0.47 | | 2.81 | | 13.08 |
| 2021 | | 0.91 | | 2.93 | | 0.98 | 0.17 | 0.10 | 0.20 | | 0.49 | 3.74 | 0.44 | | 2.67 | | 12.63 |



Note: Values are based on prior year assessed value for current year taxes.

Source:

Pierce County Assessor Treasurer

Schedule 7
Principal Property Taxpayers
Current Year and Ten Years Ago

| Taxpayer | 2021 | | | 2012 | | |
|--------------------------------------|------------------------|------|--|------------------------|------|--|
| | Taxable Assessed Value | Rank | % of Total City Taxable Assessed Value | Taxable Assessed Value | Rank | % of Total City Taxable Assessed Value |
| Northwest Building LLC | \$ 231,299,433 | 1 | 2.46% | \$ 88,963,086 | 1 | 1.82% |
| Seattle MSA Multifamily DST | 112,688,400 | 2 | 1.20% | - | - | - |
| RPAI Lakewood LLC | 73,722,500 | 3 | 0.79% | - | - | - |
| Lakewood Project LLC | 58,556,700 | 4 | 0.62% | - | - | - |
| CLPF C&O Lakewood LLC | 53,928,900 | 5 | 0.57% | - | - | - |
| Tacoma Gateway Lakewood LLC | 49,450,600 | 6 | 0.53% | - | - | - |
| SP/BGO Beaumont Owner LLC | 48,387,000 | 7 | 0.52% | - | - | - |
| IPT Lakewood Logistics Center II LLC | 45,783,400 | 8 | 0.49% | - | - | - |
| Morningtree Park LLC | 37,477,700 | 9 | 0.40% | - | - | - |
| LBA OR Development-Company II LLC | 35,745,200 | 10 | 0.38% | - | - | - |
| Inland Western Lakewood LLC | - | - | - | 52,133,900 | 2 | 1.07% |
| ERP Operating LP | - | - | - | 51,950,500 | 3 | 1.06% |
| Lakha Properties-Lakewood TC LLC | - | - | - | 22,439,500 | 4 | 0.46% |
| Wal-Mart Stores Inc #2403 | - | - | - | 21,459,600 | 5 | 0.44% |
| NetFlix Inc | - | - | - | 20,918,816 | 6 | 0.43% |
| Beaumont Lakewood Associates LLC | - | - | - | 20,218,900 | 7 | 0.41% |
| WIG Properties LLC-LKPL | - | - | - | 18,994,500 | 8 | 0.39% |
| Puget Sound Energy/Gas | - | - | - | 17,079,803 | 9 | 0.35% |
| Lowes of Lakewood #1081 | - | - | - | 16,611,344 | 10 | 0.34% |
| TOTAL | \$ 747,039,833 | | 7.96% | \$ 330,769,949 | | 6.77% |

Note: Values are based on current year assessed value for following year taxes.

Total Assessed Value for 2021: \$ 9,388,375,496

Source:

Pierce County Assessor Treasurer

Schedule 8
Property Tax Levies and Collections
Last Ten Fiscal Years

| Fiscal | Collected within the fiscal year of the levy | | | Total Collections to Date | | | Total Outstanding Delinquent Taxes | Ratio of Delinquent Taxes to Total Tax Levy |
|--------|---|--------------|-----------------------|---|-------------|-----------------------|---|--|
| | Taxes Levied for the Fiscal Year* | Amount | Percentage of Levy | Collections in Subsequent Years** | Amount | Percentage of Levy | | |
| 2013 | \$ 6,313,675 | \$ 6,135,401 | 97.18% | \$ 178,257 | \$6,313,659 | 100.00% | \$ 16 | 0.00% |
| 2014 | 6,436,483 | 6,248,259 | 97.08% | 188,206 | 6,436,466 | 100.00% | 18 | 0.00% |
| 2015 | 6,661,998 | 6,413,233 | 96.27% | 248,766 | 6,661,998 | 100.00% | 0 | 0.00% |
| 2016 | 6,826,047 | 6,545,433 | 95.89% | 280,511 | 6,825,945 | 100.00% | 102 | 0.00% |
| 2017 | 7,072,758 | 6,738,954 | 95.28% | 333,348 | 7,072,302 | 99.99% | 456 | 0.01% |
| 2018 | 7,106,486 | 6,935,521 | 97.59% | 169,510 | 7,105,032 | 99.98% | 1,454 | 0.02% |
| 2019 | 7,236,038 | 7,070,452 | 97.71% | 135,456 | 7,205,908 | 99.58% | 30,131 | 0.42% |
| 2020 | 7,295,921 | 7,160,585 | 98.15% | 74,033 | 7,234,618 | 99.16% | 61,303 | 0.84% |
| 2021 | 7,414,689 | 7,314,306 | 98.65% | - | 7,314,306 | 98.65% | 100,383 | 1.35% |

*Includes initial levy amount for the fiscal year and subsequent year certification adjustments.

