

# CITY OF LAKEWOOD, WA

## ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR YEAR FISCAL YEAR ENDED DECEMBER 31, 2023



*Fiesta De La Familia*



# **ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**For the Fiscal Year Ended December 31, 2023**

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, 2023

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July 31, 2024

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, 2023, 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, 2023. 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 64,158 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 2023, there were 30,779 jobs in Lakewood. Major employers include Western State Hospital, Clover Park School District #400, Pierce Transit, Camp Murray, Pierce College, Aero Precision USA, St. Clare Hospital, Korean Women's Association, Aacres WA LLC, McClane Northwest, Hope Human Services, Clover Park Technical College, and Walmart.

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

Local sales tax collected in 2023 total \$14.2M, a decrease of \$250K or less than 2% compared to 2022. Retail trade decreased by \$168K or 3%; services increased by \$102K or 3%; construction decreased by \$327K or 16%; wholesale trade decreased by \$30K or 4%, information and communications increased by \$38K or 7%; finance, insurance and real estate increased by \$28K or 4%; manufacturing increased by \$27K or 12%; government increased by \$62K or 26%; and other increased by \$24K or 11%. Areas that increased include: food services and drinking places; repairs and maintenance; miscellaneous store and general merchandise retailers; sporting goods & hobby stores; and rental and leasing services.



The 2022 assessed value of \$10.9B for 2023 property tax collections included new construction and added improvements of \$110M or approximately 1% of the City's 2022 assessed valuation. The \$10.95B assessed value is 17% higher than the 2021 assessed valuation of \$9.4B for 2022 property tax collections.

Real estate excise tax collected in 2023 total \$2.3M, a decrease of \$1.8M or 44% compared to fiscal year 2022. Major transactions (sale price of \$1M+) and their sales price include the sale of: Palace Caino \$27.M; Lakewood Logistics Center \$11.2M; 26 single family homes \$36.6M; nine multi-family complexes \$32.1M (Lost Lake Forest, Pineridge, Evergreen Court, Garden Park, Colonial Court, Village Studio, Pennymenor, Corral; and a duplex); Nourish land & improvements \$3.7M; two gas stations \$4.5M; two automotive lots \$2.2M; Sizzler's restaurant building \$2.2M; Sherwin Williams \$3.0M; office space \$4.0M; stone/clay/glass manufacturing space \$5.0M; and general retail space \$1.2M. 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

Investments in Cybersecurity. Implemented endpoint detection and response across all workstations and servers; established 24/7 monitoring with security operations center; contracted with third party managed services provider; migrated city's email systems from local exchange to Microsoft 365; replaced and upgraded firewalls; automated systems and software updates; completed and passed Payment Card Industry Data Security Standard (PCI/DSS); completed and passed Criminal Justice Information Services (CJIS) security policy; completed and passed penetration testing.

Investments in Public Safety. Recruited police officers to full staffing levels despite declining trends in law enforcement; implemented FLOCK safety system to reduce stolen vehicles in the city; implemented software to advance forensics computer for digital and electronic investigations and evidence collection, significantly decreasing the turnaround in major cases as well as reducing/eliminating the reliance on outside agencies; and rebranded police vehicles for high visibility patrol.

Creation & Implementation of City-Wide Brand Guide. The City of Lakewood Communications Division created and launched a citywide brand guide. This document is a strategic tool that ensures consistency in the way information is presented to the public. With this brand guide, the city established a uniform and cohesive identity that reflects the adopted City Vision Statement and City Council goals and objectives. It also provides clear instructions on the use of logos, colors, fonts, imagery, and tone of voice, which helps to create a strong and recognizable image.

Public Art. Approved a new public art policy and implemented public art programs to include installing 22 utility box wraps, a mural, a public art "gateway" sculpture, quarterly rotating art exhibits and City Hall and implemented ongoing community programming.

## 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 2023 audit of the City has been completed in conformance with generally accepted auditing standards. The financial statements of all City funds have been included in this audit. The City has been given an unmodified opinion on the annual financial statements in 2023 for the 26th 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, 2022. 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, 2023 and ending on December 31, 2024. 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.

Popular Annual Financial Report. The City of Lakewood also received the GFOA Popular Annual Financial Report Award for its 2022 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.

### **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, 2023



*Left to Right:* Councilmember Mike Brandstetter, Councilmember Don Anderson, Councilmember Pattie Belle, Mayor Jason Whalen, Deputy Mayor Mary Moss, Councilmember Paul Bocchi, and Councilmember Trestin Lauricella

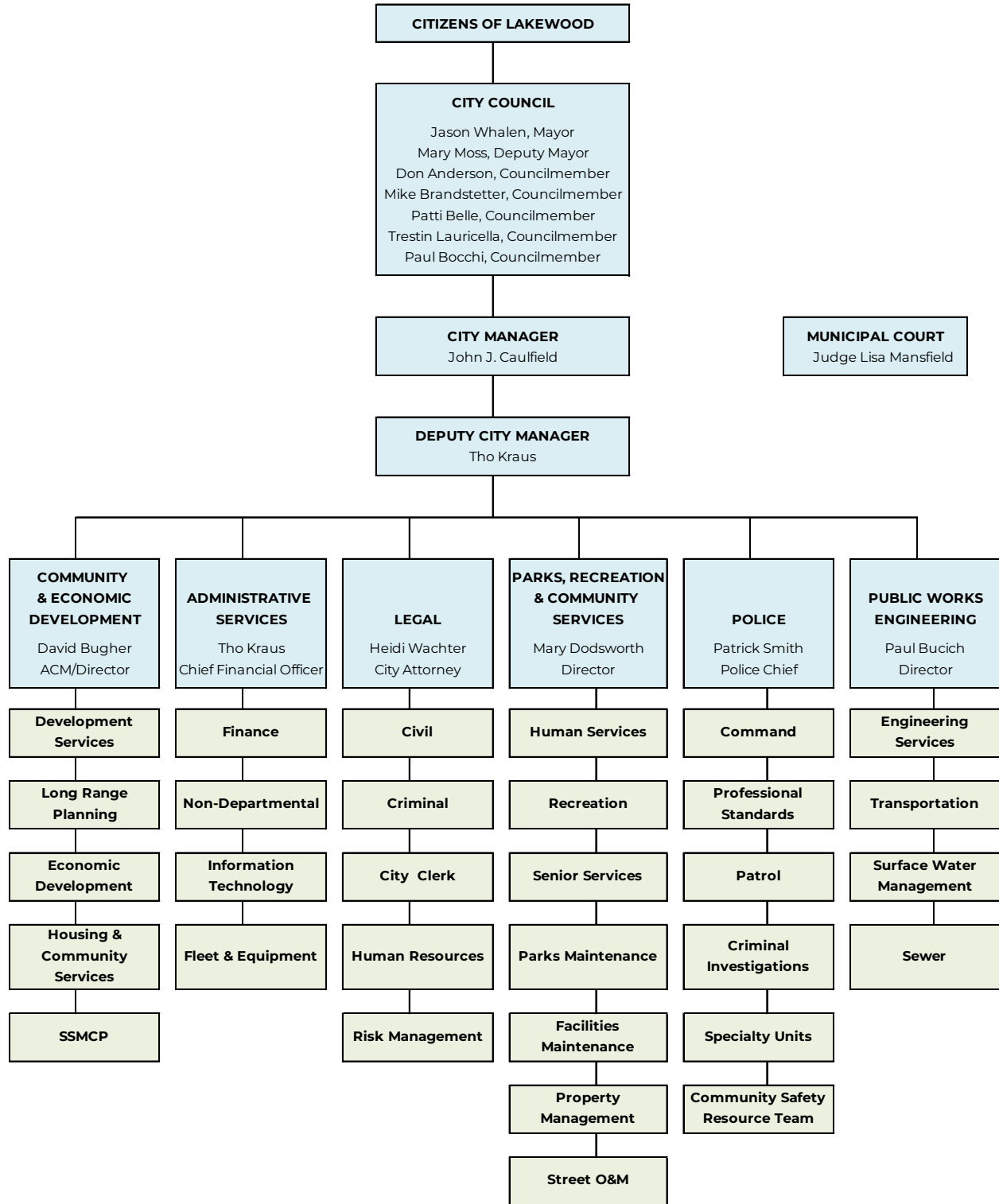
**CITY MANAGER**

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  
Patrick Smith, 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, 2022

*Christopher P. Morill*

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, 2022.

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.





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

**INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF THE  
FINANCIAL STATEMENTS**

Mayor and City Council  
City of Lakewood  
Lakewood, Washington

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

**Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Lakewood as of and for the year then ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Lakewood, as of December 31, 2023, and the respective changes in financial position and cash flows thereof and the budgetary comparison for the General and the 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 19 to the financial statements, in 2023, the City adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information*

*Technology Arrangements* and Statement No. 101, *Compensated Absences*. 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 Introductory and Statistical sections but does not include the basic financial statements and our auditor's report thereon. Management is responsible for the other information included in the financial statements. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or provide any assurance thereon.

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

## **OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS**

In accordance with *Government Auditing Standards*, we will also issue our report dated July 31, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report will be issued under separate cover in the City's Single Audit Report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Sincerely,

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive style with a large, stylized initial "P".

Pat McCarthy, State Auditor

Olympia, WA

July 31, 2024

## 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, 2023. 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, 2023 by \$271.9M. Net investment in capital assets (capital asset cost net of depreciation/amortization and related debt) accounted for 75% of this amount or \$203.0M. Of the remaining net position of \$68.9M or 25%, \$38.6M 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 \$11.7M or 5% compared to 2022. Governmental activities increased by \$10.5M while business-type activities increased by \$1.2M.
- Net investment in capital assets of governmental activities increased by \$13.2M or 8% mostly due to continuing capital construction and improvements of streets and parks. Restricted net position of governmental activities decreased by \$1.6M or 5% 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 decreased by \$1.1M or 4% compared to 2022.
- Governmental fund balances at year-end were \$39.3M, a decrease of \$8.5M compared to the prior year. Of this fund balance, a total of \$5.4M or 14% 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 \$5.4M, \$5.7M belongs to the City's general fund and deficit balance of \$217K belongs to the South Sound Military Communities Partnership. The unassigned fund balance of \$5.4M is a decrease of \$5.9M compared to 2022. 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 property tax, admissions tax, utility tax, franchise fees, development service fees, intergovernmental, police contract and interest earnings; offset by decreases in sales tax, gambling tax, state shared revenues, and fines and forfeitures.
- The City's long-term debt decreased by \$882K or 4% during the current fiscal year. The decrease is due to principal payments of \$2.26M, lease payments of \$68K offset by an increase in subscription-based information technology agreements of \$1.45M.

### 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; fund financial statements, including budgetary statements for the general fund and major special revenue funds; and 3) notes to the financial statements.

Other supplementary information, in addition to the basic financial statements, is also contained in this report.

## 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. All of the activities of the City, except those of a fiduciary nature, are included in these statements.

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 units 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 funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

### Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. (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, American Rescue Plan Act (ARPA) Fund, Parks Capital Fund, and the Transportation Capital Fund, which considered 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 and ARPA 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 statistical section 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 \$271.9M at December 31, 2023. This is an increase of \$11.7M or 5% compared to December 31, 2022. Governmental net position increased by \$10.5M or 5% while business-type activities increased by \$1.2M or 4%.

### CONDENSED STATEMENT OF NET POSITION As of December 31, 2023 and 2022

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 76,719,922	\$ 84,869,686	\$ 12,007,406	\$ 9,531,789	\$ 88,727,328	\$ 94,401,475
Capital assets net of accumulated depreciation and amortization	202,994,269	185,869,533	24,202,868	25,418,071	227,197,137	211,287,604
<b>Total Assets</b>	<b>279,714,190</b>	<b>270,739,219</b>	<b>36,210,274</b>	<b>34,949,860</b>	<b>315,924,465</b>	<b>305,689,080</b>
Deferred outflows of resources	8,452,259	5,947,503	380,717	31,031	8,832,976	5,978,534
<b>Total deferred outflows of resources</b>	<b>8,452,259</b>	<b>5,947,503</b>	<b>380,717</b>	<b>31,031</b>	<b>8,832,976</b>	<b>5,978,534</b>
Current liabilities	19,823,805	20,332,626	634,133	604,899	20,457,938	20,937,525
Long-term liabilities	22,522,867	21,864,616	2,997,075	3,233,533	25,519,942	25,098,150
<b>Total Liabilities</b>	<b>42,346,672</b>	<b>42,197,242</b>	<b>3,631,208</b>	<b>3,838,432</b>	<b>45,977,880</b>	<b>46,035,674</b>
Deferred inflows of resources	6,281,227	5,436,440	582,409	-	6,863,636	5,436,440
<b>Total deferred inflows of resources</b>	<b>6,281,227</b>	<b>5,436,440</b>	<b>582,409</b>	<b>-</b>	<b>6,863,636</b>	<b>5,436,440</b>
<b>Net Position:</b>						
Net investment in capital assets	181,959,951	168,778,224	21,063,283	22,302,829	203,023,234	191,081,053
Restricted	29,959,080	31,582,744	302,579	34,781	30,261,659	31,617,525
Unrestricted	27,619,519	28,692,072	11,011,512	8,804,849	38,631,031	37,496,921
<b>Total Net Position</b>	<b>\$ 239,538,550</b>	<b>\$ 229,053,041</b>	<b>\$ 32,377,374</b>	<b>\$ 31,142,460</b>	<b>\$ 271,915,923</b>	<b>\$ 260,195,502</b>

The largest component of the City's net position is its' net investment in capital assets, which totals \$203.0M and accounts for 75% 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	\$ 26,053,904	\$ 1,860,947	\$ 27,914,851
Construction in progress	14,660,576	4,282	14,664,858
Total capital assets, being not depreciated/amortized	40,714,480	1,865,229	42,579,709
Buildings	32,767,506	1,849,673	34,617,179
Infrastructure	213,239,931	44,427,582	257,667,513
Machinery and equipment	14,894,738	332,332	15,227,070
Subscription based information technology arrangements	2,055,085	-	2,055,085
Total capital assets, being depreciated/amortized	262,957,259	46,609,587	309,566,846
<b>Accumulated depreciation:</b>			
Buildings	(8,820,731)	(315,057)	(9,135,788)
Infrastructure	(83,174,188)	(23,660,305)	(106,834,493)
Machinery and equipment	(8,261,923)	(296,586)	(8,558,509)
Subscription based information technology arrangements	(420,629)	-	(420,629)
Total accumulated depreciation	(100,677,472)	(24,271,948)	(124,949,420)
Total capital assets being depreciated/amortized, net	162,279,787	22,337,639	184,617,426
Total Governmental Activities Capital Assets	202,994,269	24,202,868	227,197,137
<b>Less: Capital related debt:</b>			
Due in 1 yr	(2,375,771)	(457,355)	(2,833,126)
Due in more than 1 year/Long-Term	(18,155,350)	(2,682,230)	(20,837,580)
Premium	(503,197)	-	(503,197)
<b>Total</b>	<b>\$ 181,959,951</b>	<b>\$ 21,063,283</b>	<b>\$ 203,023,234</b>

Of the \$38.6M unrestricted net position, \$11.0M belongs to the Surface Water Management enterprise while \$27.6M 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.

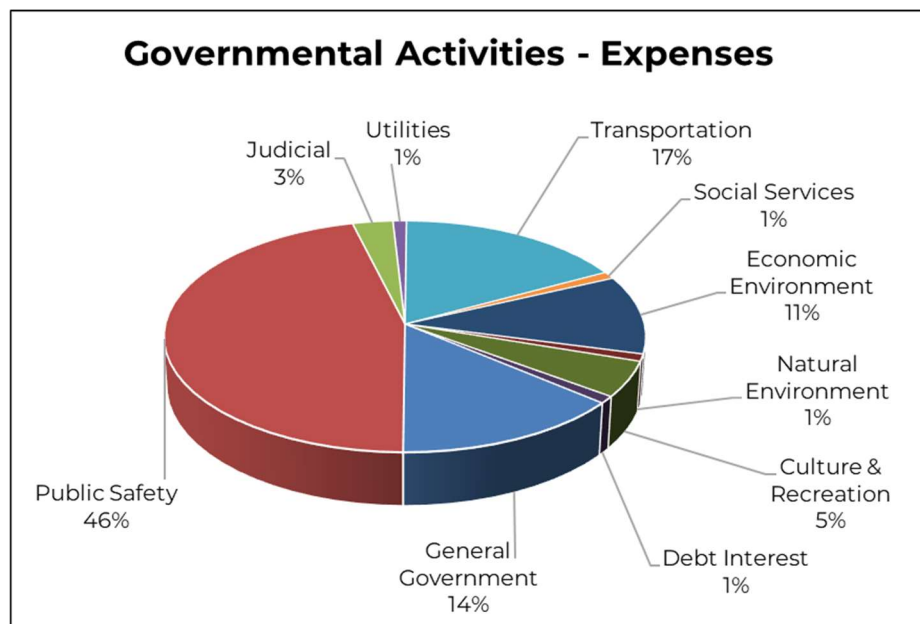
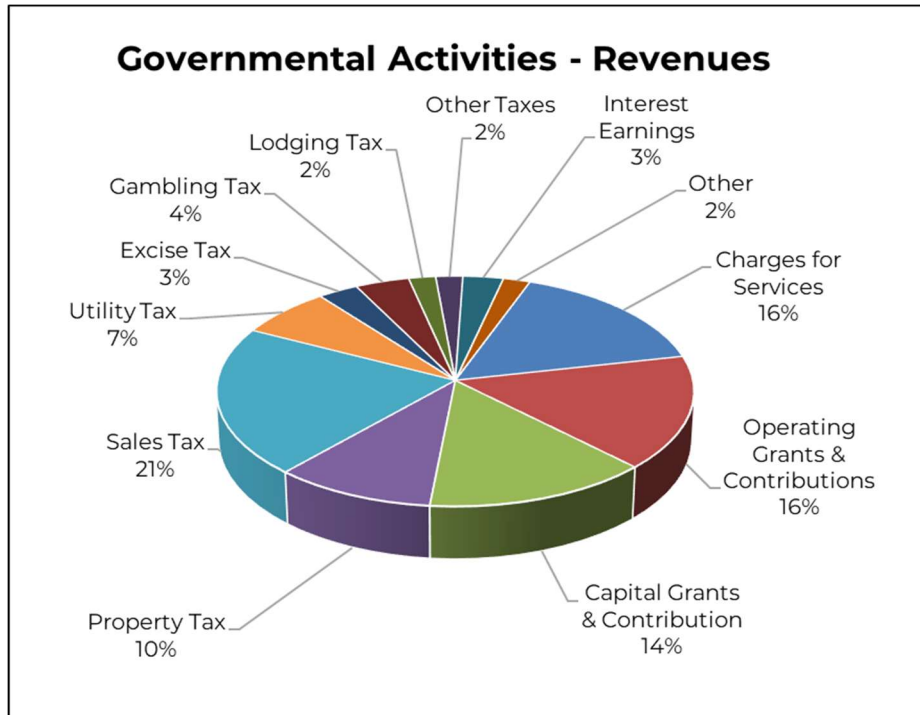
**CHANGES IN NET POSITION**  
**For the Years Ended December 31, 2023 and 2022**

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Programs revenues:						
Charges for services	\$ 12,788,389	\$ 12,897,098	\$ 5,441,921	\$ 5,231,611	\$ 18,230,310	\$ 18,128,709
Operating grants & contributions	12,678,037	16,189,607	-	-	12,678,037	16,189,607
Capital grants & contributions	10,978,958	6,821,799	135,201	127,817	11,114,159	6,949,616
General revenues:						
Property tax	7,761,370	7,590,147	-	-	7,761,370	7,590,147
Sales tax	16,632,127	16,936,853	-	-	16,632,127	16,936,853
Utility tax	5,732,026	5,628,301	-	-	5,732,026	5,628,301
Excise tax	2,331,133	4,141,353	-	-	2,331,133	4,141,353
Gambling tax	3,048,637	3,931,397	-	-	3,048,637	3,931,397
Lodging tax	1,293,768	1,400,088	-	-	1,293,768	1,400,088
Other taxes	1,398,160	1,287,349	-	-	1,398,160	1,287,349
Gain on sale of capital assets	124,466	108,978	-	-	124,466	108,978
Judgment and settlements	10,247	11,532	-	-	10,247	11,532
Investment earning	2,695,104	909,457	447,321	179,702	3,142,426	1,089,159
Miscellaneous	1,123,529	788,171	-	-	1,123,529	788,171
Total Revenue	<u>78,595,951</u>	<u>78,642,130</u>	<u>6,024,443</u>	<u>5,539,130</u>	<u>84,620,394</u>	<u>84,181,260</u>
Expenses:						
General government	9,749,590	6,530,150	-	-	9,749,590	6,530,150
Public safety	32,426,134	28,831,480	-	-	32,426,134	28,831,480
Judicial	2,057,079	1,720,102	-	-	2,057,079	1,720,102
Utilities	406,198	103,963	-	-	406,198	103,963
Transportation	11,422,744	9,180,289	-	-	11,422,744	9,180,289
Social Services	860,986	744,196	-	-	860,986	744,196
Economic environment	7,302,464	7,243,571	-	-	7,302,464	7,243,571
Natural environment	414,596	389,460	-	-	414,596	389,460
Culture and recreation	3,559,487	3,364,314	-	-	3,559,487	3,364,314
Debt interest	506,780	541,889	-	-	506,780	541,889
Surface water management	-	-	3,650,290	3,664,852	3,650,290	3,664,852
Total Expenses	<u>68,706,058</u>	<u>58,649,415</u>	<u>3,650,291</u>	<u>3,664,852</u>	<u>72,356,349</u>	<u>62,314,267</u>
Change in net position before transfers	9,889,893	19,992,715	2,374,152	1,874,278	12,264,045	21,866,993
Transfers	1,121,532	4,177,869	(1,121,532)	(4,177,869)	-	(3,056,337)
Change in net position	11,011,423	24,170,585	1,252,621	(2,303,592)	12,264,044	21,866,993
Net position - beginning	229,053,041	205,973,492	31,142,460	33,446,050	260,195,501	239,419,542
Prior period adjustments	-	(1,091,033)	-	-	-	(1,091,033)
Error Correction	(265,563)	-	-	-	(265,563)	-
Change in accounting principle	(260,352)	-	(17,705)	-	(278,057)	-
Adjusted net position - beginning	<u>228,527,126</u>	<u>204,882,459</u>	<u>31,124,755</u>	<u>33,446,050</u>	<u>259,651,881</u>	<u>238,328,509</u>
Net position - ending	<u>\$ 239,538,550</u>	<u>\$ 229,053,041</u>	<u>\$ 32,377,374</u>	<u>\$ 31,142,460</u>	<u>\$ 271,915,923</u>	<u>\$ 260,195,502</u>

### Governmental Activities

Total assets and deferred outflows of resources of the City's governmental activities increased by \$11.5M or 4% compared to fiscal year 2022.

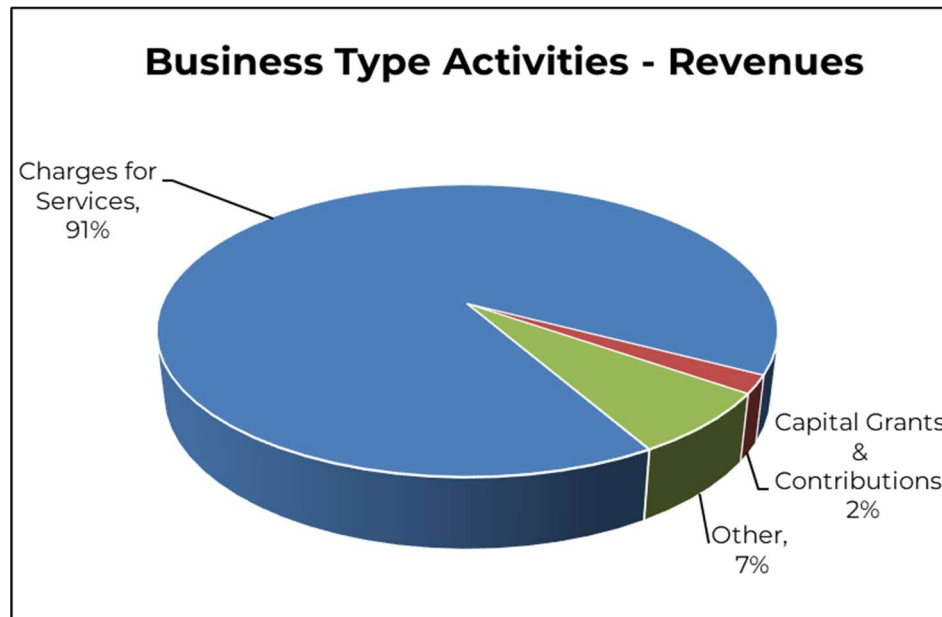
Net capital assets increased by \$17.1M or 9%, cash and cash equivalents decreased by \$12.9M or 27%, receivables decreased by \$375K or 3%, due from other governments increased by \$4.2M or 186%. The City's proportionate share of net pension asset and deferred outflows of resources related to pensions of \$18.4M as reported by the Washington Department of Retirement Services increased by \$3.5M or 23%.



## Business-Type Activities

Under business-type activities, total assets and deferred outflows of resources increased by \$1.6M or 26% primarily due to an increase in cash and cash equivalents. Capital assets net of accumulated depreciation decreased by \$1.2M or 4% due to annual depreciation charges in surface water infrastructure and machinery and equipment. Net investment in capital assets decreased \$1.2M due primarily to these changes.

Restricted net position of \$303K for business-type activities comprise the resources dedicated to American Lake Management District 1 of \$31K and pensions of \$272K. Unrestricted net position increased by \$2.2M or 25% 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 2023, the City's governmental funds had a combined ending fund balance of \$39.3M which decreased by \$8.5 or 6% from the prior year. Approximately \$5.4M or 5% of this amount constitutes unassigned General Fund balance, which is available for spending at the City Council's discretion. Restricted fund balance is \$16.4 while \$17.5M 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 analysis below includes the General & Street Fund since the General Fund subsidizes over 50% of its operations. The combined ending fund balance at December 31, 2023 is \$13.5M. This ending fund balance represents 28% of the General and Street M&O operating revenues and is \$5.8M 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 \$953K.
- **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 2022, total revenues and other financing sources in the General/Street Fund increased by \$709K or 2% while total expenditures and other financing uses increased by \$8.4M or 18%. Within these increases, operating revenues increased by \$448K or 1% and operating expenditures increased by \$3.9M or 9%. Ending fund balance of \$13.5M at December 31, 2023 is a decrease of \$6.0M or 30% due to capital and other 1-time expenditure increases.

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

- Property tax increased by \$126K or 2%
- Local sales and use tax revenue decreased by \$250K or 2%.
- Parks sales tax decreased by \$18K or 2%.
- Criminal justice sales tax decreased by \$35K or 2%
- Admissions tax increased by \$148K or 44%
- Utility Tax increased by \$104K or 2%
- Gambling tax revenue decreased by \$883K or 22%.
- Franchise fees increased by \$112K or 3%.
- Development services permits and fees revenue increased by \$533K or 29%.
- State shared revenues decreased by \$127K or 5%.
- Intergovernmental contract revenue for municipal court services increased by \$170K or 53%.
- Police contracts and extra duty increased by \$295K or 36%.
- Fines and forfeitures from photo and school zone infractions decreased by \$161K or 14% while other municipal court fines and forfeitures decreased by \$49K or 17%.
- Investment interest earnings increased by \$405K or 109%.
- Grant revenues increased by \$261K or 48%.
- Other financing uses increased by \$4.4M or 116% mainly due to an increase in transfers in support of transportation and parks capital projects and 1-time expenditures.

