

# **CITY OF LAKEWOOD, WA**

## **ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR YEAR FISCAL YEAR ENDED DECEMBER 31, 2022**





# **ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**For the Fiscal Year Ended December 31, 2022**

City of Lakewood  
6000 Main Street SW  
Lakewood, Washington 98499  
(253) 983-7706

[www.cityoflakewood.us](http://www.cityoflakewood.us)

## **Administrative Services Department Finance Division**

Tho Kraus  
Deputy City Manager  
(Chief Financial Officer)

# ANNUAL COMPREHENSIVE FINANCIAL REPORT

## For the Year Ended December 31, 2022

### Table of Contents

#### INTRODUCTORY SECTION

#### Page

Letter of Transmittal.....	7
City Officials, City Manager and Department Directors.....	15
City-Wide Organization Chart.....	16
GFOA Certificate of Achievement.....	17

#### FINANCIAL SECTION

Independent Auditor's Report .....	18
Management's Discussion and Analysis.....	23

#### Basic Financial Statements:

Government-wide Financial Statements:	
Statement of Net Position.....	36
Statement of Activities.....	37

#### Fund Financial Statements:

Governmental Funds:	
Balance Sheet.....	38
Reconciliation of Balance Sheet to the Statement of Net Position.....	39
Statement of Revenue, Expenditures, and Changes in Fund Balance .....	40
Reconciliation of the Statement of Revenues, Expenditures, and Change In Fund Balances of Governmental Funds to the Statement of Activities .....	41
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget & Actual	
General Fund.....	42
CDBG Fund.....	43
SSMCP Fund .....	44
ARPA Fund.....	45
Proprietary Funds:	
Statement of Net Position.....	46
Statement of Revenues, Expenses and Changes in Fund Net Position .....	47
Statement of Cash Flows.....	48
Fiduciary Funds:	
Statement of Fiduciary Net Position .....	49
Statement of Changes in Fiduciary Net Position.....	50

#### Notes to the Basic Financial Statements:

Note 1 – Summary of Significant Accounting Policies.....	53
Reporting Entity .....	53
Government-Wide and Fund Financial Statements.....	53
Financial Statement Presentation.....	53
Major Funds.....	53
Other Fund Types.....	54
Measurement Focus and Basis of Accounting .....	55

Budgetary Information.....	56
Scope of Budget.....	56
Adopting the Biennial Budget .....	57
Mid-Biennium Review and Modification .....	57
Amending the Budget.....	57
Assets, Liabilities, Fund Balance and Net Position.....	58
Cash and Investments.....	58
Receivables.....	58
Due To/From Other Funds & Govt's, Interfund Loans & Accounts Receivable.....	59
Inventories.....	59
Capital Assets .....	59
Compensated Absences.....	59
Pensions.....	60
Long-Term Liabilities.....	60
Deferred Outflows/Inflows of Resources .....	60
Leases.....	60
Fund Balance Classification.....	61
Net Position Classification .....	63
Note 2 – Supplemental Appropriations.....	63
Note 3 – Deposits and Investments.....	64
Note 4 – Property Tax, Receivables, Deferred Inflows of Resources, and Due from Other Governments.....	65
Note 5 – Due to Other Governments.....	68
Note 6 – Capital Assets.....	68
Note 7 – Pension Plans .....	71
Note 8 – Risk Management .....	78
Note 9 – Long-Term Liabilities.....	81
Note 10 – Leases.....	83
Note 11 – Interfund Transactions.....	85
Note 12 – Prior Period Adjustment.....	87
Note 13 – Health and Welfare .....	87
Note 14 – Tax Abatements.....	88
Note 15 – Contingencies and Litigation .....	89
Note 16 – Subsequent Events .....	89
Note 17 – COVID-19 Pandemic .....	89
Note 18 – New Accounting Standard .....	90

#### **Required Supplementary Information:**

Schedule of Proportionate Share of Net Pension Liability (Asset).....	92
Schedule of Employer Contributions.....	94

#### **Other Supplementary Information:**

Schedule of Expenditures of Federal Awards .....	96
--	----

#### **Combining Statements:**

##### Nonmajor Governmental Funds:

Combining Statement – Nonmajor Governmental Funds Description.....	101
Combining Governmental Balance Sheet.....	102
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances .....	103

Nonmajor Special Revenue Funds:

Combining Statement – Nonmajor Special Revenue Fund Description .....	104
Combining Balance Sheet .....	108
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances .....	110
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:	
Street Operations & Maintenance Fund.....	112
Transportation Benefit District Fund .....	113
Lodging Tax Fund .....	114
Property Abatement Fund/Rental Housing Safety Program/1406 Funds .....	115
Public Art Fund.....	116
Narcotics Seizure Fund.....	117
Felony Seizure Fund .....	118
Federal Seizure Fund .....	119
Neighborhood Stabilization Program (NSP) Fund.....	120
Public Safety Grants Fund.....	121

Nonmajor Debt Service Funds:

Combining Statement – Nonmajor Debt Service Funds Description.....	123
Combining Balance Sheet .....	124
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances .....	125
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:	
General Obligation Debt Service Fund .....	126
Sewer Project Debt Fund.....	127
LID Guaranty Fund .....	128

Nonmajor Capital Projects Funds:

Combining Statement – Nonmajor Capital Project Funds Description.....	129
Combining Balance Sheet .....	130
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances .....	131
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:	
Parks CIP Fund.....	132
Real Estate Excise Tax Fund .....	133
Sewer Project CIP Fund .....	134

Supplementary Budgetary Statements – Other Major Governmental Funds w/ Annual Budgets:

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget & Actual:	
LID Debt Service Fund .....	137
Transportation Capital Fund .....	138

Internal Service Funds:

Combining Statement – Internal Service Funds Description.....	139
Combining Statement of Net Position .....	140
Combining Statement of Revenues, Expenses, and Changes in Net Position .....	141
Combining Statement of Cash Flows.....	142

## STATISTICAL SECTION

Statistical Section Description.....	144
Financial Trends:	
Schedule 1 – Net Position by Component.....	145
Schedule 2 – Changes in Net Position.....	146
Schedule 3 – Fund Balances, Governmental Funds.....	148
Schedule 4 – Changes in Fund Balances, Governmental Funds.....	149
Revenue Capacity:	
Schedule 5 – Assessed Value and Actual Value of Taxable Property .....	150
Schedule 6 – Direct and Overlapping Property Tax Rates.....	151
Schedule 7 – Principal Property Taxpayers .....	152
Schedule 8 – Property Tax Levies and Collections .....	153
Schedule 9 – Sales Tax Revenue by Category .....	154
Debt Capacity:	
Schedule 10 – Ratio of Outstanding Debt by Type.....	155
Schedule 11 – Ratios of General Bonded Debt Outstanding .....	156
Schedule 12 – Direct and Overlapping Governmental Activities Debt .....	157
Schedule 13 – Ratio of Annual Debt Service Expenditures to Total General Governmental Expenditures.....	158
Demographic and Economic Information:	
Schedule 14 – Demographic and Economic Statistics.....	159
Schedule 15 – Principal Employers.....	160
Schedule 16 – Capital Assets by Function .....	161
Schedule 17 – Operating Indicators by Function.....	162
Schedule 18 – Full-Time Equivalent City Government Employees by Function/Program.....	163



August 25, 2023

People of the City of Lakewood  
Honorable Mayor and City Council

### **THE ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE CITY OF LAKEWOOD**

The Annual Comprehensive Financial Report (ACFR) of the City of Lakewood (the City) for the year ended December 31, 2022, is hereby submitted.

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, 2022. 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 63,612 (per the 2020 US Census) 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, abundance of parks, open spaces, and economic potential.

The seven-member Lakewood City Council is elected by the citizens on a non-partisan basis. The City Council elects the Mayor and Deputy Mayor from among its members. 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.

City services are provided through a combination of City employees, public and private contracts, partnerships, and community volunteerism and participation. The eight City departments provides the following services: 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 throughout most of Lakewood with and Steilacoom Historical School District #1 serving a small portion of the community. Additionally, CPSD #400, which also serves JBLM, operates six elementary schools on base. 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.

### **LOCAL ECONOMY & ECONOMIC TRENDS**

The community is residential and commercial, with the populace employed locally, at Joint Base Lewis-McChord (JBLM) and in the neighboring cities of Tacoma, University Place, Steilacoom and unincorporated Pierce County. Employment in Lakewood is highly concentrated in the retail and services sector which serves the needs of the local market are population.

Lakewood is strongly positioned to leverage opportunities in support of our growing local economy. Due to City Council programs and policies focused on sustainable and robust economic growth and job creation, and our promotion of a healthy, dynamic community, we experienced significant increases in investment, business expansions, as well as an increase in new business startups and relocations to our community. Our competitive advantages include close proximity to Interstate 5 with connections to major transportation networks and commuter rail, proximity to JBLM and Port of Tacoma, an exceptional educational system, and a regionally supportive business ecosystem.

In 2022, there were 32,263 jobs in Lakewood. Major employers include Western State Hospital, Clover Park School District #400, Pierce Transit, Camp Murray, Pierce College, St. Claire Hospital, Korean Women's Association, Acres WA LLC, McClane Northwest, Walmart, and Clover Park Technical College.

Major retailers include Walmart, Lakewood Ford, Lowe's Home Improvement, Target Corporation, Enterprise Rent-a-Car, and Pape Kenworth.

Local sales tax collected in 2022 total \$14.5M, an increase of \$57K or less than 1% compared to 2021. Major changes include: retail trade decreased by \$400K or 6% primarily due to vehicle parts and auto sales; services increased by \$333K or 11% due primarily to food services and drinking place, professional, scientific and technical services, repairs and maintenance, amusement, gambling and recreation industries, administrative/support services and accommodation; and construction decreased by \$356K or 15% due to decreases in heavy and civil engineering construction and construction of buildings offset by an increase in specialty trade contractors. All other sectors accounted for the remaining balance (increases): wholesale trade, information, finance, insurance and real estate, manufacturing and government.

The 2021 assessed value of \$9.4B for 2022 property tax collections included new construction and added improvements of \$128M or approximately 1% of the City's 2021 assessed valuation. The \$9.4B assessed value is approximately 16% higher than the 2020 assessed valuation of \$8.1B for 2021 property tax collections.

Real estate excise tax collected in 2022 total \$4.1M, a decrease of \$450K or 10%. Major transactions include the sale of: Tactical Tailor building \$7.4M; vacant land use secondary schools \$9.7M, undeveloped commercial land in Woodbrook \$33.9M; general warehousing storage \$54.4M, general warehousing storage \$114.6M; retail center (former Costco) \$17.7M; Bell Gardens Apartments \$3.9M; Cottage Lane Apartments \$7.2M; general merchandise retail center \$3.9M; Clover Meadows Apartments \$4.3M; Greer Industrial Park Buildings ABC \$5.7M; Macau Casino \$22.1M; vacant commercial land \$4.1M, Lakewood Business Park \$32.9M, Carrig & Dancer Insulation \$3.4M; plus other smaller apartment complexes and higher value single family homes. 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 FINANCIAL PLANNING**

In 2014, the City began the development of a six-year financial forecast to help provide a more effective delivery of services. As part of the 2023/2024 mid-biennial review, the City will continue to update the six-year financial, including 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 updates expenditure and revenue projections for the next six years. Projections include estimated operating costs for capital improvements that are included in the capital budget. This budget data is presented to the City Council in a form that facilitates budget decisions, based on a multi-year perspective. This forecast is intended to be an internal planning tool and is 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 updates 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 are 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.

### **RELEVANT FINANCIAL POLICIES**

The City has adopted a comprehensive set of financial policies, including General Fund ending fund balance reserves for unexpected operational changes, financial stability and fiscal means to respond to potential adversities such as public emergencies, natural disasters. It also includes enterprise fund minimum fund balance requirements, replacement reserves for fleet and equipment, financial forecasting, use of one-time sources for one-time expenditures, cost recovery for development services and parks, capital planning, debt management, and financial reporting.

In April 2019, Standard & Poor's Ratings Services (S&P) assigned its AA long-term bond rating to the City's new 2019 bond issue and affirmed its AA long-term bond rating on the City's outstanding general obligation debt. S&P specifically noted the City received this rating due to its robust economy, good management practices, strong financial policies, strong budgetary performance, very strong budgetary flexibility, very strong liquidity, and very strong debt and contingent liability profile.

The issuance of the new rating combined with the affirmation of the existing AA long-term rating is an extraordinary achievement for the City. In 2014 S&P upgraded the City's rating from A to AA-. This was followed by an upgrade in 2018 to AA. Over a four-year period, the City's bond rating jumped three steps skipping A+ and going directly to AA. The AA bond means that the City will experience lower financing costs by attracting a broader range of investors.

### **CITY COUNCIL VISION AND GOALS FOR NEXT YEAR'S BUDGET**

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.

The Lakewood 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.

The adopted City Council goals and their related objectives are as follow:

- **Economic Development:** The City of Lakewood promotes and supports a dynamic and robust local economy.
  - Align economic goals and resources across departments.
  - Pursue infrastructure improvements vital to economic development and to bolster the City's competitiveness.
  - Enhance and diversify housing stock and improve multi-generational community assets.
  - Foster collaborative and advantageous partnerships with businesses, community members, nonprofits, and regional partners.
  - Promote and facilitate sustainable economic development.
- **Dependable Infrastructure:** The City of Lakewood provides safe, clean, well-maintained, and dependable infrastructure.
  - Implement capital infrastructure projects to improve transportation, park, and utility systems.
  - Invest in preventative maintenance of facilities, parks, and streets to protect City assets.
  - Advance infrastructure projects that enhance the City's identity and diversity.
  - Increase connectivity and accessibility.
- **Public Safety:** The city of Lakewood is one of the safest cities in Washington State.
  - Improve community safety and reduce crime through data-driven processes.
  - Match perception of public safety with reality.
  - Provide resources to support the health, welfare, and safety of the community.
  - Expand community outreach and educational programs.
- **Fiscal Responsibility:** The City of Lakewood maintains strong fiscal position.
  - Provide efficient and effective municipal services.
  - Evaluate revenues and expenditures and respond to changing service needs.
  - Make smart investments in people, places, and resources.
- **Transparency:** The City of Lakewood communicates its goals, successes, and challenges to the community and serves as a leader and champion for their community.
  - Enhance communications with residents, businesses, and community stakeholders about City issues, projects, and services.
  - Advocate for Lakewood at all levels of government.
  - Strengthen connection and engagement with stakeholders, partners, and communities.
- **Robust & Active Community:** The City of Lakewood is a livable, resilient, and inclusive community that embraces and celebrates diversity and delivers equitable municipal services.

*Note: All goals and objectives support the continued advancement of robust and active community in Lakewood.*

  - Continue to improve quality of life for all residents, businesses, and visitors.
  - Continue to build and support an inclusive and equitable community that embraces, celebrates, and enhances diversity.
  - Provide a range of amenities and events that attract residents, businesses, and visitors.

## MAJOR ACCOMPLISHMENTS

2022 Governor's Smart Communities Awards. Lakewood's Downtown Subarea Plan, Code and Planned Action (DSAP Package) was awarded a Governor's Smart Communities Award. This award recognizes achievements by local leaders who promote smart growth planning and projects that contribute to thriving communities, a prosperous economy and sustainable infrastructure. The Downtown Plan was developed to reflect the aspirations of multi-generations, ethnicities, residents, businesses, and property owners. The Downtown Plan envisions a well-designed mixed-use place to live, work, and shop that includes a Downtown enriched with parks, accessible and traversable by multiple modes of travel, and offers a rich quality of life and strong economy. Lakewood's robust public outreach program was a key component in the adoption of the Plan.

Lakewood received the 2022 Smart Communities Judges Merit Award for the Lakewood Station District Subarea Plan, Code and Planned Action (LSDS Package). In its announcement of award recipients, the state Department of Commerce said: "The LSDS Package is the realization of a community vision included in the Lakewood Comprehensive Plan for the subarea since incorporation, as well as the City Council's strategic plan. Prepared between November 2019 and May 2021, it serves as an outstanding example of smart visioning, housing, and equity strategies that other jurisdictions can follow."

The City was one of eight cities across the state to receive a 2022 Governor's Smart Communities Award for its work on climate change – specifically, the addition of a chapter on energy and climate change to its Comprehensive Plan.

*City Tree and Urban Forestry Program.* In November 2022, the City Council adopted new tree regulation, including new tree preservation rules. The City convened an Ad Hoc Tree Advisory Committee to review the current tree regulation in the City's municipal code and recommended updates to reflect the importance of preserving tree canopy cover, protecting significant trees, including Oregon White Oak. Trees are important – they improve air quality, serve as habitats, and provide cooling shade. They are also historic landmarks in our community.

*Gimhae, South Korea Sister City.* Since 2006, the Lakewood and Gimhae shared Friendship City status. In 2019 representatives from Lakewood and Gimhae met in Lakewood to discuss elevating the relationship between two cities. Both delegations agreed it was mutually beneficial to take the next step in the relationship and become Sister City partners. As sister cities, Lakewood and Gimhae agreed to "seek mutual prosperity and development by promoting multiple forms of exchanges and cooperation in administration, the economy, education, culture, sports and other areas under the principles of reciprocity and equality." The partnership was made official at a signing ceremony on December 5, 2022.

*WASPC Reaccreditation.* The Lakewood Police Department (LPD) successfully completed the WASPC (Washington Association of Sheriffs & Police Chief reaccreditation process. The purpose of law enforcement agency accreditation is to professionalize the law enforcement industry by providing a review process for agencies to be certified as operating under industry best practices and standards. The accreditation process occurs in eight phases: Interest and Contract; File Maintenance; Self-Assessment; On-site Assessment and Evaluation; Accreditation Commission Review; Executive Board; Award; and Re-Accreditation. The City's LPD was originally accredited in March 2010 and has successfully completed reaccreditation every four years since.

*JBLM Phase 1, Nyanza Road SW to Interlaaken Road SW improvements.* The City completed the first phase of a two-phase construction project to completely rebuild Gravelly Lake Drive SW from just south of the Nyanza Road SW intersection north through the Washington Boulevard SW intersection and ending just west of the Interlaaken Road intersection. Phase 1 constructed four new roundabouts and eliminated three major traffic signals. Complete road re-building, new shared use pathways, sidewalks, drainage systems, and street lighting, work has transformed this neighborhood and major transportation corridor.

*Phillips Road sidewalks, West Side.* The City completed the sidewalk connections on the west side of Phillips Road SW connecting the existing sidewalk fronting Hudtloff Middle School to Oakbrook residential neighborhood. This missing link also ties into the recently completed Onyx Road sidewalks and completes a non-motorized loop from 87<sup>th</sup> and Steilacoom Boulevard through Onyx Road and down Phillips Road SW back to Steilacoom Boulevard.

*Steilacoom Boulevard Sidewalks.* The City completed two sidewalk projects on Steilacoom Boulevard: Weller to Phillips on the north side and Weller to Custer on the south side. These two projects complete a missing link along Steilacoom Boulevard for non-motorized users that has been needed for many years. The larger of the two projects also installed two upgraded traffic signals along Steilacoom Boulevard and streetlights on the north side, east of Phillips Road SW.

**Street End Study.** The City currently has very limited access to public waterfront areas. To address this City developed a report to identify sites / streets ending at water bodies to determine if improvements could be made. Program goals were to improve public access to water and views, create diversity of recreation in our community, reduce impacts to neighbors while creating safe and useable passive recreation spaces. Environmental impacts, future stewardship, wayfinding/signage and cost estimates were also included. A priority matrix was created to plan for future improvements.

**Public Art.** The City of Lakewood is a livable and inclusive community that embraces and celebrates diversity. Our Public Art program helps contribute to a healthy and vibrant community. The City incorporates public art in various ways to include rotating art displays and music and entertainment and community events. In 2022 the City wrapped 10 signal boxes to take public art out to our communities. The wraps deter graffiti and add visual interest and beauty to our shared streetscapes and neighborhoods that may have limited access to the arts. The 2022 program focused on Lakewood area African American and Latino artists.

**Fort Steilacoom Park Improvements.** In 2005 the City built a 15,000 square foot playground for the community. This site is now a 25,000 square foot adventure playground and a destination site at Fort Steilacoom Park. In 2021 the City finished an all-inclusive playground for individuals with special needs. In early 2022 the swing set in the main part of the playground failed and needed to be replaced. A partnership with the City and the Lakewood Rotary Club supported the \$32,000 investment.

**North Clear Zone.** A Clear Zone is a federally-designated, 3,000-by-3,000-foot safety area adjacent to the end of a runway. This area has the highest statistical possibility of aircraft accidents. Federal Aviation Administration and Department of Defense guidelines call for Clear Zones to be undeveloped and free of people and flight obstructions. This protects the public's safety and the military's ability to carry out its missions. The North Clear Zone (NCZ) is located at the north end of the McChord Field runway. It is partly within JBLM and partly within the City of Lakewood. The part in Lakewood includes many buildings and business on privately-held properties. Based on federal safety guidelines, these uses are incompatible with runway operations and pose public and flight safety risks. At the same time, existing businesses operating in the North Clear Zone are an important part of the local, regional and State economy. The City of Lakewood worked for well over a year with multiple agencies to facilitate these relocations. In 2022, the City completed the purchase of the Tactical Tailor facility through a mix of county, state, and federal funds.

## **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 2022 for the 25th consecutive year. The State Auditor's report on the basic financial statements is included in the financial section of this report.

## FINANCIAL REPORTING AWARDS

Certificate of Achievement for Excellence in Financial Reporting. 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, 2021. 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.

Distinguished Budget Presentation. 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 also recently received notification of this award for its 2023/2024 biennial budget.

Popular Annual Financial Report. The City of Lakewood also received the GFOA Popular Annual Financial Report Award for its 2021 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.

Triple Crown. The GFOA's (Government Finance Officer Association) Triple Crown recognizes government who have received the GFOA's Award in all three areas: Certificate of Achievement for Excellence in Financial Reporting; Popular Annual Financial Reporting Award; and the Distinguished Budget Presentation Award. The City received the Triple Crown Award for its 2021 reports. The City also anticipates receiving the Triple Crown award for its 2022 financial reports.

## 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. 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 for their independent examination of our financial records and recommendations that enhance our financial practices and ensure the accuracy and reliability of this report. 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,



Tho Kraus  
Deputy City Manager (Chief Financial Officer)



John J. Caulfield  
City Manager

## **CITY OFFICIALS**

As of December 31, 2022



*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

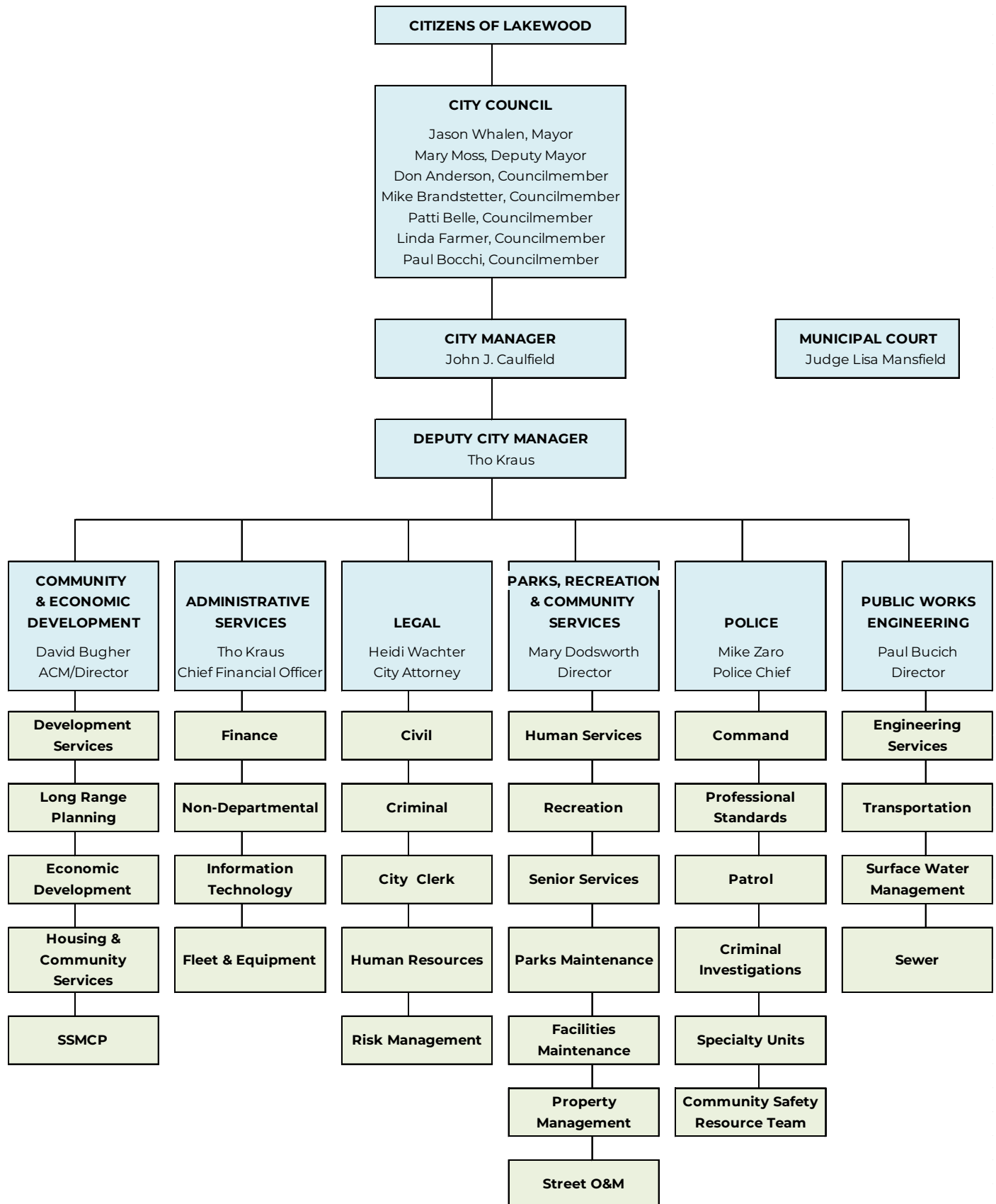
Mike Zaro, Police Chief

Lisa Mansfield, Municipal Court Judge

Paul Bucich, Public Works Engineering Director

Mary Dodsworth, Parks, Recreation, and Community Services Director

## CITY-WIDE ORGANIZATION CHART





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, 2021

*Christopher P. Morrell*

Executive Director/CEO

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 Annual Financial Report for the fiscal year ended December 31, 2021.

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

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



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

August 25, 2023

Mayor and City Council  
City of Lakewood  
Lakewood, Washington

**Report on Financial Statements**

Please find attached our report on the City of Lakewood's financial statements.

We are issuing this report for inclusion in the City's annual comprehensive financial report package, which will be issued by the City under the City's own cover.

This report is in addition to our regular financial statement audit report, which will be available on our website and includes the City's basic financial statements.

Sincerely,

Pat McCarthy, State Auditor  
Olympia, WA

***Americans with Disabilities***

*In accordance with the Americans with Disabilities Act, we will make this document available in alternative formats. For more information, please contact our Office at (564) 999-0950, TDD Relay at (800) 833-6388, or email our webmaster at [webmaster@sao.wa.gov](mailto:webmaster@sao.wa.gov).*



**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, 2022, 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, 2022, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General, Community Development Block Grant (CDBG), South Sound Military Communities Partnership (SSMCP) and American Rescue Plan Act (ARPA) funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Matters of Emphasis**

As discussed in Note 18 to the financial statements, in 2022, the City adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

## **Responsibilities of Management for the Financial Statements**

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

### **Required Supplementary Information**

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

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This information has been subjected to auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## Other Information

The other information comprises 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 basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

## OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we will also issue our report dated August 24, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report will be issued under separate cover in the City's Single Audit Report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Sincerely,

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

Pat McCarthy, State Auditor

Olympia, WA

August 25, 2023

## 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, 2022. 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, 2022 by \$260.2M. Net investment in capital assets (capital asset cost net of depreciation and related debt) accounted for 73% of this amount or \$191.1M. Of the remaining net position of \$69.1M or 27%, \$37.5M 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 \$20.8M or 9% compared to 2021. Governmental activities increased by \$23.1M while business-type activities decreased by \$2.3M.
- Net investment in capital assets of governmental activities increased by \$14.2M mostly due to continuing capital construction and improvements of streets and parks. Restricted net position of governmental activities increased by \$2.7M or 9% 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 \$5.7M or 13% compared to 2021.
- Governmental fund balances at year-end were \$47.8M, an increase of \$5.2M over the prior year. Of this fund balance, a total of \$11.4M or 24% is the unassigned balance which is available to fund ongoing activities without restrictions. The remaining fund balance is restricted or committed for general fund ending fund balance reserves, 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, ARPA, public art, and opioid settlement funds to address the impact of the opioid epidemic.
- Of the unassigned fund balance of \$11.4M, \$11.7M belongs to the City's general fund and deficit balance of \$355K belongs to the South Sound Military Communities Partnership. The unassigned fund balance of \$11.4M is an increase of 2% over 2021. 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 fund 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.