**Amounts reported for current year are reported in the following year and adjusted for subsequent years' collection.

Source:

Pierce County Assessor Treasurer

Schedule 9
Sales Tax Revenue by Category
Last Ten Fiscal Years
(in thousands)

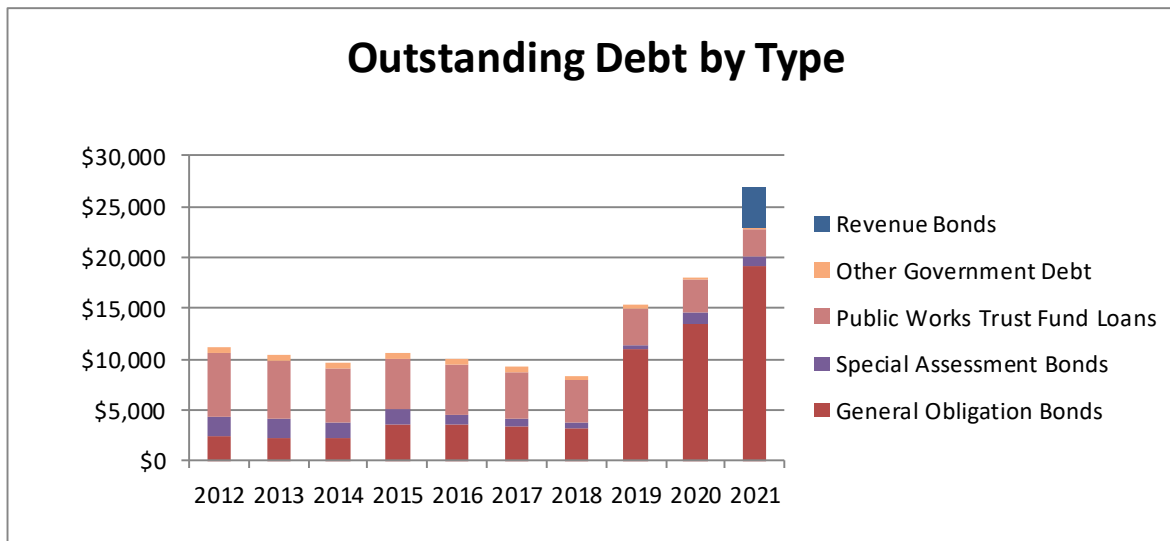
| | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> |
|---------------------------------------|-----------------|-----------------|-----------------|----------------|-----------------|-----------------|------------------|------------------|------------------|-----------------|
| Agriculture, Forestry, & Fishing | \$ 2 | \$ 2 | \$ 2 | \$ 1 | \$ 1 | \$ 1 | \$ 1 | \$ 1 | \$ 1 | \$ 2 |
| Mining | - | - | - | 1 | 2 | 4 | 0 | 0 | 0 | 0 |
| Utilities | 2 | 1 | 2 | 2 | 2 | 2 | 4 | 3 | 3 | 4 |
| Construction | 903 | 1,030 | 884 | 884 | 913 | 1,175 | 1,506 | 2,021 | 2,003 | 2,399 |
| Manufacturing | 132 | 136 | 157 | 158 | 217 | 199 | 219 | 190 | 168 | 214 |
| Wholesale Trade | 317 | 342 | 466 | 398 | 396 | 496 | 462 | 550 | 511 | 664 |
| Retail Trade | 4,016 | 3,938 | 3,925 | 4,209 | 4,224 | 4,599 | 5,042 | 5,346 | 5,582 | 6,676 |
| Transportation & Warehousing | 36 | 43 | 64 | 57 | 54 | 88 | 55 | 63 | 56 | 76 |
| Information | 364 | 387 | 424 | 449 | 504 | 500 | 485 | 434 | 442 | 497 |
| Finance and Insurance | 25 | 41 | 41 | 56 | 62 | 50 | 66 | 94 | 88 | 101 |
| Real Estate, Rental, Leasing | 214 | 236 | 239 | 288 | 338 | 336 | 344 | 377 | 383 | 461 |
| Professional, Scientific, & Technical | 68 | 88 | 95 | 95 | 125 | 100 | 107 | 124 | 113 | 154 |
| Mgmt of Companies & Enterprises | - | - | - | - | 1 | 1 | 0 | 0 | 0 | 0 |
| Administrative Services | 125 | 143 | 139 | 155 | 159 | 178 | 269 | 307 | 422 | 484 |
| Educational Services | 43 | 46 | 35 | 37 | 51 | 31 | 24 | 26 | 24 | 43 |
| Health Care & Social Assistance | 29 | 45 | 39 | 46 | 47 | 40 | 40 | 35 | 32 | 37 |
| Arts, Entertainment, & Recreation | 88 | 91 | 96 | 106 | 112 | 107 | 113 | 113 | 73 | 101 |
| Accommodation & Food Services | 1,050 | 1,088 | 1,127 | 1,211 | 1,260 | 1,367 | 1,529 | 1,585 | 1,376 | 1,694 |
| Public Administration | 66 | 59 | 71 | 59 | 68 | 112 | 21 | 10 | 11 | 11 |
| Other Services | 416 | 423 | 467 | 497 | 642 | 573 | 690 | 675 | 656 | 795 |
| Total | <u>\$ 7,897</u> | <u>\$ 8,140</u> | <u>\$ 8,272</u> | <u>\$8,708</u> | <u>\$ 9,179</u> | <u>\$ 9,959</u> | <u>\$ 10,978</u> | <u>\$ 11,955</u> | <u>\$ 11,945</u> | <u>\$14,414</u> |

