



# City of Lakewood, WA

## Popular Annual Financial Report

For the Year Ended December 31, 2023



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# What is the Popular Annual Financial Report?

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

The highly summarized financial activity presented in the 2023 PAFR was extracted from the 2023 Annual Comprehensive Financial Report (**ACFR**) with additional historical data taken from the 2022 and 2021 reports. The ACFR is prepared in conformance with Generally Accepted Accounting Principles (GAAP) which requires presentation of complete financial statements, notes to the financial statements, and required supplementary information, including management's discussion and analysis. The City's 2023 ACFR received an unmodified (clean) opinion from the Washington State Auditor's Office (SAO).

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

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

## The City of Lakewood

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



# Snapshot of the Community

- **64,150 residents**
- **4,678 businesses**
- **30,779 jobs**
- **26,366 households**
- **Median age: 34**

- **Median household income: \$60.5K**

- ✓ *Lakewood Industrial Park* is fourth-largest private, for-profit employer in Pierce County and third-largest industrial business park in Washington.
- ✓ Interstate 5 and State Highway 512 pass through Lakewood. *Pierce Transit* and the *Sound Transit* (ST) systems, with stations adjacent to the I-5 Corridor and the *Lakewood Towne Center*, serve the community. The combination of services from these agencies provides excellent transportation to the greater Tacoma/Seattle area.
- ✓ Lakewood delivers a full range of local municipal services, including: police, jail and municipal court services; construction and maintenance of streets and traditional municipal infrastructure; stormwater collection and treatment; economic development and public improvements; building, planning and zoning; park and recreational activities; social and senior services; cultural events; and general administrative services.
  - Fire services are provided by West Pierce Fire and Rescue.
  - Garbage and recycling services are under contract with Waste Connections.
  - Tacoma Power, Puget Sound Energy and Lakeview Light and Power deliver power to the area.
  - Water is provided by the Lakewood Water District and sewer services are provided through Pierce County.
- ✓ Boasts one of the only true "*International Districts*" in Pierce County, influenced by Korean, Vietnamese, Latino, Filipino and other ethnic cultures.
- ✓ Served by:
  - *Clover Park School District*, a modern K-12 public system with three schools in the 2020 U.S. News and World Report high school rankings
  - *Pierce College Fort Steilacoom*, a community college
  - *Clover Park Technical Colleges*
- ✓ Named one of the nation's "**One Hundred Best Communities for Young People**" by America's Promise Alliance six- years in a row.



# By the Numbers

Top 7 Property Taxpayers (Amounts in thousands)								
2023			2022			2021		
*AV = Assessed Value Taxpayer	Taxable AV *	% of TAV	*AV = Assessed Value Taxpayer	Taxable AV *	% of TAV	*AV = Assessed Value Taxpayer	Taxable AV *	% of TAV
Northwest Building LLC	\$288,788	2.6%	Northwest Building LLC	\$266,985	2.4%	Northwest Building LLC	\$ 231,299	2.5%
Seattle MSA Multifamily DST	135,216	1.2%	Seattle MSA Multifamily DST	135,173	1.2%	Seattle MSA Multifamily DST	112,688	1.2%
RPAI Lakewood LLC	80,922	0.7%	RPAI Lakewood LLC	78,624	0.7%	RPAI Lakewood LLC	73,723	0.8%
Lakewood Project LLC	73,168	0.7%	Lakewood Project LLC	73,168	0.7%	Lakewood Project LLC	58,557	0.6%
CLPF C&O Lakewood LLC	64,684	0.6%	CLPF C&O Lakewood LLC	64,684	0.6%	CLPF C&O Lakewood LLC	53,929	0.6%
Tacoma Gateway Lakewood	61,668	0.5%	SP/BGO Beaumont Owner	58,064	0.5%	Tacoma Gateway Lakewood	49,451	0.5%
IPT Lakewood Logistics Ctr II	59,581	0.5%	Tacoma Gateway Lakewood	57,031	0.5%	SP/BGO Beaumont Owner LLC	48,387	0.5%
<b>Total Top 7 Taxpayer</b>	<b>\$ 764,027</b>	<b>6.8%</b>	<b>Total Top 7 Taxpayer</b>	<b>\$ 733,729</b>	<b>6.6%</b>	<b>Total Top 7 Taxpayer</b>	<b>\$ 628,034</b>	<b>6.7%</b>
<b>Total Assessed Value</b>	<b>\$ 11,150,722</b>		<b>Total Assessed Value</b>	<b>\$ 10,952,643</b>		<b>Total Assessed Value</b>	<b>\$ 9,388,375</b>	