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 \$260.2M at December 31, 2022. This is an increase of \$20.8M or 9% compared to December 31, 2021. Governmental net position increased by \$23.1M or 11% while business-type activities decreased by \$2.3K or 7%.

**CONDENSED STATEMENT OF NET POSITION**  
**As of December 31, 2022 and 2021**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Current and other assets	\$ 84,869,686	\$ 77,939,251	\$ 9,531,789	\$ 11,448,156	\$ 94,401,475	\$ 89,387,408
Capital assets net of accumulated depreciation	185,869,533	171,547,427	25,418,071	26,434,333	211,287,604	197,981,760
Total Assets	270,739,220	249,486,679	34,949,860	37,882,489	305,689,080	287,369,168
Deferred outflows of resources	5,947,503	1,924,078	31,031	-	5,978,534	1,924,078
Total deferred outflows of resources	5,947,503	1,924,078	31,031	-	5,978,534	1,924,078
Current liabilities	20,332,626	12,721,812	604,899	749,859	20,937,525	13,471,671
Long-term liabilities	21,864,616	23,180,793	3,233,533	3,686,578	25,098,150	26,867,371
Total Liabilities	42,197,242	35,902,605	3,838,432	4,436,437	46,035,674	40,339,042
Deferred inflows of resources	5,436,440	9,534,659	-	-	5,436,440	9,534,659
Total deferred inflows of resources	5,436,440	9,534,659	-	-	5,436,440	9,534,659
Net Position:						
Net investment in capital assets	168,778,224	154,064,390	22,302,829	26,405,968	191,081,053	180,470,358
Restricted	31,582,744	28,922,869	34,781	29,679	31,617,525	28,952,548
Unrestricted	28,692,072	22,986,233	8,804,849	7,010,405	37,496,921	29,996,638
Total Net Position	\$ 229,053,041	\$ 205,973,492	\$ 31,142,460	\$ 33,446,052	\$ 260,195,502	\$ 239,419,546

The largest component of the City's net position is its' net investment in capital assets, which totals \$191.1M and accounts for 74% of total net position. Net investment in capital assets 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.

Calculation of Net Investment in Capital Assets	Governmental Activities	Business-Type Activities	Total
<b>Capital assets:</b>			
Land and land rights	\$ 25,190,535	\$ 1,860,947	\$ 27,051,482
Construction in progress	30,095,820	285,021	30,380,841
Total capital assets, being not depreciated	55,286,355	2,145,968	57,432,323
Buildings	32,767,506	1,849,673	34,617,179
Infrastructure	178,369,994	44,146,843	222,516,837
Machinery and equipment	13,580,182	332,332	13,912,514
Total capital assets, being depreciated	224,717,682	46,328,848	271,046,530
<b>Accumulated depreciation:</b>			
Buildings	(8,226,957)	(277,924)	(8,504,881)
Infrastructure	(77,205,647)	(22,490,625)	(99,696,272)
Machinery and equipment	(8,701,900)	(288,196)	(8,990,096)
Total accumulated depreciation	(94,134,504)	(23,056,745)	(117,191,249)
Total capital assets being depreciated, net	130,583,178	23,272,103	153,855,281
Total Governmental Activities Capital Assets	185,869,533	25,418,071	211,287,604
<b>Less: Capital related debt:</b>			
Due in 1 yr	(1,767,463)	(451,085)	(2,218,548)
Due in more than 1 year/Long-Term	(18,866,645)	(3,139,585)	(22,006,230)
Premium	(550,317)	-	(550,317)
<b>Add back: Unspent bond proceeds</b>	<b>4,093,116</b>	<b>475,428</b>	<b>4,568,544</b>
<b>Total</b>	<b>\$ 168,778,224</b>	<b>\$ 22,302,829</b>	<b>\$ 191,081,053</b>

Of the \$37.5M unrestricted net position, \$8.8M belongs to the Surface Water Management enterprise while \$28.7M in governmental activities 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.

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.

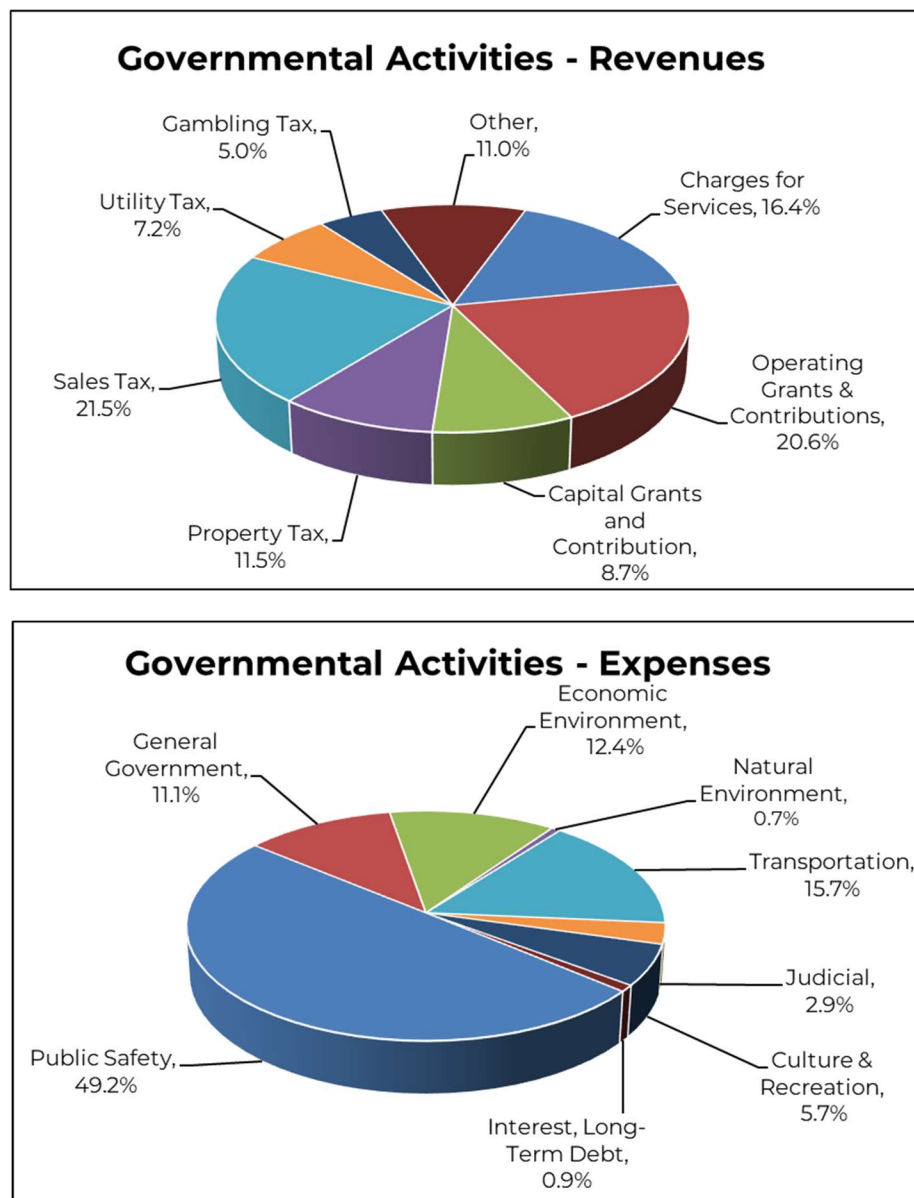
**CHANGES IN NET POSITION**  
**For the Years Ended December 31, 2022 and 2021**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Revenues:						
Programs revenues:						
Charges for services	\$ 12,897,098	\$ 11,323,227	\$ 5,231,611	\$ 4,801,212	\$ 18,128,709	\$ 16,124,439
Operating grants & contributions	16,189,607	8,031,405	-	-	16,189,607	8,031,405
Capital grants & contributions	6,821,799	4,925,286	127,817	37,518	6,949,616	4,962,804
General revenues:						
Property tax	7,590,147	7,349,606	-	-	7,590,147	7,349,606
Sales tax	16,936,853	16,691,668	-	-	16,936,853	16,691,668
Utility tax	5,628,301	5,436,800	-	-	5,628,301	5,436,800
Excise tax	4,141,353	4,563,968	-	-	4,141,353	4,563,968
Gambling tax	3,931,397	3,786,769	-	-	3,931,397	3,786,769
Lodging tax	1,400,088	1,239,821	-	-	1,400,088	1,239,821
Other taxes	1,287,349	1,228,003	-	-	1,287,349	1,228,003
Gain on sale of capital assets	108,978	30,580	-	-	108,978	30,580
Judgment and settlements	11,532	34,823	-	-	11,532	34,823
Investment earning	909,457	256,059	179,702	6,486	1,089,159	262,545
Miscellaneous	788,171	576,783	-	-	788,171	576,783
Total Revenue	<u>78,642,130</u>	<u>65,474,798</u>	<u>5,539,130</u>	<u>4,845,216</u>	<u>84,181,260</u>	<u>70,320,014</u>
Expenses:						
General government	6,530,150	5,518,716	-	-	6,530,150	5,518,716
Public safety	28,831,480	22,845,631	-	-	28,831,480	22,845,631
Utilities	103,963	895,853	-	-	103,963	895,853
Transportation	9,180,289	9,559,055	-	-	9,180,289	9,559,055
Social Services	744,196	700,608	-	-	744,196	700,608
Economic environment	7,243,571	5,518,816	-	-	7,243,571	5,518,816
Natural environment	389,460	369,110	-	-	389,460	369,110
Culture and recreation	3,364,314	2,711,011	-	-	3,364,314	2,711,011
Judicial	1,720,102	1,754,462	-	-	1,720,102	1,754,462
Debt interest	541,889	494,407	-	-	541,889	494,407
Surface water management	-	-	3,664,852	3,802,147	3,664,852	3,802,147
Total Expenses	<u>58,649,415</u>	<u>50,367,669</u>	<u>3,664,852</u>	<u>3,802,147</u>	<u>62,314,267</u>	<u>54,169,816</u>
Change in net position before transfers	19,992,716	15,107,129	1,874,277	1,043,069	21,866,994	16,150,199
Transfers	4,177,869	1,215,257	(4,177,869)	(1,215,257)	-	-
Change in net position	24,170,585	16,322,386	(2,303,592)	(172,188)	21,866,994	16,150,199
Net position - beginning	205,973,492	189,510,119	33,446,050	33,618,240	239,419,542	223,128,359
Prior period adjustments	(1,091,033)	140,987	-	-	(1,091,033)	140,987
Adjusted net position - beginning	204,882,459	189,651,106	33,446,050	33,618,240	238,328,509	223,269,346
Net position - ending	<u>\$ 229,053,041</u>	<u>\$ 205,973,492</u>	<u>\$ 31,142,460</u>	<u>\$ 33,446,052</u>	<u>\$ 260,195,502</u>	<u>\$ 239,419,546</u>

## Governmental Activities

Current and other assets of the City's governmental activities increased by \$25.3M or 10% compared to fiscal year 2021.

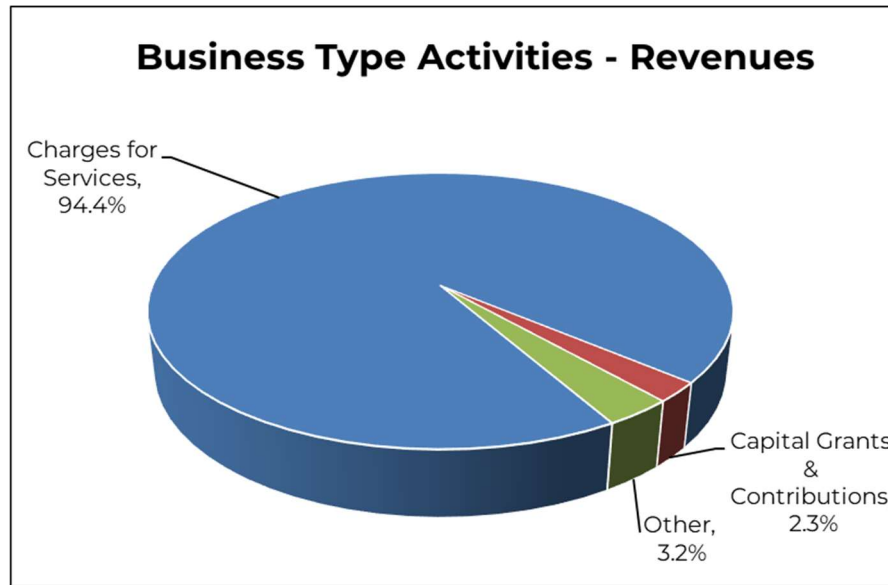
Net capital assets increased by \$14.2M or 8%, cash and cash equivalents increased by \$12.7M or 26%, receivables and due from other governments increased by \$3.7M or 31% and is offset by a decrease in the City's proportionate share of net pension asset and deferred outflows of resources related to pensions of \$4.0M or 218% as reported by the Washington Department of Retirement Services. The increase in cash and cash equivalents is due primarily to: an increase of \$6.1M for ARPA and includes the second distribution of \$6.9M received in 2022; an increase of \$864K in General Fund due to increased tax revenue (property tax which increased by \$241K or 3%, sales tax which increased by \$245K or 2%, utility tax which increased by \$192K or 3.5%, gambling tax which increased by \$145K); \$3.4M net increase in transportation capital related sources (REET/Transportation Benefit District) due to unspent capital. Other increases are attributable to increased lodging activity, sewer availability and surcharge, and investment interest earnings.



## Business-Type Activities

Under business-type activities current and other assets decreased by \$2.9M or 8% primarily due to a decrease in cash and cash equivalents resulting from the use of \$3.5M in surface water management revenue bonds to pay for storm drainage element of transportation capital improvements. Capital assets net of accumulated depreciation decreased by \$1.0M or 4% due to annual depreciation charges in surface water infrastructure and machinery and equipment. Net investment in capital assets decreased \$4.1M due primarily to these changes.

Restricted net position of \$35K for business-type activities comprise the resources dedicated to American Lake Management District 1 which increased by \$5K from 2021. Unrestricted net position increased by \$1.8M or 26% 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 2022, the City's governmental funds had a combined ending fund balance of \$47.8M which increased by \$5.2M or 12% from the prior year. Approximately \$11.4M or 24% of this amount constitutes unassigned General Fund balance, which is available for spending at the City Council's discretion. Restricted fund balance is \$21.8M while \$14.6M 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, 2022 is \$19.5M. This ending fund balance represents 41% of the General and Street M&O operating revenues and is \$11.8M 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 \$940K.
- **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 \$2.4M
- **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 \$2.4M.
- **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 \$672K or 1% to \$46.7M while total expenditures and other financing uses increased by \$3.0M or 7% to \$45.0M. Within these increases, operating revenues increased by \$856K or 2% to \$46.2M, and operating expenditures increased by \$3.9M or 10% to \$41.3M. Ending fund balance of \$19.5M at December 31, 2022 is an increase of \$1.7M or 10% due to increases in tax revenue, franchise fees, state shared revenues, intergovernmental (court contract services) and investment earning/miscellaneous, offset by a decrease in fines & forfeitures, charges for services and development services. Additionally, one-time expenditures and transfers in support of capital improvements projects decreased by \$937K or 20%.

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

- Tax revenues increased by \$897K or 3% as follows:
  - Local sales and use tax revenue increased by \$57K or 3%.
  - Gambling tax revenue increased by \$144K or 4%.
  - Other sales tax revenue (parks sales tax, brokered natural gas, criminal justice sales tax) increased by \$188K or 8%.
  - Property tax revenue increased by \$205K or 3%.
  - Admissions tax increased by \$111K or 49%.
  - Utility tax increased by \$192K of 4%
- Development services permits and fees revenue decreased by \$250K or 12%.
- State shared revenues increased by \$195K or 14% due mainly to increase in criminal justice high crime offset, liquor excise and liquor board profits.
- Intergovernmental contract revenue for municipal court services increased by \$88K or 63%.
- Fines and forfeitures from photo and school zone infractions increased by \$50K or 5% while other municipal court fines and forfeitures decreased by \$257K or 47%.
- Investment interest earnings increased by \$233K or 1217%
- Grant revenues decreased by \$183K or 25%.
- Capital and other 1-time programs decreased by \$937K or 20% mainly due to a decrease in transfers in support of transportation and parks capital projects.

The remaining increases in governmental funds ending fund balance increase of \$3.5M is attributable primarily to:

- CDBG restricted ending fund balance increased by \$350K
- ARPA program income and interest earnings increased by \$826K
- Transportation Capital Projects Fund unspent capital sources increased by \$6.1M.
- Transportation Benefit District Fund decreased by \$1.5M due allocating \$20 vehicle licensing fees to eligible transportation capital projects
- Lodging Tax Fund increased by \$705K due to increased lodging tax revenues and unspent grant awards.
- Property Abatement & Neighborhood Stabilization Programs combined balances decreased by \$612K
- Seizure related balances decreased by \$292K
- Parks Capital Projects Fund increased by \$560K due to unspent capital sources.
- Combined Sewer Debt and Sewer Capital Project Fund increased by \$645K due to increase in sewer availability and surcharges
- Real Estate Excise Tax Capital Fund decreased by \$2.8M due to funding parks and transportation capital projects
- South Sound Militaries Community Partnership decreased by \$388K due to purchase of North Clear Zone property purchase

### **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 \$8.8M representing an increase over the prior year of \$1.8K or 26%. Other factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

Compared to 2021, business-type activities of the City's Surface Water Management reduced the City's total net position by \$2.3M, primarily due to an increased in transfers to parks and transportation capital for storm drainage related improvements. Other changes included: operating revenues increased by \$430K or 9% and operating expenses decreased by \$151K or 4%. Investment interest earnings increased by \$170K, offset by increased interest expense of \$28K.

### **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 2022, 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 \$7.3M between the original adopted budget and the final adjusted budget for fiscal year 2022. The following are the changes to the General Fund's 2022 budget:

- \$270K for jail services and radio user fees
- \$102K for communications (intern, strategic plan, camera equipment, campaign)
- \$77K for sustainability officer and part-time office assistant
- \$85K for permit technician
- \$30K SummerFESTt drone video
- \$95 for new lieutenant position
- \$145K for PERS (Public Employees Retirement System) implementation
- \$1.34M for collective bargaining agreements
- \$119K for economic development strategy & \$60K for parks feasibility study
- \$58K for tree preservation public participation plan

- \$56K for City tree fund
- \$20K for contribution SSHA<sup>3</sup>P (South Sound Affordability Partners)
- \$50K for housing element of comprehensive plan amendment
- \$57K for limited-term associate planner position
- \$36K for increase in primary public defender
- \$50K for street ends study
- \$24K for WA State Criminal Justice Training Center Basic Law Enforcement Academy
- \$915K for fleet & equipment reserves, graffiti removal, and other vehicles & equipment
- \$98K for property management
- \$490K for information technology
- \$181K for Washington Cities Insurance Authority insurance assessment
- \$30K for north clear zone property purchase due diligence
- \$145K for street operations & maintenance fund subsidy
- \$500K transfer to property abatement for Karwan Village
- \$1.3M for transfers parks capital, transportation capital and public art
- \$435K transfer to parks capital
- \$892K for programs funded by grants and contributions

The General Fund's ending fund balance of \$19.5M is \$5.6M above the revised estimate of \$13.9M \$9.8M for 2022 due to increases in revenues and other sources of \$3.2M or 7% and decreases in expenditures and other uses of \$2.3M or 5%.

- Almost all revenues and other sources exceeded budget estimates. Notable among these are local sales and use tax revenue (over by \$2.7M or 22%) and other tax revenue (over by \$890K or 5%).
- Almost all departments had budgetary saving, due primarily to position vacancies, unspent project balances.

## 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, 2022 amounted to \$211.3M (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	
	2022	2021	2022	2021	2022	2021
Land	\$ 25,190,535	\$ 23,935,478	\$ 1,860,947	\$ 1,860,947	\$ 27,051,482	\$ 25,796,425
Construction in progress	30,095,820	33,614,356	285,021	37,485	30,380,841	33,651,841
Building	24,540,549	18,664,675	1,571,749	1,608,882	26,112,298	20,273,557
Infrastructure	101,164,347	90,308,271	21,656,218	22,874,492	122,820,565	113,182,763
Machinery and equipment	4,878,282	5,024,647	44,136	52,257	4,922,418	5,076,904
Total Capital Assets	<u>\$185,869,533</u>	<u>\$171,547,427</u>	<u>\$25,418,071</u>	<u>\$26,434,063</u>	<u>\$211,287,604</u>	<u>\$197,981,490</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 2022 construction spending included the following:

Wards Lake Improvements	\$286K
Fort Steilacoom Park Improvements	\$322K
American Lake Park & Parking Lot Improvements	\$338K
Steilacoom Blvd/88 <sup>th</sup> (Weller to Custer)	\$1.8M
Washington Blvd & Edgewood Drive (North Fort to Gravelly Lk. Dr.)	\$8.9M

## Long-term debt

At the end of 2022, 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. For more details, please see Note 9.

### LONG-TERM DEBT

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
2021A LTGO - Private Placement	\$ 334,245	\$ 667,375	\$ -	\$ -	\$ 334,245	\$ 667,375
2021B LTGO Private Placement	5,971,635	5,971,635	-	-	5,971,635	5,971,635
2020 LTGO - Private Placement	2,674,805	2,853,435	-	-	2,674,805	2,853,435
2019 LTGO	6,645,000	6,930,000	-	-	6,645,000	6,930,000
2019 LTGO Premium	476,705	506,505	-	-	476,705	506,505
2016 LTGO	1,173,771	1,355,590	-	-	1,173,771	1,355,590
LOCAL Financing	715,000	840,000	-	-	715,000	840,000
LOCAL Financing Premium	73,613	90,934	-	-	73,613	90,934
McGavick Centre Lease	281,245	-	-	-	281,245	-
Public Works Trust Fund Loan	2,182,944	2,646,882	-	-	2,182,944	2,646,882
Promissory note (59th Ave)	145,773	214,742	-	-	145,773	214,742
Special Assessment w/ governmental commitments	790,935	918,397	-	-	790,935	918,397
2021 Revenue Bonds	-	-	3,590,670	4,028,365	3,590,670	4,028,365
<b>Total</b>	<b>\$ 21,465,670</b>	<b>\$ 22,995,494</b>	<b>\$ 3,590,670</b>	<b>\$ 4,028,365</b>	<b>\$ 25,056,340</b>	<b>\$ 27,023,859</b>

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.

## 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**

**City of Lakewood**  
**Statement of Net Position**  
December 31, 2022

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 61,062,042	\$ 9,258,163	\$ 70,320,208
Receivables (net)	12,617,966	127,298	12,745,264
Due from other governments	2,238,643	91,048	2,329,691
Internal balances	(55,280)	55,280	-
Total current assets	75,863,371	9,531,789	85,395,164
Noncurrent assets:			
Net pension asset	9,006,315	-	9,006,315
Capital assets not being depreciated	55,286,355	2,145,968	57,432,323
Capital assets, net of accumulated depreciation	130,583,178	23,272,103	153,855,281
Total noncurrent assets	194,875,849	25,418,071	220,293,920
<b>TOTAL ASSETS</b>	<b>270,739,220</b>	<b>34,949,860</b>	<b>305,689,083</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources related to pensions	5,904,846	31,031	5,935,877
Deferred charge on refunding	42,657	-	42,657
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>5,947,503</b>	<b>31,031</b>	<b>5,978,534</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	4,000,062	69,765	4,069,827
Wages payable	1,462,618	43,786	1,506,404
Unearned revenue	11,414,187	-	11,414,187
Due to other governments	1,811	-	1,811
Contracts payable	386,841	-	386,841
Other liabilities	207,184	-	207,184
Current portion of long-term liabilities	2,792,245	40,263	2,832,508
LT Liabilities due in one year:			
Other bonds, notes and loans payable	-	451,085	451,085
Leases	67,678	-	67,678
Total current liabilities	20,332,626	604,899	20,937,525
Noncurrent liabilities:			
LT Due in more than one year:			
General obligations bond payable	16,940,835	-	16,940,835
Other bonds, note and loans payable	1,719,006	3,139,585	4,858,591
Special assessment debt, with governmental commitments	710,000	-	710,000
Leases	213,567	-	213,567
Compensated absences	2,281,208	93,948	2,375,157
Total noncurrent liabilities	21,864,616	3,233,533	25,098,150
<b>TOTAL LIABILITIES</b>	<b>42,197,242</b>	<b>3,838,432</b>	<b>46,035,674</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources related to leases	805,882	-	805,882
Deferred inflows of resources related to pensions	4,630,558	-	4,630,558
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>5,436,440</b>	<b>-</b>	<b>5,436,440</b>
<b>NET POSITION</b>			
Net investment in capital assets	168,778,224	22,302,829	191,081,053
Restricted for:			
Capital projects	14,320,568	-	14,320,568
Debt Service	1,365,100	-	1,365,100
Grants	2,704,169	-	2,704,169
Law enforcement	163,843	-	163,843
Affordable housing	278,098	-	278,098
Tourism related activities	3,010,175	-	3,010,175
Pensions	9,740,791	-	9,740,791
Lake Management District	-	34,781	34,781
Unrestricted	28,692,072	8,804,849	37,496,924
<b>TOTAL NET POSITION</b>	<b>\$ 229,053,041</b>	<b>\$ 31,142,460</b>	<b>\$ 260,195,501</b>

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

**City of Lakewood**  
**Statement of Activities**  
For the Year Ended December 31, 2022

					Net (Expense) Revenue & Changes in Net Position		
		Program Revenues			Primary Government		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	Governmental Activities	Business-type	Total
<b>Primary government:</b>							
Governmental activities:							
General government	\$ 6,530,150	\$ 5,745,268	\$ 3,308,554	\$ -	\$ 2,523,672	\$ -	\$ 2,523,672
Public safety	28,831,480	2,119,600	2,770,503	-	(23,941,377)	-	(23,941,377)
Judicial	1,720,102	1,533,610	-	-	(186,492)	-	(186,492)
Utilities	103,963	1,189,655	-	-	1,085,692	-	1,085,692
Transportation	9,180,289	134,593	1,983,435	6,253,582	(808,679)	-	(808,679)
Social services	744,196	-	-	-	(744,196)	-	(744,196)
Economic environment	7,243,571	1,890,126	985,932	-	(4,367,513)	-	(4,367,513)
Natural environment	389,460	90,260	7,141,183	-	6,841,983	-	6,841,983
Culture and recreation	3,364,314	193,986	-	568,217	(2,602,111)	-	(2,602,111)
Debt interest	541,889	-	-	-	(541,889)	-	(541,889)
Total governmental activities	58,649,415	12,897,098	16,189,607	6,821,799	(22,740,911)	-	(22,740,911)
Business-type activities:							
Surface Water Management	3,664,852	5,231,611	-	127,817	-	1,694,576	1,694,576
Total business-type activities	3,664,852	5,231,611	-	127,817	-	1,694,576	1,694,576
Total primary government	\$ 62,314,267	\$ 18,128,709	\$ 16,189,607	\$ 6,949,616	(22,740,911)	1,694,576	(21,046,335)
General revenues:							
Property tax					7,590,147	-	7,590,147
Sales tax					16,936,853	-	16,936,853
Utility tax					5,628,301	-	5,628,301
Excise tax					4,141,353	-	4,141,353
Gambling tax					3,931,397	-	3,931,397
Lodging tax					1,400,088	-	1,400,088
Other taxes					1,287,349	-	1,287,349
Gain on sale of capital assets					108,978	-	108,978
Judgments and settlements					11,532	-	11,532
Investment earnings					909,457	179,702	1,089,159
Miscellaneous					788,171	-	788,171
Total general revenues					42,733,627	179,702	42,913,328
Change in net position before transfers					19,992,716	1,874,277	21,866,993
Transfers					4,177,869	(4,177,869)	-
Change in net position after transfers					24,170,585	(2,303,592)	21,866,993
Net position - beginning					205,973,492	33,446,050	239,419,542
Prior period adjustment - Note 12					(1,091,033)	-	(1,091,033)
Adjusted net position - beginning					204,882,459	33,446,050	238,328,509
Net position - ending					\$ 229,053,041	\$ 31,142,460	\$ 260,195,501