Source:

City of Lakewood Finance Division

Schedule 10
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(in thousands)

| Fiscal Year | Governmental Activities | | | | Business-Type Activities | | Percentage of Personal Income ^(*) | Debt Per Capita |
|-------------|--------------------------|--------------------------|------------------|-----------------------|--------------------------|--------------------------|--|-----------------|
| | General Obligation Bonds | Special Assessment Bonds | Public | | Revenue Bonds | Total Primary Government | | |
| | | | Trust Fund Loans | Other Government Debt | | | | |
| 2012 | \$ 2,363 | \$ 1,975 | \$ 6,144 | \$ 734 | \$ - | \$ 11,216 | 27.68% | 193 |
| 2013 | 2,256 | 1,769 | 5,716 | 684 | - | 10,424 | 25.12% | 179 |
| 2014 | 2,144 | 1,573 | 5,287 | 633 | - | 9,637 | 22.16% | 165 |
| 2015 | 3,455 | 1,523 | 5,038 | 637 | - | 10,653 | 23.65% | 182 |
| 2016 | 3,499 | 987 | 4,931 | 564 | - | 9,980 | 21.56% | 170 |
| 2017 | 3,273 | 751 | 4,644 | 488 | - | 9,155 | 19.10% | 154 |
| 2018 | 3,202 | 595 | 4,039 | 501 | - | 8,336 | 16.70% | 140 |
| 2019 | 10,932 | 389 | 3,575 | 392 | - | 15,288 | 29.12% | 256 |
| 2020 | 13,371 | 1,255 | 3,111 | 281 | - | 18,018 | 31.87% | 300 |
| 2021 | 19,215 | 918 | 2,647 | 215 | 4,028 | 27,024 | N/A | 425 |



^(*) Personal income is calculated based on Pierce County Per Capita Personal Income applied to Lakewood population. 2021 data was not available at time of publication of this document.

Source:

City of Lakewood Finance Division

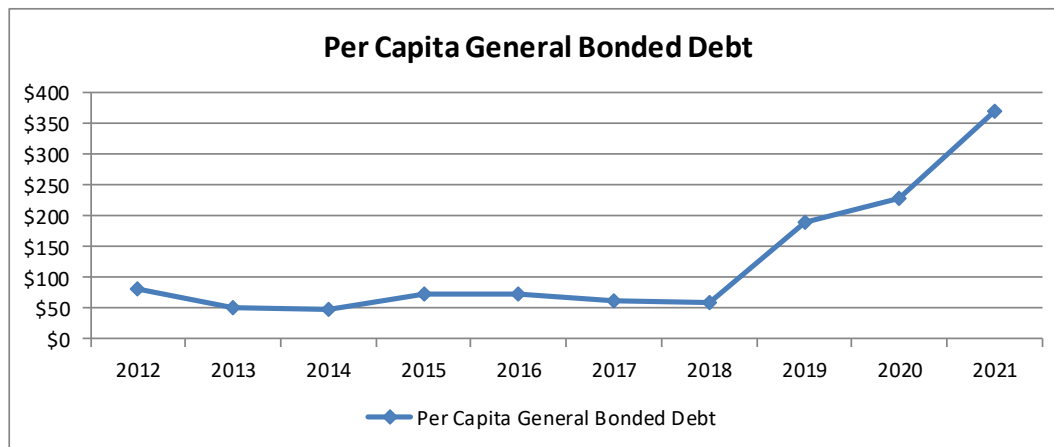
Schedule 11
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

| Fiscal Year | Government Activities | | | | | Business Type | Total Primary Government | Percentage of Actual Taxable Value of Property | Per Capita |
|-------------|--------------------------|--------------------------|---------------|------------------|----------------|-------------------|--------------------------|--|------------|
| | General Obligation Bonds | Special Assessment Bonds | Notes Payable | Government Loans | Capital Leases | SWM Revenue Bonds | | | |
| 2012 | \$ 4,011,811 | \$ 1,980,050 | \$ 733,691 | \$ 6,215,525 | \$ - | \$ - | \$ 12,941,077 | 0.26% | \$ 81.45 |
| 2013 | 2,255,960 | 1,768,938 | 684,129 | 5,715,529 | - | - | 10,424,556 | 0.24% | \$ 50.42 |
| 2014 | 2,143,560 | 1,572,959 | 632,713 | 5,287,303 | - | - | 9,636,535 | 0.21% | \$ 47.57 |
| 2015 | 3,681,018 | 1,523,121 | 579,374 | 5,038,375 | 57,295 | - | 10,879,183 | 0.23% | \$ 73.93 |
| 2016 | 3,676,569 | 986,515 | 524,041 | 4,930,856 | 39,940 | - | 10,157,921 | 0.21% | \$ 72.12 |
| 2017 | 3,272,867 | 750,667 | 466,638 | 4,643,633 | 20,897 | - | 9,154,702 | 0.17% | \$ 63.43 |
| 2018 | 3,201,928 | 594,767 | 407,088 | 4,132,695 | - | - | 8,336,478 | 0.14% | \$ 60.81 |
| 2019 | 10,932,478 | 388,783 | 345,312 | 3,621,758 | - | - | 15,288,331 | 0.22% | \$ 189.00 |
| 2020 | 13,370,758 | 1,255,428 | 281,225 | 3,110,818 | - | - | 18,018,229 | 0.24% | \$ 227.42 |
| 2021 | 19,215,473 | 918,398 | 214,742 | 2,646,882 | - | 4,028,365 | 27,023,860 | 0.33% | \$ 368.85 |

Notes:

2021, 2020, and 2019 increases are due to the issuance of \$6M, \$3M and \$8M in General Obligation bonds, respectively.

Per capita calculation excludes Special Assessment Bonds and Government Loans (PWTF and HUD Loans) as they pertain various specific tax payers.

**Source:**

City of Lakewood Finance Division

Schedule 12
Direct and Overlapping Governmental Activities Debt
As of December 31, 2021

| | <u>Net Debt Outstanding</u> | <u>Estimated Percentage Applicable</u> | <u>Estimated Share of Overlapping Debt</u> |
|--|---------------------------------|--|--|
| Overlapping Debt: | | | |
| Pierce County | \$ 118,905,000 | 5.9% | \$ 7,014,866 |
| Port of Tacoma | 144,767,000 | 5.9% | 8,540,609 |
| Clover Park School District | 107,405,000 | 95.6% | 102,680,172 |
| Steilacoom Historical School District | 16,690,000 | 5.1% | 849,011 |
| Tacoma School District | 939,360,000 | 0.3% | 3,141,047 |
| West Pierce Fire District | <u>3,905,615</u> | 59.7% | <u>2,332,960</u> |
| Total Overlapping Debt | 1,331,032,615 | | 124,558,665 |
| Direct Debt: City of Lakewood | <u>26,426,421</u> | 100% | <u>26,426,421</u> |
| Total Direct and Overlapping Debt | <u><u>\$ 1,357,459,036</u></u> | | <u><u>\$ 150,985,086</u></u> |

The estimated percentage applicable is calculated by dividing the assessed value of Lakewood properties within the taxing district divided by the total assessed property values within the taxing district multiplied by the outstanding debt of the taxing district.