## 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 \$11.0M representing an increase over the prior year of \$2.2K or 25%. Other factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

Compared to 2022, business-type activities of the City's Surface Water Management increased the City's total net position by \$1.2M, primarily due to a decrease in transfers to parks and transportation capital for storm drainage related improvements. Other changes included: operating revenues increased by \$210K or 4% and while operating expenses decreased by \$10K or 4%. Investment interest earnings increased by \$262K while interest expenses decreased by \$13K or 21%.

## 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 2023, 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 \$7.5M between the original adopted budget and the final adjusted budget for fiscal year 2023. The following are the changes to the General Fund's 2023 budget:

- \$12K for Gimhae Sister City Trip
- \$15K for National Community Survey
- \$12K to implement Independent Salary Commission Decision
- \$5K for AWC (Association of Washington Cities) Conference
- \$2K for Puget Sound Regional Council Dues
- \$30K for Lakewood Equity Map
- \$50K for Comprehensive Plan Amendment
- \$12K for Economic Development Strategy
- \$6K for Economic Development Annual Meeting Gold Sponsorship
- \$12K for Downtown Subarea Contracted Plan Review
- \$50K for Climate Change Grant
- \$88K for Periodic Review Grant
- \$150K for Middle Housing Grant
- \$57K for City Tree Fund
- \$418K for Pannatoni Tree Mitigation
- \$3K for Woodworth Industrial Park Association Dues
- \$200K for Western State Hospital Contracted Plan Review
- \$50K for General Contracted Plan Review
- \$5K for Short-Term Rentals Software
- \$41K for Rental Housing Safety Program Software
- \$3K for Lakewood Multicultural Coalition Signature Event
- \$62K for Sponsorships for Parks Program
- \$461K for Washington State Healthcare Authority CHOICE Grant
- \$187K for Therapeutic Court Grant
- \$127K for Opioid Funds
- \$45K for Public Records Settlement
- \$146K for Public Defense Grant
- \$955K for LPIG (Lakewood Police Independent Guild) Collective Bargaining Implementation
- \$150K for LPMG (Lakewood Police Management Guild) Collective Bargaining Implementation
- \$283K for Police Employees Settlement Pay



- \$184K for Retiree Cash Out Termination Pay
- \$25K for Police Recruitment Supplies
- \$88K for Firearms Training Ammunition
- \$5K for City of Tacoma Radio Fees
- \$174K for Jail Services
- \$10J for Power Field Training and EDR Toolkit Software
- \$126K for Flock Safety Falcon Fingerprinting Technology
- \$105K for Axon Automated License Plate Reader, Live Stream Capabilities & Interview Room
- \$672K for Property Management
- \$664K for Information Technology
- \$52K for WCIA (Washington Cities Insurance Authority) Assessments
- \$1.9M for Parks Capital Projects
- \$185K reduction in Transportation Capital Projects

The General Fund's ending fund balance of \$13.5M is \$2.0M above the revised estimate of \$11.5M for 2023 due to decreases in revenues and other sources of \$350K or less than 1% and decreases in expenditures and other uses of \$2.4M or 4%.

Revenues and other sources decrease is due to:

- Sales tax-related revenues increased overall. Local sales & use tax increased by \$703K or 5%; parks sales tax increased by \$91K or 12%; brokered natural gas use tax increased by \$30K or 66%; and criminal justice sales tax increased by \$86K or 6%.
- Admissions tax increased by \$150K or 45% due to increased activity and back taxes paid.
- Utility tax increased by \$290K or 5% due increases in electricity, natural gas, solid waste, phone/cell phone, and surface water management fees; offset by decrease in cable.
- Development services and fees increased by \$146K or 7%.
- Gambling tax decreased by \$712K or 19% due to closure of major establishment for remodel.
- Municipal court fines and forfeitures decreased by \$107K or 31% due to an overall decrease in filings.
- Recreation fees decreased by \$69K or 24% due to closures of senior center facility and decreased activity.
- Police contracts and extra duty decreased by \$14K or 1%.
- 1-Time sources including grants decreased by \$948K or 54%.

Expenditures and other uses decrease of \$2.4M is due primarily to a decrease in parks and transportation capital funding as well as other 1-time uses.

## 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, 2023 amounted to \$227.2M (net of accumulated depreciation and amortization). This investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure, subscription-based information technology arrangements (SBITA), and construction in progress. For more details, please see Note 6.

#### CAPITAL ASSETS AT YEAR-END, NET OF DEPRECIATION/AMORTIZATION

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 26,053,904	\$ 25,190,535	\$ 1,860,947	\$ 1,860,947	\$ 27,914,851	\$ 27,051,482
Construction in progress	14,660,576	30,095,820	4,282	285,021	14,664,858	30,380,841
Building	23,946,775	24,540,549	1,534,616	1,571,749	25,481,391	26,112,298
Infrastructure	130,065,743	101,164,347	20,767,277	21,656,218	150,833,020	122,820,565
Machinery and equipment	6,632,815	4,878,282	35,746	44,136	6,668,561	4,922,418
Subscription-based IT arrangements	1,634,456	-	-	-	1,634,456	-
<b>Total Capital Assets</b>	<b>\$ 202,994,268</b>	<b>\$ 185,869,533</b>	<b>\$ 24,202,868</b>	<b>\$ 25,418,071</b>	<b>\$ 227,197,136</b>	<b>\$ 211,287,604</b>

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 2023 construction spending included the following:

American Lake Park Improvements	\$745K
Fort Steilacoom Park Turf Improvements	\$5.5M
Springbrook Park Expansion	\$1.7M
Angle Lane/Elwood Sidewalks & Pedestrian Improvements	\$2.3M
Washington Blvd & Edgewood Drive (North Fort to Gravelly Lk. Dr.)	\$5.9M

## Long-term debt

At the end of 2023, the City had total General Obligation bonded debt outstanding of \$16.4M 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	
	2023	2022	2023	2022	2023	2022
2021A LTGO - Private Placement	\$ -	\$ 334,245	\$ -	\$ -	\$ -	\$ 334,245
2021B LTGO Private Placement	5,954,955	5,971,635	-	-	5,954,955	5,971,635
2020 LTGO - Private Placement	2,492,600	2,674,805	-	-	2,492,600	2,674,805
2019 LTGO	6,345,000	6,645,000	-	-	6,345,000	6,645,000
2019 LTGO Premium	446,905	476,705	-	-	446,905	476,705
2016 LTGO	985,859	1,173,771	-	-	985,859	1,173,771
LOCAL Financing	585,000	715,000	-	-	585,000	715,000
LOCAL Financing Premium	56,292	73,613	-	-	56,292	73,613
McGavick Centre Lease	213,567	281,245	-	-	213,567	281,245
Subscription-Based IT Arrangements	1,450,910	-	-	-	1,450,910	-
Public Works Trust Fund Loan	1,719,006	2,182,944	-	-	1,719,006	2,182,944
Promissory note (59th Ave)	74,224	145,773	-	-	74,224	145,773
Special Assessment w/ governmental commitments	710,000	790,935	-	-	710,000	790,935
2021 Revenue Bonds	-	-	3,139,585	3,590,670	3,139,585	3,590,670
<b>Total</b>	<b>\$ 21,034,318</b>	<b>\$ 21,465,670</b>	<b>\$ 3,139,585</b>	<b>\$ 3,590,670</b>	<b>\$ 24,173,903</b>	<b>\$ 25,056,340</b>

The City's total debt decreased by \$882K during the current fiscal year due to debt service principal payments. Governmental decreased by \$431K or 2% and business-type decreased by \$451K or 13%.

## 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>

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# **BASIC FINANCIAL STATEMENTS**

**City of Lakewood**  
**Statement of Net Position**  
December 31, 2023

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 48,149,920	\$ 11,288,736	\$ 59,438,656
Receivables (net)	12,242,514	191,029	12,433,543
Due from other governments	6,410,917	7,820	6,418,737
Internal balances	(43,430)	43,430	-
Total current assets	<u>66,759,921</u>	<u>11,531,015</u>	<u>78,290,936</u>
Noncurrent assets:			
Net pension asset	9,960,001	476,391	10,436,392
Capital assets not being depreciated	40,714,480	1,865,229	42,579,709
Capital assets, net of accumulated depreciation and amortization	162,279,789	22,337,639	184,617,428
Total noncurrent assets	<u>212,954,270</u>	<u>24,679,259</u>	<u>237,633,529</u>
TOTAL ASSETS	<u>279,714,190</u>	<u>36,210,274</u>	<u>315,924,465</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources related to pensions	8,435,347	380,717	8,816,064
Deferred charge on refunding	16,912	-	16,912
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>8,452,259</u>	<u>380,717</u>	<u>8,832,976</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	6,003,165	86,496	6,089,661
Wages payable	1,871,782	43,612	1,915,394
Unearned revenue	7,493,814	-	7,493,814
Due to other governments	7,093	-	7,093
Contracts payable	738,696	-	738,696
Other liabilities	76,180	-	76,180
LT Liabilities due in one year:			
General obligation bonds payable	1,226,447	-	1,226,447
Other bonds, notes and loans payable	538,161	457,355	995,516
Special assessment debt, with governmental commitments	71,000	-	71,000
Leases/subscription based IT arrangements	587,283	-	587,283
Compensated absences payable	1,210,184	46,670	1,256,854
Total current liabilities	<u>19,823,805</u>	<u>634,133</u>	<u>20,457,938</u>
Noncurrent liabilities:			
LT Due in more than one year:			
General obligations bond payable	15,640,164	-	15,640,164
Other bonds, note and loans payable	1,255,069	2,682,230	3,937,299
Special assessment debt, with governmental commitments	639,000	-	639,000
Leases/subscription based IT arrangements	1,077,194	-	1,077,194
Compensated absences	2,823,764	108,897	2,932,661
Net pension liability	1,087,677	205,948	1,293,625
Total noncurrent liabilities	<u>22,522,867</u>	<u>2,997,075</u>	<u>25,519,942</u>
TOTAL LIABILITIES	<u>42,346,672</u>	<u>3,631,208</u>	<u>45,977,880</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources related to leases	299,325	-	299,325
Deferred inflows of resources related to pensions	5,981,902	582,409	6,564,311
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>6,281,227</u>	<u>582,409</u>	<u>6,863,636</u>
<b>NET POSITION</b>			
Net investment in capital assets	181,959,951	21,063,283	203,023,234
Restricted for:			
Capital projects	7,277,005	-	7,277,005
Debt service	2,037,328	-	2,037,328
Grants	3,167,265	-	3,167,265
Law enforcement	1,381,302	-	1,381,302
Affordable housing	102,896	-	102,896
Tourism related activities	3,593,011	-	3,593,011
Pensions	12,400,272	271,535	12,671,807
Lake Management District	-	31,044	31,044
Unrestricted	27,619,520	11,011,512	38,631,032
TOTAL NET POSITION	<u>\$ 239,538,550</u>	<u>\$ 32,377,374</u>	<u>\$ 271,915,923</u>

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

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

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	Governmental Activities	Business-type Activities	Total
<b>Primary government:</b>							
Governmental activities:							
General government	\$ 9,749,590	\$ 5,387,043	\$ 6,115,287	\$ 340,899	\$ 2,093,639	\$ -	\$ 2,093,639
Public safety	32,426,134	2,074,380	2,738,079	-	(27,613,675)	-	(27,613,675)
Judicial	2,057,079	1,525,561	-	-	(531,519)	-	(531,519)
Utilities	406,198	1,197,316	-	-	791,118	-	791,118
Transportation	11,422,744	195,495	2,278,865	3,487,594	(5,460,789)	-	(5,460,789)
Social services	860,986	-	-	-	(860,986)	-	(860,986)
Economic environment	7,302,464	2,100,461	845,083	-	(4,356,920)	-	(4,356,920)
Natural environment	414,596	91,517	700,723	-	377,644	-	377,644
Culture and recreation	3,559,487	216,617	-	7,150,464	3,807,594	-	3,807,594
Debt interest	506,780	-	-	-	(506,780)	-	(506,780)
Total governmental activities	<u>68,706,058</u>	<u>12,788,389</u>	<u>12,678,037</u>	<u>10,978,958</u>	<u>(32,260,674)</u>	<u>-</u>	<u>(32,260,674)</u>
Business-type activities:							
Surface Water Management	3,650,290	5,441,921	-	135,201	-	1,926,832	1,926,832
Total business-type activities	<u>3,650,290</u>	<u>5,441,921</u>	<u>-</u>	<u>135,201</u>	<u>-</u>	<u>1,926,832</u>	<u>1,926,832</u>
Total primary government	<u>\$ 72,356,348</u>	<u>\$ 18,230,310</u>	<u>\$ 12,678,037</u>	<u>\$ 11,114,159</u>	<u>(32,260,674)</u>	<u>1,926,832</u>	<u>(30,333,842)</u>
General revenues:							
Property tax					7,761,370	-	7,761,370
Sales tax					16,632,127	-	16,632,127
Utility tax					5,732,026	-	5,732,026
Excise tax					2,331,133	-	2,331,133
Gambling tax					3,048,637	-	3,048,637
Lodging tax					1,293,768	-	1,293,768
Other taxes					1,398,160	-	1,398,160
Gain/Loss on sale of capital assets					124,466	-	124,466
Judgments and settlements					10,247	-	10,247
Investment earnings					2,695,101	447,321	3,142,423
Miscellaneous					1,123,530	-	1,123,530
Total general revenues					<u>42,150,565</u>	<u>447,321</u>	<u>42,597,887</u>
Change in net position before transfers					9,889,891	2,374,153	12,264,044
Transfers					1,121,532	(1,121,532)	-
Change in net position after transfers					<u>11,011,423</u>	<u>1,252,621</u>	<u>12,264,044</u>
Net position - beginning					229,053,041	31,142,460	260,195,501
Error Correction - Note 13					(265,563)	-	(265,563)
Change in accounting principle - Note 13					(260,352)	(17,705)	(278,057)
Adjusted net position - beginning					<u>228,527,126</u>	<u>31,124,755</u>	<u>259,651,881</u>
Net position - ending					<u>\$ 239,538,550</u>	<u>\$ 32,377,374</u>	<u>\$ 271,915,923</u>

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

**City of Lakewood**  
**Balance Sheet**  
**Governmental Funds**  
December 31, 2023

	General Fund	ARPA Fund	Parks CIP Fund	Transportation Capital Fund	Total Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 11,368,503	\$ 9,516,704	\$ 2,231,380	\$ 9,763,192	\$ 8,362,633	\$ 41,242,412
Customer accounts receivable	2,138,938	-	-	-	6,118	2,145,056
Due from other governments	119,658	-	4,771,450	780,518	739,291	6,410,917
Notes/contracts receivable	-	-	-	-	1,904,337	1,904,337
Lease receivable	13,853	-	-	-	233,646	247,499
Special assessments receivable	-	-	-	-	2,566,433	2,566,433
Taxes receivable	4,737,263	-	714	48,588	576,190	5,362,755
Interfund loan receivable	357,933	-	-	-	-	357,933
Total assets	<u>18,736,148</u>	<u>9,516,704</u>	<u>7,003,544</u>	<u>10,592,298</u>	<u>14,388,648</u>	<u>60,237,342</u>
<b>LIABILITIES</b>						
Accounts payable	1,204,636	1,253,212	1,332,954	1,105,409	837,483	5,733,694
Wages payable	1,634,477	7,704	9,666	62,974	103,723	1,818,544
Due to other governments	308	-	-	-	2,435	2,743
Customer deposits	-	-	-	-	9,490	9,490
Unearned revenue	509,952	6,954,555	-	-	29,307	7,493,814
Contracts payable	-	156	-	730,004	8,536	738,696
Other accrued liabilities	65,114	-	-	-	1,576	66,690
Interfund loan payable	-	-	-	-	357,933	357,933
Total liabilities	<u>3,414,487</u>	<u>8,215,627</u>	<u>1,342,620</u>	<u>1,898,387</u>	<u>1,350,483</u>	<u>16,221,604</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Lease revenue	13,663	-	-	-	285,663	299,325
Unavailable revenue	1,810,027	-	-	-	2,571,683	4,381,710
Total liabilities and deferred inflows of resources	<u>5,238,177</u>	<u>8,215,627</u>	<u>1,342,620</u>	<u>1,898,387</u>	<u>4,207,830</u>	<u>20,902,640</u>
<b>FUND BALANCES (DEFICITS)</b>						
Restricted	125,133	1,301,077	368,008	6,417,281	8,194,410	16,405,909
Committed	7,718,043	-	5,292,916	2,276,630	2,203,200	17,490,789
Unassigned	5,654,796	-	-	-	(216,790)	5,438,006
Total fund balances (deficits)	<u>13,497,972</u>	<u>1,301,077</u>	<u>5,660,924</u>	<u>8,693,911</u>	<u>10,180,820</u>	<u>39,334,704</u>
Total liabilities, deferred inflows, and fund balances (deficits)	<u>\$ 18,736,148</u>	<u>\$ 9,516,704</u>	<u>\$ 7,003,544</u>	<u>\$ 10,592,298</u>	<u>\$ 14,388,648</u>	<u>\$ 60,237,342</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, 2023

Fund balances of governmental funds		\$ 39,334,704
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	181,240,347	
Plus: capital assets additions	20,897,025	
Less: depreciation and amortization expense	<u>(6,603,942)</u>	
Less: prior period adjustment	<u>265,563</u>	
		195,798,993
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	(24,933,828)	
Less: Debt/leases redeemed, including amortization	1,882,262	
Plus: Compensated absences issued	(4,208,709)	
Less: Compensated Absences Redeemed	3,642,919	
Plus: Deferred Charge on Refunding	16,912	
Plus: Compensated absences in internal service funds	<u>106,581</u>	
		(23,493,863)
Some revenue reported on the government-wide Statement of Activities is reported as deferred inflows of resources in the governmental funds:		
Property tax	127,468	
Municipal court	529,661	
Property abatements	1,742,954	
Opioid settlement	1,152,898	
Local improvement districts	823,480	
Public works trust fund loans	<u>5,250</u>	
		4,381,711
Assets and liabilities of internal service funds are included in governmental activities in the Statement of Net Position:		
Fleet & equipment fund assets & deferred outflows of resources	9,447,144	
Property management fund assets & deferred outflows of resources	1,253,694	
Information technology fund assets & deferred outflows of resources	4,358,027	
Risk management fund assets & deferred outflows of resources	18,008	
Fleet & equipment fund liabilities & deferred inflows of resources	(50,684)	
Property management fund liabilities & deferred inflows of resources	(228,759)	
Information technology fund liabilities & deferred inflows of resources	(2,467,937)	
Risk management fund liabilities & deferred inflows of resources	(18,008)	
Less balances in internal service funds	<u>(43,430)</u>	
		12,268,054
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	9,427,724	
Deferred outflows of resources related to pensions	8,009,969	
Deferred inflows of resources related to pensions	(5,331,172)	
Net pension liability	<u>(857,569)</u>	
		11,248,952
		<u>\$ 239,538,550</u>

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, 2023

	General Fund	Formerly Major Fund CDBG Fund	Formerly Major Fund SSMCP	Formerly ARPA Fund	Formerly Major Fund LID Debt Service	Formerly NonMajor Fund Parks CIP	Transportation Capital Fund	Total Nonmajor Funds	Total Governmental Funds
<b>REVENUES</b>									
Taxes	\$33,680,724	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,518,011	\$ 38,198,735
Special assessments	-	-	-	-	-	-	-	267,403	267,403
Licenses and permits	6,293,337	-	-	-	-	-	-	201,014	6,494,351
Intergovernmental	2,574,611	-	-	3,609,353	-	6,780,586	3,367,210	2,936,367	19,268,127
Charges for goods and services	2,453,942	-	-	-	-	-	1,344,841	1,799,760	5,598,543
Fines and penalties	1,147,358	-	-	-	-	-	-	-	1,147,358
Interest and other earnings	705,228	-	-	474,791	-	185,595	574,576	484,631	2,424,822
Miscellaneous	186,706	-	-	-	-	-	-	324,935	511,641
Contributions and donations	62,350	-	-	-	-	-	-	8,000	70,350
<b>Total revenues</b>	<b>47,104,256</b>	<b>-</b>	<b>-</b>	<b>4,084,144</b>	<b>-</b>	<b>6,966,181</b>	<b>5,286,627</b>	<b>10,540,122</b>	<b>73,981,330</b>
<b>EXPENDITURES</b>									
Current:									
General government	5,727,485	-	-	3,150,946	-	-	-	-	8,878,431
Public safety	31,562,196	-	-	30,364	-	-	-	629,073	32,221,633
Judicial	1,957,122	-	-	-	-	-	-	70,215	2,027,337
Utilities	-	-	-	-	-	-	-	406,198	406,198
Transportation	268,741	-	-	-	-	-	2,705,181	2,940,927	5,914,849
Social services	826,986	-	-	34,000	-	-	-	-	860,986
Economic environment	4,189,711	-	-	58,897	-	-	-	2,933,747	7,182,355
Natural environment	414,596	-	-	-	-	-	-	-	414,596
Culture and recreation	2,714,572	-	-	-	-	193,391	-	68,894	2,976,857
Debt service:									
Principal retirement	-	-	-	-	-	-	-	1,835,141	1,835,141
Interest & other debt service costs	-	-	-	-	-	-	-	506,473	506,473
Capital outlay:									
Capital	49,019	-	-	335,146	-	8,294,233	11,901,486	47,201	20,627,085
<b>Total expenditures</b>	<b>47,710,428</b>	<b>-</b>	<b>-</b>	<b>3,609,353</b>	<b>-</b>	<b>8,487,624</b>	<b>14,606,667</b>	<b>9,437,869</b>	<b>83,851,941</b>
Excess (deficiency) of revenues over expenditures	(606,172)	-	-	474,791	-	(1,521,443)	(9,320,040)	1,102,253	(9,870,611)
<b>OTHER FINANCING SOURCES (USES)</b>									
Transfers in	284,700	-	-	-	-	3,235,001	4,797,542	4,037,641	12,354,884
Transfers out	(5,652,608)	-	-	-	-	-	(231,084)	(5,349,660)	(11,233,352)
Proceeds from sale of assets	-	-	-	-	-	-	340,000	-	340,000
<b>Total other financing source (uses)</b>	<b>(5,367,908)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,235,001</b>	<b>4,906,458</b>	<b>(1,312,019)</b>	<b>1,461,532</b>
Net change in fund balances	(5,974,080)	-	-	474,791	-	1,713,558	(4,413,582)	(209,765)	(8,409,078)
Fund balances - beginning	19,472,052	1,863,735	(354,815)	826,286	109,584	-	13,107,494	12,770,511	47,794,847
Change in accounting principle - Note 13	-	-	-	-	-	-	-	(51,064)	(51,064)
Change within financial reporting entity (major to nonmajor fund) - Note 13	-	(1,863,735)	354,815	-	(109,584)	-	-	1,618,504	-
Change within financial reporting entity (nonmajor to major fund) - Note 13	-	-	-	-	-	3,947,366	-	(3,947,366)	-
Fund balances - beginning (restated)	19,472,052	-	-	826,286	-	3,947,366	13,107,494	10,390,585	47,743,783
<b>Fund balances - ending</b>	<b>\$ 13,497,972</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,301,077</b>	<b>\$ -</b>	<b>\$ 5,660,924</b>	<b>\$ 8,693,912</b>	<b>\$ 10,180,820</b>	<b>\$ 39,334,705</b>

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, 2023

Net change in fund balances - total governmental funds \$(8,409,078)

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

Capital asset purchases and construction in process capitalized	20,967,984	
Book value assets retired	(70,959)	
Depreciation expense	<u>(6,534,494)</u>	
		14,362,531

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

Prior year compensated absences	3,376,835	
Current year compensated absences	<u>(3,927,367)</u>	
		(550,532)

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

Issuance of GO bonds	-	
Premium on bond issuance	-	
Bond principal retired	1,767,463	
Bond premium amortied	47,121	
Amortization of deferred charge on refunding	<u>(25,745)</u>	
		1,788,839

Adjustment for GASB 68 pension reporting

Pension expense adjustment	553,829	
State contributions	<u>447,339</u>	
		1,001,168

Net revenue (loss) of internal service funds 2,092,889

Adjustment for GASB 87 Leases (1,770)

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

Prior year deferred inflows	(3,654,333)	
Current year deferred inflows	<u>4,381,711</u>	
		727,378

\$ 11,011,423

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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 31,601,400	\$ 32,969,400	\$ 33,680,724	\$ 711,324
Licenses and permits	6,218,800	6,218,800	6,293,337	74,537
Intergovernmental	1,687,160	2,993,588	2,574,611	(418,977)
Charges for goods and services	2,287,800	2,537,800	2,453,942	(83,858)
Fines and penalties	1,069,800	1,169,800	1,147,358	(22,442)
Interest and other earnings	82,400	597,400	705,228	107,828
Miscellaneous	61,600	188,898	186,706	(2,192)
Contributions and donations	242,250	778,996	62,350	(716,646)
Total revenues	<u>43,251,210</u>	<u>47,454,682</u>	<u>47,104,256</u>	<u>(350,426)</u>
<b>EXPENDITURES</b>				
Current:				
General government	5,153,106	5,640,510	5,727,485	86,975
Public safety	28,250,232	31,044,457	31,562,196	517,739
Transportation	532,366	433,130	268,741	(164,389)
Social services	785,202	1,249,127	826,986	(422,141)
Economic environment	4,077,210	5,576,703	4,189,711	(1,386,992)
Natural environment	411,253	411,253	414,596	3,343
Culture and recreation	2,413,993	2,705,883	2,714,572	8,689
Judicial	1,753,921	1,995,508	1,957,122	(38,386)
Debt service:				
Capital outlay	-	-	49,019	49,019
Total expenditures	<u>43,377,283</u>	<u>49,056,571</u>	<u>47,710,428</u>	<u>(1,346,143)</u>
Excess (deficiency) of revenues over expenditures	<u>(126,073)</u>	<u>(1,601,889)</u>	<u>(606,172)</u>	<u>995,717</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	284,700	284,700	284,700	-
Transfers out	(4,829,983)	(6,692,605)	(5,652,608)	1,039,997
Total other financing source (uses)	<u>(4,545,283)</u>	<u>(6,407,905)</u>	<u>(5,367,908)</u>	<u>1,039,997</u>
Net change in fund balances	(4,671,356)	(8,009,794)	(5,974,080)	2,035,714
Fund balances - beginning	15,837,013	19,471,966	19,472,052	84
Fund balances - ending	<u>\$ 11,165,657</u>	<u>\$ 11,462,172</u>	<u>\$ 13,497,972</u>	<u>\$ 2,035,798</u>

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

**City of Lakewood**  
**American Rescue Plan Act (ARPA) Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 10,419,705	\$ 3,609,353	\$ (6,810,352)
Interest and other earnings	-	-	474,791	474,791
Total revenues	-	10,419,705	4,084,144	(6,335,561)
<b>EXPENDITURES</b>				
Current:				
General government	-	10,187,573	3,150,946	(7,036,627)
Public safety	-	131,789	30,364	(101,425)
Social services	-	-	34,000	34,000
Economic environment	-	-	58,897	58,897
Capital outlay:				
Capital	-	926,630	335,146	(591,484)
Total expenditures	-	11,245,992	3,609,353	(7,636,639)
Excess (deficiency) of revenues over expenditures	-	(826,287)	474,791	1,301,078
<b>OTHER FINANCING SOURCES (USES)</b>				
Total other financing source (uses)	-	-	-	-
Net change in fund balances	-	(826,287)	474,791	1,301,078
Fund balances - beginning	19,209	826,287	826,286	(1)
Fund balances - ending	\$ 19,209	\$ -	\$ 1,301,077	\$ 1,301,077

