

CITY OF LAKEWOOD, WA

Popular ANNUAL FINANCIAL REPORT

FOR YEAR FISCAL YEAR ENDED DECEMBER 31, 2021



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What is the Popular Annual Financial Report?

The report provides an overview of the City's financial position (the government as a whole), including its sources of revenues and expenditures, as well as economic information about the community. The Popular Annual Financial Report (PAFR) of the City of Lakewood (The City) is designed to be readily accessible and easily understandable to the public and other interested parties without a background in public finance. A glossary of financial terms can be found at the end of the report.

The highly summarized financial activity presented in the 2021 PAFR was extracted from the 2021 Annual Comprehensive Financial Report (**ACFR**) with additional historical data taken from the 2021 and 2020 reports. The ACFR is prepared in conformance with Generally Accepted Accounting Principles (GAAP) which requires presentation of complete financial statements, notes to the financial statements, and required supplementary information, including management's discussion and analysis. The City's 2021 ACFR received an unmodified (clean) opinion from the Washington State Auditor's Office (SAO).

The PAFR, in contrast to the ACFR, is unaudited and omits significant GAAP requirements. In terms of scope, only financial data for the governmental activities (those normally supported by taxes, grants and other financial assistance) are presented. Excluded is the City's lone business-type fund, Surface Water Management, a self-supporting operation funded mostly from user fees. Other deviations from GAAP are the non-inclusion of individual funds and the absence of certain required disclosures and analyses. The PAFR uses the same basis of accounting and measurement focus as the government-wide statements in the ACFR.

Individuals who desire to read the City's ACFR can access the report from the City's website at www.cityoflakewood.us, or by contacting the Finance Division at 6000 Main Street SW, Lakewood, WA 98499, phone (253) 983-7706 or email tkraus@cityoflakewood.us.

The City of Lakewood

Lakewood is an optional code city that was incorporated in 1996. The City is the second-largest city in Pierce County and the 18th largest in the state of Washington. It encompasses 18.95 square miles, of which 17.17 square miles is land and 1.78 square miles is water. The City is the host community to Joint Base Lewis-McChord (JBLM), the largest joint-base on the West Coast and one of the largest in the U.S. The City is strategically located along the I-5 corridor, situated 42 miles from the City of Seattle to the north and 22 miles from Olympia, the State capital, to the south. It is also only 38 miles from SeaTac International Airport. The city borders Joint Base Lewis-McChord (JBLM), Camp Murray (home to the Washington National Guard), and the City of Tacoma. The City is a hub for activity at the Ports of Tacoma, Olympia and Seattle and is the home to several beautiful lakes and wonderful historic treasures such as Fort Steilacoom Park, Lakewood Gardens and Thornewood Castle. Lakewood is an ideal place to shop or lodge while visiting local destinations such as Mount Rainier or Chambers Bay.



Snapshot of the Community

- 63,600 residents
- 4,308 businesses
- 31,560 jobs
- 26,891 households
- Median age: 36
- Median household income: \$81.7K



- ✓ *Lakewood Industrial Park* is fourth-largest private, for-profit employer in Pierce County and third-largest industrial business park in Washington.
- ✓ **"2020 Governor's Smart Communities Award for Smart Vision"** - Outstanding comprehensive plan, sub-area plan or county-wide planning policies
- ✓ Interstate 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 transportation to the greater Tacoma/Seattle area.
- ✓ Lakewood delivers a full range of local municipal services, including: police, jail and municipal court services; construction and maintenance of streets and traditional municipal infrastructure; stormwater collection and treatment; economic development and public improvements; building, planning and zoning; park and recreational activities; social and senior services; cultural events; and general administrative services.
 - Fire services are provided by West Pierce Fire and Rescue.
 - Garbage and recycling services are under contract with Waste Connections.
 - Tacoma Power, Puget Sound Energy and Lakeview Light and Power deliver power to the area.
 - Water is provided by the Lakewood Water District and sewer services are provided through Pierce County.
- ✓ *Night Market*: The event garnered increased vendor sales as local demand for fresh produce in a safe environment was stimulated during the lockdown. The market features food trucks and local wine and beer in addition to local produce and handicraft.
- ✓ Received the 2021 Healthy Communities Award from Tacoma Pierce County Health Department for its new energy and climate change adopted into the City's Comprehensive Plan.
- ✓ Boasts one of the only true "*International Districts*" in Pierce County, influenced by Korean, Vietnamese, Latino, Filipino and other ethnic cultures.
- ✓ Served by:
 - *Clover Park School District*, a modern K-12 public system with three schools in the 2020 U.S. News and World Report high school rankings
 - *Pierce College Fort Steilacoom*, a community college
 - *Clover Park Technical Colleges*
- ✓ Named one of the nation's **"One Hundred Best Communities for Young People"** by America's Promise Alliance six- years in a row.
- ✓ *Colonial Plaza* was recognized by The Economic Development Board for Tacoma-Pierce County as one of its **"Excellent 10"** projects because of its public space elements and its function as a catalyst for redevelopment in the city's downtown area. Similarly, the City received the **"Platinum Healthy Community Award"** from the Tacoma-Pierce County Health Department for its redevelopment of Colonial Plaza.
- ✓ Celebrated Lakewood's 25th Anniversary with a street festival in the Colonial Plaza. International performances representing Thailand, Mexico, Korea, and Guam showcased some of the rich cultures comprising Lakewood.