Top 7 Employers											
		2023			2022			2021			
Taxpayer	Type of Business	Number of Employees		% of Total City Employment	Number of Employees		% of Total City Employment	Number of Employees		% of Total City Employment	
		Rank			Rank		Rank		Rank		
Western State Hospital	Public - Mental Health	2,700	1	8.8%	2,190	1	6.8%	2,600	1	8.2%	
Clover Park School District	Public - Education	1,502	2	4.9%	1,667	2	5.2%	1,596	2	5.1%	
Pierce Transit	Public Sector - Transportation	900	3	2.9%	863	3	2.7%	854	3	2.7%	
Camp Murray	Military - National Guard	838	4	2.7%	854	4	2.6%	n/a	n/a	n/a	
Pierce College	Public - Education	695	5	2.3%	830	5	2.6%	831	4	2.6%	
Aero Precision USA	Accessories Manufacturer	633	6	2.1%	n/a	n/a	n/a	n/a	n/a	n/a	
Korean Woman's Assn	Health Care	583	7	1.9%	660	7	2.0%	533	7	1.7%	
		7,851		25.6%	7,064		21.9%	6,414		20.3%	

Demographic and Economic Statistics			
Category	2023	2022	2021
Lakewood Population	64,150	63,800	63,600
School Enrollment	12,182	12,736	12,022
Median Household Income	\$ 95,897	\$ 92,793	\$ 85,492
Unemployment Rate	4.6%	5.0%	4.5%

Building Related Permits & Values			
Category	2023	2022	2021
Number of building permits	1796	1,734	1,562
Estimated Value (in millions)	\$ 99	\$ 89	\$ 157

Crime Statistics			
Category	2023	2022	2021
Offenses:			
Forcible Rape (including attempts)	29	32	29
Robbery	114	112	113
Criminal Homicide	5	4	8
Aggravated Assault	435	484	414
Vehicle Theft	1,174	1,013	657
Burglary (commercial & residential)	417	517	488
Larceny	1,142	1,825	1,990
Arson	9	19	21
Citations:			
Traffic	4,037	1,012	1,482
Red Light Photo	13,661	15,830	14,833
Fixed Speed Photo	9,150	10,292	10,597