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

**City of Lakewood**  
**Statement of Net Position**  
**Proprietary Funds**  
December 31, 2023

	Business-type Activities <u>Surface Water Management</u>	Governmental Activities <u>Internal Service Funds</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 11,288,737	\$ 6,907,508
Accounts receivable	-	16,434
Taxes Receivable	191,029	-
Due from other governments	7,820	-
Total current assets	<u>11,487,586</u>	<u>6,923,942</u>
Noncurrent assets:		
Land	1,860,947	-
Construction in Progress	4,282	141
Buildings	1,849,673	-
Infrastructure	44,427,582	-
Improvements other than buildings	-	168,213
Machinery and equipment	332,332	12,531,724
Subscription based information technology arrangements	-	2,055,085
Less accumulated depreciation	(24,271,948)	(7,559,887)
Net pension asset	476,391	532,277
Total noncurrent assets	<u>24,679,259</u>	<u>7,727,553</u>
Total assets	<u>36,166,845</u>	<u>14,651,495</u>
<b>Deferred Outflows of Resources Related to Pensions</b>	380,717	425,378
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	86,496	260,169
Wages payable	43,612	53,238
Retainage payable	-	9,302
Due to other governments	-	4,350
Compensated absences	46,670	31,974
Subscription Based IT Arrangements	-	517,880
Revenue bond payable	457,355	-
Total current liabilities	<u>634,133</u>	<u>876,913</u>
Noncurrent liabilities:		
Compensated absences	108,897	74,607
Subscription based information technology arrangements	-	933,031
Revenue bond payable	2,682,230	-
Net pension liability	205,948	230,108
Total noncurrent liabilities	<u>2,997,075</u>	<u>1,237,746</u>
Total liabilities	<u>3,631,208</u>	<u>2,114,658</u>
<b>Deferred Inflows of Resources Related to Pensions</b>	582,409	650,730
<b>NET POSITION</b>		
Net investment in capital assets	21,063,283	5,744,366
Restricted for Lake Management District	31,044	-
Pensions	271,535	303,390
Unrestricted	10,968,083	6,263,729
Total net position	<u>\$ 32,333,945</u>	<u>\$ 12,311,485</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	43,430	
Net position of business-type activities	<u>\$ 32,377,374</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, 2023

	Business-type Activities	Governmental Activities
	Surface Water Management	Internal Service Funds
<b>OPERATING REVENUES</b>		
Charges for goods and services	\$ 5,441,921	\$ 6,710,159
Total operating revenues	<u>5,441,921</u>	<u>6,710,159</u>
<b>OPERATING EXPENSES</b>		
Personal Services	754,409	875,222
Materials and supplies	3,981	799,836
Services and charges	1,334,226	4,371,467
External and interfund taxes	272,144	-
Depreciation and amortization	1,215,203	1,328,485
Total operating expenses	<u>3,579,963</u>	<u>7,375,009</u>
Operating income (loss)	<u>1,861,958</u>	<u>(664,850)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Gain (loss) on disposal of capital assets	-	(215,534)
Investment earnings	438,755	278,846
Interest expense	(49,910)	(21,683)
Insurance Recoveries		541,539
Total nonoperating revenues (expenses)	<u>388,845</u>	<u>583,168</u>
Income (loss) before contributions and transfers	<u>2,250,803</u>	<u>(81,682)</u>
Capital contributions	135,201	2,162,720
Transfers in	-	227,531
Transfers out	(1,121,532)	(227,531)
Change in net position	1,264,472	2,081,038
Total net position - beginning	31,087,179	10,239,476
Change in accounting principle - Note 1	(17,705)	(9,031)
Total adjusted net position - beginning	<u>31,069,474</u>	<u>10,230,445</u>
Total net position - ending	<u>\$ 32,333,945</u>	<u>\$ 12,311,485</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	<u>(11,851)</u>	
Changes in net position of business-type activities	<u>\$ 1,252,621</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, 2023

	Business-type Activities Enterprise Funds	Governmental Activities
	Surface Water Management	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers	\$ 5,461,418	\$ -
Cash from interdepartmental services	-	6,710,159
Cash paid to employees	(788,653)	(903,768)
Cash paid to suppliers	(1,321,476)	(5,321,414)
Cash paid for external and interfund taxes	(272,144)	-
Other operating receipts (payments)	-	27,010
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>3,079,145</u>	<u>511,987</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Gain (loss) on disposal of capital assets	-	628,029
Transfers from other funds	-	227,531
Transfers to other funds	(1,121,532)	(227,531)
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>(1,121,532)</u>	<u>628,029</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital contributions	135,201	2,162,720
Acquisition and construction of capital assets	-	(3,298,494)
Principal paid on long-term debt	(451,085)	-
Interest paid on long-term debt	(49,910)	-
NET CASH USED FOR CAPITAL AND CAPITAL-RELATED FINANCING ACTIVITIES	<u>(365,794)</u>	<u>(1,135,774)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest income	438,757	278,845
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>438,757</u>	<u>278,845</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,030,576	283,087
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	9,258,162	6,624,421
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 11,288,737</u>	<u>\$ 6,907,508</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating Income	\$ 1,861,958	\$ (664,850)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Increase/(decrease) in depreciation and amortization expense	1,215,203	1,328,485
Increase/(decrease) in accounts payable - supplier	16,731	(161,569)
Increase/(decrease) in payable to other governments	-	4,347
Increase/(decrease) in wages payable	(174)	6,093
Increase/(decrease) in compensated absences payable	3,650	15,259
(Increase)/decrease in pensions	(37,720)	(43,997)
Increase/(decrease) in accounts receivables	(63,731)	28,219
Increase/(decrease) in other receivables	83,228	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 3,079,145</u>	<u>\$ 511,987</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, 2023

	<b>Custodial</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 38,728
Due from other governments	\$ 303,303
Total assets	\$ 342,031
 <b>LIABILITIES</b>	
Current liabilities:	
Payable to other governments	\$ 303,985
Total liabilities	\$ 303,985
 <b>NET POSITION</b>	
Restricted	\$ 38,046
Total net position	\$ 38,046

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

**City of Lakewood**  
**Statement of Changes in Fiduciary Net Position**  
**Custodial Fund**

For the Year Ended December 31, 2023

	<b>Custodial</b>
<b>ADDITIONS</b>	
Contributions:	
Court receipts	\$ 1,525,354
State excise tax collections	146,622
Parks & recreation programs	9,902
Total additions	\$ 1,681,878
<b>DEDUCTIONS</b>	
Court remittances	1,525,355
State excise tax remittances	146,622
Police cash seizure disbursements	-
Parks & recreation programs	9,171
Total deductions	\$ 1,681,148
Net increase (decrease) in fiduciary net position	\$ 730
Total net position - beginning	
Beginning balance adjustment	37,316
Total net position - ending	\$ 38,046

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

# **NOTES TO THE BASIC FINANCIAL STATEMENTS**

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## NOTES TO THE BASIC FINANCIAL STATEMENTS For the Year Ended December 31, 2023

### 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 **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 **Parks Capital Fund** accounts for the receipts and disbursements related to the acquisition or construction of major park capital facilities. Revenues and other resources include grants, general fund, real estate excise tax, lodging tax, and surface water management for storm drainage element of projects.

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.

### 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, 2023, should be read in conjunction with the government's financial statements for the year ended December 31, 2022.

### 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/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 and amortization 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 and amortization 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, 2023, 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.

In accordance with GASB Statement 101, compensated absences includes the accrual and redemption of sick leave. The assumption being that sick leave is compensated through the year when used, and therefore, is calculated as compensation at year end.

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, deferred outflow of resources, represents a consumption of net assets that applies to a future period and will not be recognized as an outflow (expense/expenditure) until that reporting period.

In addition to liabilities, the Statement of Net Position will report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflow of resources, represents an acquisition of net assets that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

## Leases

**Lessee:** The City of Lakewood is a lessee for non-cancelable 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 non-cancelable 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 measured 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 non-cancelable period of the lease. Lease receipts included in the measurement of the lease liability are composed 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.

## Subscription Based Information Technology Arrangements (SBITA)

A SBITA is a contract that conveys control of the right to use another party's information technology software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction.

At the commencement of a SBITA, the city measures the SBITA liability at the present value of payments expected to be made during the term. Subsequently, the SBITA liability is reduced by the principal portion of SBITA payments made. The SBITA asset is initially measured as the initial amount of the SBITA liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the SBITA 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 SBITA. SBITA payments in governmental funds are reported as debt service principal and debt service interest expenditures.

Key estimates and judgements related to SBITA 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 subscription vendor as the discount rate. When the interest rate charged by the SBITA vendor lessor is not provided, the city generally uses its incremental borrowing rate as the discount rate for leases.
- The SBITA term includes the noncancelable period of the SBITA. SBITA payments included in the measurement of the SBITA 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 SBITA and will remeasure the SBITA asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

## 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.

2023 Fund Balance Classification						
	General Fund	ARPA Fund	Parks CIP	Transport CIP Fund	Nonmajor Gov't'l Funds	Total
<b>Restricted for:</b>	<b>\$ 125,133</b>	<b>\$ 1,301,077</b>	<b>\$ 368,008</b>	<b>\$ 6,417,281</b>	<b>\$ 8,194,409</b>	<b>\$ 16,405,908</b>
Transportation Benefit District	-	-	-	-	212,288	212,288
Lodging Tax	-	-	-	-	3,593,011	3,593,011
Affordable Housing 1406 Funds	-	-	-	-	102,894	102,894
Police Seizure	-	-	-	-	103,271	103,271
Opioid Settlement	125,133	-	-	-	-	125,133
Community Development Block Grant	-	-	-	-	1,852,040	1,852,040
Neighborhood Stabilization Program	-	-	-	-	14,148	14,148
American Rescue Plan Act	-	1,301,077	-	-	-	1,301,077
Local Improvement District Debt	-	-	-	-	344,289	344,289
Public Works Trust Fund Debt	-	-	-	-	1,551,699	1,551,699
Local Improvement District Guaranty	-	-	-	-	141,341	141,341
Parks Capital	-	-	368,008	-	-	368,008
Transportation Capital	-	-	-	6,417,281	-	6,417,281
Real Estate Excise Tax	-	-	-	-	279,428	279,428
<b>Committed to:</b>	<b>\$ 7,718,043</b>	<b>\$ -</b>	<b>\$ 5,292,916</b>	<b>\$ 2,276,630</b>	<b>\$ 2,203,200</b>	<b>\$ 17,490,789</b>
General Fund Ending Reserves	7,718,043	-	-	-	-	7,718,043
Property Abate/Rental Housing Safety	-	-	-	-	-	-
Public Art	-	-	-	-	26,902	26,902
Transportation Capital	-	-	-	2,276,630	-	2,276,630
Parks Capital	-	-	5,292,916	-	-	5,292,916
Sewer Project Capital	-	-	-	-	2,176,298	2,176,298
<b>Unassigned:</b>	<b>\$ 5,654,796</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (216,790)</b>	<b>\$ 5,438,006</b>
General Fund	5,654,796	-	-	-	-	5,654,796
* South Sound Military Communities Partnership	-	-	-	-	(216,790)	(216,790)
<b>Total Fund Balances</b>	<b>\$ 13,497,972</b>	<b>\$ 1,301,077</b>	<b>\$ 5,660,924</b>	<b>\$ 8,693,911</b>	<b>\$ 10,180,819</b>	<b>\$ 39,334,703</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 2023 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	2023		
	Original Budget	Supplemental Appropriations	Final Budget
<b>General Fund</b>	\$ 48,207,266	\$ 7,541,910	\$ 55,749,176
<b>Special Revenue Funds:</b>			
Street Operations & Maintenance	3,792,423	116,574	3,908,997
Transportation Benefit District	835,000	(135,468)	699,532
Hotel/Motel Lodging Tax	1,125,000	60,595	1,185,595
Property Abatement/RHSP/1406 Funds	425,500	278,099	703,599
Public Art	37,000	50,588	87,588
Narcotics Seizure	-	251,802	251,802
Felony Seizure	-	23,305	23,305
Federal Seizure	-	29,917	29,917
Community Development Block Grant	553,819	3,075,916	3,629,735
Neighborhood Stabilization Program	28,000	289,148	317,148
South Sound Military Communities Partnership	306,377	1,606,850	1,913,227
Public Safety Grants	-	894,803	894,803
American Rescue Plan Act	-	11,245,992	11,245,992
<b>Debt Service Funds:</b>			
General Obligation Debt Service	2,521,978	(835,000)	1,686,978
LID Debt Service	236,692	109,584	346,276
Sewer Project Debt	525,150	-	525,150
LID Guaranty	-	-	-
<b>Capital Projects Funds:</b>			
Parks Capital Improvements	965,000	16,122,738	17,087,738
Transportation Capital Improvements	14,921,000	19,326,135	34,247,135
Real Estate Excise Tax	3,866,625	1,496,503	5,363,128
Sewer Project Capital Improvements	1,446,000	2,707,292	4,153,292
<b>Total Budgeted Funds</b>	<b>\$ 79,792,830</b>	<b>\$ 64,257,283</b>	<b>\$ 144,050,113</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 \$59,438,656 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.

#### Investments in Local Government Investment Pool (LGIP)

The City is a voluntary participant in the Local Government Investment Pool, an external investment pool operated by the Washington State Treasurer. The pool is not rated and not registered with the SEC. Rather, oversight is provided by the State Finance Committee in accordance with RCW 43.250. Investments in the LGIP are reported at amortized cost, which is the same as the value of the pool per share. The LGIP does not impose any restrictions 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, 2023, the City had the following investments and maturities:

Investment Maturities				
Investment	< 1 Year	1 - 3 Years	> 3 Years	Total
Local Government Investment Pool	\$ 49,253,757	\$ -	\$ -	\$ 49,253,757
<b>Total:</b>	<b>\$49,253,757</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$49,253,757</b>

Cash in bank accounts per books	\$ 10,208,027
Petty cash/change fund/investigative fund	15,600
Local Government Investment Pool	49,253,757
Cash reported in fiduciary fund	(38,728)
Total cash and investment, Government-Wide Statement of Net Position	<u>\$ 59,438,656</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, 2023, the City had \$49,253,757 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. On December 31, 2023, the total balance of property taxes receivable recorded by the City was \$127,468. All of this is recorded as deferred inflow of resources since it was not collected within the first 60 days of 2023.

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 2023 was \$0.71 per \$1,000 on an assessed valuation of \$10,952,642,723 for a total regular levy of \$7,777,892.

### Deferred Inflows of Resources, Unearned Revenues, Other Receivables & Due From Other Govt's

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, 2023								
	General	ARPA	Parks CIP	Transport CIP	Nonmajor Govt'l	Internal Service Funds	Business-Type	Total
Local Improvement District	\$ -	\$ -	\$ -	\$ -	\$ 823,479	\$ -	\$ -	\$ 823,479
PWTFL - Side Sewer	-	-	-	-	5,250	-	-	5,250
Property Tax	127,468	-	-	-	-	-	-	127,468
Municipal Court	529,661	-	-	-	-	-	-	529,661
Opioid Distribution	1,152,898	-	-	-	-	-	-	1,152,898
Leases	13,663	-	-	-	285,663	-	-	299,326
Abatements	-	-	-	-	1,742,954	-	-	1,742,954
<b>Total - Deferred Inflows of Resources</b>	<b>\$ 1,823,690</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,857,346</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,681,036</b>
Unclaimed Property	1902	-	-	-	-	-	-	1902
City Tree Fund	474,096	-	-	-	-	-	-	474,096
American Rescue Plan Act	-	6,954,555	-	-	-	-	-	6,954,555
Grants	33,954	-	-	-	11,307	-	-	45,261
SSMCP	-	-	-	-	18,000	-	-	18,000
<b>Total - Unearned Revenue</b>	<b>\$ 509,952</b>	<b>\$ 6,954,555</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 29,307</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,493,814</b>
Property Tax	127,468	-	-	-	-	-	-	127,468
Gambling Taxes	262,800	-	-	-	-	-	-	262,800
Admissions Taxes	54,109	-	-	-	-	-	-	54,109
Utility Taxes	491,880	-	-	-	-	-	-	491,880
Franchise Fees	659,219	-	-	-	-	-	-	659,219
Sales and Use Tax - State	2,961,497	-	-	-	21,400	-	-	2,982,897
Sales and Use Tax - County	180,292	-	-	-	-	-	-	180,292
Motor Vehicle Fuel Tax	-	-	714	48,589	120,706	-	-	170,009
Lodging Tax	-	-	-	-	155,327	-	-	155,327
Real Estate Excise Tax	-	-	-	-	278,757	-	-	278,757
Court Receivables	633,856	-	-	-	-	-	-	633,856
Fire District Permits	88,596	-	-	-	-	-	-	88,596
Opioid Settlement	1,152,898	-	-	-	-	-	-	1,152,898
Leases	13,853	-	-	-	233,646	-	-	247,499
Other Receivables	263,586	-	-	-	-	16,434	-	280,020
Special Assess/Abatements	-	-	-	-	2,566,433	-	-	2,566,433
Notes/Loans Receivable	-	-	-	-	1,904,337	-	-	1,904,337
Grants & Contracts	119,658	-	4,771,450	780,517	713,658	-	7,820	6,393,103
SWM Fees	-	-	-	-	25,633	-	19,1029	216,662
<b>Total - Due From Govts &amp; Other</b>	<b>\$ 7,009,712</b>	<b>\$ -</b>	<b>\$ 4,772,164</b>	<b>\$ 829,106</b>	<b>\$ 6,019,897</b>	<b>\$ 16,434</b>	<b>\$ 198,849</b>	<b>\$ 18,846,162</b>

**NOTE 5 – DUE TO OTHER GOVERNMENTS**

At December 31, 2023, the City recorded due to other governments as follows:

<b>Due to Other Governments As of December 31, 2023</b>					
Payable	Non-Major		Total General Government	Internal Service	Total
	General	Governmental			
Use Tax	\$ 308	\$ 2,230	\$ 2,538	\$ 4,350	\$ 6,888
HUD - Section 108 Loan	-	205	205	-	205
Total	\$ 308	\$ 2,435	\$ 2,743	\$ 4,350	\$ 7,093

**NOTE 6 – CAPITAL ASSETS**

Capital assets activity for governmental funds for the year ended December 31, 2023, was as follows:

Governmental Activities	Beginning		Adjusted			Ending
	Balance 1/1/2023	Error Correction	Beginning Balance 1/1/2023	Increases	Decreases	Balance 12/31/2023
Capital assets, not being depreciated:						
Land and land rights	\$ 25,190,535	\$ -	\$ 25,190,535	\$ 863,369	\$ -	\$ 26,053,904
Construction in progress	30,095,820	(265,563)	29,830,257	19,673,249	(34,842,930)	14,660,575
Total capital assets, being not depreciated	55,286,355	(265,563)	55,020,792	20,536,618	(34,842,930)	40,714,479
Capital Assets being depreciated/amortized:						
Buildings	32,420,266	-	32,420,266	-	-	32,420,266
Infrastructure	178,369,994	-	178,369,994	34,869,937	-	213,239,931
Machinery and equipment	13,580,181	-	13,580,181	3,076,998	(1,762,443)	14,894,736
Leases	347,240	-	347,240	-	-	347,240
Subscription-based IT arrangements	1,325,778	-	1,325,778	729,307	-	2,055,085
Total capital assets, being depreciated/amortized	226,043,459	-	226,043,459	38,676,243	(1,762,443)	262,957,259
Less accumulated depreciation/amortization for:						
Buildings	(8,157,509)	-	(8,157,509)	(524,326)	-	(8,681,835)
Infrastructure	(77,205,647)	-	(77,205,647)	(5,968,541)	-	(83,174,188)
Machinery and equipment	(8,701,900)	-	(8,701,900)	(1,017,184)	1,457,160	(8,261,924)
Leases	(69,448)	-	(69,448)	(69,448)	-	(138,896)
Subscription-based IT arrangements	-	-	-	(420,629)	-	(420,629)
Total accumulated depreciation/amortization	(94,134,504)	-	(94,134,504)	(8,000,128)	1,457,160	(100,677,472)
Total capital assets being depreciated/amortized, net	131,908,956	-	131,908,956	30,676,115	(305,283)	162,279,787
<b>Governmental Activities capital assets, net</b>	<b>\$ 187,195,310</b>	<b>\$ (265,563)</b>	<b>\$ 186,929,747</b>	<b>\$ 51,212,732</b>	<b>\$(35,148,213)</b>	<b>\$ 202,994,266</b>

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

<b>Business-Type Activities</b>	<b>Beginning</b>			<b>Ending</b>
	<b>Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance</b>
	<b>1/1/2023</b>			<b>12/31/2023</b>
Capital assets, not being depreciated:				
Land and land rights	\$ 1,860,947	\$ -	\$ -	\$ 1,860,947
Constuction in progress	285,021	-	(280,739)	4,282
Total capital assets, not being depreciated	2,145,968	-	(280,739)	1,865,229
Capital assets being depreciated:				
Buildings	1,849,673	-	-	1,849,673
Infrastructure	44,146,843	280,739	-	44,427,582
Machinery and equipment	332,332	-	-	332,332
Total capital assets being depreciated	46,328,848	280,739	-	46,609,587
Less accumulated depreciation for:				
Buildings	(277,924)	(37,133)	-	(315,057)
Infrastructure	(22,490,625)	(1,169,680)	-	(23,660,305)
Machinery and equipment	(288,196)	(8,390)	-	(296,586)
Total accumulated depreciation	(23,056,745)	(1,215,203)	-	(24,271,948)
Total capital assets being depreciated, net	23,272,103	(934,464)	-	22,337,639
<b>Business-Type Activities capital assets, net</b>	<b>\$ 25,418,071</b>	<b>\$ (934,464)</b>	<b>\$ (280,739)</b>	<b>\$ 24,202,867</b>

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

<b>Capital Asset Depreciation/Amortization by Function</b>	
As of December 31, 2023	
Governmental Activities:	
General Government	\$ 613,098
Judicial	27,582
Public Safety (Police)	1,040,465
Transportation (Highways and Streets)	5,514,500
Economic Environment	78,500
Culture and Recreation	725,982
<b>Total Depreciation/Amortization Expense - Governmental</b>	<b>8,000,127</b>
Business-Type Activities:	
Utilities and Environment (Surface Water Management)	1,215,203
<b>Total Depreciation Expense - Business-Type Activities</b>	<b>1,215,203</b>
<b>Total Depreciation/Amortization Expense</b>	<b>\$ 9,215,330</b>

The City's commitments to contractors for active construction projects at December 31, 2023 are as follows:

<b>Construction Commitments</b>				
<b>Vendor</b>	<b>Contract Name</b>	<b>Contract Amount</b>	<b>Payments</b>	<b>Balance at 12/31/2023</b>
<b>Construction Contracts:</b>				
Active Construction Inc	Springbrook Park Expansion	\$ 1,712,199	\$ 1,600,815	\$ 111,384
Aqua Terra Cultural Resource	WA Blvd & Edgewood Drive - North Fort to Gravelly Lake Drive	29,798	19,505	10,293
Associated Earth Sciences	Fort Steilacoom Park Turf Infields	40,000	12,332	27,668
Neeley Construction Company	Fort Steilacoom Park Turf Infields	6,736,400	6,536,685	199,715
Public Restroom Company	American Lake Improvements	591,869	569,101	22,768
R. L. Alia	WA Blvd & Edgewood Drive - North Fort to Gravelly Lake Drive	11,157,371	10,760,764	396,607
R. L. Alia	Steilacoom Blvd/88th St (Weller to Custer)	2,223,245	2,116,533	106,712
R. L. Alia	112th Sidewalks: Gravelly Lk Dr SW to Bridgeport Way SW	725,730	681,416	44,314
R. L. Alia	Ardmore Dr SW - Custer Rd SW to Whitman Ave SW	2,877,040	320,488	2,556,552
Salish Construction Co	LED Street Lights	95,074	27,386	67,688
Sound Pacific Construction	Pedestrian Improvements: Elwood Dr. SW and Angle Lane SW	2,298,873	2,173,963	124,911
Sound Pacific Construction	Union Avenue – West Thorne Lane to Spruce Street	938,384	829,020	109,364
Sound Pacific Construction	Hipkins Rd – Steilacoom Blvd to 104th	5,388,908	561,343	4,827,565
Transportation Systems	CDBG Streetlights	237,690	122,158	115,532
<b>Consulting and Engineering Services:</b>				
AHBL	Farwest Dr - 112th to Lakes HS, & 100th St Ct SW to STL Blvd SW	36,151	3,375	32,777
BCRA	Wards Lake Improvements	796,862	511,649	285,213
Bruce Dees & Associates	Springbrook Park Expansion	137,001	135,516	1,485
D.A. Hogan	Fort Steilacoom Park Turf Infields	259,365	192,771	66,594
Evergreen Mountain Bike	Wards Lake Improvements	10,900	4,402	6,498
J.A. Brennan Assoc	Edgewater Park Improvements	22,503	11,464	11,039
J.A. Brennan Assoc	Edgewater Park Improvements	256,566	66,111	190,455
KPG Psomas Inc	Steilacoom Blvd – Farwest to Phillips Rd	241,373	121,545	119,828
KPG Psomas Inc	South Tacoma Way - 88th to 80th St	49,434	41,929	7,505
KPG Psomas Inc	100th St.: 59th Ave. to South Tacoma Way	49,816	48,060	1,756
KPG Psomas Inc	Rose Rd. & Forest Rd. Sewer Extension	197,425	97,646	99,779
KPG Psomas Inc	Wadsworth, Silcox & Boat St. Sewer Extension	251,750	91,279	160,471
Krazan & Associates Inc	Fort Steilacoom Park Turf Infields	25,000	9,520	15,480
Robert Droll	American Lake Improvements	313,086	280,938	32,148
Tangram Design LLC	Park Sign Design	59,346	37,940	21,406
Tangram Design LLC	Park Sign Replacement (Monument Signs)	4,104	-	4,104
		<b>\$ 37,763,262</b>	<b>\$ 27,985,651</b>	<b>\$ 9,777,610</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 2023:

<b>Aggregate Pension Amounts - All Plans</b>	
Pension liabilities	\$ (1,293,624)
Pension assets	\$ 10,436,391
Deferred outflows of resources	\$ 8,816,063
Deferred inflows of resources	\$ (6,564,314)
Pension expense/expenditures	\$ 1,170,402

### 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 (ACFR) that includes financial statements and required supplementary information for each plan.

The DRS ACFR may be downloaded from the DRS website at [www.drs.wa.gov](http://www.drs.wa.gov).

### Public Employees' Retirement System (PERS)

PERS members include elected officials; state employees; employees of local governments; and higher education employees not participating in higher education retirement programs.

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

#### PERS Plan 1

The **PERS Plan 1** member contribution rate is established by State statute at 6%. The employer contribution rate is developed by the Office of the State Actuary, adopted by the Pension Funding Council and is subject to change by the legislature. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2023 were as follows:



PERS Plan 1		
Actual Contribution Rates	Employer	Employee *
<b>January - June</b>		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	3.85%	-
Administrative Fee	0.18%	-
<b>Total</b>	<b>10.39%</b>	<b>6.00%</b>
<b>July - August</b>		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	2.85%	-
Administrative Fee	0.18%	-
<b>Total</b>	<b>9.39%</b>	<b>6.00%</b>
<b>September - December</b>		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	2.97%	-
Administrative Fee	0.20%	-
<b>Total</b>	<b>9.53%</b>	<b>6.00%</b>

\* For employees participating in JBM, the contribution rate was 12.26%.

**PERS Plan 2/3** provides retirement, disability and death benefits. Retirement benefits are determined as 2% of the member's AFC times the member's years of service for Plan 2 and 1% of AFC for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 retirement benefits are actuarially reduced if a survivor benefit is chosen. Other PERS Plan 2/3 benefits include a COLA based on the CPI, capped at 3% annually. PERS 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

**PERS Plan 3** defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. Members are eligible to withdraw their defined contributions upon separation. Members have multiple withdrawal options, including purchase of an annuity. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

#### Contributions

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

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

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

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

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

\*\* For employees participating in JBM, the minimum contribution rate was 7.5%.