By the Numbers

Top 7 Property Taxpayers (Amounts in thousands)								
2021			2020			2019		
*AV = Assessed Value Taxpayer	Taxable AV *	% of TAV	*AV = Assessed Value Taxpayer	Taxable AV *	% of TAV	Taxpayer	Taxable AV	% of TAV
Northwest Building LLC	\$231,299	2.5%	Northwest Building LLC	\$201,460	2.5%	Northwest Building	\$202,563	2.7%
Seattle MSA Multifamily DST	112,688	1.2%	Seattle MSA Multifamily DST	102,470	1.3%	BRE WA Village at Seeley Lake	89,027	1.2%
RPAI Lakewood LLC	73,723	0.8%	RPAI Lakewood LLC	72,210	0.9%	RPAI Lakewood	73,361	1.0%
Lakewood Project LLC	58,557	0.6%	Lakewood Project LLC	53,233	0.7%	Lakewood 231	42,578	0.6%
CLPF C&O Lakewood LLC	53,929	0.6%	Lakewood 231 LLC	49,026	0.6%	Tacoma Gateway Lakewood	42,333	0.6%
Tacoma Gateway Lakewood	49,451	0.5%	Beaumont Grand Owner LLC	43,696	0.5%	Beaumont Lakewood Associat	38,031	0.5%
SP/BGO Beaumont Owner LLC	48,387	0.5%	Tacoma Gateway Lakewood LLC	43,116	0.5%	Lakha Lakewood Properties	29,749	0.4%
Total Top 7 Taxpayer	\$ 628,034	6.7%	Total Top 7 Taxpayer	\$ 565,210	7.0%	Total Top 7 Taxpayer	\$ 517,641	7.0%
Total Assessed Value	\$ 9,388,375		Total Assessed Value	\$ 8,111,199		Total Assessed Value	\$ 7,456,764	

Top 7 Employers										
		2021			2020			2019		
Taxpayer	Type of Business	Number of		% of Total	Number of		% of Total	Number of		% of Total
		Employees	Rank	City Employment	Employees	Rank	City Employment	Employees	Rank	City Employment
Western State Hospital	Public - Mental Health	2,600	1	8.2%	2,600	1	7.4%	2,600	1	7.4%
Clover Park School District	Public - Education	1,596	2	5.1%	1,782	2	4.8%	1,667	2	4.8%
Pierce Transit	Public Sector - Transportation	854	3	2.7%	n/a	n/a	n/a	950	5	2.7%
Pierce College	Public - Education	831	4	2.6%	822	3	3.5%	1,239	3	3.5%
St. Clare Hospital	Health Care	814	5	2.6%	598	4	1.9%	682	6	2.0%
Aacres WA LLC	Private Social Services	540	6	1.7%	450	6	1.5%	467	7	1.3%
Korean Woman's Assn	Health Care	533	7	1.7%	510	5	1.6%	n/a	n/a	n/a
		7,768		24.6%	6,762		20.8%	7,605		21.8%

Crime Statistics			
Category	2021	2020	2019
Offenses:			
Forcible Rape (including attempts)	29	34	55
Robbery	113	73	107
Criminal Homicide	8	4	5
Aggravated Assault	414	371	387
Vehicle Theft	657	480	315
Burglary (commercial & residential)	488	499	415
Larceny	1,990	1,788	1,706
Arson	21	9	9
Citations:			
Traffic	1,482	2,615	5,493
Red Light Photo	14,833	10,525	12,644
Fixed Speed Photo	10,597	2,242	6,876

Demographic and Economic Statistics			
Category	2021	2020	2019
Lakewood Population	63,600	63,612	59,670
School Enrollment	12,022	12,019	12,618
Median Household Income	\$ 81,720	\$ 80,236	\$ 78,779
Unemployment Rate	6.1%	9.5%	5.2%