Sources:

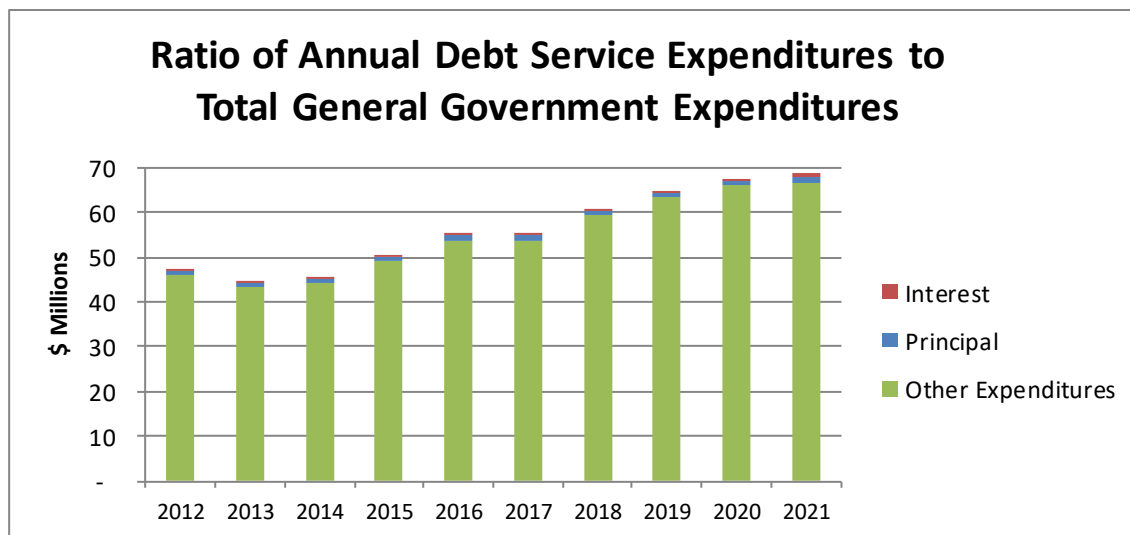
- City of Lakewood Finance Division
- Pierce County Assessor Treasurer
- State of Washington
- Port of Tacoma

Note: Values are based on following year aggregate values.

Schedule 13

Ratio of Annual Debt Service Expenditures to Total
General Governmental Expenditures
Last Ten Fiscal Years

| Fiscal Year | Principal | Interest | Total Debt Service | Total General Governmental Expenditures | Ratio of Debt Service to General Governmental Expenditures |
|-------------|------------|------------|--------------------|---|--|
| 2012 | \$ 782,283 | \$ 273,019 | \$ 1,055,302 | \$ 47,207,030 | 2.24% |
| 2013 | 788,898 | 257,756 | 1,046,654 | 44,306,413 | 2.36% |
| 2014 | 790,618 | 239,574 | 1,030,192 | 45,373,578 | 2.27% |
| 2015 | 684,124 | 279,630 | 963,754 | 50,209,509 | 1.92% |
| 2016 | 1,247,518 | 225,150 | 1,472,668 | 55,245,997 | 2.67% |
| 2017 | 955,518 | 202,434 | 1,157,952 | 54,993,731 | 2.11% |
| 2018 | 951,387 | 177,216 | 1,128,603 | 60,478,604 | 1.87% |
| 2019 | 1,056,932 | 369,126 | 1,426,058 | 64,940,026 | 2.20% |
| 2020 | 1,175,620 | 411,675 | 1,587,295 | 67,705,605 | 2.34% |
| 2021 | 1,614,626 | 515,783 | 2,130,409 | 68,672,245 | 3.10% |