Source: Condensed from 2023 ACFR – Statistical Section

# Elected Officials

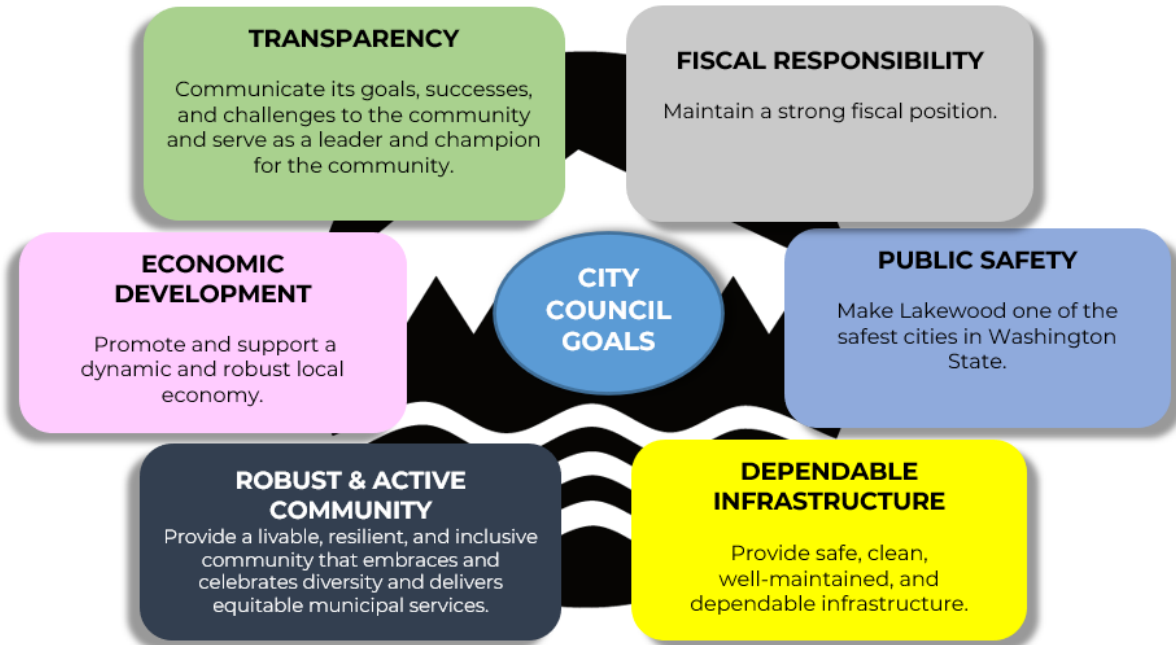
The City of Lakewood is organized under the council-manager plan of government. The City Council is responsible for enacting all legislation and making general policy decisions governing the City. The Mayor is selected by the Council from among its members to facilitate Council meetings and represent the City in a ceremonial capacity. The City Manager, who serves as the CEO, is appointed by the City Council. The City Manager reports directly to the Council and serves at the pleasure of the legislative body. The City Manager implements the policies and goals of the City Council, manages and coordinates the overall operations of the City and provides leadership, coordination, and development of City departments, while ensuring the delivery of quality service and serving the needs of the public. This is accomplished at the expressed direction of the Lakewood City Council.

## 2023 Lakewood City Council



*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*

# Our Goals



# Our Vision

Our *VISION* for Lakewood is a thriving, urban, South Puget Sound city, possessing the core values of family, community, education, and economic prosperity. We will advance these values by recognizing our past, taking action in the present, and pursuing a dynamic future.

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

- Inspired by its own sense of history and progress;
- Known for its safe and attractive neighborhoods, vibrant downtown, active arts and cultural communities;
- Sustained by robust economic growth and job creation;
- Recognized for the excellence of its public and private schools, and its community and technical colleges;
- Characterized by the beauty of its lakes, parks and natural environment;
- Acknowledged for excellence in the delivery of municipal services;
- Leveraging and embracing of our diversity; and,
- Supportive of Joint Base Lewis McChord (JBLM), Camp Murray, service members and their families.

**- Lakewood City Council, Adopted June 21, 2021**

# Financial Reporting Awards

The City of Lakewood's **Popular Annual Financial Report (PAFR)** for the year ended December 31, 2022 received recognition from the Government Finance Officers Association of the United States and Canada (GFOA) in the form of the Award for Outstanding Achievement in Popular Annual Financial Reporting. This award is a prestigious national award-recognizing conformance with the highest standards for preparation of state and local government popular reports.