The City’s actual contributions were \$370,831 to PERS 1 and \$1,089,832 to PERS 2/3 for the year ended December 31, 2023.

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

LEOFF was established in 1970, and its retirement benefit provisions are contained in Chapter 41.26 RCW. LEOFF membership includes all of the state’s full-time, fully compensated, local law enforcement commissioned officers, fire fighters and, as of July 24, 2005, emergency medical technicians.

**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 2% of the FAS per year of service (the FAS is based on the highest-paid consecutive 60 months). Members are eligible for retirement with a full benefit at 53 with at least five years of service credit. Members who retire prior to the age of 53 receive reduced benefits. If the member has at least 20 years of service and is age 50 – 52, the reduction is 3% for each year prior to age 53. Otherwise, the benefits are actuarially reduced for each year prior to age 53. LEOFF 2 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other benefits include a COLA (based on the CPI), capped at 3% annually. LEOFF 2 members are vested after the completion of five years of eligible service.

Contributions

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

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

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

LEOFF Plan 2		
Actual Contribution Rates	Employer	Employee
<b>January - August</b>		
State and local governments	5.12%	8.53%
Administrative Fee	0.18%	-
<b>Total</b>	<b>5.30%</b>	<b>8.53%</b>
<b>September - December</b>		
State and local governments	5.12%	8.53%
Administrative Fee	0.20%	-
<b>Total</b>	<b>5.32%</b>	<b>8.53%</b>

The City's actual contributions to the plan were \$763,548 for the year ended December 31, 2023.

The Legislature, by means of a special funding arrangement, appropriates money from the state General Fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of 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, 2023, the state contributed \$87,966,142 to LEOFF Plan 2. The amount recognized by the City as its proportionate share of this amount is \$447,339.

### 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, 2022. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2013-2018 Demographic Experience Study* and the *2021 Economic Experience Study*.

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

- **Inflation:** 2.75% total economic inflation; 3.25% salary inflation
- **Salary increases:** In addition to the base 3.25% salary inflation assumption, salaries are also expected to grow by 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, 2021 Actuarial Valuation Report (AVR). OSA did make an assumption change to adjust TRS Plan 1 assets, LEOFF Plan 1/2 assets, and LEOFF participant data to reflect certain material changes occurring after the June 30, 2022 measurement date.

## Discount Rate

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

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

## Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.0% 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, 2021. The inflation component used to create the table is 2.2% and represents the WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	% Long-Term Expected 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.

Plan	1% Decrease 6.00%	Current Rate 7.00%	1% Increase 8.00%
PERS 1	\$ 1,807,291	\$ 1,293,624	\$ 845,314
PERS 2/3	3,254,557	(2,992,366)	(8,124,609)
LEOFF 2	1,232,529	(7,444,025)	(14,545,040)

## Pension Plan Fiduciary Net Position

Detailed information about the State's pension plans' fiduciary net position is available in the separately issued DRS financial report.

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

At June 30, 2023, the City reported its proportionate share of the net pension liability (asset) as follows:

	Liability (or Asset)
PERS1	\$ 1,293,624
PERS 2/3	\$ (2,992,366)
LEOFF 2	\$ (7,444,025)

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

	Pension Asset
LEOFF 2 - Employer's proportionate share	\$ (7,444,025)
LEOFF 2 - State's proportionate share of the net pension asset associated with the employer	(4,753,678)
<b>Total</b>	<b>\$ (12,197,703)</b>

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

	Proportionate Share		Change in Proportion
	6/30/2022	6/30/2023	
PERS 1	0.00000%	0.05667%	0.05667%
PERS 2/3	0.00000%	0.07301%	0.07301%
LEOFF 2	0.33140%	0.31035%	-0.02105%

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.

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

In fiscal year 2023, the State of Washington contributed 39% of LEOFF 2 employer contributions pursuant to RCW 41.26.725 and all other employers contributed the remaining 61% of employer contributions.

## Pension Expense

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

Pension Expense	
PERS 1	\$ 1,644,582
PERS 2/3	\$ (467,326)
LEOFF 2	\$ (6,855)
<b>Total</b>	<b>\$ 1,170,402</b>

## Deferred Outflows of Resources and Deferred Inflows of Resources

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

PERS 1	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	\$ -	\$ -
Net difference between projected and actual investment earnings on pension plan investments	-	(145,926)
Changes of assumptions	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	165,800	-
<b>Total</b>	<b>\$ 165,800</b>	<b>\$ (145,926)</b>

PERS 2/3	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	\$ 609,542	\$ (33,434)
Net difference between projected and actual investment earnings on pension plan investments	-	(1,127,705)
Changes of assumptions	1,256,299	(273,824)
Changes in proportion and differences between contributions and proportionate share of contributions	-	(2,077,405)
Contributions subsequent to the measurement date	359,763	-
<b>Total</b>	<b>\$ 2,225,604</b>	<b>\$ (3,512,367)</b>

LEOFF 2	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	\$ 3,040,673	\$ (61,244)
Net difference between projected and actual investment earnings on pension plan investments	-	(1,575,139)
Changes of assumptions	1,901,549	(611,468)
Changes in proportion and differences between contributions and proportionate share of contributions	1,090,306	(658,170)
Contributions subsequent to the measurement date	392,131	
<b>Total</b>	<b>\$ 6,424,659</b>	<b>\$ (2,906,021)</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, 2023. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	PERS 1	PERS 2/3	LEOFF 2
2024	\$ (99,282)	\$ (885,532)	\$ (564,228)
2025	(124,859)	(1,003,319)	(818,593)
2026	76,986	580,698	1,422,812
2027	1,229	(14,571)	554,676
2028	-	(20,311)	604,837
Thereafter	-	(303,491)	1,927,002
<b>Total</b>	<b>\$ (145,926)</b>	<b>\$ (1,646,526)</b>	<b>\$ 3,126,506</b>

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

The City also has one defined contribution pension plan administered by Mission Square - International City Manager’s Association (ICMA) as follows:

**Plan 1 - City of Lakewood: A Defined Money Contribution Plan, Money Purchase Retirement Trust- Social Security Income Replacement**

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 Mission Square, 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, 2023 and contribution percentages are listed as follows:

Social Security Income Replacement	12/31/2023
Balance in Trust	\$ 60,554,837

2023 Employer Contribution	2023 Employee Contribution
4.77%	6.20%
\$1,237,737	\$ 1,608,570

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 169 members.

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

Liability coverage is written on an occurrence basis, without deductibles<sup>(1)</sup>. 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 \$1,000,000, for all perils other than flood and earthquake, and insured above that to \$400 million per occurrence subject to aggregates and sublimits. Automobile physical damage coverage is self-funded from the members' 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, 2020-2023.

The following is a summary of coverage in force in 2023:

Schedule of Insurance in Force As of December 31, 2023			
Company	Policy Period	Details of Coverage	Limit
WCIA	1/1/23 - 12/31/23	Liability Program - Property Joint Protection Program(Auto, General, Police, Errors or Omissions, Employment Practices, Employee Benefit and Stop Gap)	Self-Insured Layer Limit \$4M per Occurrence; (Reinsured Layers) Governmental Entities Mutual (GEM) \$6M per Occurrence; Safety National \$5M per Occurrence and per Member Aggregate and \$25M Poll Aggregate; Allied World Assurance Company \$5M per Occurrence and per Member Aggregate and \$25M Pool Aggregate. Total Limit \$20M per Occurrence, subject to aggregates and sub-limits.
WCIA	1/1/23 - 12/31/23	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. All Earthquake and Flood limits are shared amongst all member involved in the same occurrence. 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 Earthquake and Flood deductibles are shared amongst all members involved in the same occurrence. Other Perils, \$5K.
WCIA	1/1/23 - 12/31/23	Auto Physical Damage Program - Property Joint Protection Program	<b>Actual Cash Value for scheduled vehicles.</b> 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	1/1/23 - 12/31/23	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	1/1/23 - 12/31/23	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	5/31/22 - 5/31/23	Information Security Insurance (Cyber Insurance)	<b>\$5M 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/\$5M Pool Limit; \$1M Event Mgmt. Electronic Data per Member; \$1M Event Management Event Response per Member; \$1M Bricking; and \$100K per Member/\$2.5M Pool Limit Cyber Extortion Including Bitcoin Ransom Coverage. Deductibles: \$100K Security and Privacy Liability Insurance Including Regulatory Action; \$100K PCI-DSS Assessment; \$100K Event Mgmt, E-Discovery None; and, \$100K Cyber Extortion Event Management.
AIG Specialty Insurance Company	5/31/23 - 5/31/24	Information Security Insurance (Cyber Insurance)	<b>\$5M Aggregate Pool Policy Limit and per Member \$100K Retention.</b> Sublimits: \$1M Security and Privacy Liability per Member; \$1M Regulatory Action per Member; \$1M Event Management per Member. Ransomware and Cyber Extortion: \$2.5M Pool Limit. Sublimits: \$500K per Member Tier 1, \$250K per Member in Tier II, \$100K per Member in Tier III. No coverage for Members in Tier IV. Deductibles: \$100K Security and Privacy Liability Insurance Including Regulatory Action; \$100K Event Mgmt., and \$100K Cyber Extortion.

Source: Washington Cities Insurance Authority

**NOTE 9 – LONG-TERM LIABILITIES**

The table below provides a recap of long-term debt activity, including compensated absences liabilities, for the year ended December 31, 2023.

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	\$ 334,245	\$ -	\$ 334,245	\$ -	\$ -	\$ -
2021B LTGO Private Placement	10/16/2021	12/1/2037	1.84%	5,971,635	5,971,635	-	16,680	5,954,955	354,580	5,600,375
2020 LTGO Private Placement	12/09/2019	12/01/2035	2.00%	3,029,885	2,674,805	-	182,205	2,492,600	185,845	2,306,755
2019 LTGO	05/08/2019	12/01/2038	3.0% - 5.0%	7,460,000	6,645,000	-	300,000	6,345,000	315,000	6,030,000
2016 LTGO Private Placement	04/19/2016	12/01/2028	1.40% - 2.41%	1,884,032	1,173,771	-	187,912	985,859	188,901	796,958
LOCAL Financing	03/24/2015	12/01/2027	2.33%	1,460,000	715,000	-	130,000	585,000	135,000	450,000
<b>Subtotal GO Bonds</b>				<b>20,472,927</b>	<b>17,514,456</b>	<b>-</b>	<b>1,151,042</b>	<b>16,363,414</b>	<b>1,179,326</b>	<b>15,184,088</b>
<b>Unamortized bond and local financing premium</b>										
2019 LTGO Unamortized Prem	05/08/2019	12/01/2038	3.0% - 5.0%	595,905	476,705	-	29,800	446,905	29,800	417,105
LOCAL Financing Unamortized Prem	03/24/2015	12/01/2027	2.33%	207,849	73,613	-	17,321	56,292	17,321	38,971
<b>Subtotal Unamortized Premiums</b>				<b>803,754</b>	<b>550,318</b>	<b>-</b>	<b>47,121</b>	<b>503,197</b>	<b>47,121</b>	<b>456,076</b>
<b>Special Assessment Bonds (with governmental commitments)</b>										
CLID 1109 Private Placement	03/01/2020	03/01/2033	2.78%	922,757	781,000	-	71,000	710,000	71,000	639,000
LID 1108 Private Placement	01/18/2008	12/01/2027	4.22% - 5.30%	880,000	9,935	-	9,935	-	-	-
<b>Subtotal Special Assessment Bonds</b>				<b>1,802,757</b>	<b>790,935</b>	<b>-</b>	<b>80,935</b>	<b>710,000</b>	<b>71,000</b>	<b>639,000</b>
<b>Notes Payable</b>										
59th Avenue	04/30/2005	04/30/2024	Varies	1,071,000	145,773	-	71,549	74,224	74,224	-
<b>Subtotal Notes Payable</b>				<b>1,071,000</b>	<b>145,773</b>	<b>-</b>	<b>71,549</b>	<b>74,224</b>	<b>74,224</b>	<b>-</b>
<b>Government Loans</b>										
PWTF 04-691-PRE-132	07/07/2005	07/07/2024	1.00%	593,864	59,430	-	29,715	29,715	29,715	-
PWTF 06-962-022	09/18/2006	09/18/2026	0.50%	5,000,000	1,177,928	-	294,482	883,446	294,482	588,964
PWTF 08-951-025	03/01/2008	07/01/2028	0.50%	1,840,000	624,157	-	104,026	520,131	104,026	416,105
PWTF 12-951-025	06/01/2012	06/01/2031	0.50%	500,000	321,428	-	35,714	285,714	35,714	250,000
<b>Subtotal Government Loans</b>				<b>7,933,864</b>	<b>2,182,943</b>	<b>-</b>	<b>463,937</b>	<b>1,719,006</b>	<b>463,937</b>	<b>1,255,069</b>
<b>Leases</b>										
McGavick Center	1/3/2007	6/30/2026	-	347,240	281,245	-	67,678	213,567	69,404	144,163
Suscription Based IT Arrangement (SBITA)					1,269,242	729,307	547,639	1,450,910	517,880	933,031
<b>Subtotal Leases</b>				<b>347,240</b>	<b>1,550,487</b>	<b>729,307</b>	<b>615,317</b>	<b>1,664,477</b>	<b>587,284</b>	<b>1,077,194</b>
Compensated absences					3,468,158	4,208,709	3,642,919	4,033,948	1,210,184	2,823,764
Net Pension Liability					-	1,087,677	-	1,087,677	-	-
<b>Subtotal Governmental Activities</b>					<b>26,203,070</b>	<b>6,025,693</b>	<b>6,072,820</b>	<b>26,155,943</b>	<b>3,633,075</b>	<b>21,435,191</b>
<b>Business-type</b>										
<b>Surface Water Management</b>										
2021 Revenue Bond	10/16/2021	12/1/2030	1.74%	4,028,365	3,590,670	-	451,085	3,139,585	457,355	2,682,230
<b>Subtotal SWM</b>				<b>4,028,365</b>	<b>3,590,670</b>	<b>-</b>	<b>451,085</b>	<b>3,139,585</b>	<b>457,355</b>	<b>2,682,230</b>
Compensated absences					151,917	112,466	108,817	155,566	46,670	108,896
Net Pension Liability					-	205,948	-	205,948	-	-
<b>Subtotal Business-type activities</b>					<b>3,742,587</b>	<b>318,414</b>	<b>559,902</b>	<b>3,501,099</b>	<b>504,025</b>	<b>2,791,126</b>
<b>Total</b>					<b>\$ 29,945,657</b>	<b>\$ 6,344,107</b>	<b>\$ 6,632,722</b>	<b>\$ 29,657,042</b>	<b>\$ 4,137,100</b>	<b>\$ 24,226,317</b>

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, 2023, 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 (PWTF) 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
2024	\$ 2,245,843	\$ 501,326
2025	2,190,269	450,906
2026	2,229,105	403,301
2027	1,979,479	355,725
2028	1,865,356	310,346
2029-2033	6,467,418	1,028,831
2034-2038	5,028,760	343,369
<b>Totals</b>	<b>\$22,006,230</b>	<b>\$ 3,393,804</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, 2023, 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 \$805,010,566 based on the City's current assessed valuation of \$10,952,642,743 amount Remaining legal debt capacities as of December 31, 2023, are:

<b>Legally Remaining Debt Capacity As of December 31, 2023</b>	
General government (no vote required)	\$147,852,002
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>\$805,010,566</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 for 2022 leases and updated it to 2.80% based on the most recent rate for leases commencing in 2023.

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, 2023, are as follows:

<b>Total Lease Schedule (Lessee)</b>		
<b>As of December 31, 2023</b>		
<b>Year</b>	<b>McGavick Center</b>	
	<b>Principal</b>	<b>Interest</b>
2024	69,404	5,446
2025	71,174	3,676
2026	72,989	1,861
<b>Total</b>	<b>\$ 213,567</b>	<b>\$ 10,983</b>

Lease assets net of accumulated amortization as of December 31, 2023, is as follows:

<b>Lease Assets</b>				
<b>As of December 31, 2023</b>				
<b>Governmental Activity</b>	<b>Beginning</b>			<b>Ending</b>
	<b>Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance</b>
	<b>1/1/2023</b>			<b>12/31/2023</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)	\$ -	\$ (138,896)
Total accumulated amortization	\$ (69,448)	\$ (69,448)	\$ -	\$ (138,896)
<b>Total assets being amortized, net</b>	<b>\$ 277,792</b>	<b>\$ (69,448)</b>	<b>\$ -</b>	<b>\$ 208,344</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. The original terms of the agreement included a commencement date of January 20, 2022 and termination 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. An amendment to the original agreement was signed in July 2023 reduced the monthly lease payment from \$18,000 to \$10,000 per month beginning in July 2023 through December 2025. Lease revenue in 2023 total \$204,000.
- 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, 2023 to January 2, 2025 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 2023 totals \$14,064.

Future lease receivable principal and interest payments are as follows:

<b>Total Lease Schedule (Lessee)</b>						
<b>As of December 31, 2023</b>						
<b>Year</b>	<b>Tactical Tailor</b>		<b>City Hall</b>		<b>Total</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2024	115,404	4,596	13,853	211	129,258	4,806
2025	118,477	1,523	-	-	118,477	1,523
<b>Total</b>	<b>\$ 233,882</b>	<b>\$ 6,118</b>	<b>\$ 13,853</b>	<b>\$ 211</b>	<b>\$ 247,735</b>	<b>\$ 6,329</b>

#### **NOTE 11 – SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)**

During the year ended December 31, 2023, The City adopted guidance for the presentation and disclosure of Subscription Based Information Technology Arrangements (SBITA), as required by the BARS manual. This requirement resulted in the addition of a subscription liability reported on the Schedule of Liabilities.

The following provides a general description of its SBITAs, including the basis and terms. In 2023, the City's assets amounted to \$2,055,055. The total amount paid for SBITAs in 2023 was \$569,322. As of December 31, 2023, the future SBITA payments in accordance with the subscription schedule by year/5-year increments.

<b>Total Subscription Schedule</b>			
<b>As of December 31, 2023</b>			
<b>Year</b>	<b>Subscription</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Interest</b>
2023	547,639	21,683	569,322
2024	517,880	39,923	557,802
2025	507,098	25,402	532,500
2026	341,958	11,803	353,761
2027	83,974	2,351	86,325
<b>Total</b>	<b>\$ 1,998,550</b>	<b>\$ 101,162</b>	<b>\$ 2,099,711</b>

Total Subscription Schedule													
As of December 31, 2023													
Subscription / Vendor	Contract Start Date	GASB Start Date	Contract End Date	Term	Payment	Interest Rate	Subscription Liability				Subscription Asset		
							Begin Balance	Principal Payment	Interest Payment	Ending Balance	Beginning Balance	Amort Expense	Ending Balance
Axon's Web Services	8/1/22	1/1/23	7/31/27	55 mo.	Annual	2.8%	992,191	246,430	16,206	745,761	992,191	216,478	775,713
Autodesk Point Layout Software	2/22/22	1/1/23	2/21/25	25 mo.	Annual	2.8%	44,009	14,585	27	29,424	44,009	20,549	23,460
DebtBook - Fifth Asset Inc	12/1/23	12/1/23	11/30/26	36 mo.	Annual	2.8%	50,124	17,087	117	33,037	50,124	1,392	48,732
Document Management Software System	2/16/21	1/1/23	2/15/26	37 mo.	Annual	2.8%	170,158	53,723	3,877	116,435	224,158	71,731	152,427
Axon's Web Services	4/1/23	4/1/23	3/31/28	60 mo.	Annual	2.8%	408,746	86,325	-	322,421	408,746	61,312	347,434
FOIA Workflow Platform / Next Request	12/1/22	1/1/23	11/30/25	35 mo.	Annual	2.8%	49,118	23,076	1,261	26,042	50,618	17,355	33,263
IAPro - CI Professional	11/1/22	1/1/23	10/31/24	22 mo.	Annual	2.8%	1,942	1,942	45	-	1,942	1,059	883
LSMS Submission Software	12/1/22	1/1/23	11/30/24	23 mo.	Annual	2.8%	491	491	13	-	1,526	796	730
NVIDIA DOCA License	5/27/22	1/1/23	5/26/24	16 mo.	Annual	2.8%	8,158	8,158	92	-	8,158	5,804	2,354
Microsoft Office 365	10/3/23	10/3/23	10/2/26	36 mo.	Annual	2.8%	270,436	92,646	-	177,790	270,436	22,036	248,401
Skills Manager Software	7/1/22	1/1/23	6/30/24	18 mo.	Annual	2.8%	3,176	3,176	44	-	3,176	2,117	1,059
<b>Total</b>							<b>\$ 1,998,550</b>	<b>\$ 547,639</b>	<b>\$ 21,683</b>	<b>\$ 1,450,910</b>	<b>\$ 2,055,085</b>	<b>\$ 420,629</b>	<b>\$ 1,634,456</b>

The total amount of subscription assets, and the related accumulated amortization as of December 31, 2023, is as follows:

Subscription Assets				
As of December 31, 2023				
Governmental Activity	Beginning Balance		Deletions / Adjustments	Ending Balance
	1/1/2023	Additions		
Subscription Assets	\$ 1,325,778	\$ 729,307	\$ -	\$ 2,055,085
Accumulated Amortization	-	(420,629)	-	(420,629)
Total accumulated amortization	\$ 1,325,778	\$ 308,678	\$ -	\$ 1,634,456
<b>Total assets being amortized, net</b>	<b>\$ 1,325,778</b>	<b>\$ 308,678</b>	<b>\$ -</b>	<b>\$ 1,634,456</b>



**NOTE 12 - INTERFUND TRANSACTIONS**

Interfund transfers for the year ended December 31, 2023, were as follows:

<b>Interfund Transfers</b>	<b>Transfers In</b>	<b>Transfers Out</b>
<b>Major Funds:</b>	<b>\$ 8,317,243</b>	<b>\$ 5,883,692</b>
General Fund	284,700	5,652,608
Parks Capital	3,235,001	-
Transportation	4,797,542	231,084
<b>Non-Major Government Funds:</b>	<b>4,037,641</b>	<b>5,349,660</b>
Street O&M	1,887,579	-
Transportation Benefit District	-	699,532
Property Abatement/Rental Housing Safety Program	85,000	-
Public Art	22,000	-
South Sound Military Communities Partnership	75,000	-
General Obligation Debt Service	1,686,978	-
Real Estate Excise Tax	231,084	4,600,128
Sewer Debt	50,000	-
Sewer Capital	-	50,000
<b>Business-Type Fund:</b>	<b>-</b>	<b>1,121,532</b>
Surface Water Management	-	1,121,532
<b>Internal Service Funds</b>	<b>227,531</b>	<b>227,531</b>
Fleet and Equipment	227,531	-
Risk Management	-	227,531
<b>Total</b>	<b>\$ 12,582,415</b>	<b>\$ 12,582,415</b>

The following describes the amounts transferred out during 2023:

General Fund:

- \$515,171 to Transportation Capital to fund various transportation capital projects
- \$5,137,437 to nonmajor governmental as follows:
  - \$1,887,579 to subsidize street operations & maintenance
  - \$85,000 for abatement programs
  - \$22,000 for public art
  - \$75,000 for South Sound Military Communities Partnership for executive leadership team status
  - \$446,981 for general obligation debt service payment
  - \$2,620,877 to Parks Capital to fund various parks capital projects

Transportation CIP:

- \$231,084 return unspent real estate excise tax source to Real Estate Excise Tax Fund

Nonmajor Governmental Funds:

- \$699,532 from Transportation Benefit District (TBD) to Transportation Capital projects for TBD eligible projects
- \$4,600,128 from Real Estate Excise Tax as follows:
  - \$1,239,997 to GO Bond Debt Service Fund in support of transportation capital projects
  - \$614,124 to Parks Capital Projects Fund
  - \$2,746,007 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

- \$836,832 to Transportation Capital Projects Fund for storm drainage element of projects

**Internal Service Fund:**

- \$227,531 insurance proceeds from Risk Management to Fleet & Equipment internal service fund for vehicle replacements

Interfund loans at the December 31, 2023, are as follows:

Interfund Loans	To	From
General Fund	\$ -	\$ 357,933
Community Development Block Grant	7,642	-
South Sound Military Communities Partnership	225,251	
Public Safety Grants	125,040	-
<b>Total</b>	<b>\$ 357,933</b>	<b>\$ 357,933</b>

- To CDBG Fund to cover negative cash balances due to timing of grant reimbursements
- To South Sound Military Communities Partnership 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 13 – CHANGES IN ACCOUNTING PRINCIPLE, ERROR CORRECTIONS AND FINANCIAL REPORTING ENTITY**

Reporting Units Affected by Adjustments to and Restatements of Beginning Balance	Funds					Government-Wide	
	CDBG	SSMCP	LID Debt	Parks CIP	Nonmajor Governmental	Governmental Activities	Business-Type Activities
December 31, 2022 as previously reported	\$1,863,735	\$(354,815)	\$109,584	\$ -	\$ 12,770,511	\$ 229,053,041	\$ 31,142,460
Change in accounting principle - (lease remeasurement)	-	-	-	-	(51,064)	-	-
Change in accounting principle - (GASB 101 compensated absences)	-	-	-	-	-	(260,352)	(17,705)
Error Correction (capital assets)	-	-	-	-	-	(265,563)	-
Change from major to nonmajor fund	(1,863,735)	354,815	(109,584)	-	1,618,504	-	-
Change from non major to major fund	-	-	-	3,947,366	(3,947,366)	-	-
December 31, 2023 as adjusted or restated	-	-	-	3,947,366	10,390,585	228,527,126	31,124,754

**Lease Remeasurement:** In June of 2023, the City and Tactical Taylor developed a proposed lease amendment to assist Tactical Tailor with some hardship thus, necessitated a remeasurement of the lease. The monthly payment has been reduced from \$18,000 to \$10,000 effective July 2023, with a reduced term from the original ending of December 2026 to December 2025. Additionally, the annual borrowing rate has risen from 2.55% to 2.80%. These modifications are expected to have a significant impact on the overall lease taking the deferred inflow at December 2022 from \$850,053 to \$798,989; a difference of \$51,064.

**Capital Assets:** Governmental-type capital asset activity prior period adjustment of \$265,563 is for major capital maintenance that was previously recorded as construction in progress.

Governmental Activities	Beginning	Error	Adjusted	Increases	Decreases	Ending
	Balance		Beginning			Balance
	1/1/2023	Correction	1/1/2023			12/31/2023
Capital assets, not being depreciated:						
Land and land rights	\$ 25,190,535	\$ -	\$ 25,190,535	\$ 863,369	\$ -	\$ 26,053,904
Construction in progress	30,095,820	(265,563)	29,830,257	19,673,249	(34,842,930)	14,660,575
Total capital assets, being not depreciated	55,286,355	(265,563)	55,020,792	20,536,618	(34,842,930)	40,714,479
Capital Assets being depreciated/amortized:						
Buildings	32,420,266	-	32,420,266	-	-	32,420,266
Infrastructure	178,369,994	-	178,369,994	34,869,937	-	213,239,931
Machinery and equipment	13,580,181	-	13,580,181	3,076,998	(1,762,443)	14,894,736
Leases	347,240	-	347,240	-	-	347,240
Subscription-based IT arrangements	1,325,778	-	1,325,778	729,307	-	2,055,085
Total capital assets, being depreciated/amortized	226,043,459	-	226,043,459	38,676,243	(1,762,443)	262,957,259
Less accumulated depreciation/amortization for:						
Buildings	(8,157,509)	-	(8,157,509)	(524,326)	-	(8,681,835)
Infrastructure	(77,205,647)	-	(77,205,647)	(5,968,541)	-	(83,174,188)
Machinery and equipment	(8,701,900)	-	(8,701,900)	(1,017,184)	1,457,160	(8,261,924)
Leases	(69,448)	-	(69,448)	(69,448)	-	(138,896)
Subscription-based IT arrangements	-	-	-	(420,629)	-	(420,629)
Total accumulated depreciation/amortization	(94,134,504)	-	(94,134,504)	(8,000,128)	1,457,160	(100,677,472)
Total capital assets being depreciated/amortized, net	131,908,956	-	131,908,956	30,676,115	(305,283)	162,279,787
<b>Governmental Activities capital assets, net</b>	<b>\$ 187,195,310</b>	<b>\$ (265,563)</b>	<b>\$ 186,929,747</b>	<b>\$ 51,212,732</b>	<b>\$(35,148,213)</b>	<b>\$ 202,994,266</b>

## NOTE 14 – 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, 2023, 264 cities/towns/non-city entities participate and have enrollment in the AWC Trust HCP.