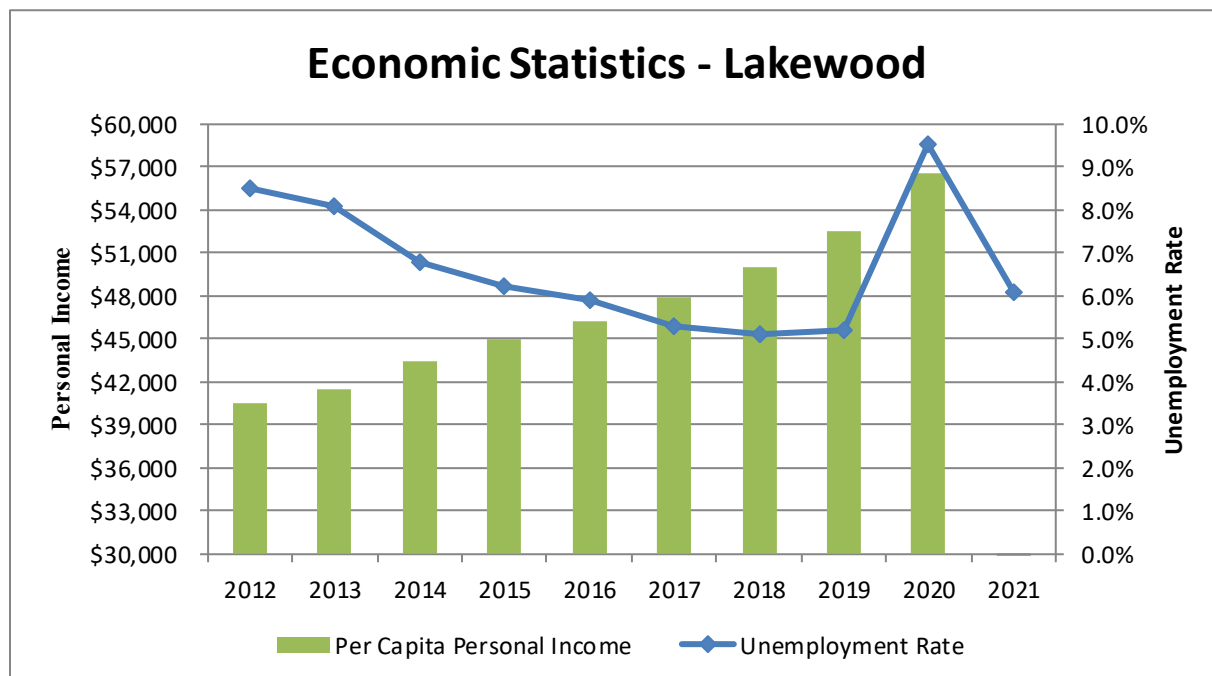


Source:

City of Lakewood Finance Division

Schedule 14
Demographic and Economic Statistics
Last Ten Fiscal Years

| Fiscal Year | Lakewood Population ⁽¹⁾ | Lakewood Personal Income (in thousands) ⁽²⁾ | Pierce County Per Capita Personal Income ⁽³⁾ | School Enrollment ⁽⁴⁾ | Median Household Income ⁽⁵⁾ (Pierce County) | Unemployment Rate ⁽⁶⁾ |
|-------------|------------------------------------|--|---|----------------------------------|--|----------------------------------|
| 2012 | 58,260 | \$ 2,360,637 | \$ 40,519 | 11,383 | \$ 57,162 | 8.5% |
| 2013 | 58,310 | 2,419,807 | 41,499 | 11,602 | 57,238 | 8.1% |
| 2014 | 58,360 | 2,537,434 | 43,479 | 12,254 | 59,998 | 6.8% |
| 2015 | 58,400 | 2,630,278 | 45,039 | 12,285 | 59,566 | 6.2% |
| 2016 | 58,800 | 2,721,440 | 46,283 | 12,346 | 61,042 | 5.9% |
| 2017 | 59,280 | 2,841,587 | 47,935 | 12,885 | 65,517 | 5.3% |
| 2018 | 59,350 | 2,963,227 | 49,928 | 12,953 | 71,208 | 5.1% |
| 2019 | 59,670 | 3,132,436 | 52,496 | 12,618 | 78,779 | 5.2% |
| 2020 | 63,612 | 3,596,114 | 56,532 | 12,019 | 80,236 | 9.5% |
| 2021 | 63,600 | N/A | N/A | 12,022 | 81,720 | 6.1% |



- (1) State of Washington, Office of Financial Management. Updated 2020 with US Census count.
- (2) Pierce County Per Capita Personal Income applied to Lakewood population. See (3)
- (3) Pierce County Per Capita Personal Income as provided by Bureau of Economic Analysis (BEA). 2021 data will be available on November 16, 2022 - Previous years have been updated per revisions by the BEA.
- (4) Clover Park School District which is the largest in Lakewood.
- (5) Median household income from the Washington State Office of Financial Management (OFM). 2020 data is an estimate and 2021 data is a projection. Previous years have been updated per revisions by the OFM.
- (6) Pierce County Unemployment Rate as provided by the Bureau of Labor Statistics (BLS) - Previous years have been updated per revisions by the BLS.