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

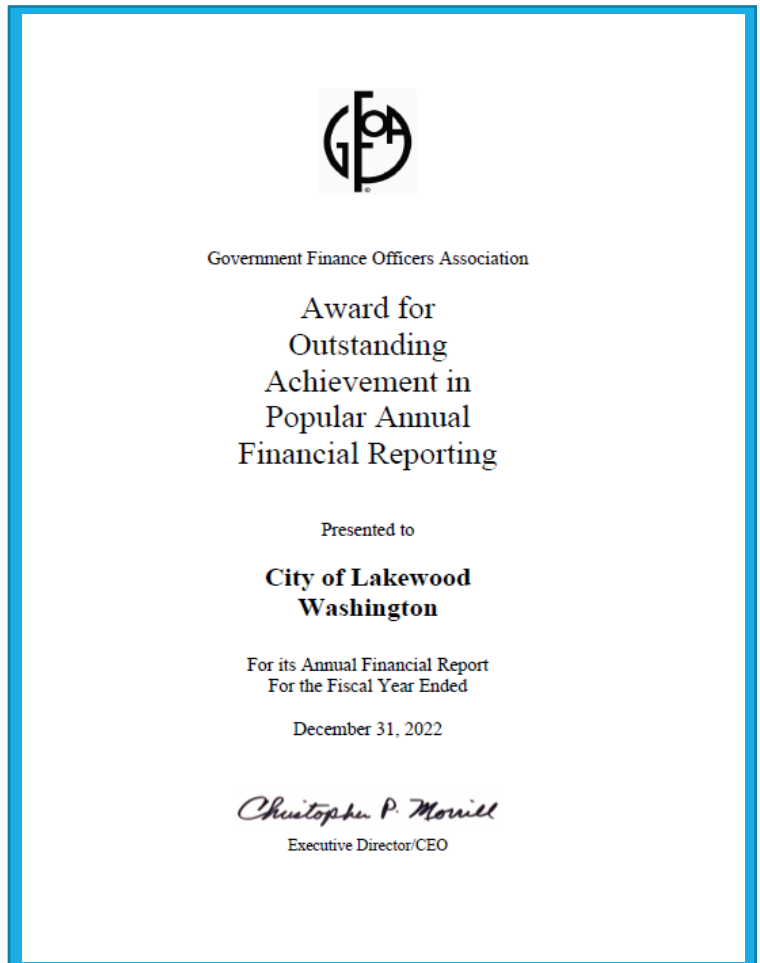
An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA to determine its eligibility for another Award.

The City of Lakewood's Annual Comprehensive Financial Reports for the years ended 2016-2023, from which the information on pages 10-14 has been drawn, were awarded the Certificate of Achievement for Excellence in Financial Reporting by Government Finance Officers Association of the United States and Canada (GFOA). The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

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

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

In addition, the City of Lakewood also recently received the Government Finance Officers Association Distinguished Budget Presentation Award for its 2023/2024 Biennial Budget. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, a financial plan, an operations guide, and a communications medium.





# Financial Info – Governmental Activities

## The City's Equity or Net Position

Net position (assets and deferred outflows of resources minus liabilities and deferred inflows of resources) may serve as an indicator of a government's financial condition over time. Net investment in capital assets makes up the biggest portion of net position. This amount is associated with the City's ownership of capital assets (land, buildings, roads infrastructure, and machinery & equipment) net of any borrowing used to acquire them. Because capital assets are acquired to provide services over several periods or indefinitely, through maintenance and replacement, this portion is not available for current or future spending. Although this portion is calculated net of any related debt, the resources needed to pay down the debt must come from other liquid resources, such as cash from the general fund. A smaller portion of net position is legally restricted as to use by law or contract, such as bond proceeds for capital construction, resources earmarked for debt service, or grants mandated to be spent on specific federal programs. The remaining portion of net position is unrestricted, representing resources that are available for current and future services. The following schedule is intended to demonstrate the difference between the City's assets and deferred outflows and its liabilities and deferred inflows as of December 31, 2023 compared to December 31, 2022.