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

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

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

Participating employers pay monthly premiums to the AWC Trust HCP. The AWC Trust HCP is responsible for payment of all covered claims. In 2023, the AWC Trust HCP purchased medical stop loss insurance for Regence/Asuris and Kaiser plans at an Individual Stop Loss (ISL) of \$2 million through United States Fire Insurance Company. The aggregate policy is for 200% of expected medical claims. Participating employers' contract to remain in the AWC Trust HCP for a minimum of three years. Participating employers with over 250 employees must provide written notice of termination of all coverage a minimum of 12 months in advance of the termination date, and participating employers with under 250 employees must provide written notice of termination of all coverage a minimum of 6 months in advance of termination date. When all coverage is being terminated, termination will only occur on December 31. Participating employers terminating a group or line of coverage must notify the AWC Trust HCP a minimum of 60 days prior to termination. A participating employer's termination will not obligate that member to past debts, or further contributions to the AWC Trust HCP. Similarly, the terminating member forfeits all rights and interest to the AWC Trust HCP Account.

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

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

## **NOTE 15 – 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, 2023, the City abated property taxes totaling \$59,872 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 \$59,872 was shifted to other property taxpayers.

## **NOTE 16 – 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 July 25, 2024, there are four pending claims, cases and/or litigation against the City, with potential to exceed the \$50,000 threshold.

## **NOTE 17 – SUBSEQUENT EVENTS**

In January 2024, to avoid trial in the lawsuit, Janssen (Johnson & Johnson, Johnson & Johnson Innovative Medicine, Janssen Pharmaceuticals, Inc., Ortho-McNeil-Janssen Pharmaceuticals, Inc., and Janssen Pharmaceutica, Inc. collectively) will pay a settlement of \$149.5M. The settlement requires that \$123.3M be used to combat the opioid epidemic, including the fentanyl crisis. The attorney general is directing 50% (\$61.6M) of these resources to local governments for that purpose. The settlement is contingent on eligible cities and counties joining the settlement. If not enough cities and counties join, the settlement is void. The deadline to join the settlement was May 11, 2024 and enough cities and counties joined. Janssen is required to pay the entire \$149.5M in June 2024. As with prior resolutions, in order to obtain the full amount, all 125 eligible local governments will need to sign on to the deal. Local governments will divide their share of the proceeds according to their own agreed formula. In June 2024, the City received a one-time distribution of \$289,326.

## **NOTE 18 – COVID-19 PANDEMIC**

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

The City responded by restricting all general government expenditures, such as new hires, discretionary spending, etc., a countermeasure that will remain in place in 2021 and 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 that continue through 2023. 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 19 – NEW ACCOUNTING STANDARDS**

GASB 96: As of December 31, 2023, the City implemented GASB 96 Subscription-Based Information Technology Arrangements. Per GASB, the requirements of this Statement will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement will also enhance the relevance and readability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs.

GASB 100: As of December 31, 2023, the City implemented GASB 100 Accounting Changes and Error Corrections. Per GASB, the requirements of this Statement will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirement will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections.

GASB 101: As of December 31, 2023, the City implemented GASB 101 Compensated Absences. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023; however, the City implemented this Statement in advance of the required date. Per GASB, the unified recognition and measurement model in this Statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absences and will eliminate potential comparability issues between governments that offer different types of leave. The model will result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences.

# **REQUIRED SUPPLEMENTARY INFORMATION**

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**City of Lakewood**  
**Schedule of Proportionate Share of the Net Pension Liability (Asset)**  
**PERS 1**  
 As of June 30, 2023  
 Past 10 Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension asset	0.0567%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
Covered payroll	\$ 10,730,197	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's proportionate share of the net pension asset as a percentage of covered employee payroll	-12.06%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension asset	80.16%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

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

The City of Lakewood joined PERS 2/3 July 1, 2022.

**City of Lakewood**  
**Schedule of Proportionate Share of the Net Pension Liability (Asset)**  
**PERS 2/3**  
 As of June 30, 2023  
 Past 10 Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension asset	0.0730%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
Employer's proportionate share of the net pension asset	\$ (2,992,366)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ (2,992,366)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 10,730,197	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's proportionate share of the net pension asset as a percentage of covered employee payroll	27.89%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension asset	107.02%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

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

The City of Lakewood joined PERS 2/3 July 1, 2022.

**City of Lakewood**  
**Schedule of Proportionate Share of the Net Pension Liability (Asset)**  
**LEOFF 2**  
 As of June 30, 2023  
 Past 10 Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension asset	0.3103%	0.3314%	0.3068%	0.3252%	0.3474%	0.3547%	0.3452%	0.3379%	0.3406%
Employer's proportionate share of the net pension asset	\$ (7,444,025)	\$ (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	\$ (4,753,678)	\$ (10,195,165)	\$ (11,494,372)	\$ (4,241,558)	\$ (5,270,730)	\$ (4,662,459)	\$ (3,107,666)	\$ (1,281,167)	\$ (2,314,541)
Total	<u>\$ (12,197,703)</u>	<u>\$ (29,443,959)</u>	<u>\$ (29,312,089)</u>	<u>\$ (10,874,959)</u>	<u>\$ (13,319,292)</u>	<u>\$ (11,863,379)</u>	<u>\$ (7,898,409)</u>	<u>\$ (3,246,367)</u>	<u>\$ (5,815,053)</u>
Covered payroll	\$ 13,572,826	\$ 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	54.85%	144.94%	152.13%	50.89%	67.30%	64.04%	44.02%	19.13%	34.77%
Plan fiduciary net position as a percentage of the total pension asset	113.17%	116.00%	142.00%	115.82%	128.70%	118.50%	113.36%	106.04%	111.67%

**City of Lakewood**  
**Schedule of Employer Contributions**  
**PERS 1**  
 As of December 31, 2023  
 Past 10 Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily or contractually required contributions	\$ 370,831	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the statutorily or contractually required contributions	\$ (370,831)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 11,123,533	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered employee payroll	3.33%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

*This schedule continues to be built prospectively until it accumulates ten fiscal years of data that is required under GAAP.*  
 Note: Significant methods and assumptions used in calculating the actuarial determined contribution are presented in Note 7.  
 The City of Lakewood joined PERS 2/3 July 1, 2022.

**City of Lakewood**  
**Schedule of Employer Contributions**  
**PERS 2/3**  
 As of December 31, 2023  
 Past 10 Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily or contractually required contributions	\$ 1,089,832	\$ 539,812	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the statutorily or contractually required contributions	\$ (1,089,832)	\$ (539,812)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 11,123,533	\$ 10,281,762	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered employee payroll	9.80%	5.25%	n/a	n/a	n/a	n/a	n/a	n/a	n/a

*This schedule continues to be built prospectively until it accumulates ten fiscal years of data that is required under GAAP.*  
 Note: Significant methods and assumptions used in calculating the actuarial determined contribution are presented in Note 7.  
 The City of Lakewood joined PERS 2/3 July 1, 2022.

**City of Lakewood**  
**Schedule of Employer Contributions**  
**LEOFF 2**  
 As of December 31, 2023  
 Past 10 Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily or contractually required contributions	\$ 736,652	\$ 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	\$ (736,652)	\$ (704,765)	\$ (629,325)	\$ (636,136)	\$ (620,348)	\$ (631,767)	\$ (580,241)	\$ (544,089)	\$ (516,402)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 14,696,719	\$ 13,637,747	\$ 12,062,758	\$ 13,035,430	\$ 11,959,728	\$ 11,243,699	\$ 10,882,017	\$ 10,274,320	\$ 9,525,162
Contributions as a percentage of covered employee payroll	5.01%	-5.20%	-5.22%	4.88%	5.19%	5.62%	5.33%	5.30%	5.40%

*This schedule continues to be built prospectively until it accumulates ten fiscal years of data that is required under GAAP.*  
 Note: Significant methods and assumptions used in calculating the actuarial determined contribution are presented in Note 7.

# COMBINING STATEMENTS

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**Combining Statement – Nonmajor Governmental Funds Description  
For the Year Ended December 31, 2023**

**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, 2023

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 4,199,534	\$ 2,037,414	\$ 2,125,685	\$ 8,362,633
Customer accounts receivable	6,118	-	-	6,118
Due from other governments	469,958	-	269,333	739,291
Notes/contracts receivable	1,899,087	5,250	-	1,904,337
Lease receivable	233,646	-	-	233,646
Special assessments receivable	1,742,954	823,479	-	2,566,433
Taxes Receivable	297,433	-	278,757	576,190
Total assets	<u>8,848,730</u>	<u>2,866,143</u>	<u>2,673,775</u>	<u>14,388,648</u>
<b>LIABILITIES</b>				
Accounts payable	631,547	-	205,936	837,483
Wages payable	102,917	-	806	103,723
Due to other governments	2,435	-	-	2,435
Customer deposits	9,490	-	-	9,490
Unearned revenue	18,000	-	11,307	29,307
Contracts payable	8,536	-	-	8,536
Other accrued liabilities	1,491	85	-	1,576
Interfund loan payable	357,933	-	-	357,933
Total liabilities	<u>1,132,349</u>	<u>85</u>	<u>218,049</u>	<u>1,350,483</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Lease	285,663	-	-	285,663
Unavailable revenue	1,742,954	828,729	-	2,571,683
Total liabilities and deferred inflows of resources	<u>3,160,966</u>	<u>828,814</u>	<u>218,049</u>	<u>4,207,829</u>
<b>FUND BALANCES (DEFICITS)</b>				
Restricted	5,877,654	2,037,329	279,428	8,194,411
Committed	26,902	-	2,176,298	2,203,200
Unassigned	(216,790)	-	-	(216,790)
Total fund balances (deficits)	<u>5,687,766</u>	<u>2,037,329</u>	<u>2,455,726</u>	<u>10,180,821</u>
Total liabilities, deferred inflows, and fund balances (deficits)	<u>\$ 8,848,730</u>	<u>\$ 2,866,143</u>	<u>\$ 2,673,775</u>	<u>\$ 14,388,648</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, 2023

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 2,206,962	\$ -	\$ 2,311,049	\$ 4,518,011
Special assessments	-	267,403	-	267,403
Licenses and permits	201,015	-	-	201,015
Intergovernmental	2,566,489	-	369,878	2,936,367
Charges for goods and services	607,964	902,554	289,242	1,799,760
Interest and other earnings	190,181	132,057	162,393	484,631
Miscellaneous	320,323	-	4,612	324,935
Contributions and donations	8,000	-	-	8,000
Total revenues	<u>6,100,935</u>	<u>1,302,014</u>	<u>3,137,174</u>	<u>10,540,123</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	629,073	-	-	629,073
Judicial	70,215	-	-	70,215
Utilities and environment	-	-	406,198	406,198
Transportation	2,940,927	-	-	2,940,927
Economic environment	2,933,736	-	11	2,933,747
Culture and recreation	68,894	-	-	68,894
Debt service:				
Principal retirement	67,678	1,767,463	-	1,835,141
Interest and other debt service costs	7,172	499,301	-	506,473
Capital outlay:				
Capital	47,201	-	-	47,201
Total expenditures	<u>6,764,896</u>	<u>2,266,764</u>	<u>406,209</u>	<u>9,437,869</u>
Excess (deficiency) of revenues over expenditures	<u>(663,961)</u>	<u>(964,750)</u>	<u>2,730,965</u>	<u>1,102,254</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,069,579	1,686,978	281,084	4,037,641
Transfers out	(699,532)	(50,000)	(4,600,128)	(5,349,660)
Total other financing source (uses)	<u>1,370,047</u>	<u>1,636,978</u>	<u>(4,319,044)</u>	<u>(1,312,019)</u>
Net change in fund balances	706,086	672,228	(1,588,079)	(209,765)
Fund balances - beginning	3,523,824	1,255,516	7,991,171	12,770,511
Change in accounting principle - Note 13	(51,064)	-	-	(51,064)
Change within financial reporting entity				
(major to nonmajor fund) - Note 13	1,508,920	109,584	-	1,618,504
Change within financial reporting entity				
(nonmajor to major fund) - Note 13	-	-	(3,947,366)	(3,947,366)
Fund balances - beginning (restated)	4,981,680	1,365,100	4,043,805	10,390,585
Fund balances - ending	<u>\$ 5,687,766</u>	<u>\$ 2,037,328</u>	<u>\$ 2,455,726</u>	<u>\$ 10,180,820</u>

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**Combining Statement – Nonmajor Special Revenue Funds Description  
For the Year Ended December 31, 2023**

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 ***Community Development Block Grant Fund*** accounts for revenues and expenditures associated with Community Development Block Grants (CDBG) and HOME Investment Partnership Act grants. Revenue and other sources reported include direct and indirect federal grants, state grants, and intergovernmental service revenues.

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 ***South Sound Military Communities Partnership Fund*** accounts for all activity associated with the South Sound Military Communities Partnership (SSMCP) including grant revenues and expenditures to assist communities with the alleviation of socioeconomic effects that may result from military closures and realignment and North Clear Zone (NCZ) property purchases.

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

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**City of Lakewood**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
December 31, 2023

	Street Operations & Maintenance	Transportation Benefit District	Lodging Tax	Property Abatement/ RHSP/1406	Public Art	Narcotics Seizure
<b>ASSETS</b>						
Cash and cash equivalents	\$ 93,382	\$ 212,288	\$3,547,960	\$ 81,030	\$ 26,902	\$ 98,826
Customer accounts receivable	-	-	-	6,118	-	-
Due from other governments	-	-	-	-	-	25,633
Notes/contracts receivable	-	-	-	47,991	-	-
Lease receivable	-	-	-	-	-	-
Special assessments receivable	-	-	-	1,451,907	-	-
Taxes Receivable	120,706	-	155,327	21,400	-	-
Total assets	<u>214,088</u>	<u>212,288</u>	<u>3,703,287</u>	<u>1,608,446</u>	<u>26,902</u>	<u>124,459</u>
<b>LIABILITIES</b>						
Accounts payable	161,428	-	110,276	39,415	-	36,130
Wages payable	49,109	-	-	14,230	-	397
Due to other governments	18	-	-	-	-	2,212
Customer deposits	-	-	-	-	-	9,490
Unearned revenue	-	-	-	-	-	-
Contracts payable	2,042	-	-	-	-	-
Other accrued liabilities	1,491	-	-	-	-	-
Interfund loan payable	-	-	-	-	-	-
Total liabilities	<u>214,088</u>	<u>-</u>	<u>110,276</u>	<u>53,645</u>	<u>-</u>	<u>48,229</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Lease revenue	-	-	-	-	-	-
Unavailable revenue	-	-	-	1,451,907	-	-
Total liabilities and deferred inflows of resources	<u>214,088</u>	<u>-</u>	<u>110,276</u>	<u>1,505,552</u>	<u>-</u>	<u>48,229</u>
<b>FUND BALANCES (DEFICITS)</b>						
Restricted	-	212,288	3,593,011	102,896	-	76,230
Committed	-	-	-	-	26,902	-
Unassigned	-	-	-	-	-	-
Total fund balances (deficits)	<u>-</u>	<u>212,288</u>	<u>3,593,011</u>	<u>102,896</u>	<u>26,902</u>	<u>76,230</u>
Total liabilities, deferred inflows, and fund balances (deficits)	<u>\$ 214,088</u>	<u>\$ 212,288</u>	<u>\$3,703,287</u>	<u>\$ 1,608,446</u>	<u>\$ 26,902</u>	<u>\$ 124,459</u>



**City of Lakewood**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
December 31, 2023

	Felony Seizure	Federal Seizure	CDBG	NSP Grant	SSMCP	Public Safety Grants	Total Nonmajor Special Revenue Funds
<b>ASSETS</b>							
Cash and cash equivalents	\$ 22,808	\$ 4,671	\$ -	\$ 14,148	\$ 97,519	\$ -	\$ 4,199,534
Customer accounts receivable	-	-	-	-	-	-	6,118
Due from other governments	-	-	120,456	-	146,614	177,255	469,958
Notes/contracts receivable	-	-	1,851,096	-	-	-	1,899,087
Lease receivable	-	-	-	-	233,646	-	233,646
Special assessments receivable	-	-	-	291,047	-	-	1,742,954
Taxes Receivable	-	-	-	-	-	-	297,433
Total assets	<u>22,808</u>	<u>4,671</u>	<u>1,971,552</u>	<u>305,195</u>	<u>477,779</u>	<u>177,255</u>	<u>8,848,730</u>
<b>LIABILITIES</b>							
Accounts payable	438	-	95,571	-	154,061	34,228	631,547
Wages payable	-	-	9,600	-	11,594	17,987	102,917
Due to other governments	-	-	205	-	-	-	2,435
Customer deposits	-	-	-	-	-	-	9,490
Unearned revenue	-	-	-	-	18,000	-	18,000
Contracts payable	-	-	6,494	-	-	-	8,536
Other accrued liabilities	-	-	-	-	-	-	1,491
Interfund loan payable	-	-	7,642	-	225,251	125,040	357,933
Total liabilities	<u>438</u>	<u>-</u>	<u>119,512</u>	<u>-</u>	<u>408,906</u>	<u>177,255</u>	<u>1,132,349</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Lease revenue	-	-	-	-	285,663	-	285,663
Unavailable revenue	-	-	-	291,047	-	-	1,742,954
Total liabilities and deferred inflows of resources	<u>438</u>	<u>-</u>	<u>119,512</u>	<u>291,047</u>	<u>694,569</u>	<u>177,255</u>	<u>3,160,966</u>
<b>FUND BALANCES (DEFICITS)</b>							
Restricted	22,370	4,671	1,852,040	14,148	-	-	5,877,654
Committed	-	-	-	-	-	-	26,902
Unassigned	-	-	-	-	(216,790)	-	(216,790)
Total fund balances (deficits)	<u>22,370</u>	<u>4,671</u>	<u>1,852,040</u>	<u>14,148</u>	<u>(216,790)</u>	<u>-</u>	<u>5,687,766</u>
Total liabilities, deferred inflows, and fund balances (deficits)	<u>\$ 22,808</u>	<u>\$ 4,671</u>	<u>\$ 1,971,552</u>	<u>\$ 305,195</u>	<u>\$ 477,779</u>	<u>\$ 177,255</u>	<u>\$ 8,848,730</u>

**City of Lakewood**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**

For the Year Ended December 31, 2023

	Street Operations and Maint	Trans Benefit District	Hotel/Motel Lodging Tax	Abatement RHSP 1406	Public Art	Narcotics Seizure
<b>REVENUES</b>						
Taxes	\$ -	\$ 815,810	\$ 1,293,768	\$ 97,384	\$ -	\$ -
Licenses and permits	201,015	-	-	-	-	-
Intergovernmental	787,006	-	-	-	-	-
Charges for goods and services	74,704	-	-	228,513	-	35,989
Interest and other earnings	-	4,870	138,869	28,027	2,208	3,695
Miscellaneous	482	-	-	12,350	21,000	127,097
Contributions and donations	-	-	-	-	-	-
Total revenues	<u>1,063,207</u>	<u>820,680</u>	<u>1,432,637</u>	<u>366,274</u>	<u>23,208</u>	<u>166,781</u>
<b>EXPENDITURES</b>						
Current:						
Public safety	-	-	-	-	-	128,423
Judicial	-	-	-	-	-	-
Transportation	2,940,927	-	-	-	-	-
Economic environment	-	-	774,951	626,476	-	-
Culture and recreation	-	-	-	-	68,894	-
Lease:						
Principal retirement	-	-	67,678	-	-	-
Interest	-	-	7,172	-	-	-
Capital outlay:						
Capital	9,859	-	-	-	-	17,795
Total expenditures	<u>2,950,786</u>	<u>-</u>	<u>849,801</u>	<u>626,476</u>	<u>68,894</u>	<u>146,218</u>
Excess (deficiency) of revenues over expenditures	<u>(1,887,579)</u>	<u>820,680</u>	<u>582,836</u>	<u>(260,202)</u>	<u>(45,686)</u>	<u>20,563</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	1,887,579	-	-	85,000	22,000	-
Transfers out	-	(699,532)	-	-	-	-
Leases	-	-	-	-	-	-
Total other financing source (uses)	<u>1,887,579</u>	<u>(699,532)</u>	<u>-</u>	<u>85,000</u>	<u>22,000</u>	<u>-</u>
Net change in fund balances	-	121,148	582,836	(175,202)	(23,686)	20,563
Fund balances - beginning	-	91,140	3,010,175	278,098	50,588	55,667
Change in accounting principle - Note 13	-	-	-	-	-	-
Change within financial reporting entity (major to nonmajor fund) - Note 13	-	-	-	-	-	-
Fund balances - beginning (restated)	-	91,140	3,010,175	278,098	50,588	55,667
Fund balances - ending	<u>\$ -</u>	<u>\$ 212,288</u>	<u>\$ 3,593,011</u>	<u>\$ 102,896</u>	<u>\$ 26,902</u>	<u>\$ 76,230</u>

**City of Lakewood**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
For the Year Ended December 31, 2023

	Felony Seizure	Federal Seizure	Formerly Major Fund CDBG	NSP Grant	Formerly Major Fund SSMCP	Public Safety Grants	Total Nonmajor Special Revenue Funds
<b>REVENUES</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,206,962
Licenses and permits	-	-	-	-	-	-	201,015
Intergovernmental	-	29,214	757,673	-	431,965	560,631	2,566,489
Charges for goods and services	-	-	-	-	268,758	-	607,964
Interest and other earnings	866	77	2,418	-	9,151	-	190,181
Miscellaneous	2,657	-	1,073	-	155,664	-	320,323
Contributions and donations	-	-	-	-	8,000	-	8,000
Total revenues	<u>3,523</u>	<u>29,291</u>	<u>761,164</u>	<u>-</u>	<u>873,539</u>	<u>560,631</u>	<u>6,100,935</u>
<b>EXPENDITURES</b>							
Current:							
Public safety	4,458	5,776	-	-	-	490,416	629,073
Judicial	-	-	-	-	-	70,215	70,215
Transportation	-	-	-	-	-	-	2,940,927
Economic environment	-	-	772,859	-	759,450	-	2,933,736
Culture and recreation	-	-	-	-	-	-	68,894
Lease:							
Principal retirement	-	-	-	-	-	-	67,678
Interest	-	-	-	-	-	-	7,172
Capital outlay:							
Capital	-	19,547	-	-	-	-	47,201
Total expenditures	<u>4,458</u>	<u>25,323</u>	<u>772,859</u>	<u>-</u>	<u>759,450</u>	<u>560,631</u>	<u>6,764,896</u>
Excess (deficiency) of revenues over expenditures	<u>(935)</u>	<u>3,968</u>	<u>(11,695)</u>	<u>-</u>	<u>114,089</u>	<u>-</u>	<u>(663,961)</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	-	-	-	-	75,000	-	2,069,579
Transfers out	-	-	-	-	-	-	(699,532)
Leases	-	-	-	-	-	-	-
Total other financing source (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,000</u>	<u>-</u>	<u>1,370,047</u>
Net change in fund balances	(935)	3,968	(11,695)	-	189,089	-	706,086
Fund balances - beginning	23,305	703	-	14,148	-	-	3,523,824
Change in accounting principle - Note 13	-	-	-	-	(51,064)	-	(51,064)
Change within financial reporting entity (major to nonmajor fund) - Note 13	-	-	1,863,735	-	(354,815)	-	1,508,920
Fund balances - beginning (restated)	<u>23,305</u>	<u>703</u>	<u>1,863,735</u>	<u>14,148</u>	<u>(405,879)</u>	<u>-</u>	<u>4,981,680</u>
Fund balances - ending	<u>\$ 22,370</u>	<u>\$ 4,671</u>	<u>\$ 1,852,040</u>	<u>\$ 14,148</u>	<u>\$ (216,790)</u>	<u>\$ -</u>	<u>\$ 5,687,766</u>

**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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Licenses and permits	\$ 152,000	\$ 152,000	\$ 201,015	\$ 49,015
Intergovernmental	824,420	824,420	787,006	(37,414)
Charges for goods and services	5,000	5,000	74,704	69,704
Miscellaneous	-	-	482	482
Total revenues	<u>981,420</u>	<u>981,420</u>	<u>1,063,207</u>	<u>81,787</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	-	-	-	-
Transportation	3,612,423	3,728,997	2,940,927	(788,070)
Capital outlay	180,000	180,000	9,859	(170,141)
Total expenditures	<u>3,792,423</u>	<u>3,908,997</u>	<u>2,950,786</u>	<u>(958,211)</u>
Excess (deficiency) of revenues over expenditures	<u>(2,811,003)</u>	<u>(2,927,577)</u>	<u>(1,887,579)</u>	<u>1,039,998</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,811,003	2,927,577	1,887,579	(1,039,998)
Total other financing source (uses)	<u>2,811,003</u>	<u>2,927,577</u>	<u>1,887,579</u>	<u>(1,039,998)</u>
Net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 835,000	\$ 835,000	\$ 815,810	\$ (19,190)
Interest and other earnings	-	-	4,870	4,870
Total revenues	<u>835,000</u>	<u>835,000</u>	<u>820,680</u>	<u>(14,320)</u>
<b>EXPENDITURES</b>				
Current:				
Transportation	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>835,000</u>	<u>835,000</u>	<u>820,680</u>	<u>(14,320)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(835,000)	(699,532)	(699,532)	-
Total other financing source (uses)	<u>(835,000)</u>	<u>(699,532)</u>	<u>(699,532)</u>	<u>-</u>
Net change in fund balances	-	135,468	121,148	(14,320)
Fund balances - beginning	58,424	91,140	91,140	-
Fund balances - ending	<u>\$ 58,424</u>	<u>\$ 226,608</u>	<u>\$ 212,288</u>	<u>\$ (14,320)</u>

**City of Lakewood**  
**Lodging Tax Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 1,125,000	\$ 1,125,000	\$ 1,293,768	\$ 168,768
Interest and other earnings	-	-	138,869	138,869
Total revenues	<u>1,125,000</u>	<u>1,125,000</u>	<u>1,432,637</u>	<u>307,637</u>
<b>EXPENDITURES</b>				
Current:				
Economic environment	1,125,000	904,350	774,951	(129,399)
Lease:				
Principal retirement	-	-	67,678	67,678
Interest	-	-	7,172	7,172
Capital outlay:				
Capital	-	281,245	-	(281,245)
Total expenditures	<u>1,125,000</u>	<u>1,185,595</u>	<u>849,801</u>	<u>(335,794)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(60,595)</u>	<u>582,836</u>	<u>643,431</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	-	-	-
Leases	-	281,245	-	(281,245)
Total other financing source (uses)	<u>-</u>	<u>281,245</u>	<u>-</u>	<u>(281,245)</u>
Net change in fund balances	-	220,650	582,836	362,186
Fund balances - beginning	2,677,042	3,010,175	3,010,175	-
Fund balances - ending	<u>\$ 2,677,042</u>	<u>\$ 3,230,825</u>	<u>\$ 3,593,011</u>	<u>\$ 362,186</u>