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

**City of Lakewood**  
**Balance Sheet**  
**Governmental Funds**  
December 31, 2022

	General Fund	CDBG Fund	SSMCP	ARPA Fund	LID Debt Service	Transportation Capital Fund	Total Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>								
Cash and cash equivalents	\$ 15,380,651	\$ -	\$ 71,081	\$ 11,772,445	\$ 110,332	\$ 14,033,364	\$13,069,749	\$ 54,437,622
Customer accounts receivable	1,998,534	-	-	-	-	-	22,115	2,020,649
Due from other governments	196,321	503,399	-	-	-	958,052	580,871	2,238,643
Notes/contracts receivable	-	1,883,537	-	-	-	-	43,409	1,926,946
Lease receivable	6,980	-	850,053	-	-	-	-	857,033
Special assessments receivable	-	-	-	-	1,123,552	-	685,873	1,809,425
Taxes receivable	5,259,048	-	-	-	-	48,700	651,512	5,959,260
Interfund loan receivable	1,060,256	-	-	-	-	-	-	1,060,256
Total assets	<u>23,901,790</u>	<u>2,386,936</u>	<u>921,134</u>	<u>11,772,445</u>	<u>1,233,884</u>	<u>15,040,116</u>	<u>15,053,529</u>	<u>70,309,834</u>
<b>LIABILITIES</b>								
Accounts payable	1,009,879	14,742	22,704	371,393	748	850,835	1,298,720	3,569,021
Wages payable	1,408,646	-	-	-	-	-	6,827	1,415,473
Due to other governments	1,367	189	221	-	-	-	34	1,811
Unearned revenue	114,688	-	18,000	10,563,908	-	713,055	4,536	11,414,187
Contracts payable	-	26,741	-	-	-	309,871	50,229	386,841
Other accrued liabilities	48,607	15,917	10,833	10,858	-	58,861	62,108	207,184
Interfund loan payable	-	465,612	425,201	-	-	-	169,443	1,060,256
Total liabilities	<u>2,583,187</u>	<u>523,201</u>	<u>476,959</u>	<u>10,946,159</u>	<u>748</u>	<u>1,932,622</u>	<u>1,591,897</u>	<u>18,054,773</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Lease revenue	6,892	-	798,990	-	-	-	-	805,882
Unavailable revenue	1,839,659	-	-	-	1,123,552	-	691,122	3,654,333
Total liabilities and deferred inflows of resources	<u>4,429,738</u>	<u>523,201</u>	<u>1,275,949</u>	<u>10,946,159</u>	<u>1,124,300</u>	<u>1,932,622</u>	<u>2,283,019</u>	<u>22,514,988</u>
<b>FUND BALANCES (DEFICITS)</b>								
Restricted	84,168	1,863,735	-	826,286	109,584	11,049,663	7,908,517	21,841,953
Committed	7,654,184	-	-	-	-	2,057,831	4,861,994	14,574,009
Unassigned	11,733,700	-	(354,815)	-	-	-	-	11,378,885
Total fund balances (deficits)	<u>19,472,052</u>	<u>1,863,735</u>	<u>(354,815)</u>	<u>826,286</u>	<u>109,584</u>	<u>13,107,494</u>	<u>12,770,511</u>	<u>47,794,847</u>
Total liabilities, deferred inflows, and fund balances (deficits)	<u>\$ 23,901,790</u>	<u>\$ 2,386,936</u>	<u>\$ 921,134</u>	<u>\$ 11,772,445</u>	<u>\$ 1,233,884</u>	<u>\$ 15,040,116</u>	<u>\$ 15,053,529</u>	<u>\$ 70,309,834</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, 2022

Fund balances of governmental funds \$ 47,794,847

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	165,844,983	
Plus: Capital Assets Additions	21,530,884	
Less: Depreciation Expense	<u>(5,604,394)</u>	
		181,771,473

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	(25,847,448)	
Plus: Debt/Leases Issued	(347,240)	
Plus: Premium on Bonds Sold	-	
Less: Debt/Leases Redeemed, including amortization	1,877,065	
Plus: Compensated Absences Issued	(3,437,539)	
Less: Compensated Absences Redeemed	3,030,623	
Plus: Deferred Charge on Refunding	42,657	
Plus: Compensated absences in internal service funds	<u>82,291</u>	
		(24,599,592)

Some revenue reported on the government-wide Statement of Activities is reported as deferred inflows of resources in the governmental funds:

Property Tax	128,980	
Municipal Court	665,313	
Property Abatements	685,873	
Opioid Settlement	1,045,365	
Local Improvement Districts	1,123,553	
Public Works Trust Fund Loans	<u>5,249</u>	
		3,654,333

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

Fleet & Equipment Fund Assets	8,277,244	
Property Management Fund Assets	873,352	
Information Technology Fund Assets	1,555,523	
Risk Management Fund Assets	93,834	
Fleet & Equipment Fund Liabilities	(91,879)	
Property Management Fund Liabilities	(51,359)	
Information Technology Fund Liabilities	(324,262)	
Risk Management Fund Liabilities	(92,977)	
Less balances in internal service funds	<u>(55,280)</u>	
		10,184,196

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	9,006,315	
Deferred outflows of resources related to pensions	5,872,026	
Deferred inflows of resources related to pensions	<u>(4,630,558)</u>	
		10,247,783

\$ 229,053,041

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, 2022

	General Fund	CDBG Fund	SSMCP	ARPA Fund	LID Debt Service	Transportation Capital Fund	Total Nonmajor Funds	Total Governmental Funds
<b>REVENUES</b>								
Taxes	\$ 34,476,953	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,484,836	\$ 40,961,789
Special assessments	-	-	-	-	122,767	-	-	122,767
Licenses and permits	5,931,789	-	-	-	-	-	138,272	6,070,061
Intergovernmental	2,384,472	1,212,649	6,903,052	2,604,263	-	6,130,815	1,905,073	21,140,324
Charges for goods and services	1,899,946	-	188,550	-	-	1,201,310	1,769,217	5,059,023
Fines and penalties	1,312,397	-	-	-	-	-	-	1,312,397
Interest and other earnings	273,968	2,010	19,916	125,077	23,854	138,918	241,524	825,267
Miscellaneous	120,768	2,630	208,851	-	-	-	145,962	478,211
Contributions and donations	46,128	-	17,000	-	-	-	21,000	84,128
Total revenues	<u>46,446,421</u>	<u>1,217,289</u>	<u>7,337,370</u>	<u>2,729,340</u>	<u>146,621</u>	<u>7,471,043</u>	<u>10,705,884</u>	<u>76,053,968</u>
<b>EXPENDITURES</b>								
Current:								
General government	4,757,553	-	-	1,095,768	1,324	-	-	5,854,645
Public safety	26,808,506	-	-	633,536	-	-	554,773	27,996,815
Judicial	1,642,916	-	-	-	-	-	64,823	1,707,739
Utilities	-	-	-	-	-	-	103,963	103,963
Transportation	267,743	-	-	-	-	1,469,238	2,430,120	4,167,101
Social services	709,892	-	-	34,304	-	-	-	744,196
Economic environment	3,556,373	590,228	427,018	79,254	-	-	2,488,969	7,141,842
Natural environment	389,460	-	-	-	-	-	-	389,460
Culture and recreation	2,470,351	-	-	316	-	-	332,824	2,803,491
Debt service:								
Principal retirement	-	-	-	-	127,463	-	1,702,481	1,829,944
Interest and other debt service costs	-	-	-	-	27,200	-	536,065	563,265
Capital outlay:								
Capital	4,730	-	7,377,465	59,876	-	12,805,501	1,836,087	22,083,659
Total expenditures	<u>40,607,524</u>	<u>590,228</u>	<u>7,804,483</u>	<u>1,903,054</u>	<u>155,987</u>	<u>14,274,739</u>	<u>10,050,105</u>	<u>75,386,120</u>
Excess (deficiency) of revenues over expenditures	<u>5,838,897</u>	<u>627,061</u>	<u>(467,113)</u>	<u>826,286</u>	<u>(9,366)</u>	<u>(6,803,696)</u>	<u>655,779</u>	<u>667,848</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	284,700	-	80,000	-	-	12,935,017	5,059,555	18,359,272
Transfers out	(4,402,199)	(276,823)	-	-	-	(42,084)	(9,460,297)	(14,181,403)
Leases	-	-	-	-	-	-	347,240	347,240
Proceeds from sale of assets	-	-	-	-	-	28,685	-	28,685
Total other financing source (uses)	<u>(4,117,499)</u>	<u>(276,823)</u>	<u>80,000</u>	<u>-</u>	<u>-</u>	<u>12,921,618</u>	<u>(4,053,502)</u>	<u>4,553,794</u>
Net change in fund balances	1,721,398	350,238	(387,113)	826,286	(9,366)	6,117,922	(3,397,723)	5,221,642
Fund balances - beginning	17,750,657	1,513,494	32,299	-	118,950	6,989,573	16,168,239	42,573,212
Fund balances - ending	<u>\$ 19,472,052</u>	<u>\$1,863,735</u>	<u>\$ (354,815)</u>	<u>\$ 826,286</u>	<u>\$ 109,584</u>	<u>\$ 13,107,494</u>	<u>\$ 12,770,511</u>	<u>\$ 47,794,847</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, 2022

Net change in fund balances - total governmental funds \$ 5,221,642

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

Capital asset purchases and construction in process capitalized	21,736,423	
Book value assets retired	(552,779)	
Depreciation expense	<u>(5,534,946)</u>	
		15,648,698

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

Prior year compensated absences	2,799,436	
Current year compensated absences	<u>(3,176,578)</u>	
		(377,142)

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.

Bond principal retired	1,763,948	
Bond premium amortied	47,121	
Amortization of deferred charge on refunding	<u>(25,745)</u>	
		1,785,324

Adjustment for GASB 68 pension reporting

Pension expense adjustment	(335,378)	
State contributions	<u>444,432</u>	
		109,054

Net revenue (loss) of internal service funds 259,911

Adjustment for GASB 87 Leases (3,453)

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

Prior year deferred inflows	(2,127,778)	
Current year deferred inflows	<u>3,654,333</u>	
		1,526,555

\$24,170,585

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, 2022

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES</b>				
Taxes	\$ 28,853,140	\$ 30,915,610	\$ 34,476,953	\$ 3,561,343
Licenses and permits	5,823,100	5,965,325	5,931,789	(33,536)
Intergovernmental	1,531,539	2,408,264	2,384,472	(23,792)
Charges for goods and services	2,373,105	2,373,105	1,899,946	(473,159)
Fines and penalties	1,110,600	1,135,600	1,312,397	176,797
Interest and other earnings	97,930	97,930	273,968	176,038
Miscellaneous	61,837	61,837	120,768	58,931
Contributions and donations	90,250	189,891	46,128	(143,763)
Total revenues	39,941,501	43,147,562	46,446,421	3,298,859
<b>EXPENDITURES</b>				
Current:				
General government	4,543,329	4,864,207	4,757,553	(106,654)
Public safety	25,046,987	27,598,889	26,808,506	(790,383)
Transportation	181,961	206,914	267,743	60,829
Social services	740,804	973,865	709,892	(263,973)
Economic environment	2,830,058	3,919,343	3,556,373	(362,970)
Natural environment	370,905	390,352	389,460	(892)
Culture and recreation	2,093,277	2,902,617	2,470,351	(432,266)
Judicial	1,668,394	1,883,550	1,642,916	(240,634)
Debt service:				-
Capital outlay	-	25,000	4,730	(20,270)
Total expenditures	37,475,715	42,764,737	40,607,524	(2,157,213)
Excess (deficiency) of revenues over expenditures	2,465,786	382,825	5,838,897	5,456,072
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	284,700	284,700	284,700	-
Transfers out	(2,618,577)	(4,578,639)	(4,402,199)	176,440
Total other financing source (uses)	(2,333,877)	(4,293,939)	(4,117,499)	176,440
Net change in fund balances	131,909	(3,911,114)	1,721,398	5,632,512
Fund balances - beginning	4,804,154	17,750,655	17,750,657	-
Fund balances - ending	\$ 4,936,063	\$ 13,839,541	\$ 19,472,055	\$ 5,632,512

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

**City of Lakewood**  
**Community Development Block Grant (CDBG) Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 595,000	\$ 3,287,587	\$ 1,212,649	\$ (2,074,938)
Interest and other earnings	-	-	2,010	2,010
Miscellaneous	-	-	2,630	2,630
Total revenues	<u>595,000</u>	<u>3,287,587</u>	<u>1,217,289</u>	<u>(2,070,298)</u>
<b>EXPENDITURES</b>				
Current:				
Economic environment	595,000	4,349,176	\$ 590,228	(3,758,948)
Capital Outlay	-	156,739	-	(156,739)
Total expenditures	<u>595,000</u>	<u>4,505,915</u>	<u>590,228</u>	<u>(3,915,687)</u>
Excess (deficiency) of revenues over expenditures	-	(1,218,328)	627,061	1,845,389
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	(295,167)	(276,823)	18,344
Total other financing source (uses)	-	(295,167)	(276,823)	18,344
Net change in fund balances	-	(1,513,495)	350,238	1,863,733
Fund balances - beginning	-	1,513,495	1,513,494	(1)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,863,732</u>	<u>\$ 1,863,732</u>

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

**City of Lakewood**  
**South Sound Military Communities Partnership (SSMCP) Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
For the Year Ended December 31, 2022

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 8,428,040	\$ 6,903,052	\$ (1,524,988)
Charges for goods and services	177,500	177,500	188,550	11,050
Interest and other earnings	-	-	19,916	19,916
Miscellaneous	-	593,802	208,851	(384,951)
Contributions and donations	-	-	17,000	17,000
Total revenues	177,500	9,199,342	7,337,370	(1,861,973)
<b>EXPENDITURES</b>				
Current:				
Economic environment	227,500	429,706	427,018	(2,688)
Capital Outlay:				
Capital Outlay	-	8,881,935	7,377,465	(1,504,470)
Total expenditures	227,500	9,311,641	7,804,483	(1,507,158)
Excess (deficiency) of revenues over expenditures	(50,000)	(112,299)	(467,113)	(354,815)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	50,000	80,000	80,000	-
Total other financing source (uses)	50,000	80,000	80,000	-
Net change in fund balances	-	(32,299)	(387,113)	(354,815)
Fund balances - beginning	-	32,299	32,299	-
Fund balances - ending	\$ -	\$ -	\$ (354,815)	\$ (354,815)

**City of Lakewood**  
**American Rescue Plan Act (ARPA) Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
For the Year Ended December 31, 2022

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 12,806,044	\$ 2,604,263	\$ (10,201,781)
Interest and other earnings	-	-	125,077	125,077
Total revenues	-	12,806,044	2,729,340	(10,076,704)
<b>EXPENDITURES</b>				
Current:				
General government	-	10,949,136	1,095,768	(9,853,368)
Public safety	-	770,508	633,536	(136,972)
Social services	-	-	34,304	34,304
Economic environment	-	-	79,254	79,254
Culture and recreation	-	-	316	316
Capital outlay:				
Capital	-	1,086,400	59,876	(1,026,524)
Total expenditures	-	12,806,044	1,903,054	(10,902,990)
Excess (deficiency) of revenues over expenditures	-	-	826,286	826,286
<b>OTHER FINANCING SOURCES (USES)</b>				
Total other financing source (uses)	-	-	-	-
Net change in fund balances	-	-	826,286	826,286
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ 826,286	\$ 826,286

**City of Lakewood**  
**Statement of Net Position**  
**Proprietary Funds**  
December 31, 2022

	Business-type Activities	Governmental Activities
	Surface Water Management	Internal Service Funds
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 9,258,163	\$ 6,624,420
Accounts receivable	-	44,653
Taxes Receivable	127,298	-
Due from other governments	91,048	-
Total current assets	<u>9,476,509</u>	<u>6,669,073</u>
Noncurrent assets:		
Land	1,860,947	-
Construction in Progress	285,021	4,068
Buildings	1,849,673	-
Infrastructure	44,146,843	-
Improvements other than buildings	-	137,279
Machinery and equipment	332,332	11,577,575
Less accumulated depreciation	<u>(23,056,745)</u>	<u>(7,620,862)</u>
Total noncurrent assets	<u>25,418,071</u>	<u>4,098,060</u>
Total assets	<u>34,894,580</u>	<u>10,767,133</u>
 <b>Deferred Outflows of Resources Related to Pensions</b>	 31,031	 32,820
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	69,765	420,627
Wages payable	43,786	47,145
Retainage payable	-	10,411
Payable to other governments	-	3
Compensated absences	40,263	24,687
Revenue bond payable	451,085	-
Total current liabilities	<u>604,899</u>	<u>502,873</u>
Noncurrent liabilities:		
Compensated absences	93,948	57,604
Revenue bond payable	3,139,585	-
Total noncurrent liabilities	<u>3,233,533</u>	<u>57,604</u>
Total liabilities	<u>3,838,432</u>	<u>560,477</u>
 <b>NET POSITION</b>		
Net investment in capital assets	22,302,829	4,098,060
Restricted for Lake Management District	34,781	-
Unrestricted	8,749,569	6,141,416
Total net position	<u>\$ 31,087,179</u>	<u>\$ 10,239,476</u>
 Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	 55,280	
Net position of business-type activities	<u>\$ 31,142,459</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, 2022

	Business-type Activities	Governmental Activities
	Surface Water Management	Internal Service Funds
<b>OPERATING REVENUES</b>		
Charges for goods and services	\$ 5,231,611	\$ 6,289,616
Miscellaneous	-	400
Total operating revenues	<u>5,231,611</u>	<u>6,290,016</u>
<b>OPERATING EXPENSES</b>		
Personal Services	783,135	846,676
Materials and supplies	36,968	769,377
Services and charges	1,277,052	3,982,005
External and interfund taxes	228,594	-
Depreciation	1,263,798	1,032,138
Total operating expenses	<u>3,589,547</u>	<u>6,630,196</u>
Operating income (loss)	<u>1,642,064</u>	<u>(340,180)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Gain (loss) on disposal of capital assets	-	80,293
Investment earnings	176,627	87,265
Interest expense	(63,305)	225,432
Total nonoperating revenues (expenses)	<u>113,322</u>	<u>392,990</u>
Income (loss) before contributions and transfers	1,755,386	52,810
Capital contributions	127,817	198,175
Transfers out	(4,177,869)	-
Change in net position	<u>(2,294,666)</u>	<u>250,985</u>
Total net position - beginning	33,381,845	9,988,490
Total net position - ending	<u>\$ 31,087,179</u>	<u>\$ 10,239,476</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	(8,926)	
Changes in net position of business-type activities	<u>\$ (2,303,593)</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, 2022

	Business-type Activities Enterprise Funds	Governmental Activities
	Surface Water Management	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers	\$ 5,138,602	\$ -
Cash from interdepartmental services	-	6,245,363
Cash paid to employees	(822,781)	(842,952)
Cash paid to suppliers	(1,465,715)	(4,621,568)
Cash paid for external and interfund taxes	(228,594)	-
Other operating receipts (payments)	-	4,706
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>2,621,512</u>	<u>785,549</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Gain (loss) on disposal of capital assets	-	305,725
Transfers to other funds	(4,177,869)	-
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>(4,177,869)</u>	<u>305,725</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Intergovernmental revenue	127,817	-
Capital contributions	-	198,175
Acquisition and construction of capital assets	(247,536)	(518,786)
Principal paid on long-term debt	(437,695)	-
Interest paid on long-term debt	(63,305)	-
NET CASH USED FOR CAPITAL AND CAPITAL-RELATED FINANCING ACTIVITIES	<u>(620,719)</u>	<u>(320,611)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest income	176,627	87,265
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>176,627</u>	<u>87,265</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,000,449)	857,928
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	11,258,613	5,766,491
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 9,258,163</u>	<u>\$ 6,624,420</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating Income	\$ 1,642,064	\$ (340,180)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Increase/(decrease) in depreciation expense	1,263,798	1,032,138
Increase/(decrease) in accounts payable - supplier	(151,695)	134,750
Increase/(decrease) in payable to other governments	-	(150)
Increase/(decrease) in wages payable	(5,815)	6,690
Increase/(decrease) in compensated absences payable	(2,800)	29,773
(Increase)/decrease in deferred outflows related to pensions	(31,031)	(32,820)
Increase/(decrease) in accounts receivables	(8,460)	(44,653)
Increase/(decrease) in other receivables	(84,549)	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 2,621,512</u>	<u>785,549</u>
<b>NON-CASH CAPITAL CONTRIBUTIONS</b>	<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, 2022

	<u><b>Custodial</b></u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 41,906
Total assets	<u>\$ 41,906</u>
<b>LIABILITIES</b>	
Current liabilities:	
Payable to other governments	4,590
Total liabilities	<u>\$ 4,590</u>
<b>NET POSITION</b>	
Restricted	\$ 37,316
Total net position	<u>\$ 37,316</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**  
December 31, 2022

	<u><b>Custodial</b></u>
<b>ADDITIONS</b>	
Contributions:	
Court receipts	\$ 537,561
State excise tax collections	135,601
Parks & recreation programs	14,632
Total additions	<u>\$ 687,794</u>
<b>DEDUCTIONS</b>	
Court remittances	537,261
State excise tax remittances	135,601
Police cash seizure disbursements	64,523
Parks & recreation programs	12,885
Total deductions	<u>\$ 750,270</u>
Net increase (decrease) in fiduciary net position	(62,476)
 Total net position - beginning	
Beginning balance adjustment	99,792
Total net position - ending	<u>\$ 37,316</u>

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

# **NOTES TO THE BASIC FINANCIAL STATEMENTS**

This page left intentionally blank.

## NOTES TO THE BASIC FINANCIAL STATEMENTS

### For the Year Ended December 31, 2022

#### 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.

#### 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. 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.

As a general rule the effect of the interfund activity has been eliminated for the government-wide financial statements. Exception to this general rule is, interfund services provided and used are not eliminated in the process of consolidation.

Separate fund financial statements are provided for governmental funds, proprietary funds and fiduciary funds, although the latter is excluded from the government-wide financial statements. Major individual governmental funds and the City's single 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 **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. (Note – this fund was reported as a non-major special revenue fund prior to 2022).

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, 2022 should be read in conjunction with the government's financial statements for the year ended December 31, 2021.

## 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 account for resources legally held in a trustee or custodial capacity for others and therefore cannot be used to support the government's own operations and programs. 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.

## **Adopting the Biennial Budget**

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

- Pre-Budget items occurs in Spring/Summer and includes strategic planning sessions, budget retreats, capital facility plan updates and financial policy updates providing direction and focus to the budget process.
- Beginning in June, departments submit their budget requests, including revenue and expenditure estimates for the current year and upcoming biennium.
- Deputy City Manager/Chief Financial Officer prepares the preliminary budget document for departmental budget review meetings with the City Manager in July/August.
- In August, City Manager makes specified adjustments to department submittals and establishes the preliminary proposed budget.
- In September, the proposed budget document is prepared, printed, and filed with City Clerk and presented to the City Council (at least 60 days prior to the ensuing fiscal year).
- In September, the City Clerk publishes notices of the filing of preliminary budget and notice of public hearing to be held during the preliminary budget deliberations.
- During the first Monday of October's Council meeting, the City Manager presents the proposed budget.
- City Council conducts workshops and public hearings on the proposed budget in October and November.
- In November and through the end of December, the City Council provides City Manager with modifications to the budget.
- No later than the third Monday in November, the City Council must adopt an ordinance to establish the amount of property taxes to be levied in the coming year.
- No later than the first two weeks of November, the City Clerk publishes a notice of the filing of the preliminary budget and notices of public hearings to be held during preliminary budget deliberations.
- By December 31, the City Council makes its adjustments to the proposed budget and adopts a final budget by ordinance.
- The final operating budget, as adopted, is published and distributed within the first three months of the following year. Copies of the adopted budget are made available to the public.

## **Mid-Biennium Review and Modification**

The biennial budget statute referenced above requires jurisdictions electing a biennium budget to perform a mid-biennium review and modification of the adopted budget per RCW 35A.34.130. The review and modification shall occur no sooner than eight months after the start nor later than conclusion of the first year of the fiscal biennium.

## **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 consists 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, 2022, no amount of special assessments receivable were delinquent.

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

## 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. In the event of a line of duty death as determined by the City, the deceased employee's beneficiary shall receive payment equal to 100% of the employee's then accrued and unused annual leave bank of no more than 1400 hours at the employee's last regular rate of pay.

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. In the event of a line of duty death as determined by the City, the deceased employee's beneficiary shall receive payment equal to 100% of the employee's then accrued and unused annual leave bank of no more than 1600 hours at the employee's last regular rate of pay.

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.

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

## **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**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources until then. In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources until that time.

## **Leases**

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

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

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

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

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

- The city uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the city generally uses its incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

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

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

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

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

- The city uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease liability are compose of fixed payments from the lessee.

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

## Fund Balance Classification

In the fund financial statements, governmental funds report fund classification that comprise a hierarchy based on the extent to which the City is bound to honor constraints on how the amounts in those funds can be spent.

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 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.

2022 Fund Balance Classification								
	General Fund	CDBG Fund	SSMCP Fund	ARPA Fund	LID Debt Service Fund	Transport CIP Fund	Nonmajor Govt'l Funds	Total
<b>Restricted for:</b>	<b>\$ 84,168</b>	<b>\$ 1,863,735</b>	<b>\$ -</b>	<b>\$ 826,286</b>	<b>\$ 109,584</b>	<b>\$ 11,049,663</b>	<b>\$ 7,908,517</b>	<b>\$ 21,841,953</b>
Transportation Benefit District	-	-	-	-	-	-	91,140	91,140
Lodging Tax	-	-	-	-	-	-	3,010,175	3,010,175
Property Abate /RHSP/1406 Funds	-	-	-	-	-	-	278,098	278,098
Police Seizure	-	-	-	-	-	-	79,675	79,675
Opioid Settlement	84,168	-	-	-	-	-	-	84,168
Community Development Block Grant	-	1,863,735	-	-	-	-	-	1,863,735
Neighborhood Stabilization Program	-	-	-	-	-	-	14,148	14,148
American Rescue Plan Act	-	-	-	826,286	-	-	-	826,286
Local Improvement District Debt	-	-	-	-	109,584	-	-	109,584
Public Works Trust Fund Debt	-	-	-	-	-	-	1,120,328	1,120,328
Local Improvement District Guaranty	-	-	-	-	-	-	135,188	135,188
Parks Capital	-	-	-	-	-	-	920,989	920,989
Transportation Capital	-	-	-	-	-	11,049,663	-	11,049,663
Real Estate Excise Tax	-	-	-	-	-	-	2,258,776	2,258,776
<b>Committed to:</b>	<b>\$ 7,654,184</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,057,831</b>	<b>\$ 4,861,994</b>	<b>\$ 14,574,009</b>
General Fund Ending Reserves	7,654,184	-	-	-	-	-	-	7,654,184
Public Art	-	-	-	-	-	-	50,588	50,588
Transportation Capital	-	-	-	-	-	2,057,831	-	2,057,831
Parks Capital	-	-	-	-	-	-	3,026,377	3,026,377
Sewer Project Capital	-	-	-	-	-	-	1,785,029	1,785,029
<b>Unassigned:</b>	<b>\$ 11,733,700</b>	<b>\$ -</b>	<b>\$ (354,815)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 11,378,885</b>
General Fund	11,733,700	-	-	-	-	-	-	11,733,700
* South Sound Military Communities Partnership	-	-	(354,815)	-	-	-	-	(354,815)
<b>Total Fund Balances</b>	<b>\$ 19,472,052</b>	<b>\$ 1,863,735</b>	<b>\$ (354,815)</b>	<b>\$ 826,286</b>	<b>\$ 109,584</b>	<b>\$ 13,107,494</b>	<b>\$ 12,770,511</b>	<b>\$ 47,794,847</b>

\* The South Sound Military Communities Partnership Fund's negative ending fund balance is due to timing of lease revenue payments from Tactical Tailor. On December 6, 2021 the City Council authorized the purchase of real property located at 2916 107<sup>th</sup> Street SW funded by grants and lease-back revenue over a 36-month period. As a result, the City Council authorized an interfund loan in the amount of \$593,801 from the General Fund with lease-back revenue as the source of repayment.

