

City of Lakewood • California



Comprehensive Annual Financial Report Year Ended June 30, 2018

CITY OF LAKEWOOD, CALIFORNIA

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**WITH REPORTS ON AUDIT
BY INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS**

**FOR THE YEAR ENDED
JUNE 30, 2018**

Prepared by:
Administrative Services Department

Jose Gomez
Director of Administrative Services



City of Lakewood
Comprehensive Annual Financial Report
For the Year Ended June 30, 2018
Table of Contents

Page

INTRODUCTORY SECTION (Unaudited)

Letter of Transmittal	i
Principal Officials	xiv
Organizational Chart	xv
GFOA Certificate of Achievement for Excellence in Financial Reporting	xvi

FINANCIAL SECTION

Independent Auditors' Report on the Financial Statements	1
---	----------

Management's Discussion and Analysis (Required Supplementary Information) (Unaudited)	5
--	----------

Basic Financial Statements:

Government-Wide Financial Statements:

Statement of Net Position	18
Statement of Activities	20

Fund Financial Statements:

Governmental Fund Financial Statements:

Balance Sheet	26
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position	29
Statement of Revenues, Expenditures, and Changes in Fund Balances	30
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities	32

Proprietary Fund Financial Statements:

Statement of Net Position	34
Statement of Revenues, Expenses, and Changes in Net Position	37
Statement of Cash Flows	38

Fiduciary Fund Financial Statements:

Statement of Fiduciary Net Position	43
Statement of Changes in Fiduciary Net Position	44

Notes to the Basic Financial Statements	45
--	-----------

City of Lakewood
Comprehensive Annual Financial Report
For the Year Ended June 30, 2018
Table of Contents (Continued)

	<u>Page</u>
<u>FINANCIAL SECTION (Continued)</u>	
Required Supplementary Information (Unaudited)	
<i>Budgetary Comparison Schedule:</i>	
General Fund	97
<i>Notes to Budgetary Comparison Schedule</i>	98
<i>Schedule of Changes in Net Pension Liability and Related Ratios</i>	
California Public Employees' Retirement System Defined Pension Plan	99
Public Agency Retirement System Defined Benefit Plan	100
<i>Schedule of Contributions:</i>	
California Public Employees' Retirement System Defined Pension Plan	101
Public Agency Retirement System Defined Benefit Plan	102
<i>Schedule of Changes in Net OPEB Liability and Related Ratios</i>	
Other Post-Employment Benefits Plan	103
<i>Schedule of Contributions:</i>	
Other Post-Employment Benefits Plan	104
Supplementary Information:	
Housing Admin and Program Capital Projects Fund	107
Lakewood Capital Improvements Capital Projects Fund	108
<i>Nonmajor Governmental Funds:</i>	
Combining Balance Sheet	112
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	116
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:	
State Gasoline Tax Special Revenue Fund	120
Prop A Transit Special Revenue Fund	121
Prop C Transportation Special Revenue Fund	122
AB 2766 Special Revenue Fund	123
Community Development Block Grant Special Revenue Fund	124
State COPS Grants Special Revenue Fund	125
LA County Measure M Special Revenue Fund	126
Beverage Container Recycle Grant Special Revenue Fund	127
Litter Reduction Grant Special Revenue Fund	128
TDA Article Grant Special Revenue Fund	129
Used Oil Grant Special Revenue Fund	130
Prop A Recreation Special Revenue Fund	131
Measure R Special Revenue Fund	132
Road Maintenance & Rehab Acct Revenue Fund	133
<i>Internal Service Funds:</i>	
Combining Statement of Net Position	136
Combining Statement of Revenue, Expenses, and Changes in Net Position	137
Combining Statement of Cash Flows	138

City of Lakewood
Comprehensive Annual Financial Report
For the Year Ended June 30, 2018
Table of Contents (Continued)

	<u>Page</u>
<u>FINANCIAL SECTION (Continued)</u>	
Supplementary Information (Continued)	
<i>Agency Funds:</i>	
Combining Statement of Fiduciary Assets and Liabilities – All Agency Funds	140
Statement of Changes in Fiduciary Assets and Liabilities – All Agency Funds	141
<u>STATISTICAL SECTION (Unaudited)</u>	
Description of Statistical Section Contents	145
Financial Trends:	
Net Position by Component – Last Ten Fiscal Years	146
Changes in Net Position – Expenses and Program Revenues – Last Ten Fiscal Years	148
Fund Balances of Governmental Funds – Last Ten Fiscal Years	152
Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years	154
Revenue Capacity:	
Major Tax Revenue By Sources – Last Ten Fiscal Years	156
Top 25 Sales Tax Producers	157
Taxable Sales by Category	158
City Sales Tax Rates	160
Assessed Value and Estimated Actual Value of Taxable Property – Last Ten Fiscal Years	161
Direct and Overlapping Property Tax Rates – Last Ten Fiscal Years	162
Principal Property Taxpayers – Current Year and Nine Fiscal Years Ago	163
Property Tax Levies and Collections - Last Ten Fiscal Years	164
Debt Capacity:	
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years	166
Ratio of General Bonded Debt Outstanding – Last Ten Fiscal Years	168
Direct and Overlapping Debt	169
Legal Debt Margin Information – Last Ten Fiscal Years	170
Pledged-Revenue Coverage – Last Ten Fiscal Years	172
Demographic and Economic Information:	
Demographic and Economic Statistics – Last Ten Fiscal Years	174
Principal Employers – Current Year and Nine Years Ago	175
Operating Information:	
Full-Time City Employees by Function – Last Ten Fiscal Years	177
Operating Indicators by Function – Last Ten Fiscal Years	178
Capital Assets Statistics by Function – Last Ten Fiscal Years	180



Todd Rogers
Vice Mayor

Diane DuBois
Council Member



Jeff Wood
Council Member

Ron Piazza
Council Member

Steve Croft
Mayor

December 11, 2018

The Honorable Mayor and City Council
City of Lakewood
Lakewood, California

TRANSMITTAL LETTER

State law requires that all general-purpose local governments publish within six months of the close of the fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted government auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Lakewood for the fiscal year ended June 30, 2018.

This report consists of management's representations concerning the finances of the City of Lakewood. Consequently, management assumes full responsibility for the completeness and reliability of all information presented in this report. To provide a reasonable basis for making these representations, management of the City of Lakewood has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Lakewood's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Lakewood's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Lakewood's financial statements have been audited by The Pun Group, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Lakewood for the fiscal year ended June 30, 2018 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statements presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering unmodified opinions that the City of Lakewood's financial statements for the fiscal year

ended June 30, 2018 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The "Single Audit" is a single organization-wide financial and compliance audit designed to promote sound financial management and effective internal controls with respect to federal awards administered by the City of Lakewood and focuses on compliance with laws and regulations governing federal awards. Internal controls encompass a system of accounting and administrative controls. Compliance refers to how well the City complies with the requirements in federal law, regulations, contracts, and grants applicable to each of its federal programs. These reports are available in the City of Lakewood's separately issued Single Audit Report.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Lakewood's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE GOVERNMENT

The City of Lakewood, incorporated in 1954, is located in Southern Los Angeles County, 20 miles south of the City of Los Angeles. Lakewood enjoys the benefits of the diversified economy of Southern California. The City is primarily a bedroom community providing housing for the Southern California subregion. The City of Lakewood occupies a land area of 9.5 square miles and serves a population of 81,179 as of January 1, 2017.

The City of Lakewood has operated under the council-manager form of government since its incorporation. The City is a "contract city," having been the first in the country to adopt this form of government. John Stanford Todd's contributions to Lakewood and city government are now honored by two John Sanford Todd Memorial Highway signs located near the northern and southern borders of Lakewood along the 605 freeway. Policy-making and legislative authority are vested in a governing council consisting of five members. The governing council is responsible for, among other things, passing ordinances, adopting the budget, appointing committees and hiring both the City Manager and City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments. The Council is elected on a non-partisan basis. Council members serve four-year overlapping terms. The mayor is selected by the council from among its members and serves in that capacity for a one-year term.

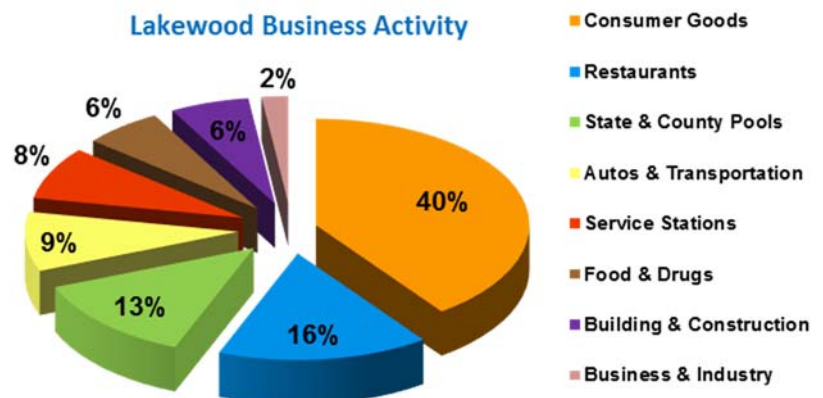
The City of Lakewood provides a full range of services, including police protection, solid waste collection, construction and maintenance of highways, streets and infrastructure, planning and zoning activities, utilities (water), recreational activities, cultural events, housing and general administrative services. The City of Lakewood is a "contract" city, meaning that some of these services are provided by contract with other agencies (both public and private) and some services are delivered by the City's own employees. Library services, fire protection services, and sewer services are provided by special districts of the County of Los Angeles. The City has excluded the County of Los Angeles, as well as the State of California and various school districts, because they do not meet the established criteria for inclusion in the report.

The annual budget serves as the foundation for the City of Lakewood's financial planning and control. All departments of the City are required to submit requests for appropriation to the City Manager for inclusion in the annual budget. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager then presents a proposed budget to the Council for review prior to June 30. The Council is required to hold a public hearing on the proposed budget and to adopt a final budget by no later than June 30, the close of the City's fiscal year. The appropriated budget is prepared by fund, function (e.g., solid waste collection), and department (e.g., public works). The City Manager may authorize transfers of appropriations within and between departments within funds. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented under the required supplementary information in the financial section of this report. For governmental funds, other than the general fund, with appropriated annual budgets, this comparison is presented in the supplementary schedules section of this report.