**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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 98,000	\$ 98,000	97,384	\$ (616)
Charges for goods and services	237,000	237,000	228,513	(8,487)
Interest and other earnings	5,500	5,500	28,027	22,527
Miscellaneous	-	-	12,350	12,350
Total revenues	<u>340,500</u>	<u>340,500</u>	<u>366,274</u>	<u>25,774</u>
<b>EXPENDITURES</b>				
Current:				
Economic environment	425,500	703,599	626,476	(77,123)
Total expenditures	<u>425,500</u>	<u>703,599</u>	<u>626,476</u>	<u>(77,123)</u>
Excess (deficiency) of revenues over expenditures	<u>(85,000)</u>	<u>(363,099)</u>	<u>(260,202)</u>	<u>102,897</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	85,000	85,000	85,000	-
Total other financing source (uses)	<u>85,000</u>	<u>85,000</u>	<u>85,000</u>	<u>-</u>
Net change in fund balances	-	(278,099)	(175,202)	102,896
Fund balances - beginning	-	278,099	278,099	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 102,896</u>	<u>\$ 102,896</u>

**City of Lakewood**  
**Public Art Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Interest and other earnings	\$ -	\$ -	\$ 2,208	\$ 2,208
Miscellaneous	15,000	15,000	21,000	6,000
Total revenues	<u>15,000</u>	<u>15,000</u>	<u>23,208</u>	<u>8,208</u>
<b>EXPENDITURES</b>				
Current:				
Culture and recreation	37,000	87,588	68,894	(18,694)
Total expenditures	<u>37,000</u>	<u>87,588</u>	<u>68,894</u>	<u>(18,694)</u>
Excess (deficiency) of revenues over expenditures	<u>(22,000)</u>	<u>(72,588)</u>	<u>(45,686)</u>	<u>26,902</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in	22,000	22,000	22,000	-
Total other financing source (uses)	<u>22,000</u>	<u>22,000</u>	<u>22,000</u>	<u>-</u>
Net change in fund balances	-	(50,588)	(23,686)	26,902
Fund balances - beginning	-	50,588	50,588	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,902</u>	<u>\$ 26,902</u>



**City of Lakewood**  
**Narcotics Seizure Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 20,000	\$ -	\$ (20,000)
Charges for goods and services	-	7,039	35,989	28,950
Interest and other earnings	-	-	3,695	3,695
Miscellaneous	-	169,096	127,097	(41,999)
Total revenues	-	196,135	166,781	(29,354)
<b>EXPENDITURES</b>				
Current:				
Public safety	-	82,706	128,423	45,717
Capital Outlay	-	169,096	17,795	(151,301)
Total expenditures	-	251,802	146,218	(105,584)
Excess (deficiency) of revenues over expenditures	-	(55,667)	20,563	76,230
<b>OTHER FINANCING SOURCES (USES)</b>				
Total other financing source (uses)	-	-	-	-
Net change in fund balances	-	(55,667)	20,563	76,230
Fund balances - beginning	-	55,667	55,667	-
Fund balances - ending	\$ -	\$ -	\$ 76,230	\$ 76,230

**City of Lakewood**  
**Felony Seizure Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
 For the Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Interest and other earnings	-	-	866	866
Miscellaneous	-	-	2,657	2,657
Total revenues	-	-	3,523	3,523
<b>EXPENDITURES</b>				
Current:				
Public safety	-	23,305	4,458	(18,847)
Total expenditures	-	23,305	4,458	(18,847)
Excess (deficiency) of revenues over expenditures	-	(23,305)	(935)	22,370
<b>OTHER FINANCING SOURCES (USES)</b>				
Total other financing source (uses)	-	-	-	-
Net change in fund balances	-	(23,305)	(935)	22,370
Fund balances - beginning	-	23,305	23,305	-
Fund balances - ending	\$ -	\$ -	\$ 22,370	\$ 22,370

**City of Lakewood**  
**Federal Seizure Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
 For the Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 29,214	\$ 29,214	\$ -
Interest and other earnings	-	-	77	77
Total revenues	-	29,214	29,291	77
<b>EXPENDITURES</b>				
Current:				
Public safety	-	-	5,776	5,776
Capital outlay:				
Capital	-	29,917	19,547	(10,370)
Total expenditures	-	29,917	25,323	(4,594)
Excess (deficiency) of revenues over expenditures	-	(703)	3,968	4,671
<b>OTHER FINANCING SOURCES (USES)</b>				
Total other financing source (uses)	-	-	-	-
Net change in fund balances	-	(703)	3,968	4,671
Fund balances - beginning	-	703	703	-
Fund balances - ending	\$ -	\$ -	\$ 4,671	\$ 4,671

**City of Lakewood**  
**Community Development Block Grant (CDBG) Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 553,819	\$ 1,766,002	\$ 757,673	\$ (1,008,329)
Interest and other earnings	-	-	2,418	2,418
Miscellaneous	-	-	1,073	1,073
Total revenues	<u>553,819</u>	<u>1,766,002</u>	<u>761,164</u>	<u>(1,004,838)</u>
<b>EXPENDITURES</b>				
Current:				
Economic environment	553,819	3,629,735	\$ 772,859	(2,856,876)
Total expenditures	<u>553,819</u>	<u>3,629,735</u>	<u>772,859</u>	<u>(2,856,876)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(1,863,733)</u>	<u>(11,695)</u>	<u>1,852,038</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Total other financing source (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	(1,863,733)	(11,695)	1,852,038
Fund balances - beginning	1,513,495	1,863,733	\$ -	(1,863,733)
Change in accounting principle - Note 13	-	-	-	-
Change within financial reporting entity (major to nonmajor fund - Note 13)	-	-	1,863,735	1,863,735
Fund balances - beginning (restated)	-	1,863,733	1,863,735	2
Fund balances - ending	<u>\$ 1,513,495</u>	<u>\$ -</u>	<u>\$ 1,852,040</u>	<u>\$ 1,852,040</u>

**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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 275,000	\$ -	\$ (275,000)
Charges for goods and services	25,000	25,000	-	(25,000)
Interest and other earnings	3,000	3,000	-	(3,000)
Total revenues	28,000	303,000	-	(303,000)
<b>EXPENDITURES</b>				
Current:				
Economic environment	28,000	317,148	-	(317,148)
Total expenditures	28,000	317,148	-	(317,148)
Excess (deficiency) of revenues over expenditures	-	(14,148)	-	14,148
<b>OTHER FINANCING SOURCES (USES)</b>				
Total other financing source (uses)	-	-	-	-
Net change in fund balances	-	(14,148)	-	14,149
Fund balances - beginning	-	14,148	14,148	-
Fund balances - ending	\$ -	\$ -	\$ 14,148	\$ 14,149

**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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 1,598,850	\$ 431,965	\$ (1,166,885)
Charges for goods and services	236,125	236,125	268,758	32,633
Interest and other earnings	-	-	9,151	9,151
Miscellaneous	-	160,000	155,664	(4,336)
Contributions and donations	-	8,000	8,000	-
Total revenues	<u>236,125</u>	<u>2,002,975</u>	<u>873,539</u>	<u>(1,129,436)</u>
<b>EXPENDITURES</b>				
Current:				
Economic environment	<u>306,377</u>	<u>1,913,227</u>	\$ 759,450	(1,153,777)
Total expenditures	<u>306,377</u>	<u>1,913,227</u>	<u>759,450</u>	<u>(1,153,777)</u>
Excess (deficiency) of revenues over expenditures	<u>(70,252)</u>	<u>89,748</u>	<u>114,089</u>	<u>24,341</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>75,000</u>	<u>75,000</u>	<u>75,000</u>	<u>-</u>
Total other financing source (uses)	<u>75,000</u>	<u>75,000</u>	<u>75,000</u>	<u>-</u>
Net change in fund balances	4,748	164,748	189,089	24,341
Fund balances - beginning	-	(354,814)	-	354,814
Change in accounting principle - Note 13	-	-	(51,064)	(51,064)
Change within financial reporting entity (major to nonmajor fund - Note 13)	-	-	(354,815)	(354,815)
Fund balances - beginning (restated)	-	(354,814)	(405,879)	(51,065)
Fund balances - ending	<u>\$ 4,748</u>	<u>\$ (190,066)</u>	<u>\$ (216,790)</u>	<u>\$ (26,724)</u>

**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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 894,803	\$ 560,631	\$ (334,172)
Total revenues	-	894,803	560,631	(334,172)
<b>EXPENDITURES</b>				
Current:				
Public safety	-	894,803	490,416	(404,387)
Judicial	-	-	70,215	70,215
Total expenditures	-	894,803	560,631	(334,172)
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	\$ -	\$ -	\$ -	\$ -

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**Combining Statement – Nonmajor Debt Service Funds Description  
For the Year Ended December 31, 2023**

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

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 **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, 2023

	General Obligation Debt	LID Debt Service	Sewer Project Debt	LID Guaranty	Total Nonmajor Debt Service
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ 344,289	\$ 1,551,784	\$ 141,341	\$ 2,037,414
Notes/contracts receivable	-	-	5,250	-	5,250
Special assessments receivable	-	823,479	-	-	823,479
Total assets	<u>-</u>	<u>1,167,768</u>	<u>1,557,034</u>	<u>141,341</u>	<u>2,866,143</u>
<b>LIABILITIES</b>					
Other accrued liabilities	-	-	85	-	85
Total liabilities	<u>-</u>	<u>-</u>	<u>85</u>	<u>-</u>	<u>85</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	-	823,479	5,250	-	828,729
Total liabilities and deferred inflows of resources	<u>-</u>	<u>823,479</u>	<u>5,335</u>	<u>-</u>	<u>828,814</u>
<b>FUND BALANCES (DEFICITS)</b>					
Restricted	-	344,289	1,551,699	141,341	2,037,329
Total fund balances (deficits)	<u>-</u>	<u>344,289</u>	<u>1,551,699</u>	<u>141,341</u>	<u>2,037,329</u>
Total liabilities, deferred inflows, and fund balances (deficits)	<u>\$ -</u>	<u>\$ 1,167,768</u>	<u>\$ 1,557,034</u>	<u>\$ 141,341</u>	<u>\$ 2,866,143</u>

**City of Lakewood**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Debt Service Funds**

For the Year Ended December 31, 2023

	General Obligation Debt Service	Formerly Major Fund LID Debt Service	Sewer Project Debt	LID Guaranty	Total Nonmajor Debt Service Funds
<b>REVENUES</b>					
Special assessments	\$ -	\$ 267,403	\$ -	\$ -	\$ 267,403
Charges for goods and services	-	-	902,554	-	902,554
Interest and other earnings	-	71,938	53,966	6,153	132,057
Total revenues	<u>-</u>	<u>339,341</u>	<u>956,520</u>	<u>6,153</u>	<u>1,302,014</u>
<b>EXPENDITURES</b>					
Current:					
Debt service:					
Principal	1,222,590	80,935	463,938	-	1,767,463
Interest and other debt service costs	464,388	23,701	11,212	-	499,301
Total expenditures	<u>1,686,978</u>	<u>104,636</u>	<u>475,150</u>	<u>-</u>	<u>2,266,764</u>
Excess (deficiency) of revenues over expenditures	<u>(1,686,978)</u>	<u>234,705</u>	<u>481,370</u>	<u>6,153</u>	<u>(964,750)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	1,686,978	-	-	-	1,686,978
Transfers Out	-	-	(50,000)	-	(50,000)
Total other financing source (uses)	<u>1,686,978</u>	<u>-</u>	<u>(50,000)</u>	<u>-</u>	<u>1,636,978</u>
Net change in fund balances	-	234,705	431,370	6,153	672,228
Fund balances - beginning	-	-	1,120,328	135,188	1,255,516
Change within financial reporting entity (major to nonmajor fund) - Note 13	-	109,584	-	-	109,584
Fund balances - beginning (restated)	-	109,584	1,120,328	135,188	1,365,100
Fund balances - ending	<u>\$ -</u>	<u>\$ 344,289</u>	<u>\$ 1,551,698</u>	<u>\$ 141,341</u>	<u>\$ 2,037,328</u>

**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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Total revenues	-	-	-	-
<b>EXPENDITURES</b>				
Debt service:				
Principal	1,890,592	1,222,592	1,222,590	(2)
Interest	631,386	464,386	464,388	2
Total expenditures	2,521,978	1,686,978	1,686,978	-
Excess (deficiency) of revenues over expenditures	(2,521,978)	(1,686,978)	(1,686,978)	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	2,521,978	1,686,978	1,686,978	-
Total other financing source (uses)	2,521,978	1,686,978	1,686,978	-
Net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

**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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Special Assessments	\$ 197,457	\$ 197,457	\$ 267,403	\$ 69,946
Interest and other earnings	39,235	39,235	71,938	32,703
Total revenues	<u>236,692</u>	<u>236,692</u>	<u>339,341</u>	<u>102,649</u>
<b>EXPENDITURES</b>				
Current:				
General Government	1,900	1,900	-	(1,900)
Debt service:				
Principal	212,553	322,137	80,935	(241,202)
Interest	22,239	22,239	23,701	1,462
Total expenditures	<u>236,692</u>	<u>346,276</u>	<u>104,636</u>	<u>(241,640)</u>
Excess (deficiency) of revenues over expenditures	-	(109,584)	234,705	344,289
<b>OTHER FINANCING SOURCES (USES)</b>				
<b>Transfers In</b>				
Total other financing source (uses)	-	-	-	-
Net change in fund balances	-	(109,584)	234,705	344,289
Fund balances - beginning	-	109,584	-	(109,584)
Change within financial reporting entity (major to nonmajor fund - Note 13)	-	-	109,584	109,584
Fund balances - beginning (restated)	-	109,584	109,584	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 344,289</u>	<u>\$ 344,289</u>

**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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Charges for goods and services	\$ 826,000	\$ 826,000	\$ 902,554	\$ 76,554
Interest and other earnings	5,200	5,200	53,966	48,766
Miscellaneous	20,058	20,058	-	(20,058)
Total revenues	<u>851,258</u>	<u>851,258</u>	<u>956,520</u>	<u>105,262</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal	463,938	463,938	463,938	-
Interest	11,212	11,212	11,212	-
Total expenditures	<u>475,150</u>	<u>475,150</u>	<u>475,150</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>376,108</u>	<u>376,108</u>	<u>481,370</u>	<u>105,262</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer out	(50,000)	(50,000)	(50,000)	-
Total other financing source (uses)	<u>(50,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
Net change in fund balances	326,108	326,108	431,370	105,262
Fund balances - beginning	1,070,728	1,120,328	1,120,328	-
Fund balances - ending	<u>\$ 1,396,836</u>	<u>\$ 1,446,436</u>	<u>\$ 1,551,699</u>	<u>\$ 105,262</u>

**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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Interest and other earnings	\$ -	\$ -	\$ 6,153	\$ 6,153
Total revenues	-	-	6,153	6,153
<b>EXPENDITURES</b>				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	6,153	6,153
<b>OTHER FINANCING SOURCES (USES)</b>				
Total other financing source (uses)	-	-	-	-
Net change in fund balances	-	-	6,153	6,153
Fund balances - beginning	133,093	135,188	135,188	-
Fund balances - ending	<u>\$ 133,093</u>	<u>\$ 135,188</u>	<u>\$ 141,341</u>	<u>\$ 6,153</u>

**Combining Statement – Nonmajor Capital Project Funds Description  
For the Year Ended December 31, 2023**

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.

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.



**City of Lakewood**  
**Combining Balance Sheet**  
**Nonmajor Capital Projects Funds**  
December 31, 2023

	REET	Sewer Project CIP	Total Nonmajor Capital
<b>ASSETS</b>			
Cash and cash equivalents	\$ 671	\$ 2,125,014	\$ 2,125,685
Due from other governments	-	269,333	269,333
Taxes Receivable	278,757	-	278,757
Total assets	<u>279,428</u>	<u>2,394,347</u>	<u>2,673,775</u>
<b>LIABILITIES</b>			
Accounts payable	-	205,936	205,936
Wages payable	-	806	806
Unearned revenue	-	11,307	11,307
Total liabilities	<u>-</u>	<u>218,049</u>	<u>218,049</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Total liabilities and deferred inflows of resources	<u>-</u>	<u>218,049</u>	<u>218,049</u>
<b>FUND BALANCES (DEFICITS)</b>			
Restricted	279,428	-	279,428
Committed	<u>          </u>	2,176,298	2,176,298
Total fund balances (deficits)	<u>279,428</u>	<u>2,176,298</u>	<u>2,455,726</u>
Total liabilities, deferred liabilities and fund balances (deficits)	<u>\$ 279,428</u>	<u>\$ 2,394,347</u>	<u>\$ 2,673,775</u>

**City of Lakewood**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Capital Projects Funds**  
For the Year Ended December 31, 2023

	Formerly NonMajor Fund Parks CIP	Real Estate Excise Tax	Sewer Project CIP	Total Nonmajor Capital Projects Funds
<b>REVENUES</b>				
Taxes	\$ -	\$ 2,311,049	\$ -	\$ 2,311,049
Intergovernmental	-	-	369,878	369,878
Charges for goods and services	-	-	289,242	289,242
Interest and other earnings	-	78,647	83,746	162,393
Miscellaneous	-	-	4,612	4,612
Total revenues	<u>-</u>	<u>2,389,696</u>	<u>747,478</u>	<u>3,137,174</u>
<b>EXPENDITURES</b>				
Current:				
Utilities and environment	-	-	406,198	406,198
Economic environment	-	-	11	11
Total expenditures	<u>-</u>	<u>-</u>	<u>406,209</u>	<u>406,209</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>2,389,696</u>	<u>341,269</u>	<u>2,730,965</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	231,084	50,000	281,084
Transfers Out	-	(4,600,128)	-	(4,600,128)
Total other financing source (uses)	<u>-</u>	<u>(4,369,044)</u>	<u>50,000</u>	<u>(4,319,044)</u>
Net change in fund balances	-	(1,979,348)	391,269	(1,588,079)
Fund balances - beginning	3,947,366	2,258,776	1,785,029	7,991,171
Change within financial reporting entity (nonmajor to major fund) - Note 13	<u>(3,947,366)</u>	<u>-</u>	<u>-</u>	<u>(3,947,366)</u>
Fund balances - beginning (restated)	-	2,258,776	1,785,029	4,043,805
Fund balances - ending	<u>\$ -</u>	<u>\$ 279,428</u>	<u>\$ 2,176,298</u>	<u>\$ 2,455,726</u>

**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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 2,200,000	\$ 2,917,500	\$ 2,311,049	\$ (606,451)
Interest and other earnings	-	-	78,647	78,647
Total revenues	<u>2,200,000</u>	<u>2,917,500</u>	<u>2,389,696</u>	<u>(527,804)</u>
<b>EXPENDITURES</b>				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>2,200,000</u>	<u>2,917,500</u>	<u>2,389,696</u>	<u>(527,804)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	231,084	231,084	-
Transfers out	<u>(3,866,625)</u>	<u>(5,363,128)</u>	<u>(4,600,128)</u>	<u>763,000</u>
Total other financing source (uses)	<u>(3,866,625)</u>	<u>(5,132,044)</u>	<u>(4,369,044)</u>	<u>763,000</u>
Net change in fund balances	(1,666,625)	(2,214,544)	(1,979,348)	235,196
Fund balances - beginning	<u>2,068,447</u>	<u>2,258,776</u>	<u>2,258,776</u>	<u>-</u>
Fund balances - ending	<u>\$ 401,822</u>	<u>\$ 44,232</u>	<u>\$ 279,428</u>	<u>\$ 235,196</u>

**City of Lakewood**  
**Sewer Project CIP**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 597,995	\$ 2,675,417	\$ 369,878	\$ (2,305,539)
Charges for goods and services	195,870	195,870	289,242	93,372
Interest & other earnings	-	-	83,746	83,746
Miscellaneous	-	-	4,612	4,612
Total revenues	<u>793,865</u>	<u>2,871,287</u>	<u>747,478</u>	<u>(2,123,809)</u>
<b>EXPENDITURES</b>				
Current:				
Utilities and environment	-	2,077,422	406,198	(1,671,224)
Economic Environment	35,000	35,000	11	(34,989)
Capital Outlay:				
Capital Outlay	1,411,000	2,040,870	-	(2,040,870)
Total expenditures	<u>1,446,000</u>	<u>4,153,292</u>	<u>406,209</u>	<u>(3,747,083)</u>
Excess (deficiency) of revenues over expenditures	<u>(652,135)</u>	<u>(1,282,005)</u>	<u>341,269</u>	<u>1,623,274</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	50,000	50,000	50,000	-
Total other financing source (uses)	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Net change in fund balances	(602,135)	(1,232,005)	391,269	1,623,274
Fund balances - beginning	974,310	1,785,029	1,785,029	-
Fund balances - ending	<u>\$ 372,175</u>	<u>\$ 553,024</u>	<u>\$ 2,176,298</u>	<u>\$ 1,623,274</u>

### **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 ***Parks Capital Fund*** is a major fund that is appropriated annually to account for capital projects related parks.

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

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**City of Lakewood**  
**Parks CIP**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 275,000	\$ 9,546,580	\$ 6,780,586	\$ (2,765,994)
Interest & other earnings	-	175,000	185,595	10,595
Total revenues	<u>275,000</u>	<u>9,721,580</u>	<u>6,966,181</u>	<u>(2,755,399)</u>
<b>EXPENDITURES</b>				
Current:				
Economic environment	-	-	-	-
Capital Outlay:				
Culture and recreation	175,000	284,346	193,391	(90,955)
Capital Outlay	790,000	16,803,392	8,294,233	(8,509,159)
Total expenditures	<u>965,000</u>	<u>17,087,738</u>	<u>8,487,624</u>	<u>(8,600,114)</u>
Excess (deficiency) of revenues over expenditures	<u>(690,000)</u>	<u>(7,366,158)</u>	<u>(1,521,443)</u>	<u>5,844,715</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	690,000	3,441,278	3,235,001	(206,277)
Total other financing source (uses)	<u>690,000</u>	<u>3,441,278</u>	<u>3,235,001</u>	<u>(206,277)</u>
Net change in fund balances	-	(3,924,880)	1,713,558	5,638,438
Fund balances - beginning	-	3,947,368	-	(3,947,368)
Change within financial reporting entity (nonmajor to major fund) - Note 13	-	-	3,947,366	3,947,366
Fund balance - beginning (restated)	-	3,947,368	3,947,366	(2)
Fund balances - ending	<u>\$ -</u>	<u>\$ 22,488</u>	<u>\$ 5,660,924</u>	<u>\$ 5,638,436</u>

**City of Lakewood**  
**Transportation CIP**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual**  
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 5,563,042	\$ 11,702,672	\$ 3,367,210	\$ (8,335,462)
Charges for goods and services	-	1,126,257	1,344,841	218,584
Interest & other earnings	-	329,500	574,576	245,076
Total revenues	<u>5,563,042</u>	<u>13,158,429</u>	<u>5,286,627</u>	<u>(7,871,802)</u>
<b>EXPENDITURES</b>				
Current:				
Transportation	1,007,000	1,463,967	2,705,181	1,241,214
Capital Outlay:				
Capital Outlay	13,914,000	32,552,084	11,901,486	(20,650,598)
Total expenditures	<u>14,921,000</u>	<u>34,016,051</u>	<u>14,606,667</u>	<u>(19,409,384)</u>
Excess (deficiency) of revenues over expenditures	<u>(9,357,958)</u>	<u>(20,857,622)</u>	<u>(9,320,040)</u>	<u>11,537,582</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of Debt	1,513,000	1,513,000	-	(1,513,000)
Transfers in	4,077,958	6,634,665	4,797,542	(1,837,123)
Transfer out	-	(231,084)	(231,084)	-
Proceeds from sale of assets	-	-	340,000	340,000
Total other financing source (uses)	<u>5,590,958</u>	<u>7,916,581</u>	<u>4,906,458</u>	<u>(3,010,123)</u>
Net change in fund balances	(3,767,000)	(12,941,041)	(4,413,582)	8,527,459
Fund balances - beginning	3,767,000	13,107,490	13,107,494	4
Fund balances - ending	<u>\$ -</u>	<u>\$ 166,449</u>	<u>\$ 8,693,912</u>	<u>\$ 8,527,463</u>



**Combining Statement – Internal Service Funds Description  
For the Year Ended December 31, 2023**

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, 2023

	Fleet & Equipment	Property Management	Information Technology	Risk Management	Total Nonmajor Internal Service Funds
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 5,471,404	\$ 807,654	\$ 626,876	\$ 1,574	\$ 6,907,508
Accounts receivable	-	-	-	16,434	16,434
Total current assets	<u>5,471,404</u>	<u>807,654</u>	<u>626,876</u>	<u>18,008</u>	<u>6,923,942</u>
Noncurrent assets:					
Construction in Progress	-	141	-	-	141
Improvements other than buildings	-	168,213	-	-	168,213
Machinery and equipment	9,759,243	254,763	2,517,718	-	12,531,724
Subscription based IT arrangement	-	-	2,055,085	-	2,055,085
Less accumulated depreciation/amortization	(5,783,503)	(149,561)	(1,626,823)	-	(7,559,887)
Net Pension Asset	-	95,869	436,408	-	532,277
Total noncurrent assets	<u>3,975,740</u>	<u>369,425</u>	<u>3,382,388</u>	<u>-</u>	<u>7,727,553</u>
Total assets	<u>9,447,144</u>	<u>1,177,079</u>	<u>4,009,264</u>	<u>18,008</u>	<u>14,651,495</u>
<b>Deferred Outflows of Resources</b>					
<b>Related to Pensions</b>	-	76,615	348,763	-	425,378
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	50,684	37,808	162,860	8,817	260,169
Retainage payable	-	111	-	9,191	9,302
Due to other governments	-	-	4,350	-	4,350
Other liabilities payable	-	14,527	38,711	-	53,238
Compensated absences	-	5,299	26,675	-	31,974
Subscription based IT arrangement	-	-	517,880	-	517,880
Total current liabilities	<u>50,684</u>	<u>57,745</u>	<u>750,476</u>	<u>18,008</u>	<u>876,913</u>
Noncurrent liabilities:					
Compensated absences	-	12,366	62,241	-	74,607
Subscription based IT arrangement	-	-	933,031	-	933,031
Net Pension Liability	-	41,445	188,663	-	230,108
Total noncurrent liabilities	<u>-</u>	<u>53,811</u>	<u>1,183,935</u>	<u>-</u>	<u>1,237,746</u>
Total liabilities	<u>50,684</u>	<u>111,556</u>	<u>1,934,410</u>	<u>18,008</u>	<u>2,114,658</u>
<b>Deferred Inflows of Resources</b>					
<b>Related to Pensions</b>	-	117,203	533,527	-	650,730
<b>NET POSITION</b>					
Net investment in capital assets	3,975,740	273,556	1,495,070	-	5,744,366
Restricted for pensions	-	54,644	248,746	-	303,390
Unrestricted	5,420,720	696,735	146,274	-	6,263,729
Total net position	<u>\$9,396,460</u>	<u>\$ 1,024,935</u>	<u>\$ 1,890,090</u>	<u>\$ -</u>	<u>\$ 12,311,485</u>