Building Related Permits & Values			
Category	2021	2020	2019
Number of building permits	1562	1,771	1,839
Estimated Value (in millions)	157	\$ 161	\$ 88

Current S & P Bond Rating
“AA”

Source: Condensed from 2021 ACFR – Statistical Section

Elected Officials

The City of Lakewood is organized under the council-manager plan of government. The City Council is responsible for enacting all legislation and making general policy decisions governing the City. The Mayor is selected by the Council from among its members to facilitate Council meetings and represent the City in a ceremonial capacity. The City Manager, who serves as the CEO, is appointed by the City Council. The City Manager reports directly to the Council and serves at the pleasure of the legislative body. 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 at the expressed direction of the Lakewood City Council.

2021 Lakewood City Council



Mayor
Jason Whalen



Councilmember
Don Anderson



Deputy Mayor
Mary Moss



Councilmember
Pattie Belle



Councilmember
Paul Bocchi

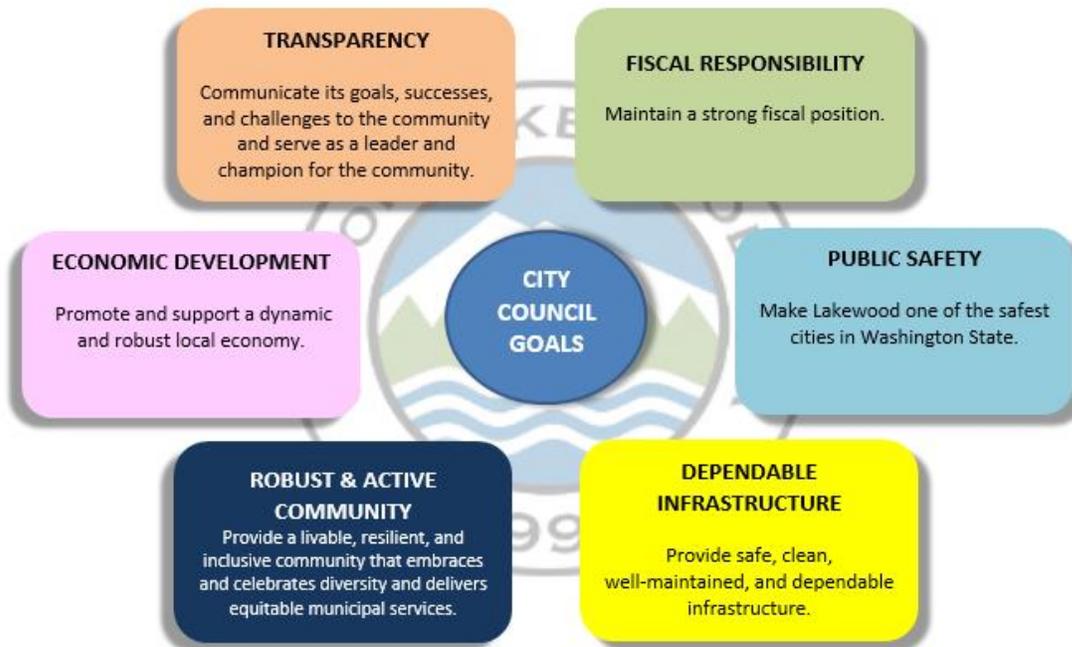


Councilmember
Mike Brandstetter



Councilmember
Linda Farmer

Our Goals



Our Vision

Our *VISION* for Lakewood is a thriving, urban, South Puget Sound city, possessing the core values of family, community, education, and economic prosperity. 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;
- Leveraging and embracing of our diversity; and,
- Supportive of Joint Base Lewis McChord (JBLM), Camp Murray, service members and their families.

- Lakewood City Council, Adopted Oct. 19, 2015

Financial Reporting Awards

The City of Lakewood's **Popular Annual Financial Report (PAFR)** for the year ended December 31, 2020 received recognition from the Government Finance Officers Association of the United States and Canada (GFOA) in the form of the Award for Outstanding Achievement in Popular Annual Financial Reporting. This award is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability, and reader appeal.