ASSESSING THE CITY'S ECONOMIC CONDITION AND OUTLOOK

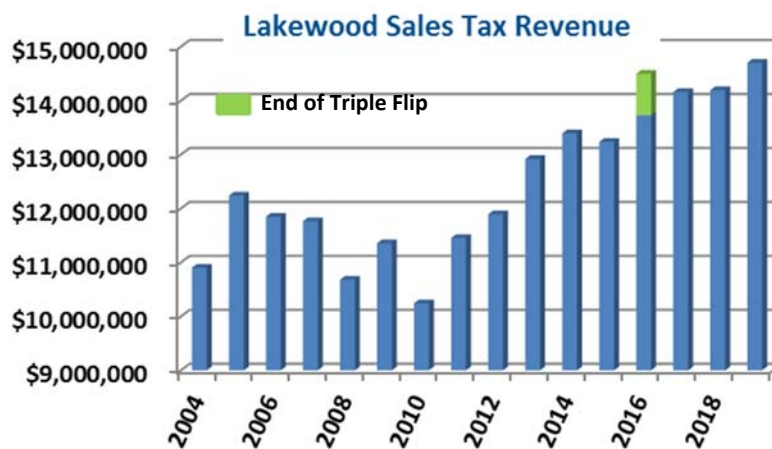
The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Lakewood operates and serves.

The City of Lakewood is primarily a residential community with only 6% of the city zoned for commercial use. The city is home to the seventeenth largest mall in the United States with about 2.1 million square feet of retail space, which is strategically located in the center of the city. By the end of the 1990's, Lakewood was basically "built out," leaving very little of the 9.5 square miles of the city available for new development.



For the City of Lakewood, retail sales is the economic indicator that best heralds the City's financial situation. Sales tax revenues account for 30.8% of General Fund revenues. There are over 3,300 businesses (including home occupations) located in Lakewood generating approximately \$14.2 million in sales tax for the City in Fiscal Year 2017-18. The economic base of Lakewood is largely retail and the City's "top twenty-five" retail businesses as a group produce 53% of the City's sales tax revenues. Increasingly, state and county pools have provided a greater share of sales tax revenues to the City as online sales have grown. Sales tax collected from online sales are disbursed to cities through state and county pools based on each cities' percent of total brick-and-mortar sales and may not bring the same value as the city's brick-and-mortar point-of-sale tax.

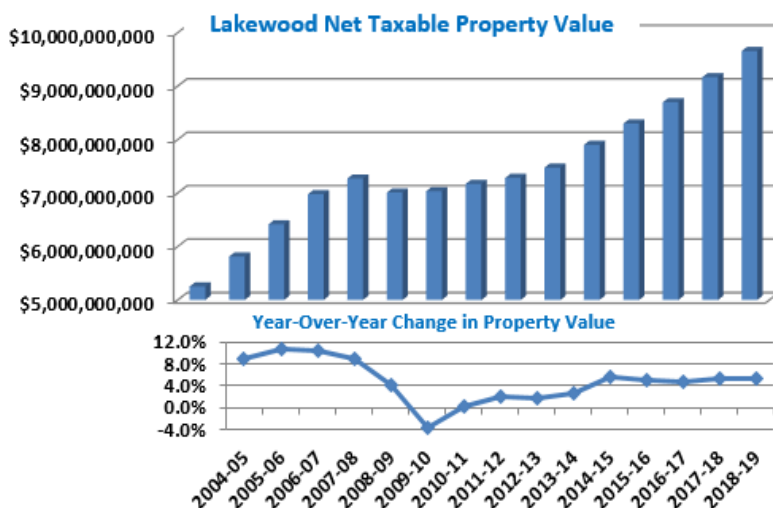
The City is beginning to see a slowing of sales tax revenue increases stemming from the continued migration of consumers away from traditional brick-and-mortar to online shopping. The adopted budget for Fiscal Year 2018-19 took this change in consumer shopping habits into consideration, with the budgeted increase in sales tax revenue projected at 1.4% over the prior fiscal year. Lakewood will continue to benefit greatly from a popular regional shopping center and several smaller commercial plazas, but over time the loss of sales tax revenue to online shopping will have an increasing impact on the City's revenue.



Economic development in the City added several retailers in the past year, expanding opportunities for shopping and dining, as well as adding over 750 jobs from over 150 new businesses in Lakewood. This built on the more than 5,000 jobs that new businesses brought to Lakewood the past seven years. Among the new businesses are Burlington, Chinito's Tacos, Cotton-On, Dickie's BBQ, Ding Tea House, Kidztown, Play Live Nation, Raising Cane's, Sonora Market, and Way Beyond Cake Bakery. Additionally, Macy's Backstage, Outback Steakhouse, and Black Angus all underwent major remodels.

The City is a low property tax city, which means the City assessed a small municipal property tax prior to 1978-79 that has been folded into the tax base under Proposition 13. Today, the City relies on a small 5.84% share of the county collections – the fifth lowest in the County.

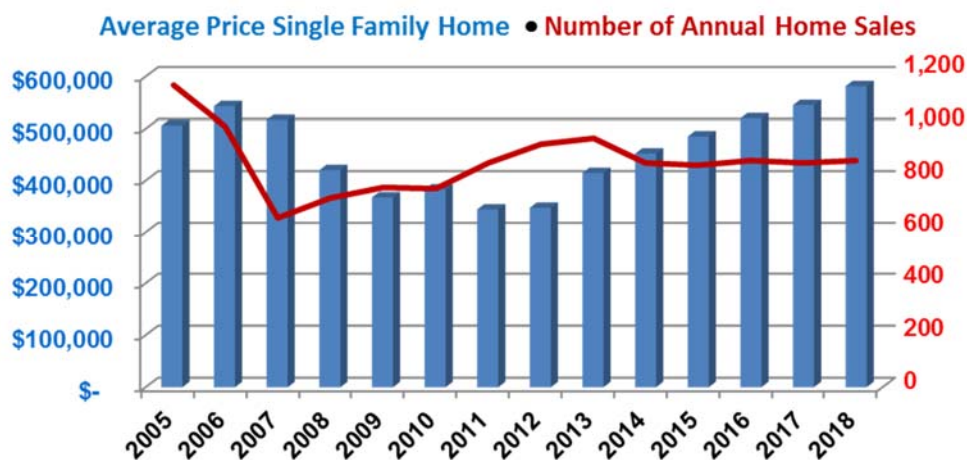
The County Assessor increased property tax assessments by a CPI of 2% from 2017-18 to 2018-19. In the last recession, the County Assessor lowered property tax assessments utilizing the 1978 Prop 8 reduction requirement where the lesser of the adjusted base year value or market value is used for taxation.



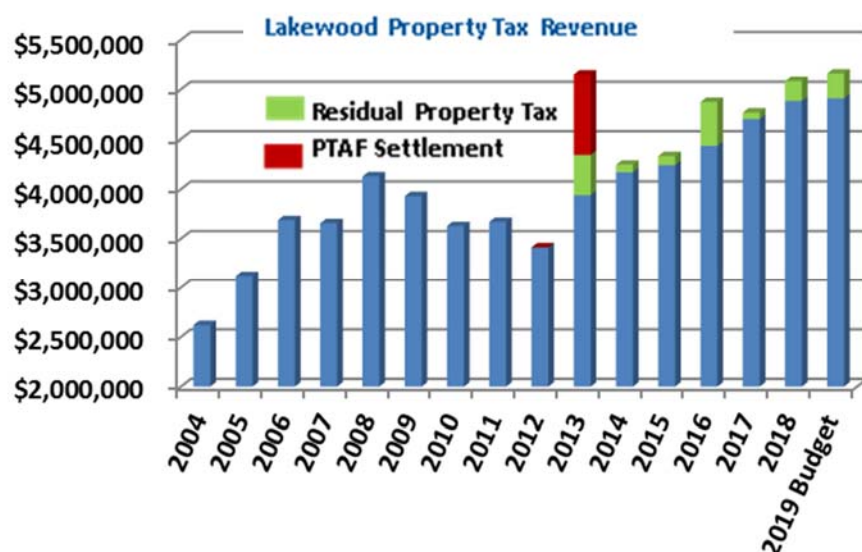
Prop 8 reductions still offset the year-over-year increase by reducing the assessed valuation by \$16 million on parcels throughout the city. However, the recapture of value on designated Prop 8 parcels was one of the largest factors in increasing property values for Fiscal Year 2017-18. The top two factors, transfer of ownership, CPI increase of \$150 million, and other charges of \$57 million, along with the recapture of Prop 8 valuations largely accounted for the overall taxable value increase of \$490 million.

As in past years, the main driver of the increase was residential properties at \$437 million, followed by commercial/industrial at \$49 million.

The total assessed value of real property in the city was \$9.7 billion for Fiscal Year 2018-19, a 5.3% increase from the previous year. The growth in the City's assessed value of 5.3% was outpaced by the County which increased by 6.6%. In calendar year 2018, the median single family Lakewood home is selling for \$581,500, a 6.7% increase from 2017 - establishing a new record high. Home sales remained flat over the past year.

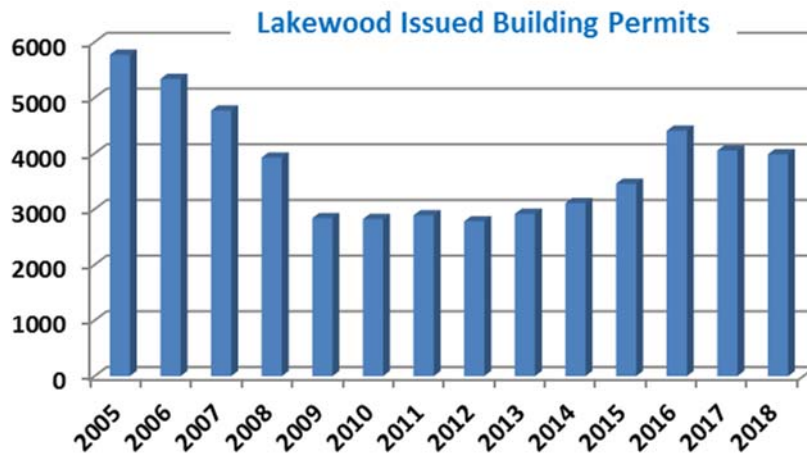


In Fiscal Year 2012-2013, the City began to receive residual property tax from the dissolution of the Lakewood Redevelopment Agency. In that year, all property tax increment held by the Lakewood Redevelopment Agency was shifted to the County and disbursed to local taxing agencies - the City's share of this disbursement was \$404,967. The \$436,749 residual disbursement received in Fiscal Year 2015-16 was primarily the City's share of the \$9.4 million payment made that year to the County by the Successor Agency of the former Lakewood Redevelopment Agency. Annual residual property tax is expected to increase to \$250,000 in Fiscal Year 2018-19 due to former LRA bonds being fully paid.