**City of Lakewood**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Internal Service Funds**

For the Year Ended December 31, 2023

	Fleet & Equipment	Property Management	Information Technology	Risk Management	Total Internal Service Funds
<b>OPERATING REVENUES</b>					
Charges for goods and services	\$ 1,403,681	\$ 847,569	\$ 2,303,234	\$ 2,155,675	\$ 6,710,159
Total operating revenues	<u>1,403,681</u>	<u>847,569</u>	<u>2,303,234</u>	<u>2,155,675</u>	<u>6,710,159</u>
<b>OPERATING EXPENSES</b>					
Personal services	-	163,734	710,631	857	875,222
Materials and supplies	473,991	55,159	263,104	7,582	799,836
Services and charges	465,754	622,339	821,273	2,462,101	4,371,467
Depreciation	663,468	21,160	643,857	-	1,328,485
Total operating expenses	<u>1,603,213</u>	<u>862,392</u>	<u>2,438,864</u>	<u>2,470,540</u>	<u>7,375,009</u>
Operating income (loss)	<u>(199,532)</u>	<u>(14,823)</u>	<u>(135,630)</u>	<u>(314,865)</u>	<u>(664,850)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Gain (loss) on disposal of capital assets	(31,699)	-	(183,835)	-	(215,534)
Investment earnings	232,573	29,700	16,573	-	278,846
Interest Expense	-	-	(21,683)	-	(21,683)
Insurance Recoveries	-	-	-	541,539	541,539
Total nonoperating revenues (expenses)	<u>200,874</u>	<u>29,700</u>	<u>(188,945)</u>	<u>541,539</u>	<u>583,168</u>
Income (loss) before contributions and transfers	<u>1,342</u>	<u>14,877</u>	<u>(324,575)</u>	<u>226,674</u>	<u>(81,682)</u>
Capital Contributions	982,221	190,193	990,306	-	2,162,720
Transfers in	227,531	-	-	-	227,531
Transfers out	-	-	-	(227,531)	(227,531)
Change in net position	<u>1,211,094</u>	<u>205,070</u>	<u>665,731</u>	<u>(857)</u>	<u>2,081,038</u>
Total net position - beginning	8,185,365	821,993	1,231,261	857	10,239,476
Change in accounting principle	-	(2,128)	(6,903)	-	(9,031)
Total adjusted net position - beginning	<u>8,185,365</u>	<u>819,865</u>	<u>1,224,358</u>	<u>857</u>	<u>10,230,445</u>
Total net position - ending	<u>\$ 9,396,460</u>	<u>\$ 1,024,935</u>	<u>\$ 1,890,090</u>	<u>\$ -</u>	<u>\$ 12,311,485</u>

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

	Fleet & Equipment	Property Management	Information Technology	Risk Management	Total Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash from interdepartmental services	\$ 1,403,681	\$ 847,569	\$ 2,303,234	\$ 2,155,675	\$ 6,710,159
Cash paid to employees	-	(165,550)	(737,941)	(277)	(903,768)
Cash paid to suppliers	(980,940)	(663,544)	(1,133,763)	(2,543,167)	(5,321,414)
Other operating receipts (payments)	-	-	-	27,010	27,010
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>422,741</u>	<u>18,475</u>	<u>431,530</u>	<u>(360,759)</u>	<u>511,987</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Gain (loss) on disposal of capital assets	86,490	-	-	541,539	628,029
Transfers from other funds	227,531	-	-	-	227,531
Transfers to other funds	-	-	-	(227,531)	(227,531)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>314,021</u>	<u>-</u>	<u>-</u>	<u>314,008</u>	<u>628,029</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Capital contributions	982,221	190,193	990,306	-	2,162,720
Acquisition and construction of capital assets	(1,752,902)	(137,700)	(1,407,892)	-	(3,298,494)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(770,681)</u>	<u>52,493</u>	<u>(417,586)</u>	<u>-</u>	<u>(1,135,774)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest income	232,573	29,701	16,571	-	278,845
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>232,573</u>	<u>29,701</u>	<u>16,571</u>	<u>-</u>	<u>278,845</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	198,654	100,669	30,515	(46,751)	283,087
BALANCES - BEGINNING OF YEAR	5,272,750	706,985	596,361	48,325	6,624,421
BALANCES - END OF YEAR	<u>\$ 5,471,404</u>	<u>\$ 807,654</u>	<u>\$ 626,876</u>	<u>\$ 1,574</u>	<u>\$ 6,907,508</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>					
Operating Income	\$ (199,532)	\$ (14,823)	\$ (135,630)	\$ (314,865)	\$ (664,850)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Increase/(decrease) in depreciation expense	663,468	21,160	643,857	-	1,328,485
Increase/(decrease) in accounts payable - supplier	(41,195)	8,052	(53,733)	(74,693)	(161,569)
Increase/(decrease) in payable to other governments	-	-	4,347	-	4,347
(Increase)/decrease in pensions	-	(4,485)	(40,369)	857	(43,997)
Increase/(decrease) in wages & benefits payable	-	5,902	468	(277)	6,093
Increase/(decrease) in compensated absences	-	2,669	12,590	-	15,259
(Increase)/decrease in accounts receivables	-	-	-	28,219	28,219
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 422,741</u>	<u>\$ 18,475</u>	<u>\$ 431,530</u>	<u>\$ (360,759)</u>	<u>\$ 511,987</u>
<b>NON-CASH CAPITAL CONTRIBUTIONS</b>					
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

# **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.

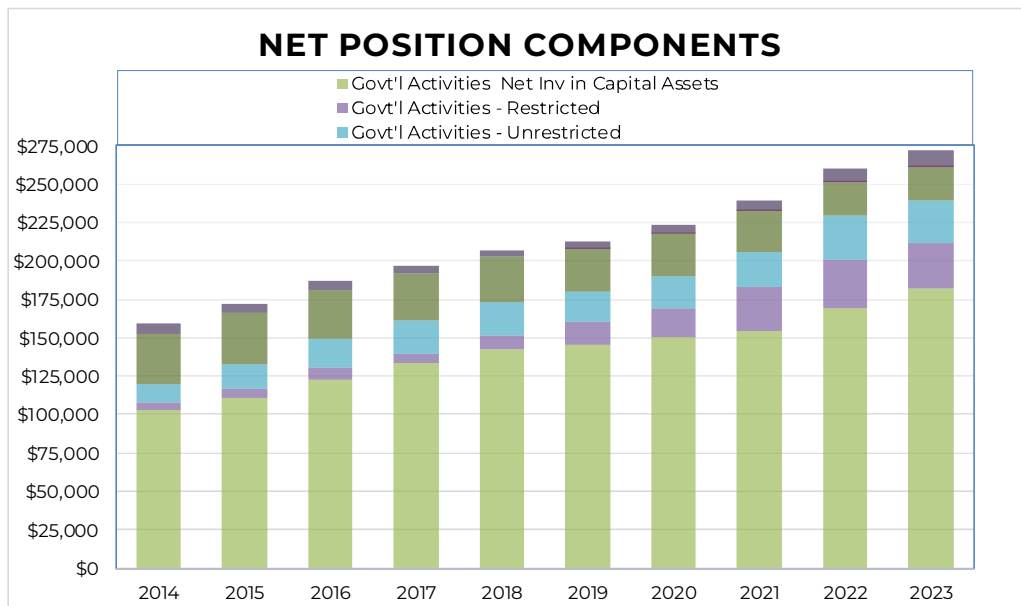
**Demographic and Economic Information** – These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

**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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Governmental activities</b>										
Net investment in capital assets	\$103,007	\$ 110,661	\$ 122,799	\$133,425	\$ 142,821	\$145,612	\$150,518	\$154,064	\$168,778	\$ 181,960
Restricted	4,830	5,806	7,395	6,503	8,585	15,011	18,632	28,923	31,583	29,959
Unrestricted	11,565	16,546	19,113	21,417	21,627	18,995	20,360	22,986	28,692	27,620
<b>Total governmental activities net position</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>239,539</b>
<b>Business-type activities</b>										
Net investment in capital assets	33,001	32,733	31,816	30,989	29,730	28,532	27,701	26,406	22,303	21,063
Restricted	-	-	-	-	-	17	31	30	35	303
Unrestricted	6,976	5,927	5,580	4,834	3,753	4,431	5,886	7,010	8,805	11,012
<b>Total business-type activities net position</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>32,377</b>
<b>Primary government</b>										
Net investment in capital assets	143,394	154,615	154,615	164,414	172,551	174,144	178,219	180,470	191,081	203,023
Restricted	5,806	7,395	7,395	6,503	8,585	15,028	18,663	28,953	31,618	30,262
Unrestricted	22,473	24,693	24,693	26,251	25,381	23,426	26,246	29,996	37,497	38,631
<b>Total primary government net position</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>	<b>\$ 271,916</b>



**Source:**

City of Lakewood Finance Division

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Expenses</b>										
Governmental activities:										
General government	\$ 7,481	\$ 4,360	\$ 4,306	\$ 4,520	\$ 4,730	\$ 4,857	\$ 7,409	\$ 5,519	\$ 6,530	\$ 9,750
Public safety	21,486	22,000	23,471	23,944	25,396	26,068	24,668	22,846	28,831	32,426
Utilities and environment	59	20	28	35	26	-	19	896	104	406
Transportation	6,157	6,097	6,341	6,763	7,952	8,293	8,187	9,559	9,180	11,423
Social services	589	585	629	624	668	714	666	701	744	861
Economic environment	4,971	3,687	3,843	4,306	4,298	5,733	4,506	5,519	7,244	7,302
Natural environment	-	298	249	286	281	325	319	369	389	415
Culture and recreation	1,776	2,030	2,088	2,185	2,252	2,581	2,255	2,711	3,364	3,559
Judicial	1,491	1,537	1,645	1,750	1,816	1,834	1,811	1,754	1,720	2,057
Interest on long-term debt	237	269	233	211	187	348	410	494	542	507
Total governmental activities expenses	44,247	40,884	42,833	44,624	47,606	50,753	50,250	50,368	58,649	68,706
Business-type activities:										
Surface water management	3,142	3,244	3,338	3,528	3,267	3,805	3,850	3,802	3,665	3,650
Total business-type activities net position	3,142	3,244	3,338	3,528	3,267	3,805	3,850	3,802	3,665	3,650
Total primary government expenses	47,389	44,127	46,171	48,152	50,873	54,558	54,100	54,170	62,314	72,356
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	5,211	3,439	3,878	4,452	4,929	5,332	4,903	4,536	5,745	5,387
Public safety	1,252	1,023	1,203	1,530	1,336	1,903	1,888	1,352	2,120	2,074
Judicial	1,754	1,970	1,968	1,932	1,621	1,948	388	1,600	1,534	1,526
Utilities and environment	781	931	892	885	886	1,325	1,089	1,404	1,190	1,197
Transportation	560	57	417	136	164	152	537	189	135	195
Economic environment	1,060	1,130	1,227	1,539	2,024	1,587	2,399	2,004	1,890	2,100
Natural environment	-	80	84	83	81	92	86	87	90	92
Culture and recreation	247	266	219	240	250	303	128	151	194	217
Operating grants and contributions	3,162	4,785	5,048	5,126	5,462	3,502	7,211	8,031	16,190	12,678
Capital grants and contributions	3,784	7,361	12,519	7,151	8,383	3,474	4,767	4,925	6,822	10,979
Total governmental activities program revenues	17,810	21,042	27,457	23,075	25,136	19,617	23,395	24,279	35,909	36,445
Business-type activities:										
Charges for services:										
Surface water management	2,724	2,740	2,768	2,755	2,792	4,351	4,888	4,801	5,232	5,442
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	277	211	190	144	49	75	120	38	128	135
Total business-type activities program revenues	3,000	2,951	2,959	2,899	2,841	4,426	5,008	4,839	5,359	5,577
Total primary government program revenues	\$ 20,811	\$ 23,993	\$ 30,415	\$ 25,974	\$ 27,977	\$ 24,043	\$ 28,403	\$ 29,118	\$ 41,268	\$ 42,023



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

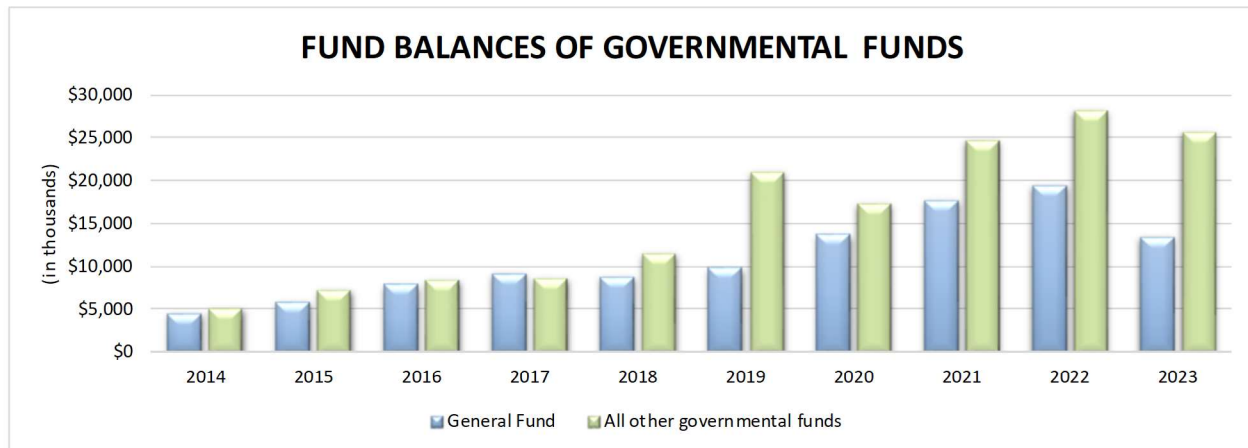
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Net (Expense) Revenue</b>										
Governmental activities	\$ (26,437)	\$ (19,842)	\$ (15,376)	\$ (21,549)	\$ (22,470)	\$ (31,135)	\$ (26,855)	\$ (26,089)	\$ (22,740)	\$ (32,261)
Business-type activities	(141)	(293)	(379)	(629)	(426)	620	1,158	1,037	1,694	1,927
Total primary government net expense	(26,578)	(20,135)	(15,755)	(22,178)	(22,896)	(30,515)	(25,696)	(25,052)	(21,046)	(30,334)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes:										
Property taxes	6,424	6,652	6,712	6,844	6,859	7,061	7,171	7,350	7,590	7,761
Sales taxes	9,697	10,184	10,736	11,629	12,784	13,848	13,870	16,692	16,937	16,632
Utility taxes	5,748	5,704	5,629	5,744	5,409	5,575	5,475	5,437	5,628	5,732
Excise taxes	1,107	1,509	2,125	2,468	2,701	3,004	3,650	4,564	4,141	2,331
Other taxes	5,515	4,604	4,851	4,925	5,619	7,676	5,338	6,254	6,619	5,741
Gain (loss) on sale/retirement of capital assets	91	-	-	183	53	208	77	31	109	124
Judgements and settlements	81	-	-	-	-	-	49	35	12	10
Donations of capital assets	11	-	-	-	-	-	-	-	-	-
Investment earnings	221	202	214	319	484	440	295	256	909	2,695
Miscellaneous	191	1,071	495	481	781	46	278	577	788	1,124
Transfers	(190)	1,040	909	993	1,983	1,205	544	1,215	4,178	1,122
Total governmental activities	28,897	30,966	31,671	33,586	36,673	39,063	36,747	42,410	46,911	43,272
Business-type activities:										
Investment earnings	12	14,899	23	48	70	81	24	6	180	447
Miscellaneous	9	1	-	-	-	-	-	-	-	-
Transfers	190	(1,040)	(909)	(993)	(1,984)	(1,205)	(544)	(1,215)	(4,178)	(1,122)
Total business-type activities	211	(1,024)	(886)	(944)	(1,914)	(1,123)	(520)	(1,209)	(3,998)	(674)
Total primary government	29,108	29,941	30,785	32,641	34,759	37,940	36,226	41,201	42,913	42,598
<b>Change in Net Position</b>										
Governmental activities										
Prior period adjustment	-	-	-	-	52	-	-	141	(1,091)	-
Error Correction	-	-	-	-	-	-	-	-	-	(266)
Change in accounting principle	-	-	-	-	-	-	-	-	-	(278)
Adjusted Governmental activities	2,460	11,124	16,294	12,037	14,255	7,928	9,892	16,462	23,080	10,468
Business-type activities	70	(1,317)	(1,265)	(1,573)	(2,340)	(503)	638	(172)	(2,304)	1,253
Total primary government	\$ 2,530	\$ 9,807	\$ 15,030	\$ 10,463	\$ 11,915	\$ 7,424	\$ 10,530	\$ 16,290	\$ 20,776	\$ 11,720

**Source:**

City of Lakewood Finance Division

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>General Fund</b>										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Spendable:										
Restricted	-	-	-	-	-	-	-	-	84	125
Committed	6	4,405	4,543	4,809	5,020	5,221	5,338	6,561	7,654	7,718
Unassigned	4,527	1,444	3,367	4,344	3,828	4,653	8,393	11,190	11,734	5,655
<b>Total</b>	<b>4,533</b>	<b>5,849</b>	<b>7,909</b>	<b>9,152</b>	<b>8,848</b>	<b>9,874</b>	<b>13,731</b>	<b>17,751</b>	<b>19,472</b>	<b>13,498</b>
<b>All Other Governmental Funds</b>										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Spendable:										
Restricted	4,029	5,806	7,395	6,503	8,585	16,403	12,639	18,784	21,758	16,281
Committed	1,087	1,494	1,068	2,119	2,920	4,716	4,859	6,038	6,920	9,773
Unassigned	-	-	-	-	-	-	-	-	(355)	(217)
<b>Total all other governmental funds</b>	<b>\$ 5,117</b>	<b>\$ 7,300</b>	<b>\$ 8,463</b>	<b>\$ 8,622</b>	<b>\$ 11,505</b>	<b>\$ 21,119</b>	<b>\$ 17,498</b>	<b>\$ 24,822</b>	<b>\$ 28,323</b>	<b>\$ 25,837</b>



**Source:**

City of Lakewood Finance Division

**Schedule 4**

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Revenues</b>										
Taxes	\$26,717	\$ 28,565	\$29,983	\$31,508	\$33,424	\$ 35,115	\$ 34,011	\$ 40,379	\$40,962	\$ 38,199
Special assessments	179	511	140	140	201	157	204	195	123	267.40
Licenses and permits	4,459	4,582	4,857	5,144	6,008	5,721	6,057	6,103	6,070	6,494.35
Intergovernmental	8,590	11,585	15,684	11,217	13,318	7,800	12,246	11,056	21,140	19,268.13
Charges for services	3,824	3,209	4,058	4,067	3,840	4,755	4,290	5,161	5,059	5,598.54
Fines and forfeitures	1,614	1,557	1,620	1,456	1,425	1,670	1,140	1,485	1,312	1,147.36
Investment and other earnings	212	199	196	291	414	550	273	252	825	2,424.82
Miscellaneous	210	298	415	292	357	271	232	173	478	511.64
Contributions & donations	87	118	517	189	316	78	54	71	84	70.35
Total revenues	45,892	50,624	57,471	54,304	59,302	56,117	58,509	64,875	76,054	\$ 73,981
<b>Expenditures</b>										
General government	7,152	4,170	3,852	4,140	4,438	4,421	6,750	5,456	5,855	8,878
Public safety	20,548	22,121	23,024	24,128	26,028	26,069	24,084	24,891	27,997	32,222
Judicial	1,468	1,550	1,647	1,760	1,823	1,820	1,759	1,718	1,708	2,027
Utilities and environment	58	20	28	35	26	-	19	896	104	406
Transportation	2,897	2,845	2,709	3,156	3,542	3,601	2,976	4,312	4,167	5,915
Social services	588	585	629	624	668	714	666	701	744	861
Natural & Economic environment	5,008	3,986	4,078	4,589	4,587	6,037	4,745	5,830	7,531	7,597
Culture and recreation	1,431	1,788	1,830	1,930	1,996	2,169	1,792	2,181	2,803	2,977
Debt service:										
Principal	791	646	1,230	936	951	1,057	1,176	1,615	1,830	1,835
Interest and debt issue costs	240	284	220	200	177	369	431	516	563	506
Capital outlay	5,193	12,213	15,998	13,496	16,242	8,730	17,557	13,283	22,084	20,627
Total expenditures	45,374	50,210	55,246	54,994	60,479	54,986	61,955	61,399	75,386	83,852
Excess of revenues over (under) expenditures	518	415	2,225	(689)	(1,176)	1,131	(3,446)	3,475	667	(9,872)
<b>Other Financing Sources (Uses)</b>										
Transfers in	3,795	6,686	6,600	8,654	11,388	11,208	6,285	8,504	18,359	12,355
Transfers out	(2,879)	(5,606)	(5,925)	(7,614)	(9,013)	(9,954)	(5,742)	(7,274)	(14,181)	(11,233)
Bonds issued	-	1,639	2,205	141	-	7,460	3,953	6,639	-	-
Payments to escrow	-	-	(1,884)	-	-	-	-	-	-	-
Insurance proceeds	16	2	-	-	-	-	-	-	-	-
Interfund loan	-	-	-	506	-	-	-	-	-	-
Bond premium	-	208	-	-	-	596	-	-	-	-
Proceeds from sale of assets	-	154	2	404	40	200	65	-	29	340
Nonrevenues	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	933	3,084	998	2,091	2,414	9,510	4,562	7,869	4,207	1,462
Net change in fund balance	\$ 1,451	\$ 3,499	\$ 3,223	\$ 1,402	\$ 1,238	\$10,641	\$ 1,115	\$ 11,344	\$ 4,873	\$ (8,410)
Debt service as a percentage of noncapital expenditures	2.56%	2.45%	3.70%	2.74%	2.55%	3.08%	3.62%	4.43%	4.49%	3.72%

**Explanation for net change in fund balance:**

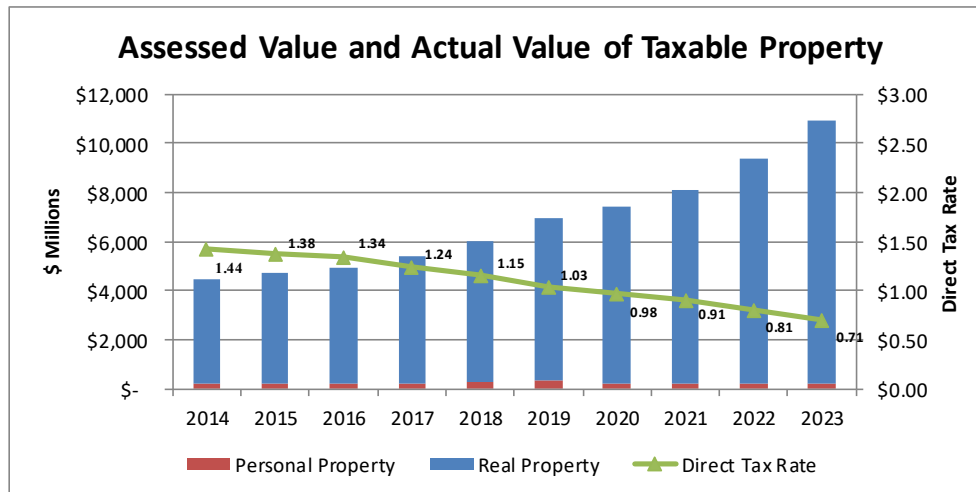
- 2015 increased primarily due to issuance of debt under the Local Option Capital Asset Lending Program (LOCAL) for the City's LED streetlight retrofit program.
- 2018 increased due to increase in sales tax.
- 2019 increased due to the issuance of \$8.0 million in G.O. bonds and lower capital outlay spending.
- 2020 decreased due to an increase in capital spending.
- 2021 increased due to the issuance of \$6.6 million in G.O. bonds and lower capital outlay spending.
- 2022 decreased primarily to an increase in capital spending.
- 2023 decreased primarily to an increase in transfers to capital projects.

**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
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
2023	10,703,305,649	249,337,074	10,952,642,723	0.71

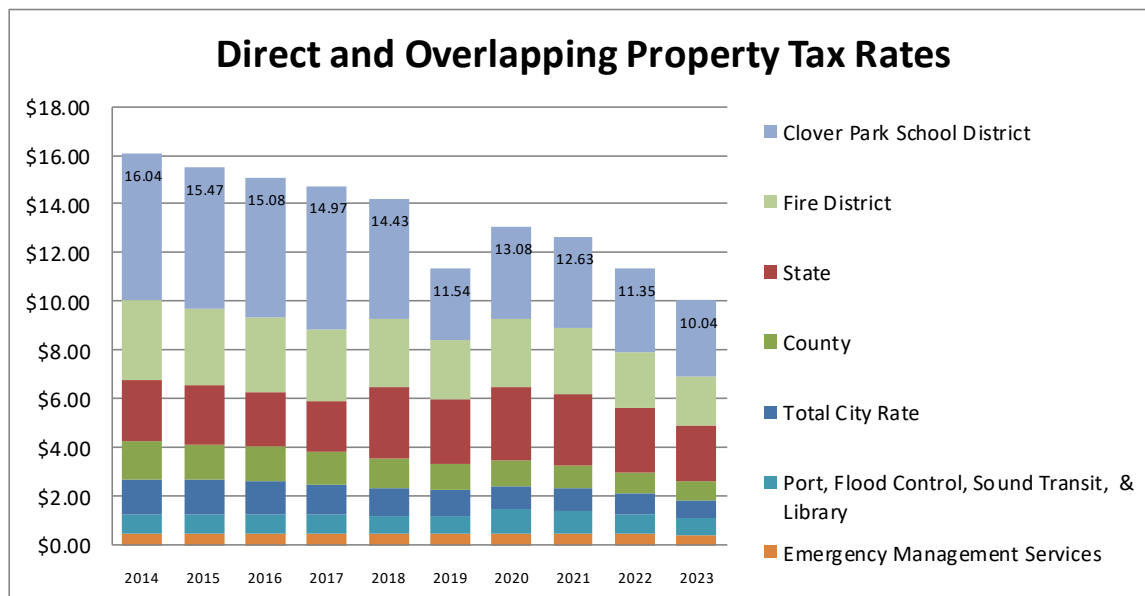


Note: Values are based on prior year assessed value for current year taxes.