Schedule 15
Principal Employers
Current Year and Ten Years Ago

| Taxpayer | Type of Business | 2021 | | | 2012* | | |
|-------------------------------|--|------------------------|------|----------------------------------|------------------------|------|----------------------------------|
| | | Number of Employees | Rank | % of Total City Employment | Number of Employees | Rank | % of Total City Employment |
| Western State Hospital | Public Sector - Mental Health Facility | 2,600 | 1 | 8.2% | 1,750 | 2 | 7.7% |
| Clover Park School District | Public Sector - Education | 1,596 | 2 | 5.1% | 1,833 | 1 | 8.0% |
| Pierce Transit | Public Sector - Transportation | 854 | 3 | 2.7% | 827 | 6 | 3.6% |
| Pierce College | Public Sector - Education | 831 | 4 | 2.6% | 887 | 4 | 3.9% |
| St. Clare Hospital | Health Care | 814 | 5 | 2.6% | 848 | 5 | 3.7% |
| Aacres WA LLC | Private Social Services Network | 540 | 6 | 1.7% | 436 | 7 | 1.9% |
| Korean Woman's Association | Health Care | 533 | 7 | 1.7% | - | - | - |
| McClane Northwest | Transportation/Warehousing | 440 | 8 | 1.4% | 425 | 8 | 1.9% |
| Clover Park Technical College | Public Sector - Education | 385 | 9 | 1.2% | 400 | 9 | 1.8% |
| Wal-Mart | Retail | 380 | 10 | 1.2% | 372 | 10 | 1.6% |
| Camp Murray | Military - National Guard | - | - | - | 1,000 | 3 | 4.4% |
| | | <u>8,973</u> | | <u>28.43%</u> | <u>8,778</u> | | <u>38.50%</u> |

2021 Jobs in Lakewood: 31,560

Source:

City of Lakewood Community and Economic Development Department

*2012 Figures unavailable, used 2013 Figures

Schedule 16
Capital Assets by Function
Last Ten Fiscal Years

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Transportation | | | | | | | | | | |
| Street (center line miles) | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 |
| Signals City-owned and maintained | 69 | 69 | 69 | 69 | 69 | 69 | 69 | 69 | 69 | 67 |
| Signals WSDOT-owned and maintained | 9 | 9 | 9 | 9 | 11 | 11 | 11 | 11 | 10 | 10 |
| Signals West Pierce Fire-owned and Pierce County maintained | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Signals City-owned and WSDOT-maintained | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 2 | 2 |
| Signals - City -owned and Tacoma Maintained | 1 | 1 | 1 | 1 | - | - | - | - | - | - |
| Street lights City-owned and maintained | 214 | 614 | 614 | 614 | 2,176 | 2,176 | 2,277 | 2,372 | 2,525 | 2,525 |
| Street lights City-owned and TPU maintained | 420 | 420 | 420 | 420 | - | - | - | - | - | - |
| Street lights City-owned and Lakeview maintained | 1,098 | 698 | 698 | 698 | - | - | - | - | - | - |
| Street lights PSE-owned and maintained | 1,071 | 1,071 | 1,071 | 1,071 | 1,071 | 1,071 | 1,098 | 1,098 | 1,710 | 1,710 |
| Street lights TPU-owned and maintained | 353 | 353 | 353 | 353 | - | - | - | - | - | - |
| Culture & Recreation | | | | | | | | | | |
| Developed parks - acreage | 77 | 80 | 80 | 80 | 82 | 82 | 82 | 82 | 82 | 82 |
| Developed parks - number of parks | 12 | 12 | 12 | 13 | 13 | 12 | 12 | 12 | 12 | 12 |
| Undeveloped parks - acreage | 461 | 465 | 467 | 467 | 467 | 467 | 467 | 467 | 467 | 467 |
| Playgrounds | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 |
| Skateparks | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Tennis courts - public | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Baseball fields | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| Soccer fields | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Picnic shelters | 10 | 10 | 10 | 10 | 11 | 12 | 12 | 12 | 13 | 14 |
| Community gardens | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Senior Center | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |

Source:

- City of Lakewood Public Works Department (GIS Data)
- City of Lakewood Parks, Recreation, and Community Services Department.