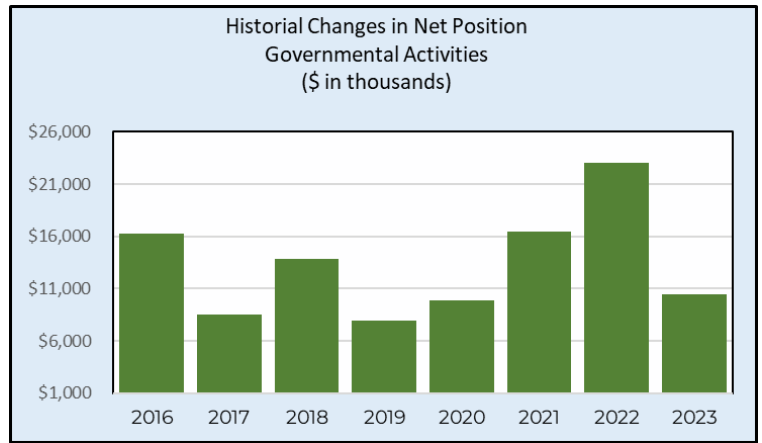
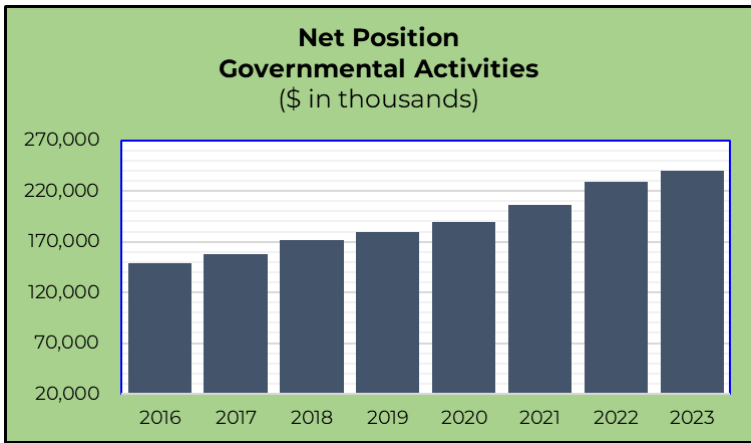
CONDENSED STATEMENTS OF NET POSITION			
Governmental Activities			
December 31			
	2023	2022	2021
Current and other assets	\$ 76,719,922	\$ 84,869,686	\$ 77,939,251
Capital assets, net	202,994,268	185,869,533	171,547,427
<b>Total Assets</b>	<b>279,714,190</b>	<b>270,739,219</b>	<b>249,486,679</b>
Deferred outflows of resources	8,452,259	5,947,503	1,924,078
<b>Total deferred outflows of resources</b>	<b>8,452,259</b>	<b>5,947,503</b>	<b>1,924,078</b>
Current liabilities	19,823,805	20,332,626	12,721,812
Long-term liabilities	22,522,867	21,864,616	23,180,793
<b>Total Liabilities</b>	<b>42,346,672</b>	<b>42,197,242</b>	<b>35,902,605</b>
Deferred inflows of resources	6,281,227	5,436,440	9,534,659
<b>Total deferred inflows of resources</b>	<b>6,281,227</b>	<b>5,436,440</b>	<b>9,534,659</b>
Net Position:			
Net investment in capital assets	181,959,951	168,778,224	154,064,390
Restricted	29,959,080	31,582,774	28,922,869
Unrestricted	27,619,518	28,692,041	22,986,233
<b>Total Net Position</b>	<b>\$ 239,538,550</b>	<b>\$ 229,053,040</b>	<b>\$ 205,973,492</b>

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

# Net Position Trends

Net Position Governmental Activities (\$ in thousands)	
2016	149,307
2017	157,838
2018	171,691
2019	179,618
2020	189,510
2021	205,973
2022	229,053
2023	239,539

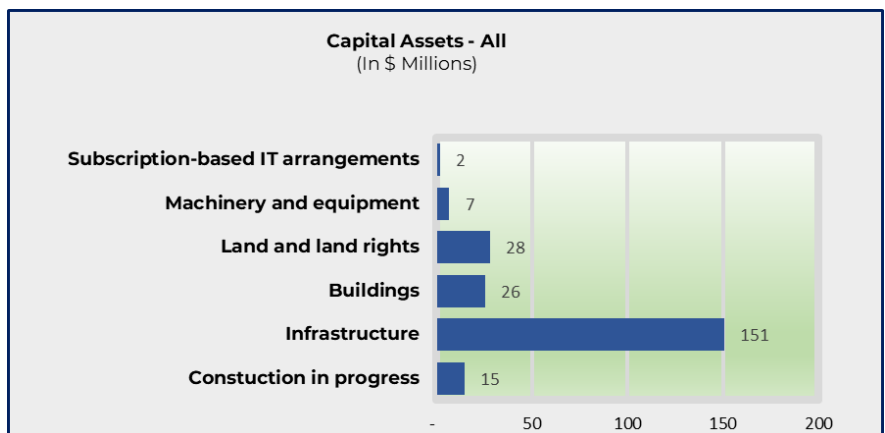
Historical Change in Net Position Governmental Activities (\$ in thousands)	
2016	\$ 16,294
2017	8,531
2018	13,853
2019	7,928
2020	9,892
2021	16,463
2022	23,080
2023	10,486