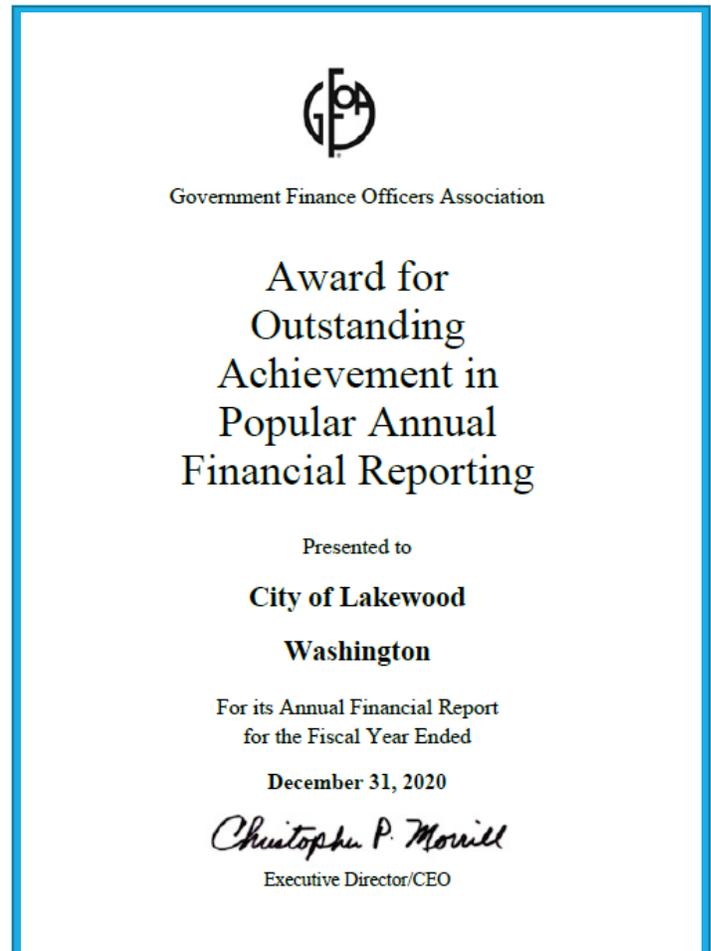
An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA to determine its eligibility for another Award.

The City of Lakewood's annual comprehensive financial reports for the years ended 2013-2020, from which the information on pages 9-13 has been drawn, were awarded the Certificate of Achievement for Excellence in Financial Reporting by Government Finance Officers Association of the United States and Canada (GFOA). The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized annual comprehensive financial report, whose contents conform to program standards. Such an Annual Comprehensive Financial Report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report continues to conform to the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another Certificate.

In addition, the City of Lakewood also recently received the Government Finance Officers Association Distinguished Budget Presentation Award for its 2021/2022 Biennial Budget. 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.



Financial Info – Governmental Activities

The City's Equity or Net Position

Net position (assets and deferred outflows of resources minus liabilities and deferred inflows of resources) may serve as an indicator of a government's financial condition over time. Net investment in capital assets makes up the biggest portion of net position. This amount is associated with the City's ownership of capital assets (land, buildings, roads infrastructure, and machinery & equipment) net of any borrowing used to acquire them. Because capital assets are acquired to provide services over several periods or indefinitely, through maintenance and replacement, this portion is not available for current or future spending. Although this portion is calculated net of any related debt, the resources needed to pay down the debt must come from other liquid resources, such as cash from the general fund. A smaller portion of net position is legally restricted as to use by law or contract, such as bond proceeds for capital construction, resources earmarked for debt service, or grants mandated to be spent on specific federal programs. The remaining portion of net position is unrestricted, representing resources that are available for current and future services. The following schedule is intended to demonstrate the difference between the City's assets and deferred outflows and its liabilities and deferred inflows as of December 31, 2021 compared to December 31, 2020.

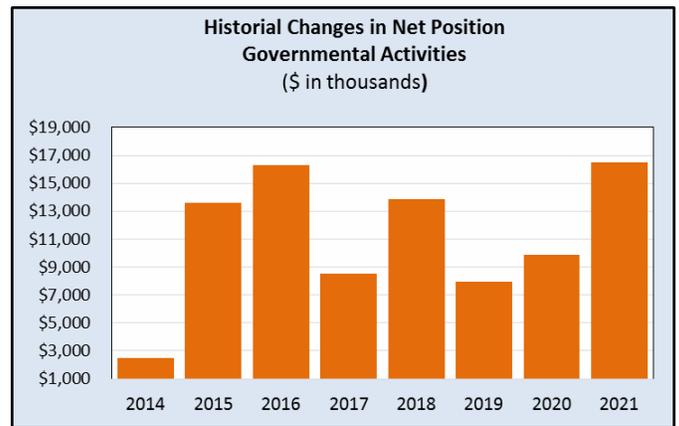
CONDENSED STATEMENTS OF NET POSITION			
Governmental Activities			
December 31			
	2021	2020	2019
Current and other assets	\$ 77,939,251	\$ 50,054,923	\$ 49,332,520
Capital assets, net	171,547,428	164,748,039	153,678,601
Total Assets	249,486,679	214,802,962	203,011,121
Deferred outflows of resources	1,924,078	1,769,955	1,151,263
Total deferred outflows of resources	1,924,078	1,769,955	1,151,263
Current liabilities	12,721,813	7,176,490	5,772,500
Long-term liabilities	23,180,793	18,554,279	15,941,659
Total Liabilities	35,902,606	25,730,769	21,714,159
Deferred inflows of resources	9,534,659	1,332,029	2,829,796
Total deferred inflows of resources	9,534,659	1,332,029	2,829,796
Net Position:			
Net investment in capital assets	154,064,390	150,518,400	145,611,845
Restricted	28,922,868	18,631,779	15,011,473
Unrestricted	22,986,234	20,359,940	18,995,111
Total Net Position	\$ 205,973,492	\$ 189,510,119	\$ 179,618,429