In Fiscal Year 2007-08 the City joined in a Collective Action against Los Angeles County regarding property tax administrative fees. The case was settled in Fiscal Year 2012-13 resulting in a refund to the City of \$804,544 in excess property tax fees. The settlement also resulted in an on-going annual reduction of the property tax administrative fee of about \$150,000.

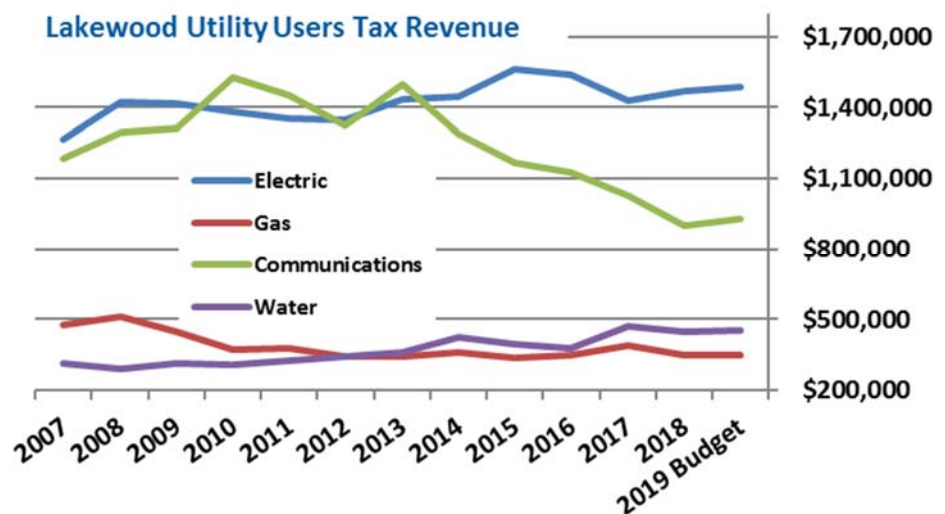
Property tax revenue in Fiscal Year 2017-18 increased by 6.6% over the prior year, exceeding expectations by 1.2%, and is expected to further increase by 1.5% in Fiscal Year 2018-19. Property tax revenue accounts for 11% of General Fund revenues. Since the approval of the 2004 Prop 1A, changes in property tax valuation have a greater impact. Vehicle license fee revenue growth is tied to property tax growth. Property tax in-lieu of vehicle license fees accounts for an additional 19% of General Fund revenues.



The number of building permits issued by the City is 31% below the peak reached in Fiscal Year 2004-05. During Fiscal Year 2017-18, 3,986 construction and remodeling permits were issued, which continued the recent multi-year upward trend of building activity. The Los Angeles County Economic Development Corp. named the City of Lakewood as one of ten finalists for the Most Business-Friendly City in Los Angeles County award in 2017.

City revenues are also affected by changes in the commodity markets. The City's assessed utility users tax represents 6.8% of General Fund revenues. The 3% tax is assessed on communications, electricity, natural gas and water use. Natural gas prices continue to be at low levels resulting in \$160,508 less natural gas utility users tax revenues in Fiscal Year 2017-2018 from what was received in Fiscal Year 2007-08. The decline in natural gas prices has also affected the City's franchise fee collections. Natural gas franchise fees received in Fiscal Year 2017-18 remain below revenues received in Fiscal Year 2006-07 by \$158,383.

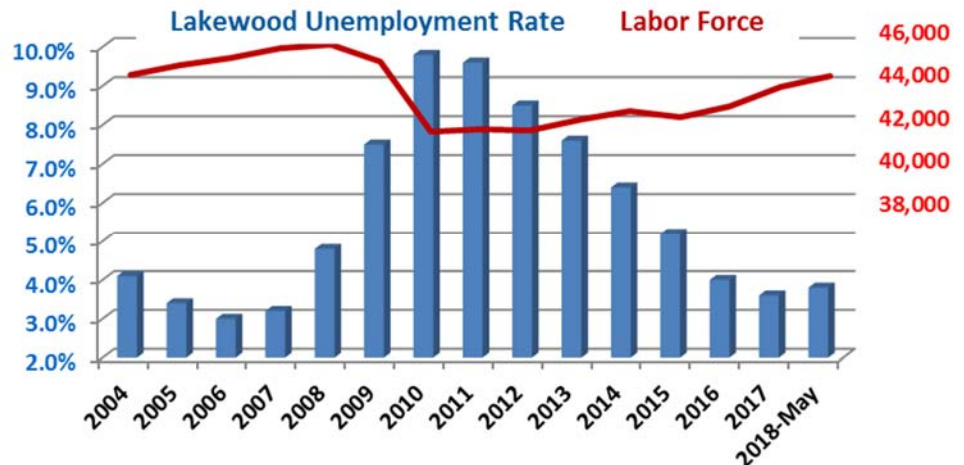
The utility users tax for electricity shows a decline in Fiscal Year 2017-18, about \$94,000 less than the peak in Fiscal Year 2014-15. This is likely due to State-issued Cap and Trade Program customer credits and the impact of solar panel installations.



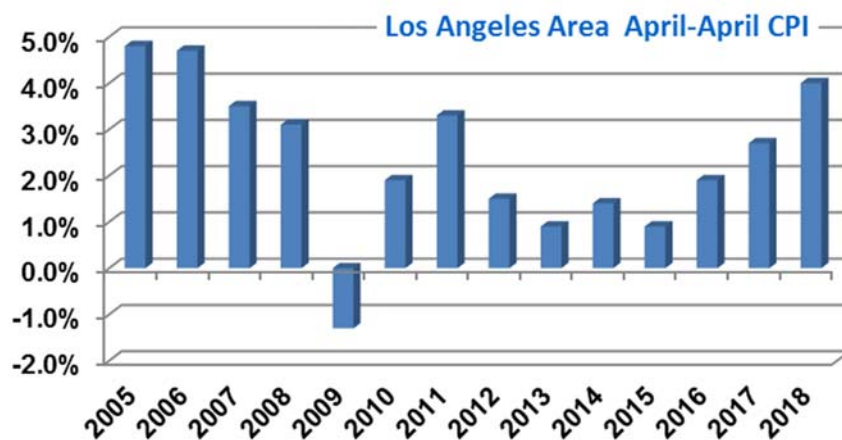
The use of alternative forms of cellular communication to the traditional phone plan has also reduced the amount of utility users tax collected. The City receives \$632,287 less in communications utility users tax revenues in Fiscal Year 2017-18 from what was received in Fiscal Year 2009-10. Increased competition and the commoditization of services in this industry sector has greatly impacted local revenues.

Lakewood's employment rate depends on the regional job situation. In September 2015, the U.S. Department of Defense granted \$3.9 million to help the City of Long Beach develop an economic transition plan following the closure of Boeing's C-17 facilities, which had employed several thousand people. The area that was home to Douglas Aircraft and its DC jets, and later Boeing Co., is transforming into a multi-used development with businesses such as: Virgin Orbit's headquarters; Mercedes-Benz training, performance and vehicle preparation center; Universal Technical Institute's mechanics campus for about 900 students; Shimadzu Precision Instruments a precision aircraft manufacturer; and two Class A medical buildings. The Sares-Regis Group, has built four new industrial buildings ranging in size from 70,000 to 134,000 square feet. The former Long Beach Boeing site includes office, retail, fitness, hospitality and industrial businesses. These businesses provide opportunities for skilled employment in the local region.

Nationwide, employment rates are at or near historic high levels. Likewise, the unemployment rate in Lakewood remained at 3.8% in May 2018. This is lower than the rate the City enjoyed prior to the recession; and better than the state as a whole. The labor force participation has also rebounded 6.3% after declining by 9% during the recession.



Major employers located within city limits are Long Beach Unified School District, County of Los Angeles, Lakewood Regional Medical Center, and various retail, automotive and home improvement businesses, as well as the City itself.



The April to April Consumer Price Index (CPI) for the Los Angeles, Riverside and Orange County region, which is the basis for many of the City's contract increases, was 4% in 2018. The CPI for the Nation, as well as for the region, is expected to remain relatively low in the coming years.

Economic Outlook

Beacon Economics provides market insights and forecasts for California Communities. In their latest analysis Beacon states, "the U.S. economy has been on a solid upswing lately. But as always, a deeper look at the data suggests that there are issues to keep an eye on. All in all, we remain pessimistically optimistic."

Beacon Economics went on to report that the, “U.S. GDP growth in the second quarter came in above 4%, the best reading since 2014 and driven by strong growth in business and consumer spending. Industrial production is up 4% from one year ago—another recent best. Employment growth over the last 3 months has totaled over 200,000 jobs added per month even with unemployment below 4%. More importantly, the job openings rate is at 4.2%, suggesting that employers would hire even more workers, if they could find them.”

The newly released outlook estimates national growth for the rest of 2018 to be in the 3% range. There are some key trends emerging however that have important implications, not the least of which is the housing sector being relatively weak, with state and local spending limited. Additionally, recent growth in the economy has been stimulated by a surge in government borrowing rather than more organic factors.

Other trends to watch include the international trade battles which impact U.S. export activity and the Federal Reserve’s role as inflation has “risen the fastest since 2011.” continued tightening, and the slowdown in bank lending. While there are no imminent threats of a recession in the near future, Beacon Economics cautions that “we should remain more vigilant than ever in watching for the unanticipated shock.”

LONG-TERM FINANCIAL PLANNING

Long-term financial planning involves the management of the City’s programs and assets. Programs include the services the City provides through its employees and contracts. Assets include cash and investments, as well as the City’s entire infrastructure of streets, street lighting, signals, medians, signage, parks, recreation facilities, water mains, trees sidewalks and bus stops, etc. Long-term debt, pension and post-employment benefits, and the depreciation and deterioration of the above named tangible assets, are also included in the long-term financial plan. The City’s policies provide parameters that reflect the City’s management and fiscal philosophy.

The City’s financial and operating budget policies serve as the guiding principles for the City’s financial management and annual budgetary process. The financial policy is written with the objective to maintain or improve an entity’s financial position, financial management and credit rating. The operating budget policy, along with the City’s purchasing policy, is written with the objective to promote good stewardship in the management of public funds and resources.

The City’s cash and investment policy is written with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints, liquidity needs and cash flow characteristics of the portfolio. Return on investment is of secondary importance compared to safety and liquidity objectives.

The City’s governmental fund balance policy is written with the objective to retain the proper levels of reserves for economic uncertainty (20% of operational costs), unforeseen capital expenditures and repairs, emergency response services, and pension obligations.