## Net Position Classification

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted. Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

## NOTE 2-SUPPLEMENTAL APPROPRIATIONS

### Operating Budget Funds

Appropriations established during 2022 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	2022		
	Original Budget	Supplemental Appropriations	Final Budget
<b>General Fund</b>	\$ 40,094,292	\$ 7,249,084	\$ 47,343,376
<b>Special Revenue Funds:</b>			
Street Operations & Maintenance	2,398,483	201,983	2,600,466
Transportation Benefit District	640,000	1,718,000	2,358,000
Lodging Tax	800,000	53,393	853,393
Property Abatement/RHSP/1406 Funds	409,500	1,157,532	1,567,032
Public Art	15,000	150,224	165,224
Narcotics Seizure	-	318,102	318,102
Felony Seizure	-	63,158	63,158
Federal Seizure	-	163,605	163,605
Community Development Block Grant	595,000	4,206,082	4,801,082
Neighborhood Stabilization Program	42,000	254,676	296,676
South Sound Military Communities Partnership	227,500	9,084,141	9,311,641
Public Safety Grants	132,328	802,073	934,401
American Rescue Plan Act	-	12,806,044	12,806,044
<b>Debt Service Funds:</b>			
General Obligation Debt Service	1,689,938	-	1,689,938
LID Debt Service	155,613	208,978	364,591
Sewer Project Debt	527,618	-	527,618
LID Guaranty	-	-	-
<b>Capital Projects Funds:</b>			
Parks Capital Improvements	3,355,000	11,288,911	14,643,911
Transportation Capital Improvements	9,411,998	22,163,725	31,575,723
Real Estate Excise Tax	1,866,900	5,187,200	7,054,100
Sewer Project Capital Improvements	130,000	837,520	967,520
<b>Total Budgeted Funds</b>	<b>\$ 62,491,170</b>	<b>\$ 77,914,431</b>	<b>\$ 140,405,601</b>

## 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. The City utilizes 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 \$70,320,208 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, 2022, the City had the following investments and maturities:

Investment Maturities				
Investment	< 1 Year	1 - 3 Years	> 3 Years	Total
Local Government Investment Pool	\$ 61,799,433	\$ -	\$ -	\$ 61,799,433
<b>Total:</b>	<b>\$ 61,799,433</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 61,799,433</b>

Cash in bank accounts per books	\$ 8,547,280
Petty cash/change fund/investigative fund	15,400
Local Government Investment Pool	61,799,433
Cash reported in fiduciary fund	(41,906)
Total cash and investment, Government-Wide Statement of Net Position	<u>\$ 70,320,208</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, 2022, the City had \$61,799,433 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 – PROPERTY TAX, RECEIVABLES, DEFERRED INFLOWS OF RESOURCES, AND 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 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, 2022, the total balance of property taxes receivable recorded by the City was \$128,980. 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.

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 \$3.375 plus an additional \$0.225 per \$1,000 AV to provide for the Firemen’s Pension Fund. The maximum levy is subject to the following limitations:

- 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
- 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 2022 was \$0.81 per \$1,000 on an assessed valuation of \$9,387,440,588 for a total regular levy of \$7,612,342.

## Deferred Inflows of Resources, Unearned Revenues, Other Receivables & Due From Other Governments

The table below provides details for the following:

- Deferred inflows of resources as reported in the fund financial statements.
- Unearned revenues as reported in the statement of net position.
- Receivables and due from other governments as reported on the government-wide statement of net position.

Deferred Inflows of Resources, Unearned Revenue, Other Receivables & Due From Other Governments As of December 31, 2022										
	General	CDBG	SSMCP	ARPA	Transport CIP	LID Debt Service	Nonmajor Govt'l	Internal Service Funds	Business- Type	Total
Local Improvement Dist	\$ -		\$ -			\$ 1,123,552	\$ -	\$ -	\$ -	\$ 1,123,552
PWTFL - Side Sewer	-		-			-	5,249	-	-	5,249
Property Tax	128,980		-			-	-	-	-	128,980
Municipal Court	665,313		-			-	-	-	-	665,313
Opioid Distribution	1,045,366		-			-	-	-	-	1,045,366
Leases	6,892		798,990			-	-	-	-	805,882
Abatements	-		-			-	685,873	-	-	685,873
<b>Total - Deferred Inflows of Resources</b>	<b>\$ 1,846,551</b>	<b>\$ -</b>	<b>\$ 798,990</b>	<b>\$ -</b>		<b>\$ 1,123,552</b>	<b>\$ 691,122</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,460,215</b>
Donation	10,000	-	-	-	-	-	-	-	-	10,000
Unclaimed Property	461	-	-	-	-	-	-	-	-	461
City Tree Fund	56,496	-	-	-	-	-	-	-	-	56,496
Rev Collected in Advance	47,731	-	-	-	-	-	-	-	-	47,731
American Rescue Plan Act	-	-	-	10,563,908	-	-	-	-	-	10,563,908
TIB Grant	-	-	-	-	713,055	-	-	-	-	713,055
Public Art	-	-	-	-	-	-	1,500	-	-	1,500
SSMCP	-	-	18,000	-	-	-	-	-	-	18,000
Sewer Project CIP	-	-	-	-	-	-	3,036	-	-	3,036
<b>Total - Unearned Revenue</b>	<b>\$ 114,688</b>	<b>\$ -</b>	<b>\$ 18,000</b>	<b>\$ 10,563,908</b>	<b>\$ 713,055</b>	<b>\$ -</b>	<b>\$ 4,536</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 11,414,188</b>
Property Tax	128,980	-	-	-	-	-	-	-	-	128,980
Gambling Taxes	305,394	-	-	-	-	-	-	-	-	305,394
Admissions Taxes	40,883	-	-	-	-	-	-	-	-	40,883
Utility Taxes	561,051	-	-	-	-	-	-	-	-	561,051
Franchise Fees	1,070,598	-	-	-	-	-	-	-	-	1,070,598
Sales and Use Tax - State	2,401,494	-	-	-	-	-	-	-	-	2,401,494
Sales and Use Tax - County	140,969	-	-	-	-	-	-	-	-	140,969
Other State Taxes	559,802	-	-	-	-	-	20,447	-	-	580,249
Other County Taxes	49,877	-	-	-	-	-	-	-	-	49,877
Motor Vehicle Fuel Tax	-	-	-	-	48,700	-	121,698	-	-	170,398
Lodging Tax	-	-	-	-	-	-	180,927	-	-	180,927
Real Estate Excise Tax	-	-	-	-	-	-	328,440	-	-	328,440
Court Receivables	735,720	-	-	-	-	-	-	-	-	735,720
Fire District Permits	98,489	-	-	-	-	-	-	-	-	98,489
Opioid Settlement	1,045,365	-	-	-	-	-	-	-	-	1,045,365
Leases	6,980	-	850,053	-	-	-	-	-	-	857,033
Other Receivables	-	-	-	-	-	-	14,625	44,653	-	59,278
Special Assess/Abatements	-	-	-	-	-	1,123,552	685,873	-	-	1,809,425
Notes/Loans Receivable	-	1,883,537	-	-	-	-	50,900	-	-	1,934,437
Grants & Contracts	315,281	503,399	-	-	958,052	-	580,870	-	91,048	2,448,650
SWM Fees								-	127,298	127,298
<b>Total - Due From Govts &amp; Other</b>	<b>\$ 7,460,883</b>	<b>\$ 2,386,936</b>	<b>\$ 850,053</b>	<b>\$ -</b>	<b>\$ 1,006,752</b>	<b>\$ 1,123,552</b>	<b>\$ 1,983,780</b>	<b>\$ 44,653</b>	<b>\$ 218,346</b>	<b>\$ 15,074,956</b>

**NOTE 5 – DUE TO OTHER GOVERNMENTS**

At December 31, 2022, the City recorded due to other governments as follows:

Due to Other Governments As of December 31, 2022				
	General	LID Debt Service	Nonmajor Govt'l	Total General Government
Use Tax	\$ 1,367	\$ -	\$ 255	\$ 1,622
HUD - Section 108 Loan	-	189	-	189
<b>Total</b>	<b>\$ 1,367</b>	<b>\$ 189</b>	<b>\$ 255</b>	<b>\$ 1,811</b>

**NOTE 6 – CAPITAL ASSETS**

Capital assets activity for governmental funds for the year ended December 31, 2022 was as follows:

Governmental Activities	Beginning Balance 1/1/2022	Prior Period Adjustment	Adjusted Beginning 1/1/2022	Increases	Decreases	Ending Balance 12/31/2022
Capital assets, not being depreciated:						
Land and land rights	\$ 23,935,478	\$ -	\$ 23,935,478	\$ 1,255,057	\$ -	\$ 25,190,535
Constuction in progress	\$ 33,614,356	\$ (1,091,033)	\$ 32,523,323	13,939,007	(16,366,510)	\$ 30,095,820
Total capital assets, being not depreciated	57,549,834	(1,091,033)	56,458,801	15,194,064	(16,366,510)	55,286,355
Capital Assets being depreciated:						
Buildings	26,645,098	-	\$ 26,645,098	6,122,408	-	\$ 32,767,506
Infrastructure	162,015,342	-	\$ 162,015,342	16,354,652	-	\$ 178,369,994
Machinery and equipment	13,566,463	-	\$ 13,566,463	950,595	(936,876)	\$ 13,580,182
Total capital assets, being depreciated	202,226,903	-	202,226,903	23,427,655	(936,876)	224,717,682
Less accumulated depreciation for:						
Buildings	(7,633,183)	-	(7,633,183)	(593,774)	-	\$ (8,226,957)
Infrastructure	(71,707,071)	-	(71,707,071)	(5,498,576)	-	\$ (77,205,647)
Machinery and equipment	(8,541,815)	-	(8,541,815)	(1,096,961)	936,876	\$ (8,701,900)
Total accumulated depreciation	(87,882,069)	-	(87,882,069)	(7,189,311)	936,876	(94,134,504)
Total capital assets being depreciated, net	114,344,834	-	114,344,834	16,238,344	-	130,583,178
<b>Total</b>	<b>\$ 171,894,667</b>	<b>\$ (1,091,033)</b>	<b>\$ 170,803,635</b>	<b>\$ 31,432,408</b>	<b>\$ (16,366,510)</b>	<b>\$ 185,869,532</b>

Capital asset activity for Business-type activities for the year ended December 31, 2022, was as follows:

Business-Type Activities	Beginning Balance			Ending Balance
	1/1/2022	Increases	Decreases	12/31/2022
Capital assets, not being depreciated:				
Land and land rights	\$ 1,860,947	\$ -	\$ -	\$ 1,860,947
Constuction in progress	37,485	247,536	-	285,021
Total capital assets, not being depreciated	1,898,432	247,536	-	2,145,968
Capital assets being depreciated:				
Buildings	1,849,673	-	-	1,849,673
Infrastructure	44,146,843	-	-	44,146,843
Machinery and equipment	332,332	-	-	332,332
Total capital assets being depreciated	46,328,848	-	-	46,328,848
Less accumulated depreciation for:				
Buildings	(240,791)	(37,133)	-	(277,924)
Infrastructure	(21,272,350)	(1,218,275)	-	(22,490,625)
Machinery and equipment	(279,806)	(8,390)	-	(288,196)
Total accumulated depreciation	(21,792,947)	(1,263,798)	-	(23,056,745)
Total capital assets being depreciated, net	24,535,901	(1,263,798)	-	23,272,103
<b>Total</b>	<b>\$ 26,434,333</b>	<b>\$ (1,016,262)</b>	<b>\$ -</b>	<b>\$ 25,418,071</b>

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, 2022	
Governmental Activities:	
General Government	567,259
Judicial	4,255
Public Safety (Police)	860,223
Transportation (Highway & Streets)	5,019,896
Economic Environment	9,053
Culture & Recreation)	728,625
<b>Total Depreciation Exp - Governmental</b>	<b>7,189,311</b>
Business-Type Activities:	
Utilities & Environment (SWM)	1,263,798
<b>Total Depreciation Exp - Business Type</b>	<b>1,263,798</b>
<b>Total</b>	<b>8,453,109</b>

The City has active construction projects at December 31, 2022. The City's commitments to contractors are as follows:

Construction Commitments				
Vendor	Contract Name	Contract Amount	Payments	Balance at 12/31/2022
<b>Construction Contracts:</b>				
Allplay Systems	Park Equipment Replacement	\$ 2,545	\$ -	\$ 2,545
Amaya	Steilacoom Blvd & Custer	12,000	4,104	7,896
Amaya	South Tacoma	12,000	4,888	7,112
Amaya	108th St SW & Pacific Hwy	6,000	3,373	2,627
Canon Constructors	2022-004 Streetlight	115,785	43,926	71,859
Lakewood Water	WA Blvd & Edgewood Drive - North Fort to Gravelly Lake Drive	21,400	-	21,400
NW Playground	Park Equipment Replacement	2,928	-	2,928
NW Playground	Park Equipment Replacement	2,044	-	2,044
R. L. Alia Company	WA Blvd & Edgewood Drive - North Fort to Gravelly Lake Drive	7,558,505	7,435,531	122,974
R. L. Alia Company	WA Blvd & Edgewood Drive - North Fort to Gravelly Lake Drive	11,157,371	5,183,103	5,974,268
R. L. Alia Company	Steilacoom Blvd/88th St (Weller to Custer)	2,223,245	751,621	1,471,624
Transportation Systems	CDBG Streetlights	237,690	122,158	115,532
<b>Consulting and Engineering Services:</b>				
AHBL	112th Sidewalks: Gravelly Lk Dr SW to Bridgeport Way SW	15,043	12,740	2,303
AHBL	Farwest Dr - 112th to Lakes HS, & 100th St Ct SW to STL Blvd SW	36,151	3,375	32,777
AHBL	Hipkins Rd - Steilacoom Blvd to 104th	42,026	40,687	1,339
AHBL	Water Quality Improvements - Stormwater Vault	7,842	6,744	1,098
BCRA	Wards Lake Improvements	386,350	256,725	129,625
Brown & Caldwell	Clover Creek Flood Risk Reduction Study	271,377	199,569	71,808
Bruce Dees & Assoc	Springbrook Park Expansion	137,001	103,825	33,176
D.A. Hogan	Fort Steilacoom Park Turf Infields	259,365	112,372	146,993
David Evans & Assoc	Ardmore/Whitman	344,378	134,892	209,486
KPG	Survey of Eagle	3,171	2,759	412
KPG	Survey of Steilacoom Blvd	4,994	3,968	1,026
KPG	Steilacoom Blvd	241,373	121,545	119,828
KPG	South Tacoma Way - 88th to 80th St	49,434	41,929	7,505
KPG	84th Street at Pine Street South Intersection	11,789	10,070	1,719
KPG	100th St.: 59th Ave. to S. Tacoma Way	49,816	48,060	1,756
KPFF	Custer Rd - Steilacoom to 500' West of Bridgeport Way	69,880	63,469	6,411
Parametrix	WA Blvd and Edgewood Drive (North Fort to Gravelly Lk. Dr.)	1,649,271	1,597,666	51,605
Robert Droll	American Lake Improvements	313,086	86,770	226,316
Tangram Design	Park Sign Replacement	5,000	896	4,104
Tangram Design	Parks Sign Design	20,000	3,584	16,416
		<b>\$ 25,268,860</b>	<b>\$ 16,400,350</b>	<b>\$ 8,868,510</b>

## NOTE 7 – PENSION PLANS

The following table represents the aggregate pension amounts for all plans subject to the requirements of the GASB Statement 68, *Accounting and Financial Reporting for Pensions* for the year 2022:

Aggregate Pension Amounts - All Plans	
Pension liabilities	\$ -
Pension assets	\$ 9,006,315
Deferred outflows of resources	\$ 5,935,877
Deferred inflows of resources	\$ (4,630,560)
Pension expense/expenditures	\$ 1,516,105

### State Sponsored Pension Plans

Substantially all of City of Lakewood full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans. The state legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available annual comprehensive financial report (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](http://www.drs.wa.gov).

### Public Employees' Retirement System (PERS)

(Terminated Plan 1 - City of Lakewood: A Defined Contribution Plan, Retirement Trust - ICMA # 109566 on 6/30/2022 and moved to PERS 7/1/2022)

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

**PERS Plan 1** The City of Lakewood does not have PERS Plan 1.

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

members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions:

- With a benefit that is reduced by three percent for each year before age 65; or
- With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

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

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

#### Contributions

The **PERS Plan 2/3** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2022 were as follows:

<b>PERS Plan 2/3</b>		
<b>Actual Contribution Rates</b>	<b>Employer</b>	<b>Employee 2*</b>
<b>January - August 2022</b>		
PERS Plan 2/3	6.36%	6.36%
PERS Plan 1 UAAL	3.71%	-
Administrative Fee	0.18%	-
Employee PERS Plan 3	-	Varies
<b>Total</b>	<b>10.25%</b>	<b>6.36%</b>
<b>September - December 2022</b>		
PERS Plan 2/3	6.36%	6.36%
PERS Plan 1 UAAL	3.71%	-
Administrative Fee	0.18%	-
Employee PERS Plan 3	-	Varies
<b>Total</b>	<b>10.25%</b>	<b>6.36%</b>

\* For employees participating in JBM, the contribution rate was 15.90%.

The City's actual PERS Plan 2/3 was \$539,812 for the year ended December 31, 2022.

## Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF)

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

**LEOFF Plan 1** The City of Lakewood does not have LEOFF Plan 1.

**LEOFF Plan 2** provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the final average salary (FAS) per year of service (the FAS is based on the highest consecutive 60 months). Members are eligible for retirement with a full benefit at 53 with at least five years of service credit. Members who retire prior to the age of 53 receive reduced benefits. If the member has at least 20 years of service and is age 50, the reduction is three percent for each year prior to age 53. Otherwise, the benefits are actuarially reduced for each year prior to age 53. LEOFF 2 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent annually and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. 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 to fully fund Plan 2. The employer rate includes an administrative expense component set at 0.18 percent. 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 charges a fee or recovers costs for services rendered by a LEOFF 2 member to a non-LEOFF employer, the LEOFF employer must cover both the employer and state contributions on the LEOFF 2 basic salary earned for those services. The state contribution rate (expressed as a percentage of covered payroll) was 3.41% in 2022.

The LEOFF Plan 2 required contribution rates (expressed as a percentage of covered payroll) for 2022 were as follows:

<b>LEOFF Plan 2</b>		
<b>Actual Contribution Rates</b>	<b>Employer</b>	<b>Employee</b>
<b>January - December 2022</b>		
State and local governments	5.12%	8.53%
Administrative Fee	0.18%	-
<b>Total</b>	<b>5.30%</b>	<b>8.53%</b>
Ports and Universities	8.53%	8.53%
Administrative Fee	0.18%	-
<b>Total</b>	<b>8.71%</b>	<b>8.53%</b>

The City's actual contributions to the plan were \$709,087 for the year ended December 31, 2022.

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 \$81,388,085 to LEOFF to LEOFF Plan 2. The amount recognized by the City as its proportionate share of this amount is \$444,432.

## Actuarial Assumptions

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

Additional assumptions for subsequent events and law changes are current as of the 2021 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2022. Plan liabilities were rolled forward from June 30, 2021, to June 30, 2022, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 2.75% total economic inflation; 3.25% salary inflation
- **Salary increases:** In addition to the base 3.25% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.00%

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

Methods did not change from the prior contribution rate setting June 30, 2019 Actuarial Valuation Report (AVR), however OSA introduced a temporary method change to produce asset and liability measures for the June 30, 2020 AVR. There were also the following assumption changes:

- OSA updated the Joint-and-Survivor Factors and Early Retirement Factors in the model. Those factors are used to value benefits for early retirement and survivors of members that are deceased prior to retirement. These factors match the administrative factors provided to DRS for future implementation that reflect current demographic and economic assumptions.
- OSA updated the economic assumptions based on the 2021 action of the PFC and the LEOFF Plan 2 Retirement Board. The investment return assumption was reduced from 7.5% (7.4% for LEOFF 2) to 7.0%, and the salary growth assumption was lowered from 3.5% to 3.25%. This action is a result of recommendations from OSA's biennial economic experience study.

## Discount Rate

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

To determine that rate, an asset sufficiency test was completed to test whether each pension plan's fiduciary net position was sufficient to make all projected future benefit payments for current plan members. Based on OSA's assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.0% was used to determine the total liability.

## Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.0% was determined using a building-block-method. In selecting this assumption, OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMAs) and simulated expected investment returns provided by the Washington State Investment

Board (WSIB). The WSIB uses the CMA's and their target asset allocation to simulate future investment returns at various future times.

### Estimated Rates of Return by Asset Class

The table below summarizes the best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2022. The inflation component used to create the table is 2.2% and represents the WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	% Long-Term Expected Rate of Return Arithmetic
Fixed Income	20%	1.5%
Tangible Assets	7%	4.7%
Real Estate	18%	5.4%
Global Equity	32%	5.9%
Private Equity	23%	8.9%
	<b>100%</b>	

### 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%, 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%) or 1-percentage point higher (8%) than the current rate.

	1% Decrease (6.0%)	Current Discount Rate	1% Increase (8.0%)
LEOFF 2	\$ (414,731)	\$ (9,006,315)	\$ (16,037,791)
<b>Total</b>	<b>\$ (414,731)</b>	<b>\$ (9,006,315)</b>	<b>\$ (16,037,791)</b>

### 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, 2022, the City reported its proportionate share of the net pension liability (asset) as follows:

	Liability (or Asset)
PERS 2/3	
LEOFF 2	\$ (9,006,315)

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:

	LEOFF 2 Asset
LEOFF 2 - Employer's proportionate share	\$ (9,006,315)
LEOFF 2 - State's proportionate share of the net pension asset associated with the employer	(5,834,095)
<b>Total</b>	<b>\$ (14,840,410)</b>

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

	Proportionate Share		Change in Proportion
	6/30/2021	6/30/2022	
PERS 2/3			
LEOFF 2	0.30676%	0.33140%	0.025%

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, 2022, the City recognized pension expense as follows:

	Pension Expense
PERS 2/3	\$ -
LEOFF 2	1,516,105
<b>Total</b>	<b>\$ 1,516,105</b>

### Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows
Difference between expected and actual experience	\$ -	\$ -
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$ -
Change of assumptions	\$ -	\$ -
Changes in proportion and differences between contributions and proportionate share of contributions	\$ -	\$ -
Contributions subsequent to the measurement date	\$ 539,812	\$ -
<b>Total</b>	<b>\$ 539,812</b>	<b>\$ -</b>

LEOFF 2	Deferred Outflows of Resources	Deferred Inflows
Difference between expected and actual experience	\$ 2,140,049	\$ (83,563)
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$ (3,015,660)
Change of assumptions	\$ 2,281,554	\$ (784,204)
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 626,879	\$ (747,134)
Contributions subsequent to the measurement date	\$ 347,582	\$ -
<b>Total</b>	<b>\$ 5,396,065</b>	<b>\$ (4,630,560)</b>

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 Dec 31	LEOFF 2
2023	(955,347)
2024	(829,219)
2025	(1,100,833)
2026	1,292,571
2027	365,398
Thereafter	1,645,353
<b>Total</b>	<b>\$ 417,923</b>

### Other Local Government Pension Systems – City of Lakewood

The City also has two defined contribution pension plans administered by International City Manager's Association (ICMA) as follows:

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

(Terminated 6/30/2022, moved to PERS 7/1/2022)

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 balance in the trust as of June 30, 2022 and 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 5<sup>th</sup> & 20<sup>th</sup> of each month*).

ICMA #109566	6/30/2022
Balance in Trust	\$24,812,738

2022 Employer	2022 Employee
7.62%	5.08%
\$387,028	\$258,019

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 balance in the trust as of December 31, 2022 and contribution percentages are listed as follows:

<b>ICMA #109266</b>	<b>12/31/2022</b>
Balance in Trust	\$45,273,586

<b>2022 Employer Contribution</b>	<b>2022 Employee Contribution</b>
4.77%	6.20%
\$1,156,754	\$1,503,579

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.

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

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

Insurance for property, automobile physical damage, fidelity, inland marine, and equipment breakdown coverage are purchased on a group basis. Various deductibles apply by type of coverage. Property coverage is self-funded from the members' deductible to \$750,000, for all perils other than flood and earthquake, and insured above that to \$400 million per occurrence subject to aggregates and sublimits. Automobile physical damage coverage is self-funded from the members' deductible to \$250,000 and insured above that to \$100 million per occurrence subject to aggregates and sublimits.

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

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

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

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

No amounts of settlements exceeded insurance coverage in each of the past three years, 2020-2022.

The following is a summary of coverage in force in 2022:

Schedule of Insurance in Force As of December 31, 2022			
Company	Policy Period	Details of Coverage	Limit
WCIA	1/1/22 - 12/31/22	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 (GEM) \$2M per Occurrence; GEM 90% & WCIA 10% \$5M per Occurrence; Applied 50%, Upland 25%, Bermuda (Ark & Arcadian) 25% \$4M per Occurrence and per Member Aggregate and \$20M Pool Aggregate; Allied World Assurance Company \$5M per Occurrence and per Member Aggregate and \$25M Pool Aggregate.
WCIA	1/1/22 - 12/31/22	Property Program - Property Joint Protection Program	<b>\$400M per occurrence.</b> Sub-Limits: \$162.5M 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	1/1/22 - 12/31/22	Auto Physical Damage Program	<b>Actual Cash Value for scheduled vehicles</b> except optional replacement cost coverage for vehicles valued at \$50K or higher and scheduled with the current replacement value. Deductible waived for glass repair and damage caused by fire or lightning, \$1K. Deductible \$1K.
Hartford Steam Boiler Inspection and Insurance Company	1/1/22 - 12/31/22	Boiler and Machinery (Equipment Breakdown) Insurance	<b>\$100M maximum limit (Equipment Breakdown);</b> \$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).
Allied World Assurance Company	2/1/22 - 2/1/24	Pollution Liability	<b>\$2M Per Condition, Pollution Condition or Indoor Environmental Condition Limit of Liability;</b> \$10M Total Policy and Program Aggregate Limit of Liability for all Pollution Conditions and Indoor Pollution and Indoor Environmental Conditions; Maximum for "Catastrophe Management Costs" Arising out of all Pollution Conditions and Indoor Environmental Conditions \$250K. 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	1/1/22 - 12/31/22	Crime/Fidelity Program	<b>\$2.5M for: Employee Theft Per Loss Coverage, Forgery or Alteration, Inside Premises –</b> 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, Credit/Debit Card Forgery, 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	5/31/21 - 5/31/22	Information Security Insurance (Cyber Insurance)	<b>\$10M Aggregate Pool Policy Limit and per Member \$1M Limit.</b> 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 per Member; \$1M Event Management Event Response per Member; \$1M Bricking; and \$100K per Member/\$1M Pool Limit Cyber Extortion Including Bitcoin Ransom Coverage. Deductibles: \$50K Security and Privacy Liability Insurance Including Regulatory Action; \$50K PCI-DSS Assessment; 50K Event Mgmt, E-Discovery None; and, \$50K Cyber Extortion Event Management.