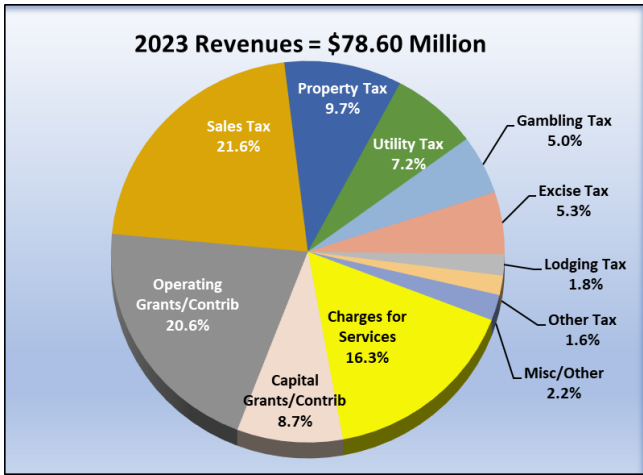
The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$239.5M at December 31, 2023. This is an increase of \$10.5M or 4.6% compared to December 31, 2022.

# Capital Assets

Total book value of capital assets is \$227.3M including those of the Surface Water enterprise fund. \$202.99M is from governmental activities. The City invests significant resources on [infrastructure development](#), predominantly on roads and streets, which include curbs and gutters, pedestrian sidewalks, lighting, signage, and surface water drainage systems. The City also has a sizable investment in land used for government operations; [parks, trails and open spaces](#); for [community development](#); and, for [environmental planning](#). Land and land rights in governmental activities is \$26.05M of the total \$27.9M.



# Where Did the Money Come From?

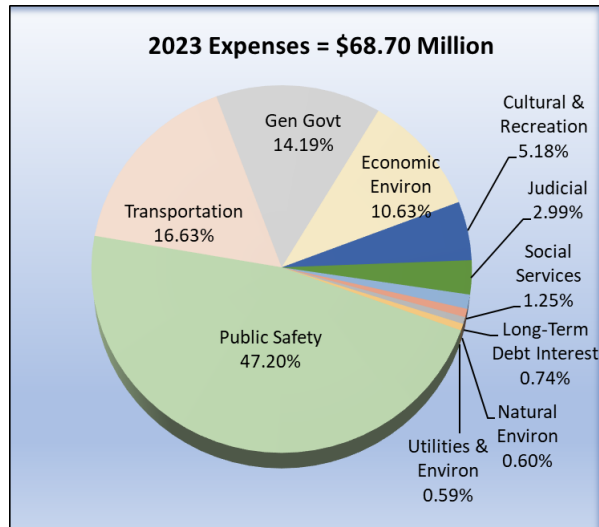


Governmental Activities* (\$ in thousands)	2023	2022	2021	2023 Change from Prior Year	2023 % Change from Prior Year
Charges for Services	\$ 12,788	\$ 12,897	\$ 11,323	\$ (109)	-1%
Capital Grants & Contributions	10,979	6,822	4,925	4,157	61%
Operating Grants & Contributions	12,678	16,190	8,031	(3,512)	-22%
Sales Tax	16,632	16,937	16,692	(305)	-2%
Property Tax	7,761	7,590	7,350	171	2%
Utility Tax	5,732	5,628	5,437	104	2%
Gambling Tax	3,049	3,931	3,787	(882)	-22%
Excise Tax	2,331	4,141	4,564	(1,810)	-44%
Lodging Tax	1,294	1,400	1,240	(106)	-8%
Other Tax	1,398	1,287	1,228	111	9%
Miscellaneous/Other	3,954	1,710	867	2,244	131%
<b>Total Revenues</b>	<b>\$78,596</b>	<b>\$ 78,533</b>	<b>\$ 65,444</b>	<b>\$ 63</b>	<b>0.1%</b>