The City’s capital financing and debt management policy is written with the objective to set guidelines as to the financing of capital expenditures and long-term capital planning.

The City's capital improvement program and replacement of assets policy provides guidance as to the objectives capital improvements shall meet. Capital improvement projects typically involve large outlays and cover multiple years. Although capital improvements are considered apart from the operating budget of the City, the operating budget is developed with an understanding that funding for capital projects must also be provided. In addition, Lakewood staff is encouraged and readily takes the steps necessary to acquire new, and retain current funding sources. New funding possibilities include various one-time competitive grants and on-going block grants. These grants fund public works projects, park and recreation facilities, and public safety, transportation and housing programs.

Street and traffic signal improvements:

- In FY 2017-18, the City completed the rework of the computerized Pavement Management Database. All streets were inspected and rated, with the Citywide Pavement Condition Index (PCI) established at 82.5. This PCI, higher than the threshold of 80, allows for greater flexibility in the use of new Senate Bill (SB) 1 gas tax funds. Streets were selected and programmed for the second year of funding, including the remaining amount necessary to fund the Paramount Boulevard Drainage and Landscape Project.
- In coordination with Los Angeles County Metro, construction will begin in Fiscal Year 2018-19 on a traffic-flow improvement project at the Del Amo and Lakewood Boulevard intersection. The project involves constructing dual-left turn lanes in all directions and a roadway expansion over the nearby flood control channel. Los Angeles County Metro funds it as part of its "hot spot relief" program.
- The design concepts and environmental document for the Lakewood Boulevard Corridor Project have been completed. Work on the final construction plans is due to commence in Fiscal Year 2018-19. The design work is fully funded by a \$3.2 Million grant from METRO. The project includes enhanced bikeways, pedestrian, transit, and drainage features, along with improved traffic flow and paving. Funding for the construction will be sought through various county, state and federal grant programs once the plans are complete.
- The Tree & Hardscape Division completed 1.93 miles of sidewalk that was removed and replaced. This is part of the ongoing effort to keep pedestrians moving safely throughout Lakewood.

Storm water/water recapture/recycled water projects:

- The City received two CalTrans grants totaling \$26 million for the construction of two separate water recapture systems at Bolivar Park and Mayfair Park. The construction of the Bolivar Park water recapture system began in Fiscal Year 2015-16 and was substantially completed in June 2018. It is presently in start-up operations. A similar project, the recapture system at Mayfair Park, began construction in May 2018. These systems will reduce pollutants in the local waterways and ocean, and will also provide a source of local recycled water to be used in parks and medians.
- The City secured a state grant to help pay for converting the parkways along Paramount Boulevard into drought-tolerant landscaping that will capture and clean runoff along the roadway. The design for this project is complete and the project is ready for bid. Construction is scheduled to start in Fiscal Year 2018-19.

Parks and community facilities projects:

- The City completed a major upgrade to the 40-year-old Burns Community Center, used by many Lakewood older adults and others. Burns houses a new activity room and received a new accessible elevator, expanded interior space for building users, and renovated restrooms. The exterior features new finishes to the building and landscaping consisting of new trees and drought tolerant plants. The nearly \$3 million project was partially funded with \$1 million in federal Community Development Block Grant (CDBG) funds.
- As part of the innovative Storm Water Capture Project completed at Bolivar Park, the project included the installation of three new picnic shelters along with site furnishings. Turf renovation and newly installed irrigation was also completed north and south of McCormick Pool.
- Construction commenced at Rynerson Park with the installation of a sewer line to support three restroom buildings. One new pre-constructed restroom building was purchased and is scheduled for installation. Repairs to an existing pedestrian bridge will provide accessible entry to the park from Studebaker Road.
- At Monte Verde Park, staff coordinated several facility improvements including, the installation of new interior flooring, new patio French doors, exterior hardscape improvements on the patio, and the addition of one handicap-accessible parking stall.
- Other facilities improvements include:
 - Purchase and installation of office and restroom trailers at the Equestrian Center.
 - Hardscape improvements at Biscailuz Park.
 - Installation of an accessible picnic slab at Cherry Cove Park.
 - Purchase and installation of a new sand filter at McCormick Pool.
 - Purchase and installation of two new pool pumps at Mayfair Pool.
 - Start of Storm Water Capture Project at Mayfair Park.
 - Purchase and installation of new concrete benches at Home Run Dog Park.

Water system improvements:

The City continued the long-standing program of modernizing the water system, and making infrastructure improvements that ensure the reliability and safety of the water resources.

- Completed the implementation of an improved utility bill-pay and customer service system for water and trash customers. The new system provides more information to customers and easy access portal via PC and mobile devices to help them better manage their water use, payment options, and faster response times on customer service calls.
- The City, with contract partner Fathom, installed new “smart water meters” for all residential and business customers. The new meters provide hour-by-hour information to Lakewood customers enabling them to better manage their water use and keep their costs down. The new meters will also provide valuable system-wide information to the city’s water planners enabling them to make the cost-effective decisions possible on the replacement of infrastructure throughout the City's water system.
- Completed the installation of a new and updated Supervisory Control and Data Acquisition (SCADA) system with new control systems that includes monitoring and control of the Bolivar Park stormwater capture system.
- New motor and pumps were installed at Well 8 to recover its pumping capacity. The 73-year-old well has been pumping water steadily at approximately 800 gallons-per-minute.
- Constructed an interconnection to City of Signal Hill that can be used in a water-shortage emergency.
- Installed a chlorination building at Well 13 site to improve the disinfection efficiency.

- Continued the “face-lift” program to improve water supply site appearance. Major improvements were made at Plant 13 located at Del Amo Blvd. and Palo Verde Ave., including all landscaping and touch up paint for tanks and pipes.
- Finished the installation of pressure sensors and water level sensors at all well sites to better monitor and manage the well and pumping facilities.
- Continued distribution system condition assessment and pipeline replacement design for the high-priority area identified in the Water Master Plan.

Residential housing projects:

- Staff managed the Home Improvement Loans and Fix Up Paint Up Programs. The Home Improvement Loans provide up to \$18,000 to eligible homeowners for home improvements. Likewise, the Fix Up Paint Up program assists eligible low-income homeowners by providing grants of approximately \$3,000 for exterior repairs. Many of the participants are elderly and disabled residents who cannot cope with property upkeep.
- Housing Development currently under construction in FY 2018-19 includes:
 - Seine Villa Apartments is a two-story 16-unit apartment complex that has almost completed construction and is scheduled to be fully rented and occupied by the end of December, 2018.
 - Elaine Apartments is a three-story 24-unit apartment complex located on Elaine Avenue. The developer has just started construction of this project with installation of the water line. Construction should be completed in mid to late 2019.
 - On Walcroft Street a 2-unit and a 3-unit rental projects are being built.

Redevelopment:

In 2011, California enacted legislation that required the dissolution of all redevelopment agencies. AB x1 26 dissolved redevelopment agencies as of February 1, 2012, and provided for the designation of successor agencies which were tasked to wind down the affairs of the dissolved redevelopment agencies. Under AB x1 26, the dissolution of redevelopment included the determination that all contracts and agreements between the City and the Lakewood Redevelopment Agency were null and void. Subsequently, AB 1484 provided for a small level of funding for housing operations that resumed in Fiscal Year 2013-14 using housing loan payments, and SB 107 in 2015 allowed for the payment of all outstanding loans made by the City to the Agency as recalculated using 4% rate over the life of the loan. Once the Finding of Completion is issued by the Department of Finance (DOF) additional funds will be available to fund the city’s housing capital programs through reimbursement of deferred housing transfers to pay for ERAF, SERAF transfers to the State, and other postponements. City Loan debt service payments can resume once the housing deferrals have been fully paid; 20% of the debt service payments are required to fund housing operations and capital.

Long-term Debt:

Long-term debt is limited to the City’s Water Enterprise and the Successor Agency of the former Redevelopment Agency. More detailed information regarding the City’s and Agency’s long-term debt is presented in the notes to the basic financial statements.

The Agency also holds debt in the form of City loans. As referenced in the prior section, SB 107 allows for the payment of all outstanding loans made by the City to the Agency as recalculated using four % rate over the life of the loan. Loan payments to the City can resume once the housing deferrals have been fully paid; 20 %of the loan payments are required to fund housing operations and capital.

Pension and Other Post Employment Benefit Liabilities:

The City provides three retirement benefit programs. The City takes measures to ensure that the City's retirement benefit plans are financially secure and well-funded. These programs are as follows:

- California Public Employee Retirement System (CalPERS) is a 2% at 55 pension plan for "classic" CalPERS members, and 2% at 62 pension plan for new members as defined by the Public Employees Pension Reform Act (PEPRA), who are employees that have never been a member of CalPERS or who had a break in service of six months or greater. This Plan currently utilizes a 7.25% discount rate (will decrease to 7% by fiscal year 2021) and is 77.7% funded as of June 30, 2017 (measurement date for June 30, 2018), per the CalPERS GASB 68 Accounting Valuation Report and the market value of assets.
- PARS Retirement Enhancement Plan is a 0.5% at 60 pension plan. The PARS Plan was established in 2004 and is only available to full-time/permanent employees. The PARS Plan was closed to new employees on January 1, 2013 as restricted by the Public Employees Pension Reform Act (PEPRA). This Plan utilizes a 5.5% discount rate and is 71.7% funded as of June 30, 2018, based on the assumptions of the GASB 67 and 68 Disclosure Document and the market value of assets.
- The City offers other post-employment benefits (OPEB), a Career Employee Medical Retirement Benefit Plan, to eligible retirees. The plan is constructed to keep costs in check by limiting eligibility and length of benefit. The City provides limited supplemental payment for post-retirement healthcare benefits for full-time/permanent employees who have completed 20 years of service and have reached the age of 55, or who have completed 15 years and reached the age of 60, and who are retiring under CalPERS. The benefit is also limited by the retiree's years of service. This Plan utilizes a 6% discount rate and is over 90% funded as of June 30, 2018, based on the assumptions of the latest actuarial and the market value of assets.

More detailed information regarding the City's pensions and other post-employment benefits is presented in the notes to the basic financial statements.

FINANCIAL MANAGEMENT POLICIES AND PRACTICES

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This statement resulted in restatement of net position at July 1, 2017 as described in Note 18.

GASB Statement No. 85, *Omnibus 2017*. This Statement addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits).

AWARDS AND ACKNOWLEDGEMENTS

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 Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2017. This was the 36th consecutive year that Lakewood has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized 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 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.