Source: Washington Cities Insurance Authority

**NOTE 9 – LONG-TERM LIABILITIES**

Long-term debt activity, including compensated absences liabilities, for the year ended December 31, 2022, 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
<b>General Obligation Bonds</b>										
2021A LTGO Private Placement	10/16/2021	12/1/2023	1.00%	\$ 667,375	\$ 667,375	\$ -	\$ 333,130	\$ 334,245	\$ 334,245	\$ -
2021B LTGO Private Placement	10/16/2021	12/1/2037	1.84%	5,971,635	5,971,635	-	-	5,971,635	16,680	5,954,955
2020 LTGO Private Placement	12/09/2019	12/01/2035	2.00%	3,029,885	2,853,435	-	178,630	2,674,805	182,205	2,492,600
2019 LTGO	05/08/2019	12/01/2038	3.0% - 5.0%	7,460,000	6,930,000	-	285,000	6,645,000	300,000	6,345,000
2016 LTGO Private Placement	04/19/2016	12/01/2028	1.40% - 2.41%	1,884,032	1,355,590	-	181,819	1,173,771	187,912	985,859
LOCAL Financing	03/24/2015	12/01/2027	2.33%	1,460,000	840,000	-	125,000	715,000	130,000	585,000
Subtotal GO Bonds				20,472,927	18,618,035	-	1,103,579	17,514,456	1,151,042	16,363,414
<b>Unamortized bond and local financing premium</b>										
2019 LTGO Unamortized Premium	05/08/2019	12/01/2038	3.0% - 5.0%	595,905	506,505	-	29,800	476,705	29,800	446,905
LOCAL Financing Unamortized Premium	03/24/2015	12/01/2027	2.33%	207,849	90,934	-	17,321	73,613	17,321	56,292
Subtotal Unamortized Premiums				803,754	597,438	-	47,121	550,317	47,121	503,196
<b>Special Assessment Bonds (with governmental commitments)</b>										
CIUD 1109 Private Placement	03/01/2020	03/01/2033	2.78%	922,757	852,000	-	71,000	781,000	71,000	710,000
LID 1108 Private Placement	01/18/2008	12/01/2027	4.22% - 5.30%	880,000	66,398	-	56,463	9,935	9,935	-
Subtotal Special Assessment Bonds				1,802,757	918,398	-	127,463	790,935	80,935	710,000
<b>Notes Payable</b>										
59th Avenue	04/30/2005	04/30/2024	Varies	1,071,000	214,742	-	68,969	145,773	71,549	74,224
Subtotal Notes Payable				1,071,000	214,742	-	68,969	145,773	71,549	74,224
<b>Government Loans</b>										
PWTF 04-691-PRE-132	07/07/2005	07/07/2024	1.00%	593,864	89,145	-	29,715	59,430	29,715	29,715
PWTF 06-962-022	09/18/2006	09/18/2026	0.50%	5,000,000	1,472,410	-	294,482	1,177,928	294,482	883,446
PWTF 08-951-025	03/01/2008	07/01/2028	0.50%	1,840,000	728,183	-	104,026	624,157	104,026	520,131
PWTF 12-951-025	06/01/2012	06/01/2031	0.50%	500,000	357,143	-	35,714	321,429	35,714	285,714
Subtotal Government Loans				7,933,864	2,646,882	-	463,938	2,182,944	463,938	1,719,006
<b>Capital Lease</b>										
McGavick Center	1/3/2007	6/30/2026	-	-	-	347,240	65,995	281,245	67,678	213,567
Subtotal Capital Lease				-	-	347,240	65,995	281,245	67,678	213,567
Compensated absences					2,851,954	3,437,539	3,030,623	3,258,870	977,661	2,281,209
Subtotal Governmental Activities					25,847,448	3,784,779	4,907,687	24,724,540	2,859,923	21,864,617
<b>Business-type</b>										
<b>Surface Water Management</b>										
2021 Revenue Bond	10/16/2021	12/1/2030	1.74%	4,028,365	4,028,365	-	437,695	3,590,670	451,085	3,139,585
Subtotal SWM				4,028,365	4,028,365	-	437,695	3,590,670	451,085	3,139,585
Compensated absences					137,011	114,971	117,770	134,212	40,263	93,949
Subtotal Business-type activities					4,165,376	114,971	555,465	3,724,882	491,348	3,233,534
Total					\$ 30,012,824	\$ 3,899,750	\$ 5,463,152	\$ 28,449,422	\$ 3,351,271	\$ 25,098,151

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, 2022, 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 (PWTFLL) 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	\$ 2,218,548	\$ 547,748
2023	2,245,843	501,326
2024	2,190,269	450,906
2025	2,229,105	403,301
2026	1,979,479	355,725
2027-2031	7,169,424	1,189,558
2032-2036	5,667,110	477,238
thereafter	525,000	15,750
<b>Totals</b>	<b>\$24,224,778</b>	<b>\$3,941,552</b>

## 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, 2022, of \$739,000 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 total amount of debt the City may issue is \$803,787,975 based on the City's current assessed valuation of \$10,952,642,743 amount Remaining legal debt capacities as of December 31, 2022 are:

<b>Legally Remaining Debt Capacity</b> As of December 31, 2022	
General government (no vote required)	\$ 146,629,412
General government (3/5 majority vote required)	109,526,427
Parks and open space (3/5 majority vote required)	273,816,068
Utilities (3/5 majority vote required)	273,816,068
<b>Total Capacity</b>	<b>\$ 803,787,975</b>

## NOTE 10 – LEASES

The lease liability is measured at the present value of payments expected to be made during the lease term.

The interest rate charged by the lessor is not provided, and therefore the City is using its incremental borrowing rate as the discount rate for leases. The city used a 2.55% LOCAL program borrowing rate from the Washington State Treasurer.

The City has one building lease:

- **McGavick Center:** 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.

Principal and interest requirements to maturity as of December 31, 2022 are as follows:

<b>Total Lease Schedule (Lessee)</b>		
<b>As of December 31, 2022</b>		
<b>Year</b>	<b>McGavick Center</b>	
	<b>Principal</b>	<b>Interest</b>
2022	\$ 65,995	\$ 8,855
2023	67,678	7,172
2024	69,404	5,446
2025	71,174	3,676
2026	72,989	1,861
<b>Total</b>	<b>\$ 347,240</b>	<b>\$ 27,010</b>

Lease capital assets net of accumulated amortization as of December 31, 2022 is as follows:

<b>Lease Capital Assets</b>				
<b>As of December 31, 2022</b>				
<b>Governmental Activity</b>	<b>Beginning Balance</b>			<b>Ending Balance</b>
	<b>1/1/2022</b>	<b>Additions</b>	<b>Deletions</b>	<b>12/31/2022</b>
Capital assets being depreciated:				
Leases Buildings	\$ 347,240			\$ 347,240
Total capital assets, being amortized	\$ 347,240	\$ -	\$ -	\$ 347,240
Less accumulated depreciation for:				
Leases Buildings	\$ -	\$ (69,448)	\$ -	\$ (69,448)
Total accumulated amortization	\$ -	\$ (69,448)	\$ -	\$ (69,448)
<b>Total assets being amortized, net</b>	<b>\$ 347,240</b>	<b>\$ (69,448)</b>	<b>\$ -</b>	<b>\$ 277,792</b>

The City is the lessor of two leases:

- **Tactical Tailor:** Lease is between the City of Lakewood (Landlord) and 107th Street Building LLC, a Washington Limited Liability Company (Tenant). Pursuant to real estate purchase and sale agreement dated January 13, 2022, the City purchased from Tenant Lots 8, 17 and 18 of Woodworth Industrial Park. Improvements on the premises include a 2-story warehouse and attached office building/sales front used and occupied by the tenant for the operation of a manufacturing and retail business known as Tactical Tailor. Pursuant to the purchase agreement, the parties agreed to enter into a lease of the premises to tenant upon closing. Commencement date is January 20, 2022 and terminates on the last day of the 60<sup>th</sup> full calendar month thereafter. The base rate is \$18,000 for the first 24 months of the lease term, including partial month at commencement. Adjustments to base rent commences on the first day of occupancy and on the first day of the same month of each calendar year thereafter, the monthly base shall be adjusted to reflect any increases in the cost of living based on the Revised Consumer Price Index for Urban Wage Earners and Clerical Workers. Lease revenue in 2022 total \$168,600.

- City Hall Lease –Lease is between the City of Lakewood (Landlord) and the District Office Lease for the 118<sup>th</sup> Congress, Representative Marilyn Strickland, Member/Member-Elect of the U.S. House of Representatives. The City leases office space located at City Hall. The term of this District Office Lease (“Lease”) is January 3, 2021 to June 30, 2023 which is the end of the constitutional term of the Congress to which the Member is elected. The monthly rent is \$1,172. Lease revenue in 2022 totals \$14,064.

Future lease receivable principal and interest payments are as follows:

Total Lease Schedule (Lessee) As of December 31, 2022						
Year	Tactical Tailor		City Hall		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 148,684	\$ 19,916	\$ 13,696	\$ 368	\$ 162,380	\$ 20,284
2023	226,856	25,144	6,980	52	233,836	25,196
2024	202,464	13,536	-	-	202,464	13,536
2025	207,687	8,313	-	-	207,687	8,313
2026	213,046	2,954	-	-	213,046	2,954
<b>Total</b>	<b>\$ 998,737</b>	<b>\$ 69,863</b>	<b>\$ 20,676</b>	<b>\$ 420</b>	<b>\$ 1,019,413</b>	<b>\$ 70,283</b>

## NOTE 11 – INTERFUND TRANSACTIONS

Interfund transfers for the year ended December 31, 2022, were as follows:

Interfund Transfers	Transfers In	Transfers Out
<b>Major Funds:</b>	<b>\$ 13,299,717</b>	<b>\$ 4,721,106</b>
General Fund	284,700	4,402,199
Community Development Block Grant	-	276,823
South Sound Military Communities Partnership	80,000	-
Transportation CIP	12,935,017	4,2084
<b>Non-Major Governmental Funds:</b>	<b>5,059,555</b>	<b>9,460,297</b>
Street O&M	1,394,393	-
Transportation Benefit District	-	2,358,000
Rental Housing Safety Program	50,000	-
Property Abatement	535,000	-
Public Art	30,000	-
General Obligation Debt Service	1,686,078	-
Real Estate Excise Tax	42,084	7,052,297
Sewer Debt	-	50,000
Parks Capital	1,272,000	-
Sewer Capital	50,000	-
<b>Business-Type Fund:</b>	<b>-</b>	<b>4,177,869</b>
Surface Water Management	-	4,177,869
<b>Total</b>	<b>\$ 18,359,272</b>	<b>\$ 18,359,272</b>

The following describes the amounts transferred out during 2022:

General Fund:

- \$1,219,825 to Transportation Capital to fund various transportation capital projects
- \$3,182,374 to nonmajor governmental as follows:
  - \$1,394,393 to subsidize street operations
  - \$535,000 for abatement programs
  - \$50,000 for rental housing safety program
  - \$30,000 for public art
  - \$80,000 for South Sound Military Communities Partnership
  - \$445,481 for general obligation debt
  - \$647,500 to Parks Capital to fund various parks capital projects

CDBG:

- \$276,823 from CDBG to Transportation CIP for eligible construction project

Transportation CIP:

- \$42,084 to Real Estate Excise Tax Fund for funds not spent

Nonmajor Governmental Funds:

- \$2,358,000 from Transportation Benefit District to Transportation Benefit District for eligible TBD projects
- \$7,052,297 from Real Estate Excise Tax as follows:
  - \$1,240,597 to GO Bond Debt Service Fund in support of transportation capital projects
  - \$624,500 to Parks Capital Projects Fund
  - \$5,187,200 to Transportation Capital Projects Fund
- \$50,000 from Sewer Debt to Sewer Capital Fund to fund various sewer projects

Surface Water Management (SWM) Fund:

- \$284,700 to General Fund for administrative fees and landscape maintenance
- \$3,893,169 to Transportation Capital Projects Fund for storm drainage element of projects

Interfund loans at the December 31, 2022 are as follows:

<b>Interfund Loans</b>	<b>To</b>	<b>From</b>
General Fund	\$ -	\$ 1,060,256
Community Development Block Grant	465,612	-
South Sound Military Communities Partnership	425,201	-
Public Safety Grants	169,443	-
<b>Total</b>	<b>\$ 1,060,256</b>	<b>\$ 1,060,256</b>

- To CDBG Fund to cover negative cash balances due to timing of grant reimbursements
- To SSMCP Fund for North Clear Zone Tactical Tailor property purchase
- To Public Safety Grant Fund, to cover negative cash balances resulting from the timing grant reimbursements

**NOTE 12 – PRIOR PERIOD ADJUSTMENT**

Governmental-type capital asset activity prior period adjustment of \$1,091,033 is for major capital maintenance that was previously recorded as construction in progress.

<b>Governmental Activities</b>	<b>Beginning Balance 1/1/2022</b>	<b>Prior Period Adjustment</b>	<b>Adjusted Beginning 1/1/2022</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance 12/31/2022</b>
Capital assets, not being depreciated:						
Land and land rights	\$ 23,935,478	\$ -	\$ 23,935,478	\$ 1,255,057	\$ -	\$ 25,190,535
Constuction in progress	\$ 33,614,356	\$ (1,091,033)	\$ 32,523,323	13,939,007	(16,366,510)	\$ 30,095,820
Total capital assets, being not depreciated	57,549,834	(1,091,033)	56,458,801	15,194,064	(16,366,510)	55,286,355
Capital Assets being depreciated:						
Buildings	26,645,098	-	\$ 26,645,098	6,122,408	-	\$ 32,767,506
Infrastructure	162,015,342	-	\$ 162,015,342	16,354,652	-	\$ 178,369,994
Machinery and equipment	13,566,463	-	\$ 13,566,463	950,595	(936,876)	\$ 13,580,182
Total capital assets, being depreciated	202,226,903	-	202,226,903	23,427,655	(936,876)	224,717,682
Less accumulated depreciation for:						
Buildings	(7,633,183)	-	(7,633,183)	(593,774)	-	\$ (8,226,957)
Infrastructure	(71,707,071)	-	(71,707,071)	(5,498,576)	-	\$ (77,205,647)
Machinery and equipment	(8,541,815)	-	(8,541,815)	(1,096,961)	936,876	\$ (8,701,900)
Total accumulated depreciation	(87,882,069)	-	(87,882,069)	(7,189,311)	936,876	(94,134,504)
Total capital assets being depreciated, net	114,344,834	-	114,344,834	16,238,344	-	130,583,178
<b>Total</b>	<b>\$171,894,667</b>	<b>\$ (1,091,033)</b>	<b>\$170,803,635</b>	<b>\$ 31,432,408</b>	<b>\$ (16,366,510)</b>	<b>\$185,869,532</b>

**NOTE 13 – 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, 2022, 262 cities/towns/non-city entities participate and have enrollment in the AWC Trust HCP.

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

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

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

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

Participating employers contract to remain in the AWC Trust HCP for a minimum of three years. Participating employers with over 250 employees must provide written notice of termination of all coverage a minimum of 12 months in advance of the termination date, and participating employers with under 250 employees must provide written notice of termination of all coverage a minimum of 6 months in advance of termination date. When all coverage is being terminated, termination will only occur on December 31. Participating employers terminating a group or line of coverage must notify the 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.

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 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, 2022, the City abated property taxes totaling \$57,322 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 \$57,322 was shifted to other property taxpayers.

#### **NOTE 15 – 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.

As of August 17, 2023, there are four pending claims, cases and/or litigation against the City, with potential to exceed the \$50,000 threshold.

#### **NOTE 16 – SUBSEQUENT EVENTS**

On May 15, 2023, the City Council approved an intergovernmental transfer agreement between Pierce County and the City of Lakewood related to the transfer of Old Settlers Cemetery property. The cemetery is property located entirely within the City of Lakewood, on the corner of Washington Boulevard and 83<sup>rd</sup> Avenue SW, but owned by Pierce County. This area is highly visible to our citizens and visitors and the City's effort to enhance the arterial will benefit from being able to maintain the property directly. By acquiring the property the City can ensure maintenance consistent with the City's standards. The cemetery is no longer in regular use; the most recent burial dates back to the early 2000's and there is no specific right to burial there. In consideration for the transfer, the City paid \$1.00 and will assume responsibility to maintain the cemetery property, preserve existing monuments and fencing, and secure the cemetery property against removal or disturbance of buried human remains and other vandalism; and comply with laws governing cemeteries.

#### **NOTE 17 – 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 remained in place in 2021 and continued through the first half of 2022. The higher than anticipated revenue collections in 2020 through 2022 along with the action strategies put in place to address the impact of the pandemic resulted in one-time funds for capital infrastructure projects and

investment in economic development opportunities. Due to financial uncertainties, the City continues to take a cautionary approach to revenue forecasting in accordance with the City's adopted financial policies.

**NOTE 18 – NEW ACCOUNTING STANDARD**

As of December 31, 2022, the City implemented GASB 87 Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

# **REQUIRED SUPPLEMENTARY INFORMATION**

**City of Lakewood**  
**Schedule of Proportionate Share of the Net Pension Liability (Asset)**  
**PERS 2/3**  
As of June 30, 2022  
Last 8 Fiscal Years\*

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Employer's proportion of the net pension liability (asset)	0.0000%	0.0000%	0.3252%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
Employer's proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
State's proportionate share of the net pension asset associated with the employer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$	-
Employer's proportionate share of the net pension asset as a percentage of covered employee payroll	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Plan fiduciary net position as a percentage of the total pension asset	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

**Notes to Schedule:**

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

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

**City of Lakewood**  
**Schedule of Proportionate Share of the Net Pension Liability (Asset)**  
**LEOFF 2**  
As of June 30, 2022  
Last 8 Fiscal Years\*

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Employer's proportion of the net pension liability (asset)	0.3314%	0.3068%	0.3252%	0.3474%	0.3547%	0.3452%	0.3379%	0.3406%
Employer's proportionate share of the net pension liability (asset)	\$(19,248,794)	\$(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	\$(10,195,165)	\$(11,494,372)	\$(4,241,558)	\$(5,270,730)	\$(4,662,459)	\$(3,107,666)	\$(1,281,167)	\$(2,314,541)
<b>Total</b>	<b>\$(29,443,959)</b>	<b>\$(29,312,089)</b>	<b>\$(10,874,959)</b>	<b>\$(13,319,292)</b>	<b>\$(11,863,379)</b>	<b>\$(7,898,409)</b>	<b>\$(3,246,367)</b>	<b>\$(5,815,053)</b>
Covered payroll	\$ 13,280,218	\$ 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	144.9%	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	116.1%	142.0%	115.8%	128.7%	118.5%	113.4%	106.0%	111.7%

**Notes to Schedule:**

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

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

**City of Lakewood**  
**Schedule of Employer Contributions**  
**PERS 2/3**  
As of December 31, 2022  
Last 8 Fiscal Years\*

	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily or contractually required contributions	\$ 539,812	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the statutorily or contractually required contributions	\$ (539,812)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 10,281,762	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered employee payroll	5.3%	n/a	n/a	n/a	n/a	n/a	n/a	n/a

**Notes to Schedule:**

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

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

**City of Lakewood**  
**Schedule of Employer Contributions**  
**LEOFF 2**  
As of December 31, 2022  
Last 8 Fiscal Years\*

	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily or contractually required contributions	\$ 704,765	\$ 629,325	\$ 636,136	\$ 620,348	\$ 631,767	\$ 580,241	\$ 544,089	\$ 516,402
Contributions in relation to the statutorily or contractually required contributions	\$ (704,765)	\$ (629,325)	\$ (636,136)	\$ (620,348)	\$ (631,767)	\$ (580,241)	\$ (544,089)	\$ (516,402)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 13,637,747	\$ 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%	5.2%	5.4%	5.1%	5.5%	5.3%	5.0%	5.4%

**Notes to Schedule:**

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

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

# **OTHER SUPPLEMENTARY INFORMATION**

**City of Lakewood**  
**Schedule of Expenditures for Federal Awards**  
**For the Year Ended December 31, 2022**

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	
National Institute of Food and Agriculture (via Washington State Department of Health)	Food Insecurity Nutrition Incentive Grants Program	10.331	CB026933-0-1-2	\$ 13,537	\$ -	\$ 13,537	\$ -	
Office of Local Defense Community Cooperation, Department of Defense	Community Economic Adjustment Assistance for Compatible Use & Joint Land Use Studies	12.618	GE1270-21-01	-	125,082	125,082	-	
	Community Economic Adjustment Assistance for Establishment or Expansion of a Military Installation	12.610	W9124J1920006	-	5,069,089	5,069,089	-	
<b>Total ALN 12.610:</b>				<b>-</b>	<b>5,194,171</b>	<b>5,194,171</b>	<b>-</b>	
<b>CDBG - Entitlement Grants Cluster</b>								
Assistant Secretary for Community Planning & Development, Department of Housing & Urban Development	Community Development Entitlement Grants	14.218	B19MC5-30016	-	81,428	81,428	-	
			B20MC5-30016	-	443,807	443,807	-	
			B21MC5-30016	-	359,778	359,778	-	
			B22MC5-30016	-	78,990	78,990	-	
			B22MC5-30016	-	10,027	10,027	-	3
			B22MC5-30016	-	31,586	31,586	-	3
Assistant Secretary for Community Planning & Development, Department of Housing & Urban Development	COVID 19 - Community Development Block Grants / Entitlement Grants	14.218	B20MW5-30016	-	173,202	173,202	-	
Assistant Secretary for Community Planning & Development, Department of Housing & Urban Development (via Washington State Department of Commerce)	COVID 19 - Community Development Block Grants / Entitlement Grants	14.218	20-6221C156	54,758	-	54,758	-	
<b>Total CDBG - Entitlement Grants Cluster ALN 14.218:</b>				<b>54,758</b>	<b>1,178,817</b>	<b>1,233,575</b>	<b>-</b>	
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	276,435	-	276,435	-	5a
Assistant Secretary for Community Planning & Development, Department of Housing & Urban Development (via Tacoma Community Redevelopment Authority)	Home Investment Partnerships Program	14.239	2021-015	20,687	-	20,687	-	
Office Of Justice Programs, Department of Justice	Drug Court Discretionary Grant Program	16.585	2018-VC-BX-0026	-	64,823	64,823	-	
Office Of Justice Programs, Department of Justice (via Pierce County Sheriff)	Violence Against Women Formula Grants	16.588	2022-05	5,067	-	5,067	-	
Office on Violence Against Women (OVW), Department of Justice (via Washington State Department of Commerce)	Violence Against Women Formula Grants	16.588	F-19-31103-054	30,313	-	30,313	-	
<b>Total ALN 16.588:</b>				<b>35,380</b>	<b>-</b>	<b>35,380</b>	<b>-</b>	

**City of Lakewood**  
**Schedule of Expenditures for Federal Awards**  
**For the Year Ended December 31, 2022**

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 Justice Programs, Department of Justice	Bulletproof Vest	16.607	FFY2020	-	3,962	3,962	-	
			FFY2021	-	17,200	17,200		
			FFY2022	-	866	866	-	
Total ALN 16.607:				-	22,028	22,028	-	
Office Of Justice Programs, Department of Justice (via City of Puyallup TNET)	Edward Byrne Memorial Justice Assistance Grant Program	16.738	F18-31440-009	7,953	-	7,953	-	
Office Of Justice Programs, Department of Justice (via City of Puyallup TNET)	Edward Byrne Memorial Justice Assistance Grant Program	16.738	F20-31440-208	10,675	-	10,675	-	
Office Of Justice Programs, Department of Justice	Edward Byrne Memorial Justice Assistance Grant Program	16.738	2019-DJ-BX-0920	-	41,309	41,309	-	
Office Of Justice Programs, Department of Justice	COVID 19 - Coronavirus Relief Fund	16.738	2020-VD-BX-0148	-	10,450	10,450	-	
Total ALN 16.738:				18,628	51,759	70,387	-	
US Department of Justice (via Washington State Attorney General)	Sexual Assault Kit Initiative	16.833	SAKI 2017 AK-BX-0016	5,025	-	5,025	-	
Criminal Division, Department of Justice	Equitable Sharing	16.922	WA0272300	-	162,876	162,876	-	
Federal Bureau of Investigation, Department of Justice	Pacific Northwest Innocence Lost	16.UO1	2008-6-16	-	11,835	11,835	-	
Highway Planning and Construction Cluster								
Federal Highway Administration, Department of Transportation (via Washington Department of Transportation)	Highway Planning & Construction	20.205	SRTS-2883(001)	24,618	-	24,618	-	
			CM-3136(008)	332,587	-	332,587	-	
			STPUL-2977(010)	590,960	-	590,960	-	
			STPUL-2977(011)	55,322	-	55,322	-	
			CM-3136(011)	8,764	-	8,764	-	
Total Highway Planning and Construction Cluster ALN 20.205:				1,012,252	-	1,012,252	-	
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	9,224	-	9,224	-	
			2023-HVE-4687	955	-	955	-	
			IACP	2,241	-	2,241	-	
Total Highway Safety Cluster ALN 20.600:				12,420	-	12,420	-	
National Highway Traffic Safety Administration, Department of Transportation (via WA Traffic Safety Commission)	State & Community Highway Safety	20.608	2022-HVE-4447	6,186	-	6,186	-	
Department of the Treasury	COVID 19 - Corona Virus State Fiscal Recovery Fund	21.027	SLT 9045	-	1,903,054	1,903,054	400,750	5b, 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	105,915	-	105,915	-	

**City of Lakewood**  
**Schedule of Expenditures for Federal Awards**  
**For the Year Ended December 31, 2022**

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	12,021	-	12,021	-	
	Emergency Management Performance Grant	97.042	E22-164	25,406	-	25,406	25,406	6b
			E23-197	29,282	-	29,282	29,282	6c
Federal Emergency Management Agency, Department of Homeland Security (via Washington State Military Department)	COVID 19 - Emergency Management Performance Grant	97.042	E22-245	8,665	-	8,665	8,665	6d
<b>Total ALN 97.042:</b>				<b>63,353</b>	<b>-</b>	<b>63,353</b>	<b>63,353</b>	
<b>Total Federal Awards Expended:</b>				<b>\$ 1,636,596</b>	<b>\$ 8,589,364</b>	<b>\$ 10,225,960</b>	<b>\$ 949,431</b>	

\*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 \$31,586 and the amount of program income used was \$10,027. The amount of loan principal and interest repayments for the year was \$39,483. plus fees of \$2,130.

**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 12/31/2022 is \$477,000.
- 2) Living Access Support Alliance in the amount of \$262,000 with the loan term from 2015 - 2035. The loan balance as of 12/31/2022 is \$262,000.
- 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**

a) These NSP expenditures were paid with program income; b) ARPA - Program Income \$700,000 Aspen Court / Comfort Inn Bridgeloan.

**NOTE 6 - AMOUNTS AWARDED TO SUBRECIPIENTS**

Included in the total amount expended for this program is a) \$400,750 to Pierce County; b) \$25,406 West Pierce Fire & Rescue; c) \$29,282 West Pierce Fire & Rescue; d) \$8,665 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.

# **COMBINING STATEMENTS**

This page left intentionally blank.

**Combining Statement – Nonmajor Governmental Funds Description  
For the Year Ended December 31, 2022**

**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, 2022

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 4,432,064	\$ 1,183,444	\$ 7,454,241	\$ 13,069,749
Customer accounts receivable	11,115	-	11,000	22,115
Due from other governments	230,516	72,071	278,284	580,871
Notes/contracts receivable	38,160	5,249	-	43,409
Special assessments receivable	685,873	-	-	685,873
Taxes Receivable	322,356	-	329,156	651,512
Total assets	<u>5,720,084</u>	<u>1,260,764</u>	<u>8,072,681</u>	<u>15,053,529</u>
<b>LIABILITIES</b>				
Accounts payable	1,227,073	-	71,647	1,298,720
Wages payable	-	-	6,827	6,827
Due to other governments	34	-	-	34
Unearned revenue	1,500	-	3,036	4,536
Contracts payable	50,229	-	-	50,229
Other accrued liabilities	62,108	-	-	62,108
Interfund loan payable	169,443	-	-	169,443
Total liabilities	<u>1,510,387</u>	<u>-</u>	<u>81,510</u>	<u>1,591,897</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	685,873	5,249	-	691,122
Total liabilities and deferred inflows of resources	<u>2,196,260</u>	<u>5,249</u>	<u>81,510</u>	<u>2,283,019</u>
<b>FUND BALANCES (DEFICITS)</b>				
Restricted	3,473,236	1,255,516	3,179,765	7,908,517
Committed	50,588	-	4,811,406	4,861,994
Unassigned	-	-	-	-
Total fund balances (deficits)	<u>3,523,824</u>	<u>1,255,516</u>	<u>7,991,171</u>	<u>12,770,511</u>
Total liabilities, deferred inflows, and fund balances (deficits)	<u>\$ 5,720,084</u>	<u>\$ 1,260,764</u>	<u>\$ 8,072,681</u>	<u>\$ 15,053,529</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, 2022

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 2,350,052	\$ -	\$ 4,134,784	\$ 6,484,836
Licenses and permits	138,273	-	-	138,273
Intergovernmental	1,336,856	-	568,217	1,905,073
Charges for goods and services	583,242	900,320	285,655	1,769,217
Interest and other earnings	87,219	15,628	138,677	241,524
Miscellaneous	144,298	-	1,664	145,962
Contributions and donations	10,000	-	11,000	21,000
Total revenues	<u>4,649,940</u>	<u>915,948</u>	<u>5,139,997</u>	<u>10,705,885</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	554,773	-	-	554,773
Judicial	64,823	-	-	64,823
Utilities and environment	-	-	103,963	103,963
Transportation	2,430,120	-	-	2,430,120
Economic environment	2,488,958	-	11	2,488,969
Culture and recreation	111,579	-	221,245	332,824
Debt service:				
Principal retirement	65,995	1,636,486	-	1,702,481
Interest and other debt service costs	8,855	527,210	-	536,065
Capital outlay:				
Capital	706,508	-	1,129,579	1,836,087
Total expenditures	<u>6,431,611</u>	<u>2,163,696</u>	<u>1,454,798</u>	<u>10,050,105</u>
Excess (deficiency) of revenues over expenditures	<u>(1,781,671)</u>	<u>(1,247,748)</u>	<u>3,685,199</u>	<u>655,780</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,009,393	1,686,078	1,364,084	5,059,555
Transfers out	(2,358,000)	(50,000)	(7,052,297)	(9,460,297)
Leases	347,240	-	-	347,240
Total other financing source (uses)	<u>(1,367)</u>	<u>1,636,078</u>	<u>(5,688,213)</u>	<u>(4,053,502)</u>
Net change in fund balances	(1,783,038)	388,330	(2,003,014)	(3,397,722)
Fund balances - beginning	5,306,863	867,186	9,994,190	16,168,239
Fund balances - ending	<u>\$ 3,523,824</u>	<u>\$ 1,255,516</u>	<u>\$ 7,991,171</u>	<u>\$ 12,770,511</u>

This page left intentionally blank.