The changes in the net position of the City represent total revenues in excess of the total expenses. This number is important because when revenues exceed expenses, the City's is better off financially. This means the government raised more than sufficient resources to cover its cost of services. Any surplus then can be made available for programs in the next budget period or held as contingency reserves for emergencies. As a demonstration of the City's efforts, since 2012 the City has made a significant effort in improving its financial situation.

Net Position Trends

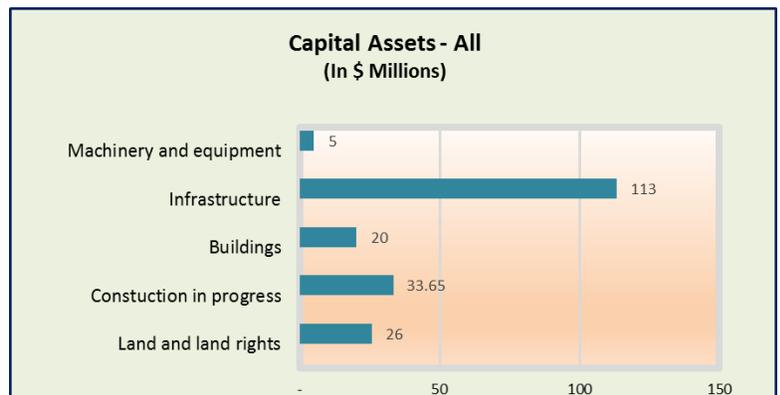
Net Position Governmental Activities (\$ in thousands)	
2014	\$ 119,402
2015	133,013
2016	149,307
2017	157,838
2018	171,691
2019	179,618
2020	189,510
2021	205,973

Historical Change in Net Position Governmental Activities (\$ in thousands)	
2014	\$ 2,455
2015	13,611
2016	16,294
2017	8,531
2018	13,853
2019	7,928
2020	9,892
2021	16,463



Capital Assets

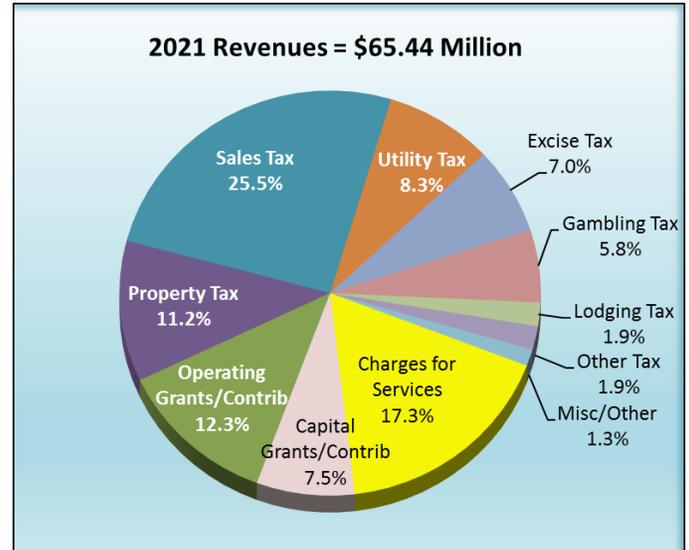
Total book value of capital assets is \$197.9M including those of the Surface Water enterprise fund. \$171.5M is from governmental activities. The City invests significant resources on infrastructure development, predominantly on roads and streets, which include curbs and gutters, pedestrian sidewalks, lighting, signage, and surface water drainage systems. The City also has a sizable investment in land used for government operations; parks, trails and open spaces; for community development; and, for environmental planning. Land and land rights in governmental activities amounted to \$23.9M.



Where Did the Money Come From?