Preparation of this report was accomplished by the combined efforts of the Administrative Services Department staff. We appreciate the high level of professionalism and dedication that these staff members bring to the City. The contributions made by Lovenel Reveldez, Assistant Director of Administrative Services; Edianne Rodriguez, Finance Manager; Claire Houck, Senior Accountant; and Michael Aguirre, Accountant deserve special recognition. We also thank the members of the City Council, especially the Audit Committee, for their interest and support in the development of this report.

Respectfully submitted,



Thaddeus McCormack
City Manager



Jose Gomez
Director of Finance & Admin. Services

CITY COUNCIL

STEVE CROFT
Mayor

TODD ROGERS
Vice Mayor

JEFF WOOD
Council Member

RON PIAZZA
Council Member

DIANE DUBOIS
Council Member

ADMINISTRATION AND DEPARTMENT DIRECTORS

THADDEUS McCORMACK
City Manager

IVY M. TSAI
City Attorney

VACANT
Assistant City Manager

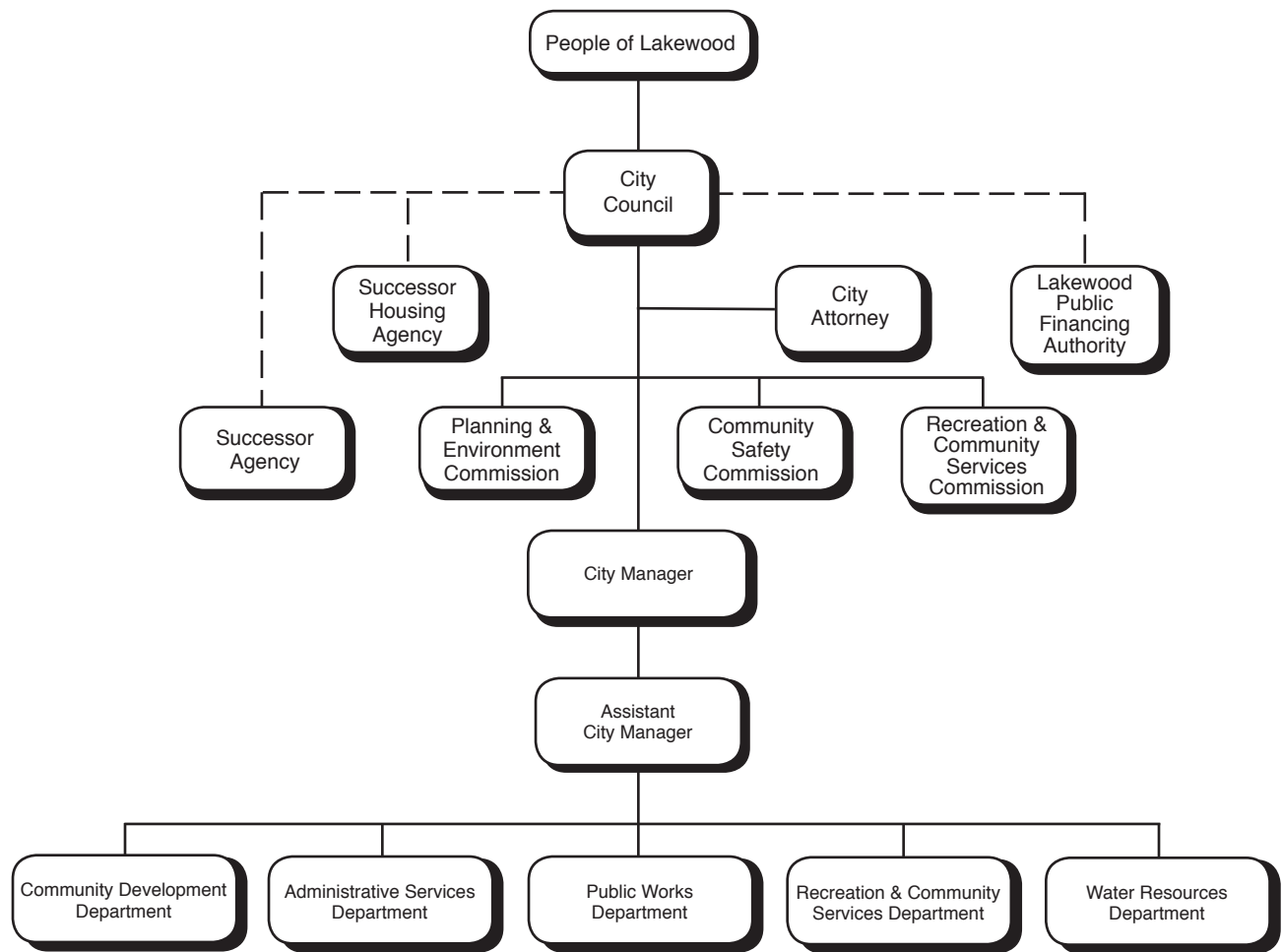
JOSE GOMEZ
Director of Finance and Administrative
Services

JASON WEN
Director of Water Resources

LISA A. RAPP
Director of Public Works

VALARIE FROST
Director of Recreation
and Community Services

SONIA SOUTHWELL
Director of Community
Development





Government Finance Officers Association

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

Presented to

**City of Lakewood
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and the Members of the City Council
of the City of Lakewood
Lakewood, California

Report on the Financial Statements

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 City of Lakewood, California (the "City") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility 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; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the 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, as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

200 East Sandpointe Avenue, Suite 600, Santa Ana, California 92707

Tel: 949-777-8800 • Fax: 949-777-8850

www.pungroup.com

Emphasis of Matter

Implementation of GASB 75

As discussed in Note 1 to the basic financial statements, the City implemented Governmental Accounting Standards Board (“GASB”) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The adoption of the standard required retrospective application of previously reported net position and reclassification of certain accounts as of July 1, 2017 as described in Note 18 to the basic financial statements. In addition, net OPEB liability is reported in the Statement of Net Position in the amount of \$966,617 as of the measurement date. Net OPEB liability is calculated by actuaries using estimates and actuarial techniques from an actuarial valuation as of June 30, 2017 which was then rolled-forward to June 30, 2018, the measurement date. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis, the Budgetary Comparison Schedule, the Schedule of Changes in Net Pension Liability and Related Ratios, the Schedule of Contributions – Pension, the Schedule of Changes in Net OPEB Liability and Related Ratios, and the Schedule of Contributions – OPEB on pages 5 to 13 and 97 to 104 be presented to supplement the basic financial statements. Such information, 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.

Other 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 Introductory Section, Combining and Individual Nonmajor Fund Financial Statements, and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining and Individual Nonmajor Fund Financial Statements and the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the 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 Combining and Individual Nonmajor Fund Financial Statements and the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

To the Honorable Mayor and the Members of the City Council
of the City of Lakewood
Lakewood, California
Page 3

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2018, 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. The purpose of that report is solely 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 the effectiveness of the City's 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.

A handwritten signature in black ink that reads "The PwC Group, LLP". The signature is written in a cursive, flowing style.

Santa Ana, California
November 29, 2018



City of Lakewood

Management's Discussion and Analysis

For The Year Ended June 30, 2018

As management of the City of Lakewood, California, (City) we offer readers of the City of Lakewood's financial statements, this narrative overview and analysis of the financial activities of the City for fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report, and with the City's financial statements, which follow this discussion.

Financial Highlights

- Net Position: The assets and deferred outflows of resources of the City (*which include the value of streets, sidewalks and other infrastructure*) exceeded liabilities and deferred inflows of resources at June 30, 2018, by \$178,011,628. Of this amount, \$29,300,779 may be used to meet the government's ongoing obligations to citizens and creditors, but is subject to designation for specific City programs.
- Changes in Net Position: The government's total net position increased by \$5,310,135. The governmental activities increased by \$4,248,507 and business-type activities by \$1,061,628 at the end of fiscal year June 30, 2018.
- Long Term Debt: The City of Lakewood's total debt decreased by \$590,713, as a result of normal scheduled debt service payments.
- Governmental Funds: As of June 30, 2018, the City's governmental funds reported combined ending fund balances of \$60,312,287 an increase of \$1,217,226 in comparison with the prior year due to funding arrangement of capital projects that initially required the use of City's funds and then reimbursed by State grants. Approximately 48.6 percent of the ending fund balance, \$29,311,699, is available for spending at the government's discretion as either a committed, assigned, and unassigned fund balance within the guidelines of the funding sources.
- General Fund: At June 30, 2018, committed, assigned and unassigned fund balance of the general fund was \$31,311,741. All but \$1,721,244 of these funds are committed or assigned for specific purposes in accordance with City policies and budgetary guidelines.

Government-wide financial statements.

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

The *statement of net position* presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflow of resources with the difference between the four reported as *net positions*. Over time, increase or decreases in net position may serve as a useful indicator of whether the financial position of the City of Lakewood is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net positions are reported as soon as the underlying event giving rise to the change occurs, *regardless of timing of 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).

City of Lakewood
Management's Discussion and Analysis (Continued)
For The Year Ended June 30, 2018

Both of the government-wide financial statements distinguish functions of the City of Lakewood 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 of Lakewood include general government, public safety, transportation, community development, health and sanitation, and culture and leisure.

The government-wide financial statements include the City of Lakewood and a component unit the Lakewood Public Financing Authority. Financial information for this component unit is reported within the funds of the City. The Water Utility, although also legally separate, functions for all practical purposes as a department of the City of Lakewood, and therefore has been included as an integral part of the government.

The government-wide financial statements can be found on pages 17 - 21 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Lakewood, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Lakewood 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 *balances on spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating 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 fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental fund* and *governmental activities*.

The City of Lakewood maintains twenty governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances. Data from the other seventeen governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these other governmental funds is provided in the form of *combining statements* in the supplementary information.

The City of Lakewood adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget in the required supplementary information. Budgetary comparisons for other funds are provided in the supplementary information of this report.

The governmental fund financial statements can be found on pages 25 - 32 of this report.

City of Lakewood
Management's Discussion and Analysis (Continued)
For The Year Ended June 30, 2018

Proprietary funds. The City of Lakewood maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Lakewood uses enterprise funds to account for its Water Utility operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Lakewood's various functions. The City of Lakewood uses internal service funds to account for its central garage and print shop operations. Because all of these services predominately benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

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 Water Utility operations. 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 is provided in the form of combining statements elsewhere in this report.

The proprietary fund financial statements can be found on pages 33 - 39 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City of Lakewood's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The fiduciary fund financial statement can be found on pages 41 - 44 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 45 - 93 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Lakewood's General Fund budgetary comparison schedule, pension and changes in net pension liabilities and related ratio schedules, pension contribution schedules, and other post-employment funding progress schedule. Required supplementary information can be found on pages 94 - 104 of this report.