**Combining Statement – Nonmajor Special Revenue Funds Description  
For the Year Ended December 31, 2022**

The **Street Operations & 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 **Lodging Tax Fund** is used to account for the 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/1406 Fund** 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 **Public Safety Grants Fund** accounts for the revenues and expenditures related to public safety grants and local revenues.

This page left intentionally blank.

**City of Lakewood**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
December 31, 2022

	Street Operations & Maintenance	Transportation Benefit District	Lodging Tax	Property Abatement/ RHSP/1406	Public Art	Narcotics Seizure
<b>ASSETS</b>						
Cash and cash equivalents	\$ 105,740	\$ 91,140	\$ 2,961,159	\$ 1,092,434	\$52,088	\$ 56,862
Customer accounts receivable	-	-	-	11,115	-	-
Due from other governments	-	-	-	-	-	12,801
Notes/contracts receivable	-	-	-	38,160	-	-
Special assessments receivable	-	-	-	394,826	-	-
Taxes Receivable	120,982	-	180,927	20,447	-	-
Total assets	<u>226,722</u>	<u>91,140</u>	<u>3,142,086</u>	<u>1,556,982</u>	<u>52,088</u>	<u>69,663</u>
<b>LIABILITIES</b>						
Accounts payable	183,836	-	131,911	846,290	-	13,600
Due to other governments	-	-	-	-	-	-
Unearned revenue	-	-	-	-	1,500	-
Contracts payable	1,418	-	-	32,478	-	-
Other accrued liabilities	41,468	-	-	5,290	-	396
Interfund loan payable	-	-	-	-	-	-
Total liabilities	<u>226,722</u>	<u>-</u>	<u>131,911</u>	<u>884,058</u>	<u>1,500</u>	<u>13,996</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue	-	-	-	394,826	-	-
Total liabilities and deferred inflows of resources	<u>226,722</u>	<u>-</u>	<u>131,911</u>	<u>1,278,884</u>	<u>1,500</u>	<u>13,996</u>
<b>FUND BALANCES (DEFICITS)</b>						
Restricted	-	91,140	3,010,175	278,098	-	55,667
Committed	-	-	-	-	50,588	-
Unassigned	-	-	-	-	-	-
Total fund balances (deficits)	<u>-</u>	<u>91,140</u>	<u>3,010,175</u>	<u>278,098</u>	<u>50,588</u>	<u>55,667</u>
Total liabilities, deferred inflows, and fund balances (deficits)	<u>\$ 226,722</u>	<u>\$ 91,140</u>	<u>\$ 3,142,086</u>	<u>\$ 1,556,982</u>	<u>\$52,088</u>	<u>\$ 69,663</u>

**City of Lakewood**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
December 31, 2022

	Felony Seizure	Federal Seizure	NSP Grant	Public Safety Grants	Total Nonmajor Special Revenue Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 26,185	\$ 703	\$ 45,753	\$ -	\$ 4,432,064
Customer accounts receivable	-	-	-	-	11,115
Due from other governments	-	-	-	217,715	230,516
Notes/contracts receivable	-	-	-	-	38,160
Special assessments receivable	-	-	291,047	-	685,873
Taxes Receivable	-	-	-	-	322,356
Total assets	<u>26,185</u>	<u>703</u>	<u>336,800</u>	<u>217,715</u>	<u>5,720,084</u>
<b>LIABILITIES</b>					
Accounts payable	2,880	-	15,272	33,284	1,227,073
Due to other governments	-	-	-	34	34
Unearned revenue	-	-	-	-	1,500
Contracts payable	-	-	16,333	-	50,229
Other accrued liabilities	-	-	-	14,954	62,108
Interfund loan payable	-	-	-	169,443	169,443
Total liabilities	<u>2,880</u>	<u>-</u>	<u>31,605</u>	<u>217,715</u>	<u>1,510,387</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	-	-	291,047	-	685,873
Total liabilities and deferred inflows of resources	<u>2,880</u>	<u>-</u>	<u>322,652</u>	<u>217,715</u>	<u>2,196,260</u>
<b>FUND BALANCES (DEFICITS)</b>					
Restricted	23,305	703	14,148	-	3,473,236
Committed	-	-	-	-	50,588
Unassigned	-	-	-	-	-
Total fund balances (deficits)	<u>23,305</u>	<u>703</u>	<u>14,148</u>	<u>-</u>	<u>3,523,824</u>
Total liabilities, deferred inflows, and fund balances (deficits)	<u>\$ 26,185</u>	<u>\$ 703</u>	<u>\$ 336,800</u>	<u>\$ 217,715</u>	<u>\$ 5,720,084</u>

**City of Lakewood**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
For the Year Ended December 31, 2022

	Street Operations and Maint	Trans Benefit District	Lodging Tax	Abatement RHSP 1406	Public Art	Narcotics Seizure
<b>REVENUES</b>						
Taxes	\$ -	\$ 851,401	\$ 1,400,089	\$ 98,562	\$ -	\$ -
Licenses and permits	138,273	-	-	-	-	-
Intergovernmental	782,125	-	-	-	-	-
Charges for goods and services	80,176	-	-	477,726	-	25,340
Interest and other earnings	-	16,315	38,681	20,535	1,443	2,127
Miscellaneous	1,372	-	-	-	10,500	106,506
Contributions and donations	10,000	-	-	-	-	-
Total revenues	<u>1,011,946</u>	<u>867,716</u>	<u>1,438,770</u>	<u>596,823</u>	<u>11,943</u>	<u>133,973</u>
<b>EXPENDITURES</b>						
Current:						
Public safety	-	-	-	-	-	97,007
Judicial	-	-	-	-	-	-
Transportation	2,430,120	-	-	-	-	-
Economic environment	-	-	659,177	1,553,346	-	-
Culture and recreation	-	-	-	-	111,579	-
Lease:						
Principal retirement	-	-	65,995	-	-	-
Interest	-	-	8,855	-	-	-
Capital outlay:						
Capital	-	-	347,240	-	-	173,301
Total expenditures	<u>2,430,120</u>	<u>-</u>	<u>1,081,267</u>	<u>1,553,346</u>	<u>111,579</u>	<u>270,308</u>
Excess (deficiency) of revenues over expenditures	<u>(1,418,174)</u>	<u>867,716</u>	<u>357,503</u>	<u>(956,523)</u>	<u>(99,636)</u>	<u>(136,335)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	1,394,393	-	-	585,000	30,000	-
Transfers out	-	(2,358,000)	-	-	-	-
Leases	-	-	347,240	-	-	-
Total other financing source (uses)	<u>1,394,393</u>	<u>(2,358,000)</u>	<u>347,240</u>	<u>585,000</u>	<u>30,000</u>	<u>-</u>
Net change in fund balances	(23,781)	(1,490,284)	704,743	(371,523)	(69,636)	(136,335)
Fund balances - beginning	23,781	1,581,424	2,305,431	649,621	120,224	192,002
Fund balances - ending	<u>\$ -</u>	<u>\$ 91,140</u>	<u>\$ 3,010,175</u>	<u>\$ 278,098</u>	<u>\$ 50,588</u>	<u>\$ 55,667</u>

**City of Lakewood**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
For the Year Ended December 31, 2022

	Felony Seizure	Federal Seizure	NSP Grant	Public Safety Grants	Total Nonmajor Special Revenue Funds
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 2,350,052
Licenses and permits	-	-	-	-	138,273
Intergovernmental	-	18,701	29,581	506,449	1,336,856
Charges for goods and services	-	-	-	-	583,242
Interest and other earnings	418	1,374	6,326	-	87,219
Miscellaneous	25,920	-	-	-	144,298
Contributions and donations	-	-	-	-	10,000
Total revenues	26,338	20,075	35,907	506,449	4,649,940
<b>EXPENDITURES</b>					
Current:					
Public safety	16,047	93	-	441,626	554,773
Judicial	-	-	-	64,823	64,823
Transportation	-	-	-	-	2,430,120
Economic environment	-	-	276,435	-	2,488,958
Culture and recreation	-	-	-	-	111,579
Lease:					
Principal retirement	-	-	-	-	65,995
Interest	-	-	-	-	8,855
Capital outlay:					
Capital	23,184	162,783	-	-	706,508
Total expenditures	39,231	162,876	276,435	506,449	6,431,611
Excess (deficiency) of revenues over expenditures	(12,893)	(142,801)	(240,528)	-	(1,781,671)
<b>OTHER FINANCING SOURCES</b>					
Transfers in	-	-	-	-	2,009,393
Transfers out	-	-	-	-	(2,358,000)
Leases	-	-	-	-	347,240
Total other financing source (uses)	-	-	-	-	(1,367)
Net change in fund balances	(12,893)	(142,801)	(240,528)	-	(1,783,038)
Fund balances - beginning	36,198	143,505	254,677	-	5,306,863
Fund balances - ending	\$ 23,305	\$ 703	\$ 14,148	\$ -	\$ 3,523,824

**City of Lakewood**  
**Street Operations & Maintenance Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
For the Year Ended December 31, 2022

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES</b>				
Licenses and permits	\$ 152,500	\$ 152,500	\$ 138,273	\$ (14,227)
Intergovernmental	855,409	855,409	782,125	(73,284)
Charges for goods and services	-	-	80,176	80,176
Miscellaneous	-	-	1,372	1,372
Contributions and donations			10,000	10,000
Total revenues	<u>1,007,909</u>	<u>1,007,909</u>	<u>1,011,946</u>	<u>4,037</u>
<b>EXPENDITURES</b>				
Current:				
Transportation	<u>2,398,483</u>	<u>2,600,466</u>	<u>2,430,120</u>	<u>(170,346)</u>
Total expenditures	<u>2,398,483</u>	<u>2,600,466</u>	<u>2,430,120</u>	<u>(170,346)</u>
Excess (deficiency) of revenues over expenditures	<u>(1,390,574)</u>	<u>(1,592,557)</u>	<u>(1,418,174)</u>	<u>174,383</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>1,390,574</u>	<u>1,568,776</u>	<u>1,394,393</u>	<u>(174,383)</u>
Total other financing source (uses)	<u>1,390,574</u>	<u>1,568,776</u>	<u>1,394,393</u>	<u>(174,383)</u>
Net change in fund balances	-	-	(23,781)	-
Fund balances - beginning	-	-	23,781	23,781
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,781</u>

**City of Lakewood**  
**Transportation Benefit District Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 835,000	\$ 835,000	\$ 851,401	\$ 16,401
Interest and other earnings	-	-	16,315	16,315
Total revenues	835,000	835,000	867,716	32,716
<b>EXPENDITURES</b>				
Current:				
Transportation	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	835,000	835,000	867,716	32,716
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(640,000)	(2,358,000)	(2,358,000)	-
Total other financing source (uses)	(640,000)	(2,358,000)	(2,358,000)	-
Net change in fund balances	195,000	(1,523,000)	(1,490,284)	32,716
Fund balances - beginning	1,475,000	1,581,424	1,581,424	-
Fund balances - ending	\$ 1,670,000	\$ 58,424	\$ 91,140	\$ 32,716

**City of Lakewood**  
**Lodging Tax Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
For the Year Ended December 31, 2022

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES</b>				
Taxes	\$ 1,000,000	\$ 1,000,000	\$ 1,400,089	\$ 400,089
Interest and other earnings	-	-	38,681	38,681
Total revenues	1,000,000	1,000,000	1,438,770	438,770
<b>EXPENDITURES</b>				
Current:				
Economic environment	800,000	780,500	659,177	(121,323)
Lease:				
Principal retirement	-	-	65,995	65,995
Interest	-	-	8,855	8,855
Capital Outlay:				
Capital	-	-	347,240	347,240
Total expenditures	800,000	780,500	1,081,267	300,767
Excess (deficiency) of revenues over expenditures	200,000	219,500	357,503	138,003
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	(72,893)	-	72,893
Leases	-	-	347,240	347,240
Total other financing source (uses)	-	(72,893)	347,240	420,133
Net change in fund balances	200,000	146,607	704,743	558,136
Fund balances - beginning	1,375,103	2,305,432	2,305,431	(1)
Fund balances - ending	\$ 1,575,103	\$ 2,452,039	\$ 3,010,174	\$ 558,135

**City of Lakewood**  
**Property Abatement/Rental Housing Safety Program/1406 Affordable Housing Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
For the Year Ended December 31, 2022

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES</b>				
Taxes	\$ 98,000	\$ 98,000	98,562	\$ 562
Charges for goods and services	220,000	227,910	477,726	249,816
Interest and other earnings	6,500	6,500	20,535	14,035
Total revenues	324,500	332,410	596,823	264,413
<b>EXPENDITURES</b>				
Current:				
Economic environment	409,500	1,567,032	1,553,346	(13,686)
Total expenditures	409,500	1,567,032	1,553,346	(13,686)
Excess (deficiency) of revenues over expenditures	(85,000)	(1,234,622)	(956,523)	278,099
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	85,000	585,000	585,000	-
Total other financing source (uses)	85,000	585,000	585,000	-
Net change in fund balances	-	(649,622)	(371,523)	278,099
Fund balances - beginning	-	649,622	649,621	(1)
Fund balances - ending	\$ -	\$ -	\$ 278,098	\$ 278,098

**City of Lakewood**  
**Public Art Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
For the Year Ended December 31, 2022

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES</b>				
Interest and other earnings	\$ -	\$ -	\$ 1,443	\$ 1,443
Miscellaneous	15,000	15,000	10,500	(4,500)
Total revenues	15,000	15,000	11,943	(3,057)
<b>EXPENDITURES</b>				
Current:				
Culture and recreation	15,000	165,224	111,579	(53,645)
Total expenditures	15,000	165,224	111,579	(53,645)
Excess (deficiency) of revenues over expenditures	-	(150,224)	(99,636)	50,588
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in	-	30,000	30,000	-
Total other financing source (uses)	-	30,000	30,000	-
Net change in fund balances	-	(120,224)	(69,636)	50,588
Fund balances - beginning	-	120,224	120,224	-
Fund balances - ending	\$ -	\$ -	\$ 50,588	\$ 50,588

**City of Lakewood**  
**Narcotics Seizure Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
For the Year Ended December 31, 2022

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES</b>				
Charges for goods and services	\$ -	\$ 19,372	\$ 25,340	\$ 5,968
Interest and other earnings	-	-	2,127	2,127
Miscellaneous	-	106,730	106,506	(224)
Total revenues	-	126,102	133,973	7,871
<b>EXPENDITURES</b>				
Current:				
Public safety	-	173,603	97,007	(76,596)
Capital Outlay	-	144,499	173,301	28,802
Total expenditures	-	318,102	270,308	(47,794)
Excess (deficiency) of revenues over expenditures	-	(192,000)	(136,335)	55,665
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in	-	-	-	-
Total other financing source (uses)	-	-	-	-
Net change in fund balances	-	(192,000)	(136,335)	55,665
Fund balances - beginning	-	192,000	192,002	2
Fund balances - ending	\$ -	\$ -	\$ 55,667	\$ 55,667

**City of Lakewood**  
**Felony Seizure Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
	-	-	418	418
Miscellaneous	-	26,960	25,920	(1,040)
Total revenues	-	26,960	26,338	(622)
<b>EXPENDITURES</b>				
Current:				
Public safety	-	43,158	16,047	(27,111)
Capital Outlay:	-	20,000	23,184	3,184
Total expenditures	-	63,158	39,231	(23,927)
Excess (deficiency) of revenues over expenditures	-	(36,198)	(12,893)	23,305
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer out	-	-	-	-
Total other financing source (uses)	-	-	-	-
Net change in fund balances	-	(36,198)	(12,893)	23,305
Fund balances - beginning	-	36,198	36,198	-
Fund balances - ending	\$ -	\$ -	\$ 23,305	\$ 23,305

**City of Lakewood**  
**Federal Seizure Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
For the Year Ended December 31, 2022

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 20,100	\$ 18,701	\$ (1,399)
Interest and other earnings	-	-	1,374	1,374
Total revenues	-	20,100	20,075	(25)
<b>EXPENDITURES</b>				
Current:				
Public safety	-	42,106	93	(42,013)
Capital outlay:				
Capital	-	121,499	162,783	41,284
Total expenditures	-	163,605	162,876	(729)
Excess (deficiency) of revenues over expenditures	-	(143,505)	(142,801)	704
<b>OTHER FINANCING SOURCES (USES)</b>				
Total other financing source (uses)	-	-	-	-
Net change in fund balances	-	(143,505)	(142,801)	704
Fund balances - beginning	-	143,505	143,505	-
Fund balances - ending	\$ -	\$ -	\$ 704	\$ 704

**City of Lakewood**  
**Neighborhood Stabilization Program (NSP) Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
For the Year Ended December 31, 2022

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES</b>				
Intergovernmental	\$ 42,000	\$ 42,000	\$ 29,581	\$ (12,419)
Interest and other earnings	-	-	6,326	6,326
Total revenues	42,000	42,000	35,907	(6,093)
<b>EXPENDITURES</b>				
Current:				
Economic environment	42,000	296,676	276,435	(20,241)
Total expenditures	42,000	296,676	276,435	(20,241)
Excess (deficiency) of revenues over expenditures	-	(254,676)	(240,528)	14,148
<b>OTHER FINANCING SOURCES (USES)</b>				
Total other financing source (uses)	-	-	-	-
Net change in fund balances	-	(254,676)	(240,527)	14,149
Fund balances - beginning	-	254,676	254,677	1
Fund balances - ending	\$ -	\$ -	\$ 14,150	\$ 14,150

**City of Lakewood**  
**Public Safety Grants Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
For the Year Ended December 31, 2022

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES</b>				
Intergovernmental	\$ 132,328	\$ 934,401	\$ 506,449	\$ (427,952)
Total revenues	132,328	934,401	506,449	(427,952)
<b>EXPENDITURES</b>				
Current:				
Public safety	-	647,510	441,626	(205,884)
Judicial	132,328	286,891	64,823	(222,068)
Total expenditures	132,328	934,401	506,449	(427,952)
Excess (deficiency) of revenues over expenditures	-	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Total other financing source (uses)	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

This page left intentionally blank.

**Combining Statement – Nonmajor Debt Service Funds Description  
For the Year Ended December 31, 2022**

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, 2022

	General Obligation Debt	Sewer Project Debt	LID Guaranty	Total Nonmajor Debt
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 1,048,256	\$ 135,188	\$ 1,183,444
Notes/contracts receivable	-	5,250	-	5,249
Due from Other Governments		72,071	-	72,071
Total assets	-	1,125,577	135,188	1,260,764
<b>LIABILITIES</b>				
Accounts Payable	-	-	-	-
Total liabilities	-	-	-	-
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	-	5,249	-	5,249
Total liabilities and deferred inflows of resources	-	5,249	-	5,249
<b>FUND BALANCES (DEFICITS)</b>				
Restricted	-	1,120,328	135,188	1,255,516
Total fund balances (deficits)	-	1,120,328	135,188	1,255,516
Total liabilities, deferred inflows, and fund balances (deficits)	\$ -	\$ 1,125,577	\$ 135,188	\$ 1,260,764

**City of Lakewood**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Debt Service Funds**  
For the Year Ended December 31, 2022

	General Obligation Debt Service	Sewer Project Debt	LID Guaranty	Total Nonmajor Debt Service Funds
<b>REVENUES</b>				
Charges for goods and services	\$ -	\$ 900,320	\$ -	\$ 900,320
Interest and other earnings	-	13,533	2,095	15,628
Total revenues	-	913,853	2,095	915,948
<b>EXPENDITURES</b>				
Current:				
Debt service:				
Principal	1,172,548	463,938	-	1,636,486
Interest and other debt service costs	513,530	13,680	-	527,210
Total expenditures	1,686,078	477,618	-	2,163,696
Excess (deficiency) of revenues over expenditures	(1,686,078)	436,235	2,095	(1,247,748)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,686,078	-	-	1,686,078
Transfers Out	-	(50,000)	-	(50,000)
Total other financing source (uses)	1,686,078	(50,000)	-	1,636,078
Net change in fund balances	-	386,235	2,095	388,330
Fund balances - beginning	-	734,093	133,093	867,186
Fund balances - ending	\$ -	\$ 1,120,328	\$ 135,188	\$ 1,255,516

**City of Lakewood**  
**General Obligation Debt Service Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
For the Year Ended December 31, 2022

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
<b>EXPENDITURES</b>				
Debt service:				
Principal	1,013,661	1,172,548	1,172,548	-
Interest	676,277	517,390	513,530	(3,860)
Total expenditures	1,689,938	1,689,938	1,686,078	(3,860)
Excess (deficiency) of revenues over expenditures	(1,689,938)	(1,689,938)	(1,686,078)	3,860
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	1,689,938	1,689,938	1,686,078	(3,860)
Total other financing source (uses)	1,689,938	1,689,938	1,686,078	(3,860)
Net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

**City of Lakewood**  
**Sewer Project Debt Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
For the Year Ended December 31, 2022

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES</b>				
Charges for goods and services	\$ 805,000	\$ 805,000	\$ 900,320	\$ 95,320
Interest and other earnings	9,200	9,200	13,533	4,333
Miscellaneous	20,058	20,058	-	(20,058)
Total revenues	834,258	834,258	913,853	79,595
<b>EXPENDITURES</b>				
Debt service:				
Principal	463,938	463,938	463,938	-
Interest	13,680	13,680	13,680	-
Total expenditures	477,618	477,618	477,618	-
Excess (deficiency) of revenues over expenditures	356,640	356,640	436,235	79,595
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer out	(50,000)	(50,000)	(50,000)	-
Total other financing source (uses)	(50,000)	(50,000)	(50,000)	-
Net change in fund balances	306,640	306,640	386,235	79,595
Fund balances - beginning	708,683	734,092	734,093	1
Fund balances - ending	\$ 1,015,323	\$ 1,040,732	\$ 1,120,328	\$ 79,596

**City of Lakewood**  
**Local Improvement District (LID) Guaranty Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
For the Year Ended December 31, 2022

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES</b>				
Interest and other earnings	\$ -	\$ -	\$ 2,095	\$ 2,095
Total revenues	-	-	2,095	2,095
<b>EXPENDITURES</b>				
Debt service:				
Capital	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	2,095	2,095
<b>OTHER FINANCING SOURCES (USES)</b>				
Total other financing source (uses)	-	-	-	-
Net change in fund balances	-	-	2,095	2,095
Fund balances - beginning	132,294	133,093	133,093	-
Fund balances - ending	\$ 132,294	\$ 133,093	\$ 135,188	\$ 2,095

**Combining Statement – Nonmajor Capital Project Funds Description  
For the Year Ended December 31, 2022**

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, 2022

	Parks CIP	Real Estate Excise Tax	Sewer Project CIP	Total Nonmajor Capital
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,735,042	\$ 1,930,336	\$ 1,788,863	\$ 7,454,241
Customer accounts receivable	11,000	-	-	11,000
Due from other governments	278,284	-	-	278,284
Taxes Receivable	716	328,440	-	329,156
Total assets	<u>4,025,042</u>	<u>2,258,776</u>	<u>1,788,863</u>	<u>8,072,681</u>
<b>LIABILITIES</b>				
Accounts payable	70,849	-	798	71,647
Wages payable	6,827	-	-	6,827
Unearned revenue	-	-	3,036	3,036
Total liabilities	<u>77,676</u>	<u>-</u>	<u>3,834</u>	<u>81,510</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Total liabilities and deferred inflows of resources	<u>77,676</u>	<u>-</u>	<u>3,834</u>	<u>81,510</u>
<b>FUND BALANCES (DEFICITS)</b>				
Restricted	920,989	2,258,776	-	3,179,765
Committed	<u>3,026,377</u>		<u>1,785,029</u>	<u>4,811,406</u>
Total fund balances (deficits)	<u>3,947,366</u>	<u>2,258,776</u>	<u>1,785,029</u>	<u>7,991,171</u>
Total liabilities, deferred liabilities and fund balances (deficits)	<u>\$ 4,025,042</u>	<u>\$ 2,258,776</u>	<u>\$ 1,788,863</u>	<u>\$ 8,072,681</u>

**City of Lakewood**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Capital Projects Funds**  
For the Year Ended December 31, 2022

	Parks CIP	Real Estate Excise Tax	Sewer Project CIP	Nonmajor Capital Projects Funds
<b>REVENUES</b>				
Taxes	\$ -	\$ 4,134,784	\$ -	\$ 4,134,784
Intergovernmental	568,217	-	-	568,217
Charges for goods and services	-	-	285,655	285,655
Interest and other earnings	58,753	53,741	26,183	138,677
Miscellaneous	-	-	1,664	1,664
Contributions and donations	11,000	-	-	11,000
Total revenues	637,970	4,188,525	313,502	5,139,997
<b>EXPENDITURES</b>				
Current:				
Utilities and environment	-	-	103,963	103,963
Economic environment	-	-	11	11
Culture and recreation	221,245	-	-	221,245
Capital outlay:				
Capital	1,129,579	-	-	1,129,579
Total expenditures	1,350,824	-	103,974	1,454,798
Excess (deficiency) of revenues over expenditures	(712,854)	4,188,525	209,528	3,685,199
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,272,000	42,084	50,000	1,364,084
Transfers Out	-	(7,052,297)	-	(7,052,297)
Total other financing source (uses)	1,272,000	(7,010,213)	50,000	(5,688,213)
Net change in fund balances	559,146	(2,821,688)	259,528	(2,003,014)
Fund balances - beginning	3,388,223	5,080,464	1,525,503	9,994,190
Fund balances - ending	\$ 3,947,366	\$ 2,258,776	\$ 1,785,029	\$ 7,991,171

## City of Lakewood

## Parks CIP

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

For the Year Ended December 31, 2022

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 2,518,000	\$ 9,776,170	\$ 568,217	\$ (9,207,953)
Interest & other earnings	-	-	58,753	58,753
Miscellaneous	-	20,185	-	(20,185)
Contributions and donations	-	-	11,000	11,000
Total revenues	2,518,000	9,796,355	637,970	(9,158,385)
<b>EXPENDITURES</b>				
Capital Outlay:				
Culture and recreation	-	155,000	221,245	66,245
Capital Outlay	3,355,000	14,488,911	1,129,579	(13,359,332)
Total expenditures	3,355,000	14,643,911	1,350,824	(13,293,087)
Excess (deficiency) of revenues over expenditures	(837,000)	(4,847,556)	(712,854)	4,134,702
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	837,000	1,551,169	1,272,000	(279,169)
Total other financing source (uses)	837,000	1,551,169	1,272,000	(279,169)
Net change in fund balances	-	(3,296,387)	559,146	3,855,533
Fund balances - beginning	-	3,388,222	3,388,223	1
Fund balances - ending	\$ -	\$ 91,835	\$ 3,947,369	\$ 3,855,534

**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, 2022

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 1,800,000	\$ 1,931,553	\$ 4,134,784	\$ 2,203,231
Interest and other earnings	-	-	53,741	53,741
Total revenues	1,800,000	1,931,553	4,188,525	2,256,972
<b>EXPENDITURES</b>				
Current:				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	1,800,000	1,931,553	4,188,525	2,256,972
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	42,084	42,084	-
Transfers out	(1,866,900)	(7,054,100)	(7,052,297)	1,803
Total other financing source (uses)	(1,866,900)	(7,012,016)	(7,010,213)	1,803
Net change in fund balances	(66,900)	(5,080,463)	(2,821,688)	2,258,775
Fund balances - beginning	261,900	5,080,463	5,080,464	1
Fund balances - ending	\$ 195,000	\$ -	\$ 2,258,776	\$ 2,258,776

**City of Lakewood**  
**Sewer Project CIP**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
For the Year Ended December 31, 2022

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 75,000	\$ -	\$ (75,000)
Charges for goods and services	200,000	385,020	285,655	(99,365)
Interest & other earnings	-	-	26,183	26,183
Miscellaneous	-	-	1,664	1,664
Total revenues	200,000	460,020	313,502	(146,518)
<b>EXPENDITURES</b>				
Current:				
Utilities and environment	-	-	103,963	103,963
Economic Environment	35,000	35,000	11	(34,989)
Capital Outlay:				
Capital Outlay	95,000	932,520	-	(932,520)
Total expenditures	130,000	967,520	103,974	(863,546)
Excess (deficiency) of revenues over expenditures	70,000	(507,500)	209,528	717,028
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	50,000	50,000	50,000	-
Total other financing source (uses)	50,000	50,000	50,000	-
Net change in fund balances	120,000	(457,500)	259,528	717,028
Fund balances - beginning	25,586	1,525,500	1,525,503	3
Fund balances - ending	\$ 145,586	\$ 1,068,000	\$ 1,785,031	\$ 717,031

### 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.

This page left intentionally blank.