**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	Lakewood Fire District	
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
2023	0.71	2.31	0.75	0.13	0.10	0.16	0.41	3.13	0.33	2.00	10.04



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	Nature of Business	2023			2014		
		Taxable Assessed Value	Rank	% of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	% of Total City Taxable Assessed Value
Northwest Building LLC	Real Estate	\$ 288,788,000	1	2.59%	\$ 96,643,671	1	2.25%
Seattle MSA Multifamily DST	Real Estate	135,215,700	2	1.21%	-	-	-
RPAL Lakewood LLC	Real Estate	80,921,500	3	0.73%	-	-	-
Lakewood Project LLC	Real Estate	73,168,400	4	0.66%	-	-	-
CLPF C&O Lakewood LLC	Real Estate Investment & Development	64,684,000	5	0.58%	-	-	-
Tacoma Gateway Lakewood LLC	Real Estate Investment	61,667,700	6	0.55%	-	-	-
IPT Lakewood Logistics Center II LLC	Real Estate	59,580,800	7	0.53%	-	-	-
SP/BGO Beaumont Owner LLC	Real Estate	58,064,400	8	0.52%	-	-	-
Morningtree Park LLC	Real Estate	43,099,400	9	0.39%	17,358,400	9	0.40%
Canal Office LP	Real Estate	40,965,100	10	0.37%	-	-	-
RPAL (formerly Inland Western) Lakewood LLC	Real Estate	-	-	-	44,923,600	2	1.05%
BRE (formerly Roc II) WA Village at Seeley Lake LLC	Real Estate	-	-	-	42,043,700	3	0.98%
Puget Sound Energy/Gas	Energy	-	-	-	22,905,551	4	0.53%
Lakha Properties-Lakewood TC LLC	Real Estate	-	-	-	20,939,600	5	0.49%
Beaumont Lakewood Associates LLC	Real Estate	-	-	-	20,177,300	6	0.47%
Lakewood Cinema Plaza	Movie Theatre	-	-	-	18,234,900	7	0.42%
Wal-Mart Stores Inc #2403	Retail	-	-	-	17,668,700	8	0.41%
Green Leaf Lakewood LLC	Real Estate Investment	-	-	-	16,761,400	10	0.39%
<b>TOTAL</b>		<b>\$ 906,155,000</b>		<b>8.13%</b>	<b>\$ 317,656,822</b>		<b>7.39%</b>

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

Total Assessed Value for 2023: \$ 11,150,721,653

Source:  
Pierce County Assessor Treasurer

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

Fiscal	Collected within the fiscal year of the levy			Total Collections to Date			Total Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
	Taxes Levied for the Fiscal Year*	Amount	Percentage of Levy	Collections in Subsequent Years**	Amount	Percentage of Levy		
2014	\$ 6,437,173	\$ 6,248,259	97.07%	\$ 188,914	\$ 6,437,173	100.00%	(0)	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%	280,614	6,826,047	100.00%	(0)	0.00%
2017	7,072,943	6,738,954	95.28%	333,832	7,072,786	100.00%	157	0.00%
2018	7,106,714	6,935,521	97.59%	170,912	7,106,433	100.00%	281	0.00%
2019	7,242,385	7,070,452	97.63%	171,632	7,242,084	100.00%	302	0.00%
2020	7,302,273	7,160,585	98.06%	140,629	7,301,214	99.99%	1,059	0.01%
2021	7,410,129	7,314,306	98.71%	85,065	7,399,371	99.85%	10,758	0.15%
2022	7,655,949	7,558,006	98.72%	69,585	7,627,591	99.63%	28,357	0.37%
2023	9,537,945	7,695,467	80.68%	-	7,695,467	80.68%	1,842,477	19.32%

\*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)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Agriculture, Forestry, & Fishing	\$ 2	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 2	\$ 2	\$ 3
Mining	-	1	2	4	0	0	0	0	0	0
Utilities	2	2	2	2	4	3	3	4	2	2
Construction	884	884	913	1,175	1,506	2,021	2,003	2,399	2,048	1,722
Manufacturing	157	158	217	199	219	190	168	214	239	268
Wholesale Trade	466	398	396	496	462	550	511	664	781	739
Retail Trade	3,925	4,209	4,224	4,599	5,042	5,346	5,582	6,676	6,281	6,105
Transportation & Warehousing	64	57	54	88	55	63	56	76	212	231
Information	424	449	504	500	485	434	442	497	520	572
Finance and Insurance	41	56	62	50	66	94	88	101	130	69
Real Estate, Rental, Leasing	239	288	338	336	344	377	383	461	574	664
Professional, Scientific, & Technical	95	95	125	100	107	124	113	154	210	179
Mgmt of Companies & Enterprises	-	-	1	1	0	0	0	0	0	0
Administrative Services	139	155	159	178	269	307	422	484	519	538
Educational Services	35	37	51	31	24	26	24	43	41	42
Health Care & Social Assistance	39	46	47	40	40	35	32	37	37	39
Arts, Entertainment, & Recreation	96	106	112	107	113	113	73	101	143	154
Accommodation & Food Services	1,127	1,211	1,260	1,367	1,529	1,585	1,376	1,694	1,833	1,865
Public Administration	71	59	68	112	21	10	11	11	14	29
Other Services	467	497	642	573	690	675	656	795	886	1,000
<b>Total</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>	<b>\$ 14,221</b>

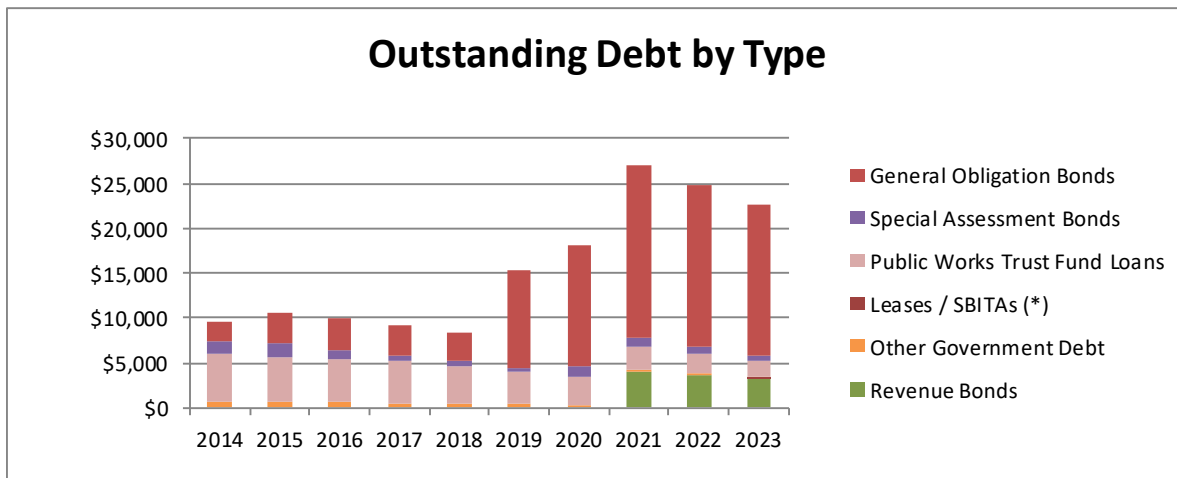
Source:

City of Lakewood Finance Division



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

Fiscal Year	Governmental Activities						Type		Percentage of Personal Income <sup>(**)</sup>	Debt Per Capita <sup>(***)</sup>
	General Obligation Bonds	Special Assessment Bonds	Public Works Trust Fund Loans	Leases / SBITAs <sup>(*)</sup>	Other Government Debt	Total Primary Government	Revenue Bonds			
2014	\$ 2,144	\$ 1,573	\$ 5,287	\$ -	\$ 633	\$ 9,637	\$ -	25.12%	127	
2015	3,455	1,523	5,038	-	637	10,653	-	22.16%	145	
2016	3,499	987	4,931	-	564	9,980	-	23.65%	143	
2017	3,273	751	4,644	-	488	9,155	-	21.56%	134	
2018	3,202	595	4,039	-	501	8,336	-	19.10%	122	
2019	10,932	389	3,575	-	392	15,288	-	16.70%	243	
2020	13,371	1,255	3,111	-	281	18,018	-	29.12%	275	
2021	19,215	918	2,647	-	215	22,995	4,028	31.87%	344	
2022	18,064	791	2,183	-	146	21,184	3,591	34.40%	317	
2023	16,867	710	1,719	214	74	19,584	3,140	N/A	293	



<sup>(\*)</sup> Fiscal Year 2023, the Leases/SBITA category was added due to the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.

<sup>(\*\*)</sup> Personal income is calculated based on Pierce County Per Capita Personal Income applied to Lakewood population. 2023 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

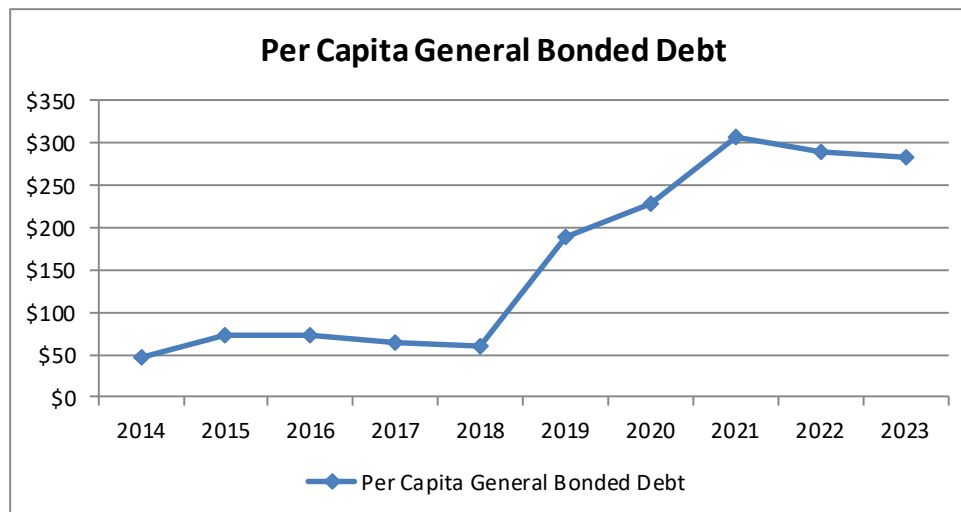
**Schedule 11**  
Ratios of General Bonded Debt Outstanding  
Last Ten Fiscal Years

Fiscal Year	Government Activities						% of Actual Taxable Value of Property	Per Capita (**)
	General Obligation Bonds	Special Assessment Bonds	Notes Payable	Government Loans	Leases / SBITAs (*)	Total Primary Government		
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
2023	16,363,414	710,000	74,224	1,719,006	1,664,477	20,531,121	0.19%	282.18

Notes:

(\*) Fiscal Year 2023, SBITAs were added to the Leases category due to the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.

(\*\*) 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, 2023

	<b>Net Debt Outstanding</b>	<b>Estimated Percentage Applicable</b>	<b>Estimated Share of Overlapping Debt</b>
<b>Overlapping Debt:</b>			
Pierce County	\$ 134,350,000	5.9%	\$ 7,861,085
Port of Tacoma	561,400,000	5.9%	32,848,629
Clover Park School District	90,700,000	95.3%	86,397,295
Steilacoom Historical School District	4,000,000	4.9%	194,324
Tacoma School District	850,140,000	0.3%	2,892,296
West Pierce Fire District	<u>2,210,195</u>	88.6%	<u>1,958,142</u>
<b>Total Overlapping Debt</b>	1,642,800,195		132,151,771
<b>Direct Debt: City of Lakewood</b>	<u>22,006,230</u>	100%	<u>22,006,230</u>
<b>Total Direct and Overlapping Debt</b>	<u>\$ 1,664,806,425</u>		<u>\$ 154,158,001</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:

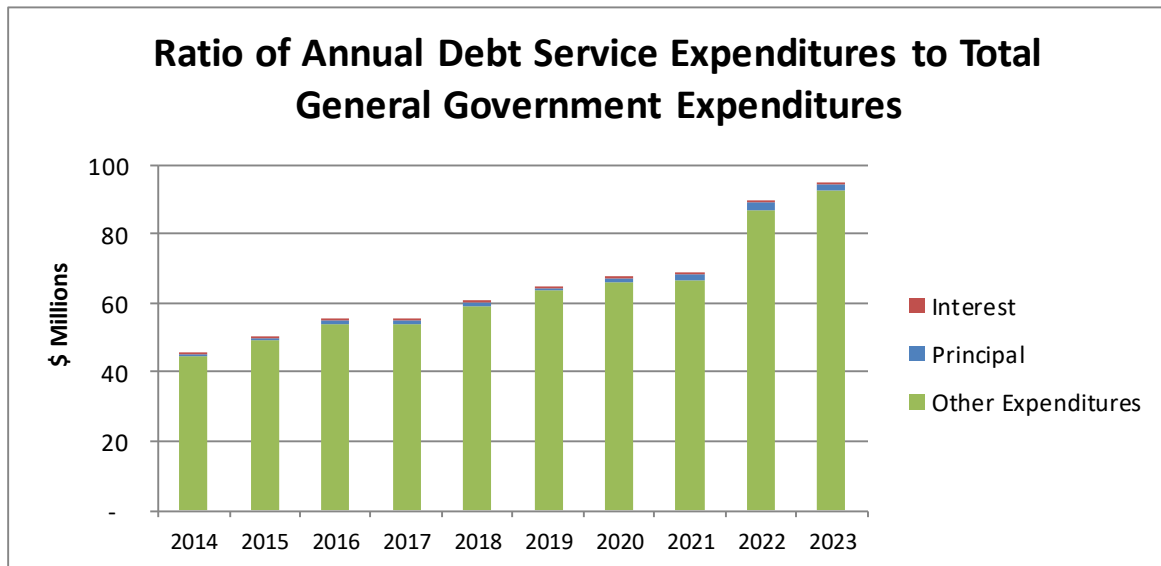
- City of Lakewood Finance Division
- Pierce County Assessor Treasurer
- State of Washington
- Port of Tacoma

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

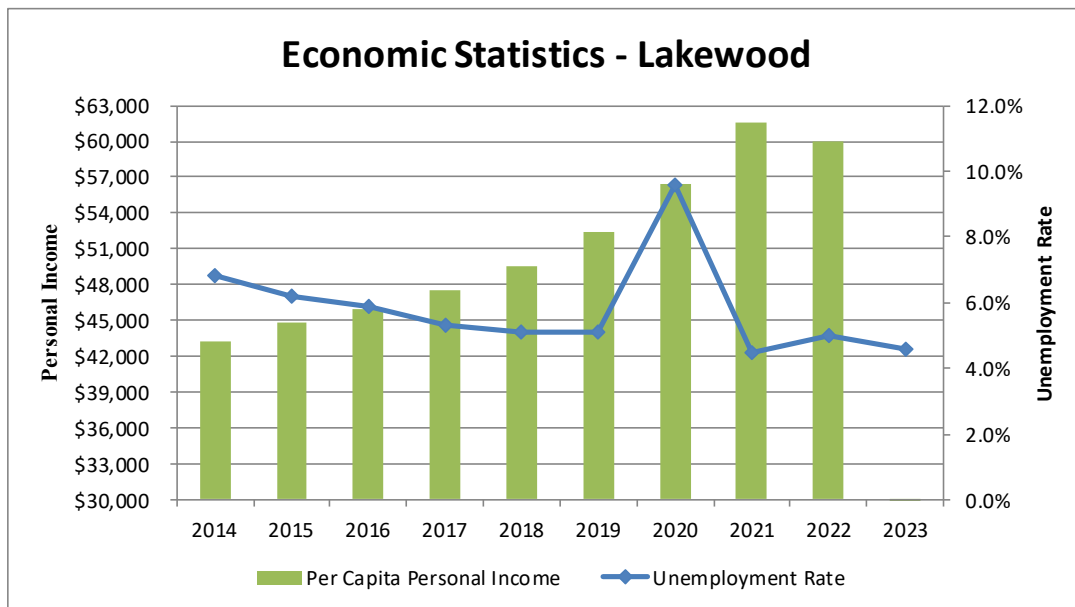
Fiscal Year	Principal	Interest	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental
2014	\$ 790,618	\$ 239,574	\$ 1,030,192	\$ 45,373,578	2.27%
2015	684,124	279,630	963,754	50,209,509	1.92%
2016	1,247,518	225,150	1,472,668	55,245,997	2.67%
2017	955,518	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	1,829,944	563,265	2,393,209	89,567,523	2.67%
2023	1,835,141	506,473	2,341,614	95,085,293	2.46%



Source:  
City of Lakewood Finance Division

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

Fiscal Year	Lakewood Population <sup>(1)</sup>	Lakewood	Pierce County Per	School	Median	Unemployment Rate <sup>(6)</sup>
		Personal Income (in thousands) <sup>(2)</sup>	Capita Personal Income <sup>(3)</sup>	Enrollment <sup>(4)</sup>	Household Income <sup>(5)</sup> (Pierce County)	
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	85,492	4.5%
2022	63,800	3,827,107	59,986	12,736	92,793	5.0%
2023	64,150	-	-	12,182	95,897	4.6%



- (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). 2023 data will be available on November 2024 - 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). 2022 data is a preliminary estimate and 2023 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

Employer	Type of Business	2023			2014		
		Number of Employees	Rank	% of Total City Employment	Number of Employees	Rank	% of Total City Employment
Western State Hospital	Public Sector - Mental Health Facility	2,700	1	8.8%	1,750	2	6.7%
Clover Park School District	Public Sector - Education	1,502	2	4.9%	1,833	1	7.1%
Pierce Transit	Public Sector - Transportation	900	3	2.9%	827	6	3.2%
Camp Murray	Military - National Guard	838	4	2.7%	1,000	3	3.8%
Pierce College	Public Sector - Education	695	5	2.3%	887	4	3.4%
Aero Precision USA	Accessories Manufacturer	633	6	2.1%	-	-	0.0%
Korean Women's Association	Health Care	583	7	1.9%	-	-	0.0%
St. Clare Hospital	Health Care	560	8	1.8%	848	5	3.3%
Aacres WA LLC / Dungarvin	Private Social Services Network	550	9	1.8%	420	8	1.6%
Hope Human Services	Miscellaneous Health Practitioners	500	10	1.6%	-	-	0.0%
McClane Northwest	Transportation/Warehousing	460	11	1.5%	425	7	1.6%
Clover Park Technical College	Public Sector - Education	420	12	1.4%	400	9	1.5%
Wal-Mart	Retail	400	13	1.3%	372	10	1.4%
		<u>10,741</u>		<u>34.90%</u>	<u>8,762</u>		<u>33.70%</u>

2023 Jobs in Lakewood: 30,779

Source:

City of Lakewood Community and Economic Development Department

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<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	67	64	64
Signals WSDOT-owned and maintained	9	9	11	11	11	11	10	10	6	6
Signals West Pierce Fire-owned and Pierce County maintained	3	3	3	3	3	3	3	3	2	2
Signals City-owned and WSDOT-maintained	3	3	3	3	3	3	2	2	2	2
Signals - City -owned and Tacoma Maintained	1	1	-	-	-	-	-	-	-	-
Street lights City-owned and maintained	614	614	2,176	2,176	2,277	2,372	2,525	2,525	2,663	2740
Street lights City-owned and TPU maintained	420	420	-	-	-	-	-	-	-	-
Street lights City-owned and Lakeview maintained	698	698	-	-	-	-	-	-	-	-
Street lights PSE-owned and maintained	1,071	1,071	1,071	1,071	1,098	1,098	1,710	1,710	1,710	1710
Street lights TPU-owned and maintained	353	353	-	-	-	-	-	-	-	-
<b>Culture &amp; Recreation</b>										
Developed parks - acreage	80	80	82	82	82	82	82	82	82	82
Developed parks - number of parks	12	13	13	12	12	12	12	12	12	12
Undeveloped parks - acreage	467	467	467	467	467	467	467	467	467	482
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	5
Picnic shelters	10	10	11	12	12	12	13	14	14	14
Community gardens	2	2	2	2	2	2	2	2	2	2
Senior Center	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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>SECURITY OF PERSONS &amp; PROPERTY</b>										
<b>Police Information</b>										
Offenses:										
Forcible Rape (including attempts)	34	58	55	67	38	59	34	29	32	29
Robbery	89	93	103	94	90	107	73	113	112	114
Criminal Homicide	1	2	-	5	7	7	4	8	4	5
Aggravated Assault	247	339	375	322	332	384	371	414	484	435
Vehicle Theft	215	260	368	375	382	321	480	657	1,013	1,174
Burglary (commercial & residential)	644	566	616	507	492	421	499	488	517	417
Larceny	1,681	1,991	2,097	2,052	2,041	1,723	1,788	1,990	1,825	1,142
Arson	15	13	15	11	15	9	9	21	19	9
Citations:										
Traffic	8,980	8,202	6,595	5,023	3,697	5,493	2,615	1,482	1,012	4,037
Red Light Photo	8,827	10,586	7,289	11,336	11,927	12,644	10,525	14,833	15,830	13,661
Fixed Speed Photo	4,669	3,384	9,749	6,198	6,571	6,876	2,242	10,597	10,292	9,150
<b>ECONOMIC ENVIRONMENT</b>										
<b>Building Related Permits &amp; Values</b>										
Building Permits	1,339	1,336	1,207	1,540	1,718	1,839	1,771	1,562	1,734	1,796
Estimated Value (in millions)	\$ 52	\$ 56	\$ 65	\$ 76	\$ 124	\$ 88	\$ 161	\$ 157	\$ 89	\$ 99

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

<b>Function/Program</b>	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>General Government</b>										
Municipal Court	16.00	12.50	12.50	11.00	11.00	10.50	10.50	10.00	8.80	8.80
City Manager	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	4.00
Administrative Services	20.85	16.00	16.00	16.00	16.00	16.00	16.00	16.00	13.00	13.00
Legal & City Clerk	11.98	12.50	12.50	11.00	11.00	9.50	9.50	9.50	15.50	16.00
<b>Community &amp; Economic Development</b>	19.00	16.00	17.50	17.50	18.50	19.50	19.50	18.50	24.75	26.75
<b>Culture &amp; Recreation</b>	22.70	18.25	24.25	24.25	24.25	24.25	24.25	24.25	25.00	28.00
<b>Security</b>	121.00	116.00	116.00	116.00	116.00	115.00	115.00	115.00	111.00	111.00
<b>Public Works</b>	27.90	26.00	20.50	20.50	20.50	18.50	18.50	16.50	17.50	16.50
<b>Total</b>	<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>	<u>224.05</u>

Source:

City of Lakewood Finance Division

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# **OTHER SUPPLEMENTARY INFORMATION**

**City of Lakewood  
Schedule of Expenditures for Federal Awards  
For the Year Ended December 31, 2023**

Federal Agency (Pass-Through Agency)	Federal Program	ALN	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass-Through Awards	From Direct Awards	Total		
National Institute of Food and Agriculture (via Washington State Department of Health)	Gus Schumacher Nutrition Incentive Program	10.331	CB026933-0-1-2	\$ 7,964	\$ -	\$ 7,964	-	
Office Of Local Defense Community Cooperation, Dept Of Defense (Via US Department Of Defense)	Community Economic Adjustment Assistance for Establishment or Expansion of a Military Installation	12.618		-	431,965	431,965	-	
<b>CDBG - Entitlement Grants Cluster:</b>								
Assistant Secretary for Community Planning & Development (via US Department of Housing & Urban Development)	Community Development Block Grants / Entitlement Grants	14.218		-	13	13	-	
				-	56,596	56,596	-	3
				-	216,080	216,080	-	3
				-	296,388	296,388	170,003	3, 5 a
				-	112,106	112,106	-	3
<b>Total CDBG - Entitlement Grants Cluster:</b>				<b>-</b>	<b>681,183</b>	<b>681,183</b>	<b>170,003</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	20-6221C-156	80,297	-	80,297	-	4
Assistant Secretary for Community Planning & Development, Department of Housing & Urban Development (via Tacoma Community Redevelopment Authority)	Home Investment Partnerships Program	14.239	M-23-DC-530206	57,873	-	57,873	-	
Insular Affairs, Department of the Interior (via Recreation and Conservation Office)	Economic, Social, and Political Development of the Territories	15.875	RCO - 19-1740D	39,531	-	39,531	-	
Office Of Justice Programs, Department of Justice	Treatment Court Discretionary Grant Program	16.585		-	70,215	70,215	-	
Office Of Justice Programs, Department of Justice (via Pierce County Sheriff)	Violence Against Women Formula Grants	16.588	SC-110472	4,803	-	4,803	-	
Office on Violence Against Women (OVW), Department of Justice (via Washington State Department of Commerce)	Violence Against Women Formula Grants	16.588	F-22-31103-082	30,313	-	30,313	-	
<b>Total ALN 16.588:</b>				<b>35,116</b>	<b>-</b>	<b>35,116</b>	<b>-</b>	
Office of Justice Programs, Department of Justice	Bulletproof Vest Partnership Program	16.607		-	18,396	18,396	-	
Office Of Justice Programs, Department of Justice (via City of Puyallup TNET)	Edward Byrne Memorial Justice Assistance Grant Program	16.738	F20-31440-208	16,925	-	16,925	-	
Office Of Justice Programs, Department of Justice	Edward Byrne Memorial Justice Assistance Grant Program	16.738	15PBJA-22-GG-02383-JAGX	42,450	-	42,450	-	
<b>Total ALN 16.738:</b>				<b>59,375</b>	<b>-</b>	<b>59,375</b>	<b>-</b>	
Criminal Division, Department of Justice	Equitable Sharing Program	16.922		-	25,153	25,153	-	

**City of Lakewood  
Schedule of Expenditures for Federal Awards  
For the Year Ended December 31, 2023**

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	
Federal Highway Administration, Department of Transportation (via Washington Department of Transportation)	Highway Planning & Construction	20.205	CM-3136(011)	363,068	-	363,068	-	
			STPUL-2977(011)	9,746	-	9,746	-	
			STPUL-3000(004)	1,033	-	1,033	-	
			HSIP-3190(008)	469	-	469	-	
			STBGUL-3100(003)	1,092	-	1,092	-	
			STBGUL-2977(012)	21,077	-	21,077	-	
			SRTS -2883(001)	88,777	-	88,777	-	
<b>Total ALN 20.205:</b>				<b>485,262</b>	<b>-</b>	<b>485,262</b>	<b>-</b>	
<b>Highway Safety Cluster:</b>								
Department of Transportation (via WA Traffic Safety Commission)	State and Community Highway Safety	20.600	2023-HVE-4687	21,730	-	21,730	-	
<b>Total Highway Safety Cluster:</b>				<b>21,730</b>	<b>-</b>	<b>21,730</b>	<b>-</b>	
Department of Transportation (via WA Traffic Safety Commission)	Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	2023-HVE-4687	2,922	-	2,922	-	
Department of the Treasury	COVID 19 - Corona Virus State Fiscal Recovery Fund	21.027		-	3,609,353	3,609,353	2,724,116	5 b-l
Department of the Treasury (via Pierce County)	COVID 19 - Corona Virus State Fiscal Recovery Fund	21.027	SC-109964 SC-109998 SC-109999	119,599 91,279 159,000	- - -	119,599 91,279 159,000	- - -	
<b>Total ALN 21.027:</b>				<b>369,878</b>	<b>3,609,353</b>	<b>3,979,230</b>	<b>2,724,116</b>	
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	70,993	-	70,993	-	
			K6933	39,962	-	39,962	-	
<b>Total ALN 93.959:</b>				<b>110,955</b>	<b>-</b>	<b>110,955</b>	<b>-</b>	
U.S. Coast Guard, Homeland Security Department (via Washington State Parks & Recreation Commission)	Boating Safety Financial Assistance	97.012	MLE 123-409	12,906	-	12,906	-	
Federal Emergency Management Agency, Department of Homeland Security (via Washington State Military Department)	Emergency Management Performance Grants	97.042	E23-197	33,284	-	33,284	33,284	5 m
			E24-251	28,690	-	28,690	28,690	
			E23-231	13,000	-	13,000	13,000	
<b>Total ALN 97.042:</b>				<b>74,973</b>	<b>-</b>	<b>74,973</b>	<b>74,973</b>	
<b>Total Federal Awards Expended:</b>				<b>\$1,358,781</b>	<b>\$4,836,265</b>	<b>\$6,195,046</b>	<b>\$ 2,969,092</b>	

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

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

**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

**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 is \$46,494 and the amount of program income used was \$81,928.48. The amount of loan principal and interest repayments year to date is \$81,928.

**NOTE 4 - PROGRAM INCOME**

These expenditures were paid with program income.

**NOTE 5 - AMOUNTS AWARDED TO SUBRECIPIENTS**

Included in the total amount expended for this program: a) \$170,003 Pierce County Housing Authority; b) \$35,830 Workforce; c) \$229,451 Habitat for Humanity; d) \$46,537 Rebuilding Together South Sound; e) \$75,041 YMCA Child & Teen Services; f) \$34,000 Clover Park School District; g) \$71,900 West Pierce Fire & Rescue; h) \$30,364 Northwest Youth Corp; i) \$159,599 Tacoma Probono; j) \$41,394 Boys & Girls Club; k) \$750,000 Emergency Food Network; l) \$1,250,000 Pierce County Economic Development, m) \$74,973 West Pierce Fire & Rescue.

**NOTE 6 - 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.

**ADDITIONAL NOTE DISCLOSURES**

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

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.

Prior Years Federal Loans:

- 1) Curbside Motors Incorporated in the amount of \$700,000 with the loan term from 2014-2035. Loan balance as of 12/31/2023 is \$444,000.
- 2) Living Access Support Alliance in the amount of \$262,000 with the loan term from 2015-2035. Loan balance as of 12/31/2023 is \$245,000.