Schedule 17
Operating Indicators by Function
Last Ten Fiscal Years

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|--|-------|--------|-------|--------|-------|--------|--------|--------|--------|--------|
| SECURITY OF PERSONS & PROPERTY | | | | | | | | | | |
| Police Information | | | | | | | | | | |
| Offenses: | | | | | | | | | | |
| Forcible Rape (including attempts) | 38 | 30 | 34 | 58 | 55 | 67 | 38 | 59 | 34 | 29 |
| Robbery | 109 | 90 | 89 | 93 | 103 | 94 | 90 | 107 | 73 | 113 |
| Criminal Homicide | 3 | 2 | 1 | 2 | - | 5 | 7 | 7 | 4 | 8 |
| Aggravated Assault | 319 | 278 | 247 | 339 | 375 | 322 | 332 | 384 | 371 | 414 |
| Vehicle Theft | 233 | 205 | 215 | 260 | 368 | 375 | 382 | 321 | 480 | 657 |
| Burglary (commercial & residentia | 725 | 642 | 644 | 566 | 616 | 507 | 492 | 421 | 499 | 488 |
| Larceny | 2,089 | 1,832 | 1,681 | 1,991 | 2,097 | 2,052 | 2,041 | 1,723 | 1,788 | 1,990 |
| Arson | 13 | 14 | 15 | 13 | 15 | 11 | 15 | 9 | 9 | 21 |
| Citations: | | | | | | | | | | |
| Traffic | 6,633 | 5,753 | 8,980 | 8,202 | 6,595 | 5,023 | 3,697 | 5,493 | 2,615 | 1,482 |
| Red Light Photo | 8,225 | 8,586 | 8,827 | 10,586 | 7,289 | 11,336 | 11,927 | 12,644 | 10,525 | 14,833 |
| Fixed Speed Photo | 5,814 | 5,744 | 4,669 | 3,384 | 9,749 | 6,198 | 6,571 | 6,876 | 2,242 | 10,597 |
| ECONOMIC ENVIRONMENT | | | | | | | | | | |
| Building Related Permits & Values | | | | | | | | | | |
| Building Permits | 1,392 | 1,927 | 1,339 | 1,336 | 1,207 | 1,540 | 1,718 | 1,839 | 1,771 | 1,562 |
| Estimated Value (in millions) | \$ 46 | \$ 147 | \$ 52 | \$ 56 | \$ 65 | \$ 76 | \$ 124 | \$ 88 | \$ 161 | \$ 157 |

Sources:

- City of Lakewood Police Department.
- City of Lakewood Community and Economic Environment Department

Schedule 18Full-Time Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years

| Function/Program | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| General Government | | | | | | | | | | |
| Municipal Court | 16.75 | 16.75 | 16.00 | 12.50 | 12.50 | 11.00 | 11.00 | 10.50 | 10.50 | 10.00 |
| City Manager | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 |
| Administrative Services | 20.85 | 20.85 | 20.85 | 16.00 | 16.00 | 16.00 | 16.00 | 16.00 | 16.00 | 16.00 |
| Legal & City Clerk | 11.98 | 11.98 | 11.98 | 12.50 | 12.50 | 11.00 | 11.00 | 9.50 | 9.50 | 9.50 |
| Community & Economic Development | 23.00 | 22.00 | 19.00 | 16.00 | 17.50 | 17.50 | 18.50 | 19.50 | 19.50 | 18.50 |
| Culture & Recreation | 15.50 | 15.50 | 22.70 | 18.25 | 24.25 | 24.25 | 24.25 | 24.25 | 24.25 | 24.25 |
| Security | 118.00 | 118.00 | 121.00 | 116.00 | 116.00 | 116.00 | 116.00 | 115.00 | 115.00 | 115.00 |
| Public Works | 34.00 | 34.00 | 27.90 | 26.00 | 20.50 | 20.50 | 20.50 | 18.50 | 18.50 | 16.50 |
| Total | <u>243.08</u> | <u>242.08</u> | <u>242.43</u> | <u>220.25</u> | <u>222.25</u> | <u>219.25</u> | <u>220.25</u> | <u>216.25</u> | <u>216.25</u> | <u>212.75</u> |

Source:

City of Lakewood Finance Division

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