**City of Lakewood**  
**Local Improvement District (LID) Debt Service Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
For the Year Ended December 31, 2022

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES</b>				
Special Assessments	\$ 186,644	\$ 184,511	\$ 122,767	\$ (61,744)
Interest and other earnings	61,130	61,130	23,854	(37,276)
Total revenues	<u>247,774</u>	<u>245,641</u>	<u>146,621</u>	<u>(99,020)</u>
<b>EXPENDITURES</b>				
Current:				
General Government	950	(2,050)	1,324	3,374
Debt service:				
Principal	127,463	336,479	127,463	(209,016)
Interest	27,200	30,162	27,200	(2,962)
Total expenditures	<u>155,613</u>	<u>364,591</u>	<u>155,987</u>	<u>(208,604)</u>
Excess (deficiency) of revenues over expenditures	<u>92,161</u>	<u>(118,950)</u>	<u>(9,366)</u>	<u>109,584</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Total other financing source (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	92,161	(118,950)	(9,366)	109,584
Fund balances - beginning	-	118,950	118,950	-
Fund balances - ending	<u>\$ 92,161</u>	<u>\$ -</u>	<u>\$ 109,584</u>	<u>\$ 109,584</u>

**City of Lakewood**  
**Transportation CIP**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
For the Year Ended December 31, 2022

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES</b>				
Intergovernmental	\$ 5,339,033	\$ 12,543,936	\$ 6,130,815	\$ (6,413,121)
Charges for goods and services	-	1,999,753	1,201,310	(798,443)
Interest & other earnings	-	-	138,918	138,918
Total revenues	5,339,033	14,543,689	7,471,043	(7,072,646)
<b>EXPENDITURES</b>				
Current:				
Transportation	616,000	977,351	1,469,238	491,887
Capital Outlay:				
Capital Outlay	8,795,998	30,556,288	12,805,501	(17,750,787)
Total expenditures	9,411,998	31,533,639	14,274,739	(17,258,900)
Excess (deficiency) of revenues over expenditures	(4,072,965)	(16,989,950)	(6,803,696)	10,186,254
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	4,072,965	15,021,391	12,935,017	(2,086,374)
Transfer out	-	(42,084)	(42,084)	-
Proceeds from sale of assets	-	-	28,685	28,685
Total other financing source (uses)	4,072,965	14,979,307	12,921,618	(2,057,689)
Net change in fund balances	-	(2,010,643)	6,117,922	8,128,565
Fund balances - beginning	181,246	6,989,573	6,989,573	-
Fund balances - ending	\$ 181,246	\$ 4,978,930	\$ 13,107,495	\$ 8,128,565

**Combining Statement – Internal Service Funds Description  
For the Year Ended December 31, 2022**

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, 2022

	Fleet & Equipment	Property Management	Information Technology	Risk Management	Total Nonmajor Internal Service Funds
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 5,272,750	\$ 706,985	\$ 596,361	\$ 48,324	\$ 6,624,420
Accounts receivable	-	-	-	44,653	44,653
Total current assets	5,272,750	706,985	596,361	92,977	6,669,073
Noncurrent assets:					
Construction in Progress	-	4,068	-	-	4,068
Improvements other than buildings	-	137,279	-	-	137,279
Machinery and equipment	9,338,042	144,070	2,095,463	-	11,577,575
Less accumulated depreciation	(6,333,548)	(128,401)	(1,158,913)	-	(7,620,862)
Total noncurrent assets	3,004,494	157,016	936,550	-	4,098,060
Total assets	8,277,244	864,001	1,532,911	92,977	10,767,133
<b>Deferred Outflows of Resources</b>					
<b>Related to Pensions</b>	-	9,351	22,612	857	32,820
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	91,879	29,854	216,593	82,301	420,627
Retainage payable	-	12	-	10,399	10,411
Payable to other governments	-	-	3	-	3
Other liabilities payable	-	8,625	38,243	277	47,145
Compensated absences	-	3,860	20,827	-	24,687
Total current liabilities	91,879	42,351	275,666	92,977	502,873
Noncurrent liabilities:					
Compensated absences	-	9,007	48,596	-	57,604
Total noncurrent liabilities	-	9,007	48,596	-	57,604
Total liabilities	91,879	51,359	324,262	92,977	560,477
<b>NET POSITION</b>					
Net investment in capital assets	3,004,494	157,016	936,550	-	4,098,060
Unrestricted	5,180,871	664,977	294,711	857	6,141,416
Total net position	\$ 8,185,365	\$ 821,993	\$ 1,231,261	\$ 857	\$ 10,239,476

**City of Lakewood**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Internal Service Funds**  
For the Year Ended December 31, 2022

	Fleet & Equipment	Property Management	Information Technology	Risk Management	Total Internal Service Funds
<b>OPERATING REVENUES</b>					
Charges for goods and services	\$ 1,559,597	\$ 884,242	\$ 2,201,726	\$ 1,644,051	\$ 6,289,616
Miscellaneous	-	-	400	-	400
Total operating revenues	<u>1,559,597</u>	<u>884,242</u>	<u>2,202,126</u>	<u>1,644,051</u>	<u>6,290,016</u>
<b>OPERATING EXPENSES</b>					
Personal services	-	218,275	618,116	10,285	846,676
Materials and supplies	448,188	54,413	254,376	12,400	769,377
Services and charges	421,609	514,121	1,200,129	1,846,146	3,982,005
Intergovernmental	-	-	-	-	-
Insurance and claims	-	-	-	-	-
Depreciation	806,413	19,067	206,658	-	1,032,138
Total operating expenses	<u>1,676,210</u>	<u>805,876</u>	<u>2,279,279</u>	<u>1,868,831</u>	<u>6,630,196</u>
Operating income (loss)	<u>(116,613)</u>	<u>78,366</u>	<u>(77,153)</u>	<u>(224,780)</u>	<u>(340,180)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Subsidy from interlocal grants	-	-	-	-	-
Interfund loan	-	-	-	-	-
Gain (loss) on disposal of capital assets	80,293	-	-	-	80,293
Investment earnings	73,798	9,253	4,009	205	87,265
Insurance Recoveries	-	-	-	225,432	225,432
Total nonoperating revenues (expenses)	<u>154,091</u>	<u>9,253</u>	<u>4,009</u>	<u>225,637</u>	<u>392,990</u>
Income (loss) before contributions and transfers	37,478	87,619	(73,144)	857	52,810
Capital Contributions	52,170	2,750	143,255	-	198,175
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Change in net position	<u>89,648</u>	<u>90,369</u>	<u>70,111</u>	<u>857</u>	<u>250,985</u>
Total net position - beginning	<u>8,095,717</u>	<u>731,624</u>	<u>1,161,149</u>	<u>-</u>	<u>9,988,490</u>
Total net position - ending	<u>\$ 8,185,365</u>	<u>\$ 821,993</u>	<u>\$ 1,231,261</u>	<u>\$ 857</u>	<u>\$ 10,239,476</u>

**City of Lakewood**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
For the Year Ended December 31, 2022

	Fleet & Equipment	Property Management	Information Technology	Risk Management	Total Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash from interdepartmental services	\$ 1,559,597	\$ 884,242	\$ 2,202,126	\$ 1,599,398	\$ 6,245,363
Cash paid to employees	-	(226,626)	(605,441)	(10,885)	(842,952)
Cash paid to suppliers	(819,291)	(590,258)	(1,375,508)	(1,836,511)	(4,621,568)
Other operating receipts (payments)	-	-	-	4,706	4,706
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	740,306	67,358	221,177	(243,292)	785,549
<b>CASH FLOWS FROM NONCAPITAL FINANCING</b>					
Gain (loss) on disposal of capital assets	80,293	-	-	225,432	305,725
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	80,293	-	-	225,432	305,725
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Capital contributions	52,170	2,750	143,255	-	198,175
Acquisition and construction of capital assets	(312,269)	(18,937)	(187,580)	-	(518,786)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(260,099)	(16,187)	(44,325)	-	(320,611)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest income	73,798	9,253	4,009	205	87,265
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	73,798	9,253	4,009	205	87,265
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	634,298	60,424	180,861	(17,655)	857,928
BALANCES - BEGINNING OF YEAR	4,638,452	646,562	415,500	65,977	5,766,491
BALANCES - END OF YEAR	\$ 5,272,750	\$ 706,985	\$ 596,361	\$ 48,324	\$ 6,624,420
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>					
Operating Income	\$ (116,613)	\$ 78,366	\$ (77,153)	\$ (224,780)	\$ (340,180)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Increase/(decrease) in depreciation expense	806,413	19,067	206,658	-	1,032,138
Increase/(decrease) in accounts payable - supplier	50,506	(21,644)	79,147	26,741	134,750
Increase/(decrease) in payable to other	-	-	(150)	-	(150)
(Increase)/decrease in deferred outflow related to	-	(9,351)	(22,612)	(857)	(32,820)
Increase/(decrease) in wages & benefits payable	-	(80)	6,513	257	6,690
Increase/(decrease) in compensated absences	-	1,000	28,773	-	29,773
(Increase)/decrease in accounts receivables	-	-	-	(44,653)	(44,653)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 740,306	\$ 67,358	\$ 221,177	\$ (243,292)	\$ 785,549
<b>NON-CASH CAPITAL CONTRIBUTIONS</b>	\$ -	\$ -	\$ -	\$ -	\$ -

# **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.

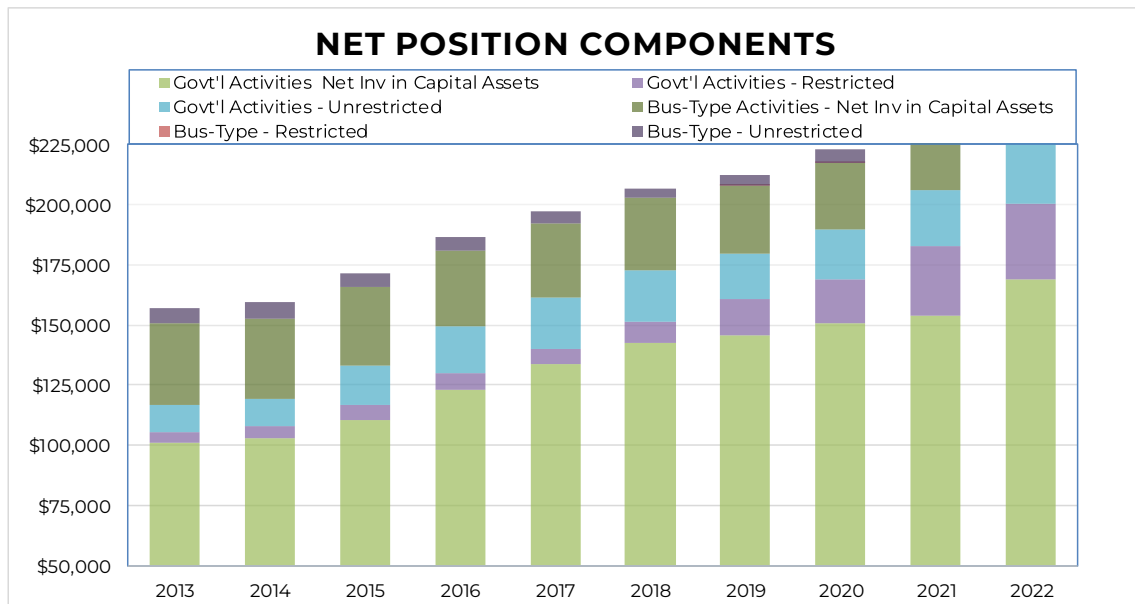
**Operating Information** – These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the city provides and the activities it performs.

**Schedule 1**

Net Position by Component (in thousands)

Last Ten Fiscal Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Governmental activities</b>										
Net investment in capital assets	\$100,848	\$103,007	\$110,661	\$122,799	\$133,425	\$142,821	\$145,612	\$150,518	\$154,064	\$168,778
Restricted	4,638	4,830	5,806	7,395	6,503	8,585	15,011	18,632	28,923	31,583
Unrestricted	11,461	11,565	16,546	19,113	21,417	21,627	18,995	20,360	22,986	28,692
<b>Total governmental activities net position</b>	<b>116,947</b>	<b>119,402</b>	<b>133,013</b>	<b>149,307</b>	<b>161,345</b>	<b>173,033</b>	<b>179,618</b>	<b>189,510</b>	<b>205,973</b>	<b>229,053</b>
<b>Business-type activities</b>										
Net investment in capital assets	33,613	33,001	32,733	31,816	30,989	29,730	28,532	27,701	26,406	22,303
Restricted	-	-	-	-	-	-	17	31	30	35
Unrestricted	6,296	6,976	5,927	5,580	4,834	3,753	4,431	5,886	7,010	8,805
<b>Total business-type activities net position</b>	<b>39,909</b>	<b>39,977</b>	<b>38,661</b>	<b>37,396</b>	<b>35,823</b>	<b>33,483</b>	<b>32,980</b>	<b>33,618</b>	<b>33,446</b>	<b>31,142</b>
<b>Primary government</b>										
Net investment in capital assets	136,009	143,394	154,615	154,615	164,414	172,551	174,144	178,219	180,470	191,081
Restricted	4,830	5,806	7,395	7,395	6,503	8,585	15,028	18,663	28,953	31,618
Unrestricted	18,541	22,473	24,693	24,693	26,251	25,381	23,426	26,246	29,996	37,497
<b>Total primary government net position</b>	<b>\$159,380</b>	<b>\$171,674</b>	<b>\$186,703</b>	<b>\$186,703</b>	<b>\$197,168</b>	<b>\$206,516</b>	<b>\$212,598</b>	<b>\$223,128</b>	<b>\$239,419</b>	<b>\$260,195</b>

**Source:**

City of Lakewood Finance Division

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Expenses</b>										
Governmental activities:										
General government	\$ 7,284	\$ 7,481	\$ 4,360	\$ 4,306	\$ 4,520	\$ 4,730	\$ 4,857	\$ 7,409	\$ 5,519	\$ 6,530
Public safety	21,580	21,486	22,000	23,471	23,944	25,396	26,068	24,668	22,846	28,831
Utilities and environment	453	59	20	28	35	26	-	19	896	104
Transportation	3,624	6,157	6,097	6,341	6,763	7,952	8,293	8,187	9,559	9,180
Social services	384	589	585	629	624	668	714	666	701	744
Economic environment	4,239	4,971	3,687	3,843	4,306	4,298	5,733	4,506	5,519	7,244
Natural environment	290	-	298	249	286	281	325	319	369	389
Culture and recreation	1,978	1,776	2,030	2,088	2,185	2,252	2,581	2,255	2,711	3,364
Judicial	1,718	1,491	1,537	1,645	1,750	1,816	1,834	1,811	1,754	1,720
Interest on long-term debt	254	237	269	233	211	187	348	410	494	542
Total governmental activities expenses	41,803	44,247	40,884	42,833	44,624	47,606	50,753	50,250	50,368	58,649
Business-type activities:										
Surface water management	2,492	3,142	3,244	3,338	3,528	3,267	3,805	3,850	3,802	3,665
Total business-type activities net position	2,492	3,142	3,244	3,338	3,528	3,267	3,805	3,850	3,802	3,665
Total primary government expenses	44,295	47,389	44,127	46,171	48,152	50,873	54,558	54,100	54,170	62,314
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	5,411	5,211	3,439	3,878	4,452	4,929	5,332	4,903	4,536	5,745
Public safety	1,506	1,252	1,023	1,203	1,530	1,336	1,903	1,888	1,352	2,120
Utilities and environment	916	781	931	892	885	886	1,325	1,089	1,404	1,190
Transportation	70	560	57	417	136	164	152	537	189	135
Economic environment	384	1,060	1,130	1,227	1,539	2,024	1,587	2,399	2,004	1,890
Natural environment	34	-	80	84	83	81	92	86	87	90
Culture and recreation	234	247	266	219	240	250	303	128	151	194
Judicial	1,655	1,754	1,970	1,968	1,932	1,621	1,948	388	1,600	1,534
Operating grants and contributions	2,913	3,162	4,785	5,048	5,126	5,462	3,502	7,211	8,031	16,190
Capital grants and contributions	3,149	3,784	7,361	12,519	7,151	8,383	3,474	4,767	4,925	6,822
Total governmental activities program revenues	16,272	17,810	21,042	27,457	23,075	25,136	19,617	23,395	24,279	35,909
Business-type activities:										
Charges for services:										
Surface water management	2,721	2,724	2,740	2,768	2,755	2,792	4,351	4,888	4,801	5,232
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	913	277	211	190	144	49	75	120	38	128
Total business-type activities program revenues	3,634	3,000	2,951	2,959	2,899	2,841	4,426	5,008	4,839	5,359
Total primary government program revenues	\$ 19,906	\$ 20,811	\$ 23,993	\$ 30,415	\$ 25,974	\$ 27,977	\$ 24,043	\$ 28,403	\$ 29,118	\$ 41,268

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Net (Expense) Revenue</b>										
Governmental activities	\$ (25,531)	\$ (26,437)	\$ (19,842)	\$ (15,376)	\$ (21,549)	\$ (22,470)	\$ (31,135)	\$ (26,855)	\$ (26,089)	\$ (22,741)
Business-type activities	1,142	(141)	(293)	(379)	(629)	(426)	620	1,158	1,037	1,695
Total primary government net expense	(24,389)	(26,578)	(20,135)	(15,755)	(22,178)	(22,896)	(30,515)	(25,696)	(25,052)	(21,046)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes:										
Property taxes	6,200	6,424	6,652	6,712	6,844	6,859	7,061	7,171	7,350	7,590
Sales taxes	9,453	9,697	10,184	10,736	11,629	12,784	13,848	13,870	16,692	16,937
Utility taxes	8,311	5,748	5,704	5,629	5,744	5,409	5,575	5,475	5,437	5,628
Excise taxes	1,159	1,107	1,509	2,125	2,468	2,701	3,004	3,650	4,564	4,141
Other taxes	2,989	5,515	4,604	4,851	4,925	5,619	7,676	5,338	6,254	6,619
Gain (loss) on sale/retirement of capital assets	22	91	-	-	183	53	208	77	31	109
Judgements and settlements	99	81	-	-	-	-	-	49	35	12
Donations of capital assets	-	11	-	-	-	-	-	-	-	-
Investment earnings	219	221	202	214	319	484	440	295	256	909
Miscellaneous	80	191	1,071	495	481	781	46	278	577	788
Transfers	78	(190)	1,040	909	993	1,983	1,205	544	1,215	4,178
Total governmental activities	28,610	28,897	30,966	31,671	33,586	36,673	39,063	36,747	42,410	46,911
Business-type activities:										
Investment earnings	24	12	14,899	23	48	70	81	24	6	180
Miscellaneous	-	9	1	-	-	-	-	-	-	-
Transfers	(78)	190	(1,040)	(909)	(993)	(1,984)	(1,205)	(544)	(1,215)	(4,178)
Total business-type activities	(54)	211	(1,024)	(886)	(944)	(1,914)	(1,123)	(520)	(1,209)	(3,998)
Total primary government	28,557	29,108	29,941	30,785	32,641	34,759	37,940	36,226	41,201	42,913
<b>Change in Net Position</b>										
Governmental activities	3,080	2,460	11,124	16,294	12,037	14,203	7,928	9,892	16,321	24,171
Prior period adjustment	-	-	-	-	-	52	-	-	141	(1,091)
Business-type activities	1,088	70	(1,317)	(1,265)	(1,573)	(2,340)	(503)	638	(172)	(2,304)
Total primary government	\$ 4,168	\$ 2,530	\$ 9,807	\$ 15,030	\$ 10,463	\$ 11,915	\$ 7,424	\$ 10,530	\$ 16,150	\$ 21,867

**Source:**

City of Lakewood Finance Division

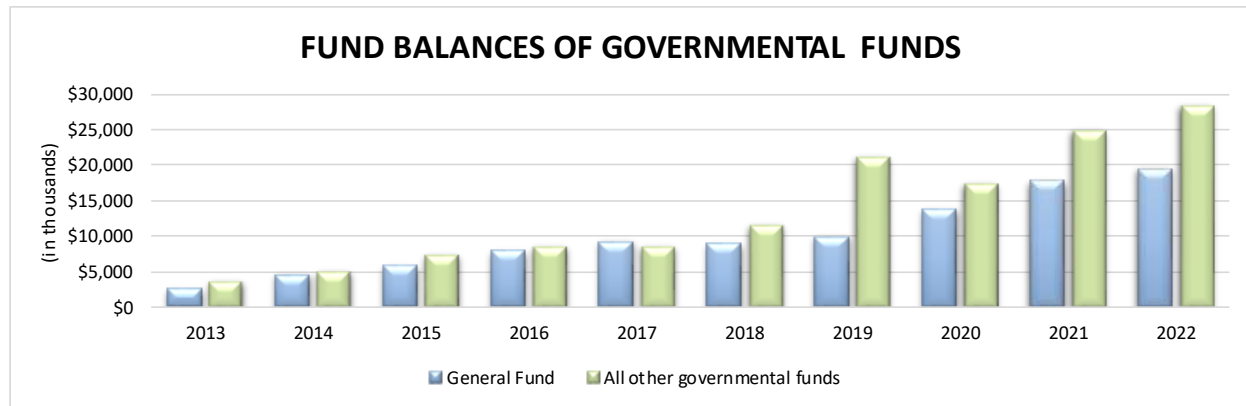
**Schedule 3**

## Fund Balances, Governmental Funds

Last Ten Fiscal Years

(in thousands)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Nonspendable	\$ 20	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Spendable:										
Restricted	-	-	-	-	-	-	-	-	-	84
Committed	5	6	4,405	4,543	4,809	5,020	5,221	5,338	6,561	7,654
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	2,556	4,527	1,444	3,367	4,344	3,828	4,653	8,393	11,190	11,734
Total	2,581	4,533	5,849	7,909	9,152	8,848	9,874	13,731	17,751	19,472
All Other Governmental Funds										
Nonspendable	20	-	-	-	-	-	-	-	-	-
Spendable:										
Restricted	3,881	4,029	5,806	7,395	6,503	8,585	16,403	12,639	18,784	21,758
Committed	895	1,087	1,494	1,068	2,119	2,920	4,716	4,859	6,038	6,920
Assigned	840	-	-	-	-	-	-	-	-	-
Unassigned	(1,971)	-	-	-	-	-	-	-	-	(355)
Total all other governmental funds	\$ 3,666	\$ 5,117	\$ 7,300	\$ 8,463	\$ 8,622	\$ 11,505	\$ 21,119	\$ 17,498	\$ 24,822	\$ 28,323

**Source:**

City of Lakewood Finance Division

**Schedule 4**

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Revenues</b>										
Taxes	\$26,420	\$26,717	\$28,565	\$29,983	\$31,508	\$33,424	\$35,115	\$34,011	\$40,379	\$40,962
Special assessments	179	179	511	140	140	201	157	204	195	123
Licenses and permits	4,186	4,459	4,582	4,857	5,144	6,008	5,721	6,057	6,103	6,070
Intergovernmental	7,487	8,590	11,585	15,684	11,217	13,318	7,800	12,246	11,056	21,140
Charges for services	2,906	3,824	3,209	4,058	4,067	3,840	4,755	4,290	5,161	5,059
Fines and forfeitures	1,884	1,614	1,557	1,620	1,456	1,425	1,670	1,140	1,485	1,312
Investment and other earnings	203	212	199	196	291	414	550	273	252	825
Miscellaneous	486	210	298	415	292	357	271	232	173	478
Contributions & donations	274	87	118	517	189	316	78	54	71	84
Total revenues	44,025	45,892	50,624	57,471	54,304	59,302	56,117	58,509	64,875	\$76,054
<b>Expenditures</b>										
General government	7,562	7,152	4,170	3,852	4,140	4,438	4,421	6,750	5,456	5,855
Public safety	20,405	20,548	22,121	23,024	24,128	26,028	26,069	24,084	24,891	27,997
Judicial	1,721	1,468	1,550	1,647	1,760	1,823	1,820	1,759	1,718	1,708
Utilities and environment	71	58	20	28	35	26	-	19	896	104
Transportation	2,801	2,897	2,845	2,709	3,156	3,542	3,601	2,976	4,312	4,167
Social services	384	588	585	629	624	668	714	666	701	744
Natural & Economic environment	4,478	5,008	3,986	4,078	4,589	4,587	6,037	4,745	5,830	7,531
Culture and recreation	1,664	1,431	1,788	1,830	1,930	1,996	2,169	1,792	2,181	2,803
Debt service:										
Principal	789	791	646	1,230	936	951	1,057	1,176	1,615	1,830
Interest and debt issue costs	256	240	284	220	200	177	369	431	516	563
Capital outlay	4,175	5,193	12,213	15,998	13,496	16,242	8,730	17,557	13,283	22,084
Total expenditures	44,306	45,374	50,210	55,246	54,994	60,479	54,986	61,955	61,399	75,386
Excess of revenues over (under) expenditures	(281)	518	415	2,225	(689)	(1,176)	1,131	(3,446)	3,475	667
<b>Other Financing Sources (Uses)</b>										
Transfers in	1,933	3,795	6,686	6,600	8,654	11,388	11,208	6,285	8,504	18,359
Transfers out	(1,856)	(2,879)	(5,606)	(5,925)	(7,614)	(9,013)	(9,954)	(5,742)	(7,274)	(14,181)
Bonds Issued	-	-	1,639	2,205	141	-	7,460	3,953	6,639	-
Payments to escrow	-	-	-	(1,884)	-	-	-	-	-	-
Insurance proceeds	29	16	2	-	-	-	-	-	-	-
Interfund loan	-	-	-	-	506	-	-	-	-	-
Bond premium	-	-	208	-	-	-	596	-	-	-
Proceeds from sale of assets	581	-	154	2	404	40	200	65	-	29
Nonrevenues	8	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	695	933	3,084	998	2,091	2,414	9,510	4,562	7,869	4,207
Net change in fund balance	\$ 414	\$ 1,451	\$ 3,499	\$ 3,223	\$ 1,402	\$ 1,238	\$10,641	\$ 1,115	\$ 11,344	\$ 4,873
Debt service as a percentage of noncapital expenditures	2.60%	2.56%	2.45%	3.70%	2.74%	2.55%	3.08%	3.62%	4.43%	4.49%