Total revenue increased by about \$63M or 0.1% in 2023. Much of the increase is attributed to infrastructure capital grants, property and utility tax, investment earning, and the Opioid Abatement Fund to address the opioid crisis.

A key attribute of the City's financial successes in recent years has been the adopted financial policies that provide a vital framework for governance and decision-making. These policies have served the City very well during our region's pre-pandemic economic prosperity and they are serving us very well as the foundation for the City's response to the pandemic.

# Where Did the Money Go?



Governmental Activities (\$ in thousands)	2023	2022	2021	2023 Change from Prior Year	2023 % Change from Prior Year
Public Safety	\$ 32,426	\$ 28,831	\$ 22,846	\$ 3,595	12%
Transportation	11,423	9,180	9,559	2,243	24%
General Government	9,750	6,530	5,519	3,220	49%
Economic Environment	7,302	7,244	5,519	58	1%
Culture and Recreation	3,559	3,364	2,711	195	6%
Judicial	2,057	1,720	1,754	337	20%
Social Services	861	744	701	117	16%
Interest on Long-Term Debt	507	542	494	(35)	-6%
Natural Environment	415	389	369	26	7%
Utilities & Environment	406	104	896	302	290%
<b>Total Expenses</b>	<b>\$ 68,706</b>	<b>\$ 58,648</b>	<b>\$ 50,368</b>	<b>\$ 10,058</b>	<b>20%</b>

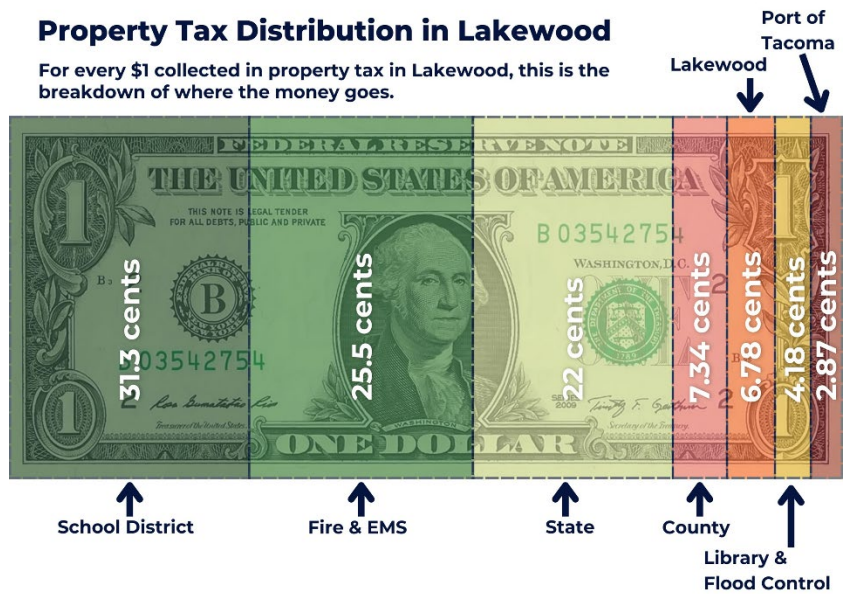
Total expenses for governmental activities increased by 10M or 20% over prior year, notably in public utilities & environment, general government, transportation, and social services.

# Property Tax

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

## Property Tax Distribution in Lakewood

For every \$1 collected in property tax in Lakewood, this is the breakdown of where the money goes.