The combining statements referred to earlier in connection with other governmental funds, internal service funds and agency funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 109 - 142 of this report.

Government-wide Financial Analysis

The government-wide financial statements provide long and short-term information about the City's overall financial condition. The net positions may serve over time as a useful indicator of a government's financial position. In the case of the City of Lakewood, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$178,011,628 at the close of the most recent fiscal year.

City of Lakewood
Management's Discussion and Analysis (Continued)
For The Year Ended June 30, 2018

City of Lakewood Net Position						
	Governmental Activities		Business-type Activities		Total	
	2018	2017 (as restated)	2018	2017 (as restated)	2018	2017 (as restated)
Current and other assets	\$ 70,222,512	\$ 74,362,262	\$ 16,138,476	\$ 22,118,873	\$ 86,360,988	\$ 96,481,135
Capital assets	101,191,917	91,308,014	37,151,768	30,168,468	138,343,685	121,476,482
Total Assets	171,414,429	165,670,276	53,290,244	52,287,341	224,704,673	217,957,617
Deferred Outflow of Resources	10,257,328	8,599,955	1,169,958	980,611	11,427,286	9,580,566
Long-term liabilities outstanding	33,410,835	28,651,160	13,325,377	13,526,837	46,736,212	42,177,997
Other liabilities	6,869,266	6,946,991	2,424,839	1,720,115	9,294,105	8,667,106
Total Liabilities	40,280,101	35,598,151	15,750,216	15,246,952	56,030,317	50,845,103
Deferred Inflow of Resources	1,877,987	3,406,918	212,027	381,337	2,090,014	3,788,255
Net positions:						
Net Investment in Capital Assets	100,416,548	94,918,550	26,543,189	27,587,388	126,959,737	122,505,938
Restricted	21,751,112	15,160,381	-	-	21,751,112	15,160,381
Unrestricted	17,346,009	25,186,231	11,954,770	9,848,943	29,300,779	35,035,174
Total Net Position	\$ 139,513,669	\$ 135,265,162	\$ 38,497,959	\$ 37,436,331	\$ 178,011,628	\$ 172,701,493

By far, the largest portion of the City of Lakewood's net positions, 71.3 percent, reflects its net investment in capital assets (i.e. land, buildings, improvements other than buildings, machinery and equipment, infrastructure, and construction in progress). The City of Lakewood uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Lakewood's investment in its capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Additional portion of the City of Lakewood's net position, 12.2 percent, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$29,300,779 may be used to meet the government's ongoing obligation to citizens and creditors, but is subject to designation for specific City programs per the City's Governmental Fund Balance Policy.

At the end of the current fiscal year, the City of Lakewood is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. At year-end, 68.9 percent of the City of Lakewood's business-type activities' net position were invested in capital assets.

City of Lakewood
Management's Discussion and Analysis (Continued)
For The Year Ended June 30, 2018

City of Lakewood Changes in Net Position						
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 11,144,227	\$ 11,499,488	\$ 13,003,840	\$ 10,873,311	\$ 24,148,067	\$ 22,372,799
Operating grants and contributions	8,633,736	6,100,046	-	-	8,633,736	6,100,046
Capital grants and contributions	6,315,712	8,542,663	-	-	6,315,712	8,542,663
General revenues:						
Property taxes	13,795,722	13,039,739	-	-	13,795,722	13,039,739
Sales taxes-Bradley Burns	14,303,519	14,133,828	-	-	14,303,519	14,133,828
Franchise taxes	1,598,487	1,430,601	-	-	1,598,487	1,430,601
Business operation taxes	650,728	674,880	-	-	650,728	674,880
Utility user taxes	3,163,738	3,314,095	-	-	3,163,738	3,314,095
Other taxes	424,144	442,393	-	-	424,144	442,393
Investment Income	274,743	459,477	182,728	131,040	457,471	590,517
Gain on sale of property	-	114,000	-	1,035,021	-	1,149,021
Total Revenues	60,304,756	59,751,210	13,186,568	12,039,372	73,491,324	71,790,582
Expenses:						
General government	8,414,207	7,618,899	-	-	8,414,207	7,618,899
Public safety	14,934,025	14,266,703	-	-	14,934,025	14,266,703
Transportation	5,319,350	4,915,779	-	-	5,319,350	4,915,779
Community development	5,602,768	5,216,400	-	-	5,602,768	5,216,400
Health and sanitation	5,173,751	5,066,047	-	-	5,173,751	5,066,047
Culture and leisure	13,919,102	12,757,229	-	-	13,919,102	12,757,229
Unallocated infrastructure depreciation	2,680,800	2,732,259	-	-	2,680,800	2,732,259
Interest on long term debt	12,246	14,308	-	-	12,246	14,308
Water	-	-	12,124,940	9,316,642	12,124,940	9,316,642
Total expenses	56,056,249	52,587,624	12,124,940	9,316,642	68,181,189	61,904,266
Excess (Deficiency of Revenues Over (Under)						
Expenditures Before Special Item	4,248,507	7,163,586	1,061,628	2,722,730	5,310,135	9,886,316
Change in Net Position	4,248,507	7,163,586	1,061,628	2,722,730	5,310,135	9,886,316

Additional information on the change in net position can be found on page 20 – 21 of this report.

Governmental activities. Overall, governmental revenues increased by \$553,546 or 1.0 percent and expenditures increased by \$3,468,625 or 6.6 percent from prior year. Key elements of the change are as follows:

- Operating grant revenue increased by \$2,533,690 due to the City receiving new funds in fiscal year 2018. The City began receiving Measure M funds from METRO, totaling \$824,100 in revenue. The City also received Road Maintenance & Rehabilitation Account (RMRA) funds from the State, totaling \$470,067. Furthermore, the revenue received from the Community Development Block Grant (CDBG) increased by \$1,038,267 to help fund the refurbishment project at the Burns Center.
- Capital grants and contributions revenue decreased by \$2,226,951 during this fiscal year due mainly to the building and implementation of two Water Capture Runoff Infiltration Projects. There was also a \$273,710 decrease in revenue in the METRO funded project at the intersection of Lakewood/Del Amo Blvd.
- Property Tax increased by \$755,983 due to a higher assessed valuation of real property in the City. Secured and Unsecured taxes were up by \$345,193 and the Residual Property Tax was up by \$192,779.
- Sales Tax revenue experienced a modest increase of \$169,691 compared to last fiscal year. This was due to an uptick in fuel sales in relation to continually rising retail gas prices caused by higher crude oil costs. The City also experienced an increase of countywide use-tax pool allocation due to the continuous rise in online sales compared to brick-and-mortar sales.

City of Lakewood
Management's Discussion and Analysis (Continued)
For The Year Ended June 30, 2018

- Franchise tax increase of \$167,886 was offset by decreases in Investment Income and Business Operations Tax by \$184,734 and \$24,152 respectively.
- Utility Users Tax revenue (UUT) was down \$150,357 mainly due to the decrease in Telephone UUT of \$131,607. This was attributed to the availability of alternative forms of communications compared to the traditional phone services.
- Increase in expenditure is partly due to the refurbishment project at the Burns Center by \$1,834,668 using general fund and an additional increase in expenditure of \$1,049,241 using CDBG. Additionally, there was an increase of \$272,150 to replace pool equipment at Mayfair & McCormick pools. An office trailer, a new restroom and concrete were laid down at the Equestrian Center for \$162,490.
- The general government expenditure increased by \$795,308 due to the additional cost of liability insurance, purchase of outdated office equipment and expired software licenses.
- Public safety increase of \$667,322 is due to the rise in the animal control and the law enforcement contract payments.
- Transportation increased slightly by \$403,571 due to multiple projects covering street resurfacing, pavement management and other street projects.

Additional information on activities and change in net position can be found on pages 21 - 21 of this report.

Business-type activities. The business-type activities reflect the City's water system, which includes water operation, water treatment and water production and distribution. An increase in the sale of water to the City of Long Beach attributed to the large increase in water sales revenue in fiscal year 2018. The impact of the implementation of the City's new Utility Billing system resulted in a marked increase in the total expenses amounting to \$2,808,298. For the year ended June 30, 2018, the City's business-type activities' change in net position was \$1,061,628, a decrease of 61.0 percent compared to last year. The large decrease is mostly due to the implementation costs of the City's new Utility Billing/AMI meter system during this fiscal year.

Financial Analysis of the Government's 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 of Lakewood'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 of Lakewood's financing requirements. In particular, spendable fund balance may serve as a useful measure of a government's net resources at the end of the fiscal year.

As of the end of the current fiscal year, the City of Lakewood's governmental funds reported combined ending fund balances of \$60,312,287, a decrease of \$1,217,226 in comparison with the prior year. The decrease is due to funding arrangement of capital projects that require the initial use of City's funds, and then reimbursed of all expenditures through State grants. \$29,311,699 of the City's governmental funds ending fund balances or 48.6 percent constitute committed, assigned and unassigned fund balance, which is available for spending at the government's discretion within the guidelines of the funding sources. The remainder of fund balance, \$31,000,588, is either nonspendable or restricted for purposes imposed by creditors, grantors, contributors, laws or regulations of other governments or through enabling legislation.

City of Lakewood
Management's Discussion and Analysis (Continued)
For The Year Ended June 30, 2018

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

Unrestricted net position of the Water Enterprise at the end of the year amounted to \$12,564,456, an increase of \$1,064,345 from the prior year. These funds will be used to fund water operations and planned capital improvements. Other factors concerning the finance of this fund have already been addressed in the discussion of the City of Lakewood's business-type activities.

General Fund Financial Highlights

The General Fund is the chief operating fund of the City of Lakewood. At the end of the current fiscal year, committed, assigned and unassigned fund balance of the general fund was \$31,311,741, while total fund balance was \$40,926,434. The general fund's ending fund balance decreased by \$2,287,684 in comparison with the prior year. As a measure of the General Fund's liquidity, it may be useful to compare only the committed, assigned and unassigned fund balance to total fund expenditures. Committed, assigned and unassigned fund balance represents 62.2 percent of the total general fund expenditures, most of which is committed or assigned to meet the City's long-term obligations.

Overall, General Fund revenues (including transfers in) increased year-over-year by \$1,026,581 and expenditures (including transfers out) increased by \$3,331,557. Tax related revenue increased by \$477,172, in which \$316,719 was an uptick on property taxes due to a higher assessed valuation of real property in the City, and a modest increase in sales tax of \$169,691 mainly due to higher fuel prices. Franchise Tax revenue increased by \$167,887 but offset by a decrease in Utility Users Tax of \$164,725. Intergovernmental agency revenue increased by \$427,573 mainly due to a higher proportion of the City's share of Motor Vehicle Fee In-Lieu tax compared to last fiscal year.