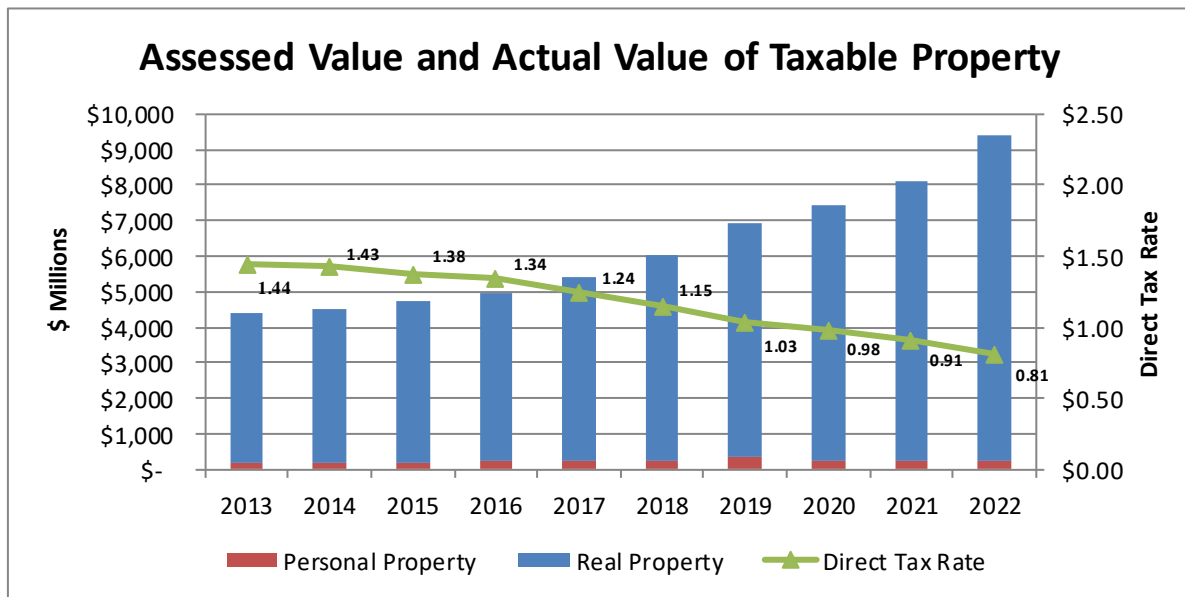
- Fund balance in 2015 increased primarily due to issuance of debt under the Local Option Capital Asset Lending Program (LOCAL) for the City's LED streetlight retrofit program.
- Fund balance in 2018 increased due to increase in sales tax.
- Fund balance in 2019 increased due to the issuance of \$8.0 million in G.O. bonds and lower capital outlay spending.
- Fund balance in 2020 decreased due to an increase in capital spending.
- Fund balance in 2021 increased due to the issuance of \$6.6 million in G.O. bonds and lower capital outlay spending.
- Fund balance 2022 decreased primarily to an increase in capital 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
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
2022	9,155,174,092	233,201,404	9,388,375,496	0.81



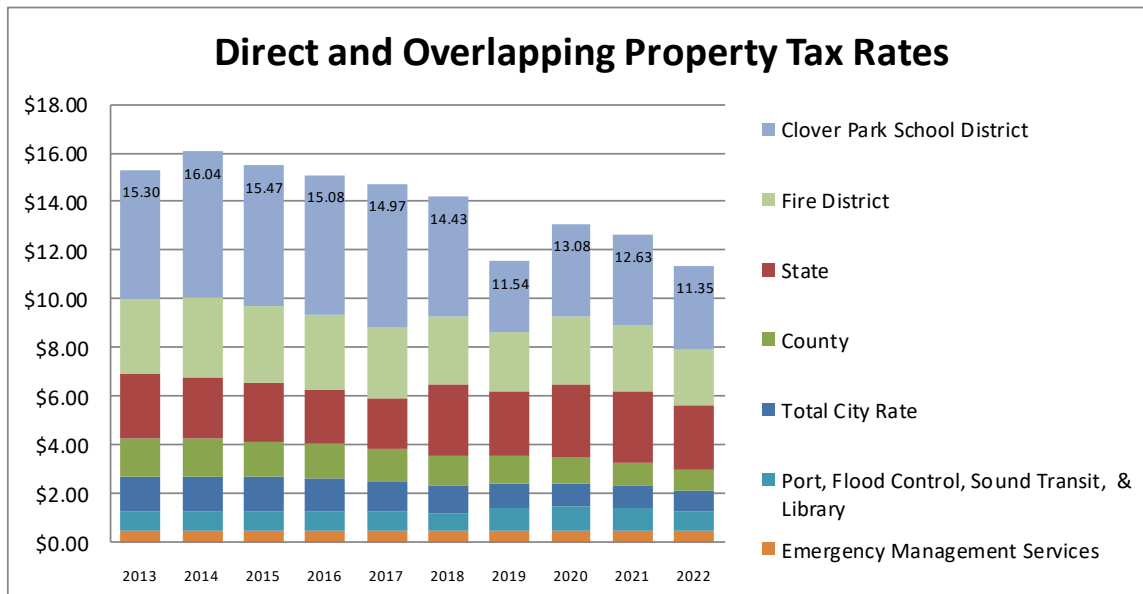
Note: Values are based on prior year assessed value for current year taxes.

**Source:**

Pierce County Assessor Treasurer

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

	Direct Rate	Overlapping Rates									Total Direct & Overlapping Rate
	City of Lakewood	State of Washington	Pierce County	Port of Tacoma	Flood Control	Sound Transit	Emergency Management Services	Park School District	Lakewood Library Fire District		
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
2022	0.81	2.66	0.88	0.15	0.10	0.18	0.45	3.46	0.39	2.26	11.35



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	2022			2013		
	Taxable Assessed Value	Rank	% of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	% of Total City Taxable Assessed Value
Northwest Building LLC	\$ 266,984,728	1	2.44%	\$ 87,275,434	1	1.97%
Seattle MSA Multifamily DST	135,173,300	2	1.23%	-	-	-
RPAI Lakewood LLC	78,624,000	3	0.72%	-	-	-
Lakewood Project LLC	73,168,400	4	0.67%	-	-	-
CLPF C&O Lakewood LLC	64,684,000	5	0.59%	-	-	-
SP/BGO Beaumont Owner LLC	58,064,400	6	0.53%	-	-	-
Tacoma Gateway Lakewood LLC	57,030,600	7	0.52%	-	-	-
IPT Lakewood Logistics Center II LLC	52,575,800	8	0.48%	-	-	-
Morningtree Park LLC	43,099,400	9	0.39%	-	-	-
LBA OR Development-Company II LLC	41,048,700	10	0.37%	-	-	-
ERP Operating LP	-	-	-	55,434,000	2	1.25%
Inland Western Lakewood LLC	-	-	-	46,994,000	3	1.06%
Lakha Properties-Lakewood TC LLC	-	-	-	21,164,800	4	0.48%
NetFlix Inc	-	-	-	21,150,763	5	0.48%
Beaumont Lakewood Associates LLC	-	-	-	20,218,900	6	0.46%
Wal-Mart Stores Inc #2403	-	-	-	19,641,000	7	0.44%
Puget Sound Energy/Gas	-	-	-	19,335,555	8	0.44%
WIG Properties LLC-LKPL	-	-	-	17,301,500	9	0.39%
Lowes of Lakewood #1081	-	-	-	15,197,498	10	0.34%
TOTAL	\$ 870,453,328		7.95%	\$ 323,713,450		7.32%

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

Total Assessed Value for 2022: \$10,952,642,723

Source:

Pierce County Assessor Treasurer

**Schedule 8**Property Tax Levies and Collections  
Last Ten Fiscal Years

Fiscal	Taxes Levied for the Fiscal Year*	Collected within the fiscal year of the levy		Collections in Subsequent Years**	Total Collections to Date		Total Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
		Amount	Percentage of Levy		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%	280,556	6,825,989	100.00%	58	0.00%
2017	7,072,743	6,738,954	95.28%	333,348	7,072,302	99.99%	441	0.01%
2018	7,106,521	6,935,521	97.59%	170,640	7,106,161	99.99%	360	0.01%
2019	7,242,213	7,070,452	97.63%	171,077	7,241,529	99.99%	684	0.01%
2020	7,302,849	7,160,585	98.05%	127,213	7,287,798	99.79%	15,051	0.21%
2021	7,412,420	7,314,306	98.68%	71,785	7,386,091	99.64%	26,329	0.36%
2022	7,660,340	7,558,006	98.66%	-	7,558,006	98.66%	102,334	1.34%

\*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)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Agriculture, Forestry, & Fishing	\$ 2	\$ 2	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 2	\$ 2
Mining	-	-	1	2	4	0	0	0	0	0
Utilities	1	2	2	2	2	4	3	3	4	2
Construction	1,030	884	884	913	1,175	1,506	2,021	2,003	2,399	2,048
Manufacturing	136	157	158	217	199	219	190	168	214	239
Wholesale Trade	342	466	398	396	496	462	550	511	664	781
Retail Trade	3,938	3,925	4,209	4,224	4,599	5,042	5,346	5,582	6,676	6,281
Transportation & Warehousing	43	64	57	54	88	55	63	56	76	212
Information	387	424	449	504	500	485	434	442	497	520
Finance and Insurance	41	41	56	62	50	66	94	88	101	130
Real Estate, Rental, Leasing	236	239	288	338	336	344	377	383	461	574
Professional, Scientific, & Technical	88	95	95	125	100	107	124	113	154	210
Mgmt of Companies & Enterprises	-	-	-	1	1	0	0	0	0	0
Administrative Services	143	139	155	159	178	269	307	422	484	519
Educational Services	46	35	37	51	31	24	26	24	43	41
Health Care & Social Assistance	45	39	46	47	40	40	35	32	37	37
Arts, Entertainment, & Recreation	91	96	106	112	107	113	113	73	101	143
Accommodation & Food Services	1,088	1,127	1,211	1,260	1,367	1,529	1,585	1,376	1,694	1,833
Public Administration	59	71	59	68	112	21	10	11	11	14
Other Services	423	467	497	642	573	690	675	656	795	886
<b>Total</b>	<b>\$ 8,140</b>	<b>\$ 8,272</b>	<b>\$ 8,708</b>	<b>\$ 9,179</b>	<b>\$ 9,959</b>	<b>\$ 10,978</b>	<b>\$ 11,955</b>	<b>\$ 11,945</b>	<b>\$ 14,414</b>	<b>\$ 14,471</b>

Source:

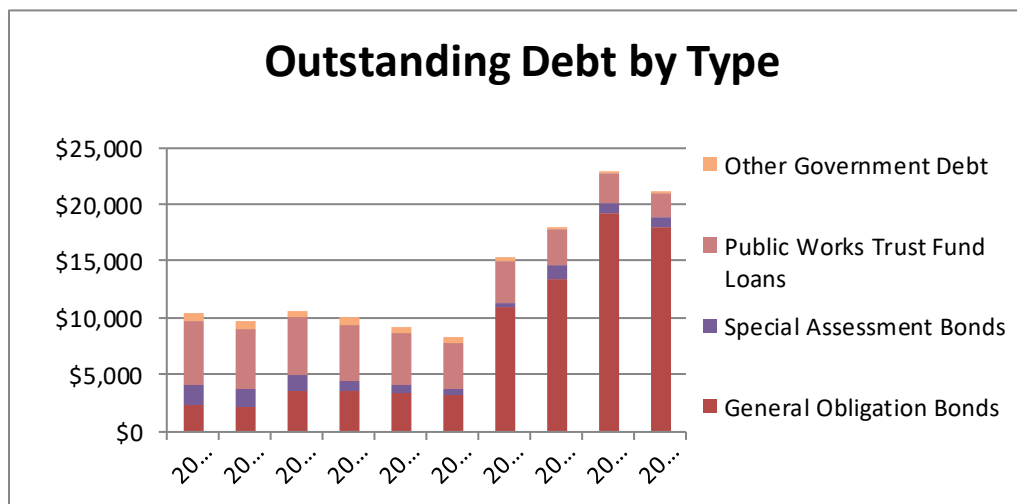
City of Lakewood Finance Division

**Schedule 10**

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

**Governmental Activities**

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Special Assessment Bonds</b>	<b>Public Works Trust Fund Loans</b>	<b>Other Government Debt</b>	<b>Total Primary Government</b>	<b>Percentage of Personal Income <sup>(*)</sup></b>	<b>Debt Per Capita <sup>(**)</sup></b>
2013	\$ 2,256	\$ 1,769	\$ 5,716	\$ 684	\$ 10,424	25.12%	137
2014	2,144	1,573	5,287	633	9,637	22.16%	127
2015	3,455	1,523	5,038	637	10,653	23.65%	145
2016	3,499	987	4,931	564	9,980	21.56%	143
2017	3,273	751	4,644	488	9,155	19.10%	134
2018	3,202	595	4,039	501	8,336	16.70%	122
2019	10,932	389	3,575	392	15,288	29.12%	243
2020	13,371	1,255	3,111	281	18,018	31.87%	275
2021	19,215	918	2,647	215	22,995	37.34%	344
2022	18,064	791	2,183	146	21,184	N/A	317



<sup>(\*)</sup> Personal income is calculated based on Pierce County Per Capita Personal Income applied to Lakewood population. 2022 data was not available at time of publication of this document.

<sup>(\*\*)</sup> Per capita calculation excludes Special Assessment Bonds and Government Loans (PWTF and HUD Loans) as they pertain only to specific tax payers.

Source:

City of Lakewood Finance Division

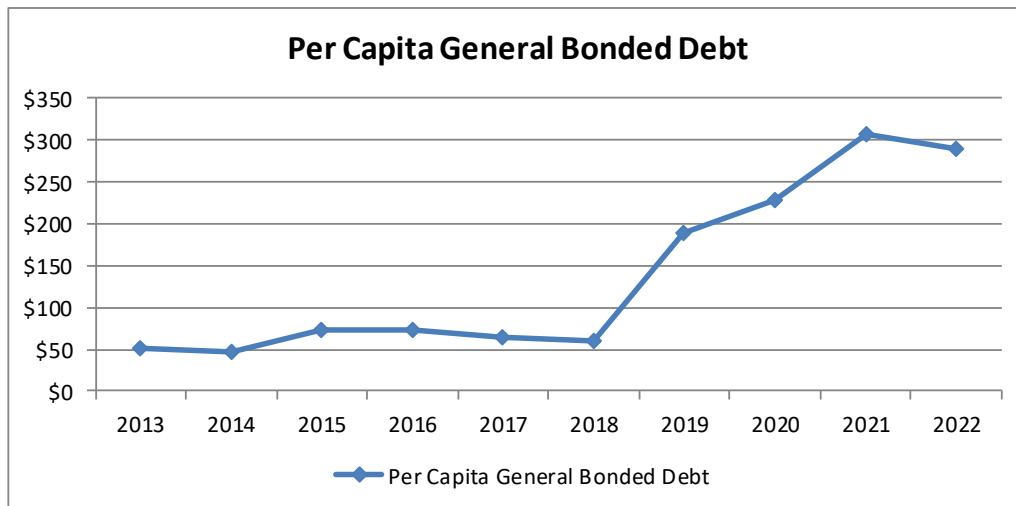
**Schedule 11**

Ratios of General Bonded Debt Outstanding  
Last Ten Fiscal Years

Fiscal Year	Government Activities					Total Primary Government	Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Special Assessment Bonds	Notes Payable	Government Loans	Capital Leases			
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	-	22,995,495	0.28%	\$ 305.51
2022	18,064,773	790,935	145,773	2,182,944	281,245	21,465,670	0.23%	\$ 289.84

## Notes:

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



## Source:

City of Lakewood Finance Division

**Schedule 12**

Direct and Overlapping Governmental Activities Debt  
As of December 31, 2022

	<b>Net Debt Outstanding</b>	<b>Estimated Percentage Applicable</b>	<b>Estimated Share of Overlapping Debt</b>
<b>Overlapping Debt:</b>			
Pierce County	\$ 102,915,000	5.7%	\$ 5,914,792
Port of Tacoma	542,702,000	5.7%	31,190,490
Clover Park School District	97,245,000	95.4%	92,808,416
Steilacoom Historical School District	12,330,000	5.0%	622,324
Tacoma School District	896,955,000	0.3%	3,051,412
West Pierce Fire District	2,974,536	88.2%	2,622,599
	<hr/>		<hr/>
<b>Total Overlapping Debt</b>	1,655,121,536		136,210,033
	<hr/>		<hr/>
<b>Direct Debt: City of Lakewood</b>	24,224,778	100%	24,224,778
	<hr/>		<hr/>
<b>Total Direct and Overlapping Debt</b>	<u>\$ 1,679,346,314</u>		<u>\$ 160,434,811</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:

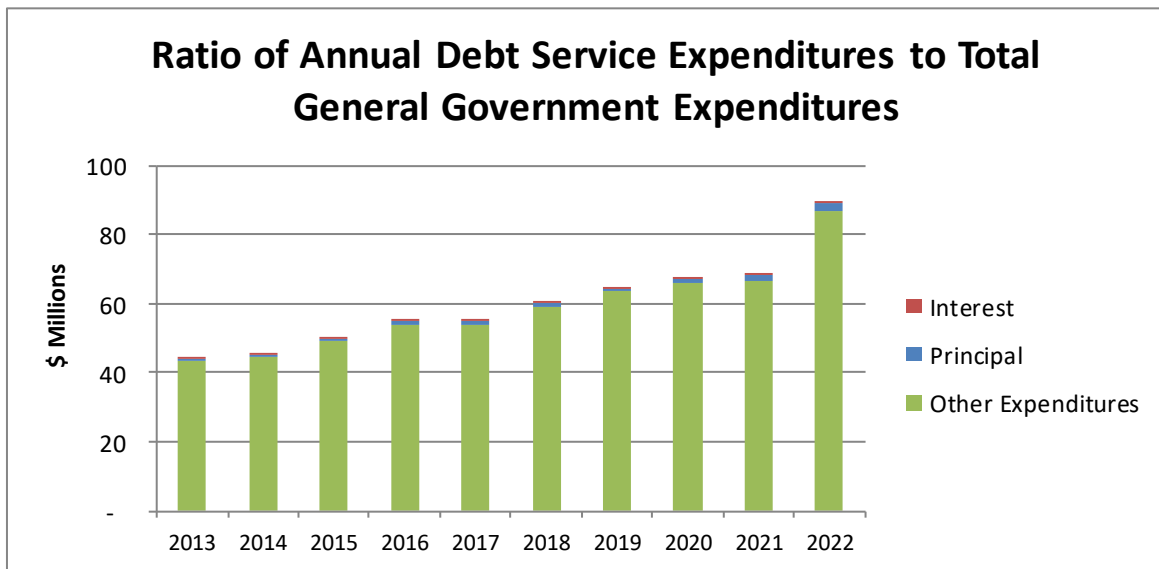
- City of Lakewood Finance Division
- Pierce County Assessor Treasurer
- State of Washington
- Port of Tacoma

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
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	1,195,120	411,675	1,606,795	67,705,605	2.37%
2021	1,614,626	515,783	2,130,409	68,672,245	3.10%
2022	2,199,463	619,295	2,818,758	89,567,523	3.15%

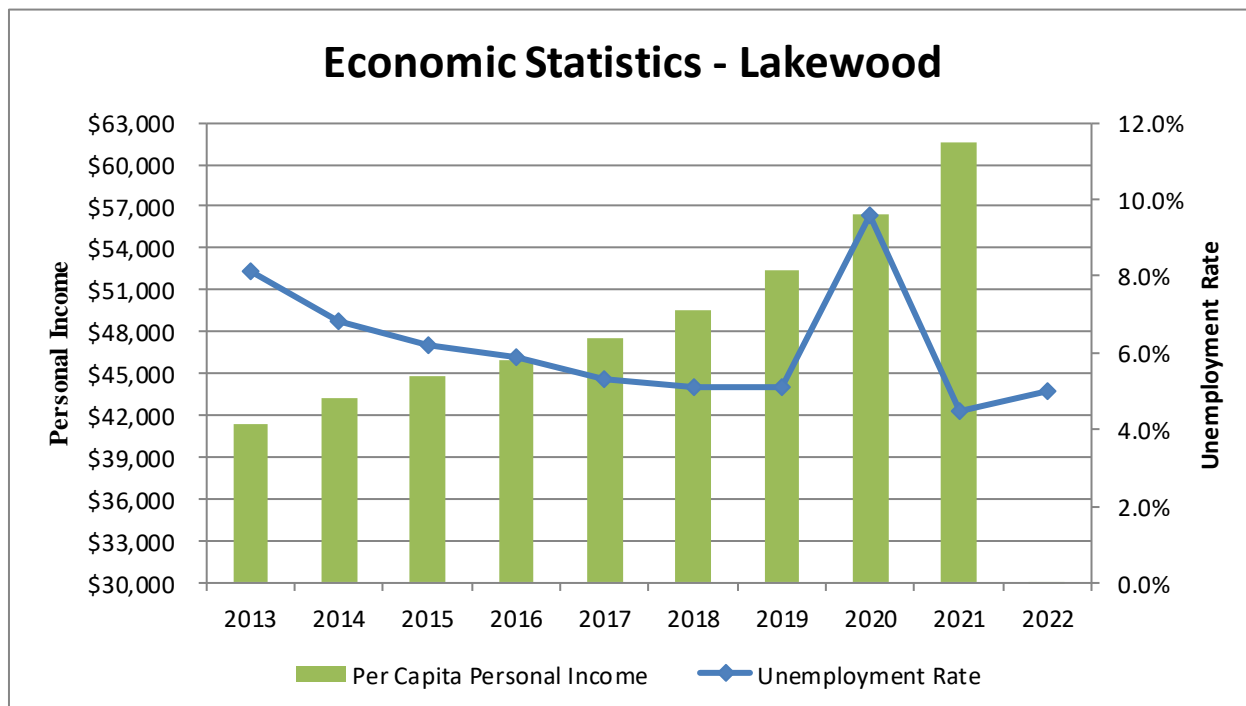


Source:

City of Lakewood Finance Division

**Schedule 14**  
Demographic and Economic Statistics  
Last Ten Fiscal Years

Fiscal Year	Lakewood Population <sup>(1)</sup>	Lakewood Personal Income (in thousands) <sup>(2)</sup>	Pierce County Per Capita Personal Income <sup>(3)</sup>	School Enrollment <sup>(4)</sup>	Median Household Income <sup>(5)</sup> (Pierce County)	Unemployment Rate <sup>(6)</sup>
2013	58,310	\$ 2,412,110	\$ 41,367	11,602	\$ 57,238	8.1%
2014	58,360	2,526,229	43,287	12,254	59,998	6.8%
2015	58,400	2,616,028	44,795	12,285	59,566	6.2%
2016	58,800	2,704,330	45,992	12,346	61,042	5.9%
2017	59,280	2,820,720	47,583	12,885	65,517	5.3%
2018	59,350	2,937,113	49,488	12,953	71,208	5.1%
2019	59,670	3,126,052	52,389	12,618	78,779	5.1%
2020	63,612	3,591,979	56,467	12,019	80,236	9.6%
2021	63,600	3,916,488	61,580	12,022	81,720	4.5%
2022	63,800	-	-	12,736	91,092	5.0%



(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). 2022 data will be available on November 2023 - 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). 2021 data is an estimate and 2022 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	2022			2013		
		Number of Employees	Rank	% of Total City Employment	Number of Employees	Rank	% of Total City Employment
Western State Hospital	Public Sector - Mental Health Facility	2,190	1	6.8%	1,750	2	5.8%
Clover Park School District	Public Sector - Education	1,667	2	5.2%	1,833	1	6.1%
Pierce Transit	Public Sector - Transportation	863	3	2.7%	827	6	2.8%
Camp Murray	Military - National Guard	854	4	2.6%	1,000	3	3.3%
Pierce College	Public Sector - Education	830	5	2.6%	887	4	3.0%
St. Clare Hospital	Health Care	730	6	2.3%	848	5	2.8%
Korean Women's Association	Health Care	660	7	2.0%	-	-	0.0%
Aacres WA LLC	Private Social Services Network	598	8	1.9%	436	7	1.5%
McClane Northwest	Transportation/Warehousing	540	9	1.7%	425	8	1.4%
Wal-Mart	Retail	470	10	1.5%	372	10	1.2%
Clover Park Technical College	Public Sector - Education	385	11	1.2%	400	9	1.3%
		<u>9,787</u>		<u>30.34%</u>	<u>8,778</u>		<u>29.33%</u>

2022 Jobs in Lakewood: 32,263

Source:

City of Lakewood Community and Economic Development Department

**Schedule 16**  
Capital Assets by Function  
Last Ten Fiscal Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Transportation</b>										
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	67	64
Signals WSDOT-owned and maintained	9	9	9	11	11	11	11	10	10	6
Signals West Pierce Fire-owned and Pierce County maintained	3	3	3	3	3	3	3	3	3	2
Signals City-owned and WSDOT-maintained	3	3	3	3	3	3	3	2	2	2
Signals - City -owned and Tacoma Maintained	1	1	1	-	-	-	-	-	-	-
Street lights City-owned and maintained	614	614	614	2,176	2,176	2,277	2,372	2,525	2,525	2,663
Street lights City-owned and TPU maintained	420	420	420	-	-	-	-	-	-	-
Street lights City-owned and Lakeview maintained	698	698	698	-	-	-	-	-	-	-
Street lights PSE-owned and maintained	1,071	1,071	1,071	1,071	1,071	1,098	1,098	1,710	1,710	1,710
Street lights TPU-owned and maintained	353	353	353	-	-	-	-	-	-	-
<b>Culture &amp; Recreation</b>										
Developed parks - acreage	80	80	80	82	82	82	82	82	82	82
Developed parks - number of parks	12	12	13	13	12	12	12	12	12	12
Undeveloped parks - acreage	465	467	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	11	12	12	12	13	14	14
Community gardens	2	2	2	2	2	2	2	2	2	2
Senior Center	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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>SECURITY OF PERSONS &amp; PROPERTY</b>										
<b>Police Information</b>										
Offenses:										
Forcible Rape (including attempts)	30	34	58	55	67	38	59	34	29	32
Robbery	90	89	93	103	94	90	107	73	113	112
Criminal Homicide	2	1	2	-	5	7	7	4	8	4
Aggravated Assault	278	247	339	375	322	332	384	371	414	484
Vehicle Theft	205	215	260	368	375	382	321	480	657	1013
Burglary (commercial & residential)	642	644	566	616	507	492	421	499	488	517
Larceny	1,832	1,681	1,991	2,097	2,052	2,041	1,723	1,788	1,990	1825
Arson	14	15	13	15	11	15	9	9	21	19
Citations:										
Traffic	5,753	8,980	8,202	6,595	5,023	3,697	5,493	2,615	1,482	1,012
Red Light Photo	8,586	8,827	10,586	7,289	11,336	11,927	12,644	10,525	14,833	15,830
Fixed Speed Photo	5,744	4,669	3,384	9,749	6,198	6,571	6,876	2,242	10,597	10,292
<b>ECONOMIC ENVIRONMENT</b>										
<b>Building Related Permits &amp; Values</b>										
Building Permits	1,927	1,339	1,336	1,207	1,540	1,718	1,839	1,771	1,562	1734
Estimated Value (in millions)	\$ 147	\$ 52	\$ 56	\$ 65	\$ 76	\$ 124	\$ 88	\$ 161	\$ 157	\$ 89

Sources:

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

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

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>General Government</b>										
Municipal Court	16.75	16.00	12.50	12.50	11.00	11.00	10.50	10.50	10.00	8.80
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	16.00	16.00	16.00	16.00	16.00	16.00	16.00	13.00
Legal & City Clerk	11.98	11.98	12.50	12.50	11.00	11.00	9.50	9.50	9.50	15.50
<b>Community &amp; Economic Development</b>	22.00	19.00	16.00	17.50	17.50	18.50	19.50	19.50	18.50	24.75
<b>Culture &amp; Recreation</b>	15.50	22.70	18.25	24.25	24.25	24.25	24.25	24.25	24.25	25.00
<b>Security</b>	118.00	121.00	116.00	116.00	116.00	116.00	115.00	115.00	115.00	111.00
<b>Public Works</b>	34.00	27.90	26.00	20.50	20.50	20.50	18.50	18.50	16.50	17.50
<b>Total</b>	<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>	<u>218.55</u>

Source:

City of Lakewood Finance Division

This page left intentionally blank.