Governmental Activities* (\$ in thousands)	2019	2020	2021	Change from Prior Year	% Change from Prior Year
Charges for Services	\$12,641	\$11,417	\$11,323	\$ (94)	-1%
Capital Grants & Contributions	3,474	4,767	4,925	158	3%
Operating Grants & Contributions	3,502	7,211	8,031	820	11%
Property Tax	7,061	7,171	7,350	179	3%
Sales Tax	13,848	13,870	16,692	2,822	20%
Utility Tax	5,575	5,475	5,437	(38)	-1%
Excise Tax	3,004	3,650	4,564	914	25%
Gambling Tax	3,100	1,910	3,787	1,877	98%
Lodging Tax	1,092	867	1,240	373	43%
Other Tax	3,484	2,560	1,228	(1,332)	-52%
Miscellaneous/Other	694	622	867	245	39%
Total Revenues	\$57,476	\$59,521	\$65,444	\$ 5,923	10%

*Excludes gain on sale of capital assets

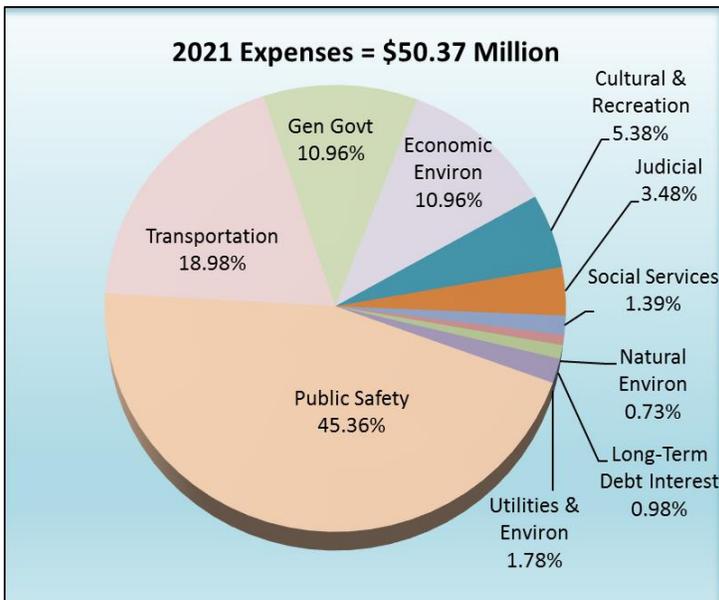


Total revenue increased by about \$5.9M or 10.0% in 2021. Much of the increase is attributed to increased sales, gambling, excise, and property tax revenues due to the recovery from the pandemic. Other increases include grants for construction and from the CARES Act.

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.

Where Did the Money Go?

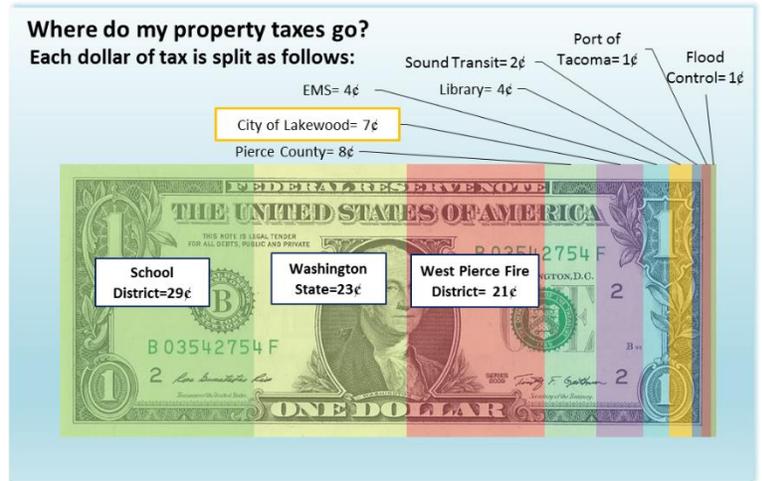
Total expenses for governmental activities increased only slightly by all programs except public safety (down 7%), general government (down 26%), and judicial (down 3%). The largest shifts in increases were utilities, economic environment, cultural & recreation, and long-term debt increase by more than 20%.