General Fund Budgetary Highlights

For the fiscal year ended June 30, 2018, General Fund's final amended budget increased over the original budget by \$2,799,270 and actual expenditures were \$3,814,168 lower than the final amended budget. These can be briefly summarized as follows:

- The Burns Center improvement project had a prior year balance of \$1,827,053 which was reallocated to FY 2017-2018. Additional funding of \$210,000 was also approved in FY 2017-2018 to complete the project.
- Capital projects with prior year remaining balance of \$1,390,206 were approved to roll forward to fiscal year 2017-2018.
- Additional appropriation for \$134,089 was approved by council to defray the cost to replace outdated printers and copiers.
- Incremental funding for minor projects totaling \$700,000, originally approved at the beginning of the biennial budget process were adjusted out in fiscal year 2017-2018.
- \$400,000 of the Road Maintenance and Rehabilitation Account (RMRA) Funds was utilized for the City's annual cost to repair streets and hardscape as an alternate funding to General Fund.
- Multi-year capital projects were at different stages of completion, consequently had remaining balance of \$2,952,992 at the end of fiscal year 2017-2018.

City of Lakewood
Management's Discussion and Analysis (Continued)
For The Year Ended June 30, 2018

Capital Asset and Debt Administration

Capital assets. The City of Lakewood's net investment in capital assets for its governmental and business-type activities as of June 30, 2018, amounts to \$138,609,358, an increase of \$13,311,096 or 10.6 percent of total capital assets over prior year. This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, roads, highways, and bridges.

City of Lakewood Capital Assets (Net of depreciation)						
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 17,041,023	\$ 17,041,023	\$ 100,000	\$ 238,755	\$ 17,141,023	\$ 17,279,778
Construction in progress	26,045,091	16,104,200	9,664,469	2,776,791	35,709,560	18,880,991
Water rights	-	-	1,834,586	1,834,586	1,834,586	1,834,586
Infrastructure	30,189,929	32,749,768	-	-	30,189,929	32,749,768
Structures and improvements	26,233,821	27,336,845	21,150,443	22,502,786	47,384,264	49,839,631
Equipment	1,682,053	1,897,958	4,402,270	2,815,550	6,084,323	4,713,508
Total	\$ 101,191,917	\$ 95,129,794	\$ 37,151,768	\$ 30,168,468	\$ 138,343,685	\$ 125,298,262

Additional information on the City of Lakewood's capital assets can be found in Note 8 to the basic financial statements.

Long-term debt. At the end of the current fiscal year, the City of Lakewood's total long-term debt outstanding decreased by \$590,713 totaling \$10,707,926. The said decrease is attributable to the normal scheduled debt service payments.

Summary of outstanding debt						
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenue bonds	\$ -	\$ -	\$ 1,290,117	\$ 1,529,287	\$ 1,290,117	\$ 1,529,287
Loan Payable	-	-	394,961	592,441	394,961	592,441
Loan Payable-MELPA			8,849,230	8,965,667	8,849,230	8,965,667
Lease Payable	173,618	211,244	-	-	173,618	211,244
Total	\$ 173,618	\$ 211,244	\$ 10,534,308	\$ 11,087,395	\$ 10,707,926	\$ 11,298,639

Additional information on the City of Lakewood's long-term debt can be found in Note 9 to the basic financial statements.

Economic Factors and Next Year's Budgets and Rates

The City prudently anticipates and conservatively budgets for general fund revenues to increase annually on average by two percent over the next five years. This increase includes a slight increase in property tax revenues as a result of the dissolution of redevelopment, a very conservative growth in sales tax, and slow recovery in building permits. Interest earnings are expected to remain far below historical levels, and gas tax and fines are both expected to remain flat through 2023.

City of Lakewood
Management's Discussion and Analysis (Continued)
For The Year Ended June 30, 2018

The City's general fund operational expenditures are also expected to increase annually over the next five years by about two percent; in Fiscal Year 2017-2018 general fund expenditures increased by 3.9 percent. Employee services costs increased by 4.2 percent in Fiscal Year 2017-2018 over that of the prior year, this increase includes savings realized from the recent pension reform. We expect employee service costs to increase closer to an average of two to three percent per year through 2023. The City is a contract-city where only 38.5 percent of the cost of operations is employee service related. In Fiscal Year 2017-2018 contract services made up 43.0 percent of the City's general fund operational costs. The April to April Consumer Price Index (CPI) for the Los Angeles, Riverside, and Orange County region, which is the basis for many of the City's contract increases, was two percent in 2017 (this is the rate the City utilized as authorized increases in many of its contract service agreements for the 2017-2018 fiscal year). Overall, contract services increased by 1.6 percent in Fiscal Year 2017-2018. The CPI is expected to remain relatively low over the coming years. The City's water, refuse and building and safety fees also include the local CPI as a factor in determining rate increases.

The City weathered the Great Recession and the prolonged sluggish multi-year recovery by adhering to its philosophy to stay focused on what is truly important – the core functions of operating a city – resulting in a healthy community for residents and business. By keeping this focus, the city has built a large capital base that includes the entire inventory of city assets: streets, sidewalks, water system, trees, parks, community facilities and goodwill. The city's goodwill, cultivated through recreation, community services, public safety and economic development programs, creates the neighborly sense of community we all enjoy.

Further detail regarding the impact of national and local economic factors on the City's budget and finances can be read in the Transmittal Letter.

Requests for Information

This financial report is designed to provide a general overview of the City'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 the Director of Administrative Services, City of Lakewood, Post Office Box 220, Lakewood, CA 90712.



BASIC FINANCIAL STATEMENTS



GOVERNMENT-WIDE FINANCIAL STATEMENTS

City of Lakewood
Statement of Net Position
June 30, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 40,261,833	\$ 13,976,502	\$ 54,238,335
Receivables:			
Accounts	7,315,087	1,481,614	8,796,701
Accrued revenue	-	1,118,032	1,118,032
Internal balances	609,686	(609,686)	-
Prepaid items	153,242	-	153,242
Inventories	112,297	150,326	262,623
Total current assets	48,452,145	16,116,788	64,568,933
Noncurrent assets:			
Restricted cash and investments:			
Held by City	-	21,688	21,688
Notes receivable	2,025,391	-	2,025,391
Receivable from Successor Agency	16,784,674	-	16,784,674
Land held for resale	2,960,302	-	2,960,302
Capital assets:			
Nondepreciable	43,086,115	11,599,055	54,685,170
Depreciable, net	58,105,802	25,552,713	83,658,515
Total capital assets	101,191,917	37,151,768	138,343,685
Total noncurrent assets	122,962,284	37,173,456	160,135,740
Total assets	171,414,429	53,290,244	224,704,673
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	10,257,328	1,169,958	11,427,286
Total deferred outflows of resources	10,257,328	1,169,958	11,427,286

City of Lakewood
Statement of Net Position (Continued)
June 30, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	4,308,896	1,217,673	5,526,569
Retention payable	601,751	74,271	676,022
Accrued liabilities	959,320	84,556	1,043,876
Accrued interest payable	-	20,829	20,829
Unearned revenue	222,122	-	222,122
Long-term liabilities - due within one year	777,177	1,027,510	1,804,687
Total current liabilities	6,869,266	2,424,839	9,294,105
Noncurrent liabilities:			
Liabilities payable from restricted assets:			
Customer deposits	210,401	21,688	232,089
Long-term liabilities - due in more than one year	871,180	9,644,252	10,515,432
Aggregate net pension liability	31,459,299	3,562,775	35,022,074
Net OPEB liability	869,955	96,662	966,617
Total noncurrent liabilities	33,410,835	13,325,377	46,736,212
Total liabilities	40,280,101	15,750,216	56,030,317
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	1,867,475	210,859	2,078,334
Deferred inflows of resources related to OPEB	10,512	1,168	11,680
Total deferred inflows of resources	1,877,987	212,027	2,090,014
NET POSITION			
Net investment in capital assets	100,416,548	26,543,189	126,959,737
Restricted for:			
Transportation	8,213,031	-	8,213,031
Public safety	300,536	-	300,536
Community development	12,843,479	-	12,843,479
Health and sanitation	304,185	-	304,185
Culture and leisure	89,881	-	89,881
Unrestricted	17,346,009	11,954,770	29,300,779
Total net position	\$ 139,513,669	\$ 38,497,959	\$ 178,011,628

City of Lakewood
Statement of Activities
For the Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General government	\$ 8,414,207	\$ 1,701,064	\$ 2,521,623	\$ 5,350
Public safety	14,934,025	799,898	174,570	-
Transportation	5,319,350	-	5,871,871	6,310,362
Community development	5,602,768	1,644,380	19,805	-
Health and sanitation	5,173,751	5,493,200	45,867	-
Culture and leisure	13,919,102	1,505,685	-	-
Unallocated infrastructure depreciation	2,680,800	-	-	-
Interest and fiscal charges	12,246	-	-	-
Total governmental activities	56,056,249	11,144,227	8,633,736	6,315,712
Business-type Activities:				
Water	12,124,940	13,003,840	-	-
Total business-type activities	12,124,940	13,003,840	-	-
Total primary government	\$ 68,181,189	\$ 24,148,067	\$ 8,633,736	\$ 6,315,712

City of Lakewood
Statement of Activities (Continued)
For the Year Ended June 30, 2018

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
Governmental Activities:			
General government	\$ (4,186,170)	\$ -	\$ (4,186,170)
Public safety	(13,959,557)	-	(13,959,557)
Transportation	6,862,883	-	6,862,883
Community development	(3,938,583)	-	(3,938,583)
Health and sanitation	365,316	-	365,316
Culture and leisure	(12,413,417)	-	(12,413,417)
Unallocated infrastructure depreciation	(2,680,800)	-	(2,680,800)
Interest and fiscal charges	(12,246)	-	(12,246)
Total governmental activities	(29,962,574)	-	(29,962,574)
Business-type Activities:			
Water	-	878,900	878,900
Total business-type activities	-	878,900	878,900
Total primary government	(29,962,574)	878,900	(29,083,674)
General revenues:			
Taxes:			
Sales taxes - Bradley Burns	14,303,519	-	14,303,519
Property taxes	13,795,722	-	13,795,722
Franchise taxes	1,598,487	-	1,598,487
Business operation taxes	650,728	-	650,728
Utility user taxes	3,163,738	-	3,163,738
Other taxes	424,144	-	424,144
Total taxes	33,936,338	-	33,936,338
Investment income	274,743	182,728	457,471
Total general revenues	34,211,081	182,728	34,393,809
Changes in net position	4,248,507	1,061,628	5,310,135
Net position - beginning of year, as restated (Note 18)	135,265,162	37,436,331	172,701,493
Net position - end of year	\$ 139,513,669	\$ 38,497,959	\$ 178,011,628