Levy Rate per \$1,000 Assessed Value			
Taxing District	2023	2022	2021
School District	\$ 3.13	\$ 3.46	\$ 3.74
Washington State	2.31	2.66	2.93
West Pierce Fire District	2.00	2.26	2.67
Pierce County	0.75	0.88	0.98
<b>City of Lakewood</b>	<b>0.71</b>	<b>0.81</b>	<b>0.91</b>
EMS	0.41	0.45	0.49
Library	0.33	0.39	0.44
Sound Transit	0.16	0.18	0.20
Port of Tacoma	0.13	0.15	0.17
Flood Control	0.10	0.10	0.10
<b>Total</b>	<b>\$10.04</b>	<b>\$ 11.35</b>	<b>\$12.63</b>

# Sales Tax

The City imposes a sales and use tax of 1% to fund general government programs. Of this total, 15% is provided to Pierce County per state law. The City imposes both the basic 0.5% and the optional 0.5% sales and use tax. This tax is imposed on personal and business purchases of tangible property. The

retail sales tax is also assessed on some services such as repairs and construction. The City receives 1% of the sales tax rate. Of the 1%, the City receives 0.84% (Pierce County receives 15% of the 1% and the State receives 1% of the 1% leaving 0.84% to the City).

Sales Tax by Sector (\$ in thousands)	2023	2022	2021
Retail Trade	\$ 6,091	\$ 6,259	\$ 6,659
Services	3,552	3,450	3,117
Construction	1,692	2,019	2,375
Wholesale Trade	765	794	668
Finance, Insurance, Real Estate	728	700	559
Information	590	552	517
Manufacturing	266	239	216
Government	300	237	212
Other	238	220	91
<b>Total</b>	<b>\$ 14,222</b>	<b>\$14,470</b>	<b>\$14,414</b>



The City's 2023 sales taxes decreased slightly from 2022. The largest decreases were construction (down 16%), wholesale trade (down 4%), and retail trade (down 3%). Meanwhile there were increases in government (27%) and manufacturing (11%).

# Long-term Borrowing

The City's total governmental activities debt outstanding as of December 31, 2023 is \$24.2M. The City's long-term borrowing decreased by \$882KM in 2023. Total principal repayment on outstanding debt during the year was \$2.88M.

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

<b>Long-Term Debt Outstanding Governmental Activities As of December 31</b>			
	<b>2023</b>	<b>2022</b>	<b>2021</b>
2021A Long term general obligation	\$ -	\$ 334,245	\$ 667,375
2021B Long term general obligation	5,954,955	5,971,635	5,971,635
2020 Long term general obligation	2,492,600	2,674,805	2,853,435
2019 Long-term general obligation	6,791,905	7,121,705	7,436,504
2016 LTGO (refinanced 2009 LTGO)	985,859	1,173,771	1,355,590
Local financing	641,292	788,613	930,934
2021 SWM Revenue bond	3,139,585	3,590,670	4,028,365
Public Works Trust Fund loan	1,719,006	2,182,944	2,646,882
Promissory note (59th Street)	74,224	145,773	214,742
Special assessments	710,000	790,935	918,398
McGavic Center - Capital Lease	213,567	281,245	-
Subscription Based IT Arrangement (SBITA)	1,450,910	-	-
<b>Total</b>	<b>\$ 24,173,903</b>	<b>\$ 25,056,341</b>	<b>\$ 27,023,860</b>

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

<b>Legally Remaining Debt Capacity For the Years Ended December 31</b>			
	<b>2023</b>	<b>2022</b>	<b>2021</b>
General Government (no vote required)	\$ 147,852,003	\$ 146,629,412	\$ 117,964,491
General Government (3/5 majority vote required)	109,526,427	109,526,427	93,883,755
Parks and Open Space (3/5 majority vote required)	273,816,068	273,816,068	234,709,387
Utilities (3/5 majority vote required)	273,816,068	273,816,068	234,709,387
<b>Total Capacity</b>	<b>\$ 805,010,566</b>	<b>\$ 803,787,975</b>	<b>\$ 681,267,020</b>

# Glossary

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

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

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

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

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

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

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

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

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

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

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

**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.

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

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