Governmental Activities (\$ in thousands)	2019	2020	2021	Change from Prior Year	% Change from Prior Year
Public Safety	\$26,068	\$24,668	\$22,846	\$ (1,822)	-7%
Transportation	8,293	8,187	9,559	1,372	17%
General Government	4,857	7,409	5,519	(1,890)	-26%
Economic Environment	5,733	4,506	5,519	1,013	22%
Culture and Recreation	2,581	2,255	2,711	456	20%
Judicial	1,834	1,811	1,754	(57)	-3%
Social Services	714	666	701	35	5%
Natural Environment	325	319	369	50	16%
Interest on Long-Term Debt	348	410	494	84	21%
Utilities & Environment	-	19	896	877	4654%
Total Expenses	\$50,753	\$50,250	\$50,368	\$ 118	0%

Property Tax

A property tax rate is placed on each piece of property within the City and is used for general governmental purpose. The rate is expressed in “dollars per \$1,000 assessed value (AV), and is a function of the property tax levy permitted by law and adopted by the City Council. In the City of Lakewood, as in other Washington cities, the maximum regular levy cannot exceed \$3.60, which includes the maximum regular levy of \$1.60 plus an additional \$2.00 per \$1,000 AV to provide for the fire districts (\$1.50) and library districts (\$0.50).



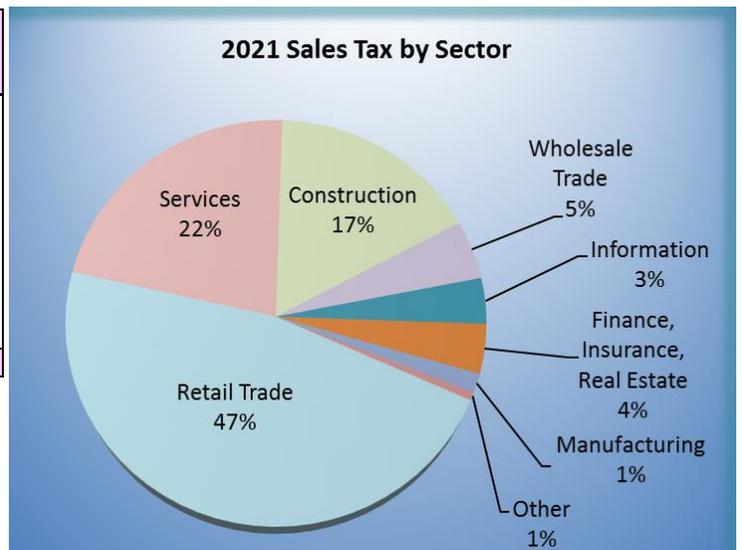
Levy Rate per \$1,000 Assessed Value			
Taxing District	2021	2020	2019
School District	\$ 3.74	\$ 3.78	\$ 2.88
West Pierce Fire District	2.67	2.81	2.48
Washington State	2.93	3.01	2.62
Pierce County	0.98	1.05	1.13
City of Lakewood	0.91	0.98	1.03
EMS	0.49	0.50	0.44
Library	0.44	0.47	0.50
Sound Transit	0.20	0.20	0.21
Port of Tacoma	0.17	0.18	0.18
Flood Control	0.10	0.10	0.08
Total	\$ 12.63	\$ 13.08	\$ 11.54

Sales Tax

The City imposes a sales and use tax of 1% to fund general government programs. Of this total, 15% is provided to Pierce County per state law. The City imposes both the basic 0.5% and the optional 0.5% sales and use tax. This tax is imposed on personal and business purchases of tangible property. The retail sales tax is also assessed on some services such as repairs and construction. The City receives 1% of the sales tax rate. Of

the 1%, the City receives 0.84% (Pierce County receives 15% of the 1% and the State receives 1% of the 1% leaving 0.84% to the City).

Sales Tax by Sector (\$ in thousands)	2019	2020	2021	Change from Prior Year	% Change from Prior Year
Retail Trade	\$ 5,336	\$ 5,570	\$ 6,659	\$ 1,089	20%
Services	2,754	2,552	3,117	565	22%
Construction	1,974	1,955	2,375	420	21%
Wholesale Trade	558	521	668	147	28%
Information	479	483	517	34	7%
Finance, Insurance, Real Estate	468	469	559	90	19%
Manufacturing	192	170	216	46	27%
Government	20	30	212	182	607%
Other	174	196	91	(105)	-54%
Total	\$ 11,955	\$ 11,946	\$ 14,414	\$ 2,468	\$ 0



The City’s 2021 sales taxes increased by \$2.46M from 2020. The largest increases were wholesale trade (up 28%) and manufacturing (up 27%). Meanwhile retail trade, services, construction, and finance increased by approximately 20%. This increase is primarily due to recovering from the pandemic.

Long-term Borrowing

The City's total governmental activities debt outstanding as of December 31, 2021 is \$27.0M. The City's long-term borrowing increased by \$9.0M or 50% in 2021. 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.

The City's most current bond rating from Standard & Poor's (S&P) is "AA" from its 2019 bond issue sold in the municipal bond market. At the same time, S&P affirmed its "AA" long-term rating on the City's outstanding general obligation debt, which was upgraded in June 2019 to "AA" from "AA-". In 2014 S&P upgraded the City's rating to "AA-", up from "A". Over four years the City saw its bond rating increase three steps – skipping "A+" in 2014 and going directly to "AA". The "AA" bond rating, which signifies the issuer's strong capacity to repay, will translate into lower financing costs for bonds offered to the municipal bond market by attracting a broader range of investors. This rating is a positive reflection of the City's effective financial management.

Long-Term Debt Outstanding			
Governmental Activities			
As of December 31			
	2021	2020	2019
2021A Long term general obligation	\$ 667,375	\$ -	\$ -
2021B Long term general obligation	5,971,635	-	-
2020 Long term general obligation	2,853,435	3,029,885	-
2019 Long-term general obligation	7,436,504	7,736,305	8,026,105
2016 LTGO (refinanced 2009 LTGO)	1,355,590	1,536,314	1,710,798
Local financing	930,934	1,068,254	1,195,575
2021 SWM Revenue bond	4,028,365	-	-
Public Works Trust Fund loan	2,646,882	3,110,818	3,574,758
Section 108 loan	-	-	47,000
Promissory note (59th Street)	214,742	281,225	345,312
Special assessments	918,398	1,255,428	388,783
Total	\$ 27,023,860	\$ 18,018,229	\$ 15,288,331

Washington State statutes limit the amount of debt the City may issue to 7.5% of its total assessed valuation, subject to 60% majority vote of qualified electors. Of the 7.5% limit, 2.5% is for general purposes, 2.5% for open space/park facilities, and 2.5% for utilities. Non-voted general-purpose indebtedness is limited to 1.5% of assessed valuation and combination of voted and non-voted general-purpose indebtedness cannot exceed 2.5% of assessed valuation.

Legally Remaining Debt Capacity			
For the Years Ended December 31			
	2021	2020	2019
General Government (no vote required)	\$ 117,964,491	\$ 119,430,765	\$ 108,748,967
General Government (3/5 majority vote required)	93,883,755	81,111,986	74,567,644
Parks and Open Space (3/5 majority vote required)	234,709,387	202,779,966	186,419,110
Utilities (3/5 majority vote required)	234,709,387	202,779,966	186,419,110
Total Capacity	\$ 681,267,020	\$ 606,102,683	\$ 556,154,830

Glossary

ACFR – The new acronym for the City’s annual report to replace the CAFR as recommended by the GFOA and SAO.

Assets – Resources that the City owns at the present time that are used to provide services to its citizens. (Cash, buildings, police vehicles, accounts receivables, etc.)

Deferred inflows of resources – Typically, receipts of cash or other resources in advance that cannot be immediately recognized as revenue until the applicable period because of laws or contract provisions. Certain grants may be sent early by the grantor but the contract specifies that it cannot be spent until the following year.

Deferred outflows of resources – Typically, disbursements made in advance, ahead of the year it is recognized by the recipient as revenue, such as, when an employer contributes to employees’ retirement accounts in December, the retirement system will credit that portion the retirement plan in the following year.

Expenses/Expenditures – Spending or disbursement of resources attributed to the current year such as vendor payments on goods and services received during the year.

Liabilities – Present obligations, such as, accounts payables for purchases of goods or services or interest payable on long-term bonds, which the City cannot avoid paying in the short or long-term.

Net investment in capital assets – The portion of total net position that represents equity in capital assets (i.e., land, buildings, infrastructure, and equipment) calculated as the cost of acquiring the assets less any related borrowing. It is loosely analogous to a homeowner’s investment in real property less the balance under mortgage.

Net position – The residual value of [assets plus deferred outflows of resources] less [liabilities plus deferred inflows of resources]. This is loosely analogous to “net worth” in personal finance or “owners’ equity” in a private business.

Restricted net position – The portion of the City’s net position (or equity) that can only be used to pay for claims for specific legal or contractual obligations such as payments on borrowing and services mandated by grant programs.

Revenues – Receipts of cash or other resources attributed to the current year, such as, taxes levied and received or grant reimbursements.

Special Assessment – A fee levied on a group of residents and businesses to finance, typically, a capital improvement project that is expected to directly benefit the group.

Unrestricted net position – The portion of net position that is not restricted as to use by laws or contracts and thus can be authorized by the governing body to be spent on current and future services.

Note – the above are not the exact technical definitions under generally accepted accounting principles.