FUND FINANCIAL STATEMENTS



GOVERNMENTAL FUND FINANCIAL STATEMENTS

City of Lakewood
Balance Sheet
Governmental Funds
June 30, 2018

	Major Funds		
	General Fund	Housing Admin and Program Capital Projects Fund	Capital Improvements Capital Projects Fund
ASSETS			
Cash and investments	\$ 31,110,779	\$ 491,914	\$ -
Accounts receivable	4,754,964	-	1,924,170
Prepaid items	153,242	-	-
Inventories	46,240	-	-
Due from other funds	993,604	-	-
Receivable from Successor Agency	9,415,211	7,369,463	-
Notes receivable	-	2,025,391	-
Land held for resale	-	2,960,302	-
Total assets	\$ 46,474,040	\$ 12,847,070	\$ 1,924,170
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 3,443,556	\$ 2,891	\$ 728,357
Accrued liabilities	905,973	-	-
Retention payable	100,049	-	444,470
Deposit payable	209,701	700	-
Due to other funds	-	-	405,931
Unearned revenue	200,665	-	-
Total Liabilities	4,859,944	3,591	1,578,758
Deferred inflows of resources:			
Unavailable revenue	687,662	-	1,881,082
Total deferred inflows of resources	687,662	-	1,881,082
Fund balances:			
Nonspendable			
Prepaid items	153,242	-	-
Inventories	46,240	-	-
Receivables from Successor Agency	9,415,211	-	-
Restricted			
Public safety	-	-	-
Transportation projects and street maintenance	-	-	-
Community development	-	12,843,479	-
Health and sanitation	-	-	-
Culture and leisure	-	-	-
Committed			
Self insurance	4,000,000	-	-
Pension and personnel obligations	5,521,461	-	-
Capital projects	3,163,761	-	-
Refuse stabilization	1,964,966	-	-
Economic uncertainties	10,366,494	-	-
Assigned			
Capital replacement and repairs	3,000,000	-	-
Contract emergency services	1,573,815	-	-
Unassigned (deficit)	1,721,244	-	(1,535,670)
Total fund balances	40,926,434	12,843,479	(1,535,670)
Total liabilities, deferred inflows of resources, and fund balances	\$ 46,474,040	\$ 12,847,070	\$ 1,924,170

City of Lakewood
Balance Sheet (Continued)
Governmental Funds
June 30, 2018

	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS		
Cash and investments	\$ 8,616,065	\$ 40,218,758
Accounts receivable	635,953	7,315,087
Prepaid items	-	153,242
Inventories	-	46,240
Due from other funds	-	993,604
Receivable from Successor Agency	-	16,784,674
Notes receivable	-	2,025,391
Land held for resale	-	2,960,302
Total assets	\$ 9,252,018	\$ 70,497,298
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 109,224	\$ 4,284,028
Accrued liabilities	26,064	932,037
Retention payable	57,232	601,751
Deposit payable	-	210,401
Due to other funds	587,673	993,604
Unearned revenue	21,457	222,122
Total Liabilities	801,650	7,243,943
Deferred inflows of resources:		
Unavailable revenue	372,324	2,941,068
Total deferred inflows of resources	372,324	2,941,068
Fund balances:		
Nonspendable		
Prepaid items	-	153,242
Inventories	-	46,240
Receivables from Successor Agency	-	9,415,211
Restricted		
Public safety	300,536	300,536
Transportation projects and street maintenance	7,867,619	7,867,619
Community development	-	12,843,479
Health and sanitation	284,380	284,380
Culture and leisure	89,881	89,881
Committed		
Self insurance	-	4,000,000
Pension and personnel obligations	-	5,521,461
Capital projects	-	3,163,761
Refuse stabilization	-	1,964,966
Economic uncertainties	-	10,366,494
Assigned		
Capital replacement and repairs	-	3,000,000
Contract emergency services	-	1,573,815
Unassigned (deficit)	(464,372)	(278,798)
Total fund balances	8,078,044	60,312,287
Total liabilities, deferred inflows of resources, and fund balances	\$ 9,252,018	\$ 70,497,298



City of Lakewood
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2018

Total Fund Balances - Total Governmental Funds	\$ 60,312,287
---	---------------

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

Capital assets used in governmental activities are not current financial resources and therefore are not reported in governmental funds. Those assets consist of:

Amount reported in government-wide statement of position:

Nondepreciable assets	\$ 43,086,115	
Depreciable assets, net of \$141,282,301 accumulated depreciation	58,105,802	
Less: Amount reported in Internal Service Fund		
Depreciable assets, net of \$1,209,526 accumulated depreciation	(100,365)	101,091,552

Some of the City's receivables for operating and capital grant reimbursements, and taxes will be collected after year end, but are not available soon enough to pay for current-period expenditures, and therefore, are reported with an offset to unavailable revenues in the funds.	2,941,068
---	-----------

Internal service funds are used by the City to charge the cost of materials and supplies, maintenance and repair of vehicles and equipment and printing services provided to the various departments of the City. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position. Internal Service funds net position, net of the deficit in the amount of \$(609,686) reported in Business-type activities.	767,032
---	---------

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly are not reported as fund liabilities. All liabilities, both current and long-term and related deferred outflows and inflows of resources are reported in the Statement of Net Position. Balances at June 30, 2018 are:

Lease payable	(173,618)	
Aggregate net pension liabilities	(31,459,299)	
Net OPEB liabilities	(869,955)	
Compensated absences	(1,474,739)	
Deferred outflows of resources related to pensions	10,257,328	
Deferred inflows of resources related to pensions	(1,867,475)	
Deferred inflows of resources related to OPEB	(10,512)	

Net position of governmental activities	\$ 139,513,669
--	-----------------------

City of Lakewood
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2018

	Major Funds		
	General Fund	Housing Admin and Program Capital Projects Fund	Capital Improvements Capital Projects Fund
REVENUES:			
Taxes	\$ 25,156,854	\$ -	\$ -
Licenses and permits	1,207,480	-	-
Fines and forfeitures	803,671	-	-
Investment income, rents and concession	1,334,646	86,386	-
Intergovernmental revenues	9,022,306	-	6,835,212
Current service charges	7,727,896	-	-
Other	1,111,960	180,000	-
Total revenues	46,364,813	266,386	6,835,212
EXPENDITURES:			
Current:			
General government	7,715,081	-	-
Public safety	14,439,252	-	-
Transportation	2,596,238	-	-
Community development	4,980,225	197,945	-
Health and sanitation	5,112,032	-	-
Culture and leisure	12,233,189	-	-
Capital outlay:			
General government	118,094	-	-
Transportation	62,729	-	5,590,297
Community development	7,116	-	-
Culture and leisure	3,018,670	-	-
Debt service:			
Principal retirement	37,626	-	-
Interest payment	12,246	-	-
Total expenditures	50,332,498	197,945	5,590,297
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(3,967,685)	68,441	1,244,915
OTHER FINANCING SOURCES (USES):			
Transfers in	1,689,101	-	-
Transfers out	(9,100)	-	-
Total other financing sources (uses)	1,680,001	-	-
NET CHANGE IN FUND BALANCES	(2,287,684)	68,441	1,244,915
FUND BALANCES:			
Beginning of Year	43,214,118	12,775,038	(2,780,585)
End of Year	<u>\$ 40,926,434</u>	<u>\$ 12,843,479</u>	<u>\$ (1,535,670)</u>

City of Lakewood
Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Governmental Funds
For the Year Ended June 30, 2018

	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:		
Taxes	\$ 2,683,488	\$ 27,840,342
Licenses and permits	6,418	1,213,898
Fines and forfeitures	-	803,671
Investment income, rents and concession	128,011	1,549,043
Intergovernmental revenues	5,672,173	21,529,691
Current service charges	-	7,727,896
Other	5,000	1,296,960
Total revenues	8,495,090	61,961,501
EXPENDITURES:		
Current:		
General government	60,622	7,775,703
Public safety	204,492	14,643,744
Transportation	2,342,186	4,938,424
Community development	270,174	5,448,344
Health and sanitation	61,847	5,173,879
Culture and leisure	63,145	12,296,334
Capital outlay		
General government	7,289	125,383
Transportation	469,142	6,122,168
Community development	-	7,116
Culture and leisure	1,144,638	4,163,308
Debt service:		
Principal retirement	-	37,626
Interest payment	-	12,246
Total expenditures	4,623,535	60,744,275
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	3,871,555	1,217,226
OTHER FINANCING SOURCES (USES):		
Transfers in	119,108	1,808,209
Transfers out	(1,799,109)	(1,808,209)
Total other financing sources (uses)	(1,680,001)	-
NET CHANGE IN FUND BALANCES	2,191,554	1,217,226
FUND BALANCES:		
Beginning of Year	5,886,490	59,095,061
End of Year	<u>\$ 8,078,044</u>	<u>\$ 60,312,287</u>

City of Lakewood
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes
in Fund Balances to the Government-Wide Statement of Activities
For the Year Ended June 30, 2018

Net change in fund balances - total governmental funds: \$ 1,217,226

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense. This is the amount by which capital expenditures exceeded depreciation in the current period:

Capital outlay expenditures	\$ 10,417,975	
Non-capital expenditures reclassified to functional expense	(28,726)	
Depreciation expense, net of \$27,584 reported in Internal Service Funds	(4,299,542)	6,089,707

Certain accrued revenues such as taxes, grants, and City's general billing charges, do not provide current financial resources and therefore, are not reported in the governmental funds as revenues. This is the amount of the net change in these accrued revenue amounts during the current period. (1,656,745)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:

Change in compensated absences		(51,212)
Pension expense of CalPERS Plan, net of pension contribution made after measurement date in the amount of \$2,316,077		(786,626)
Pension expense of PARS Plan, net of pension contribution made during the measurement period in the amount of \$505,960		(639,301)
OPEB expense, net of OPEB contribution made during the measurement period in the amount of \$375,670		34,523
Lease payment		37,626

Internal service funds are used by management to charge the costs of certain activities, such as fleet repair and maintenance, central stores and printing services to individual funds. The net revenue (expense) of these internal service funds are reported as governmental activities (net of \$2,717 allocated to business-type activities). 3,309

Change in net position of governmental activities \$ 4,248,507

PROPRIETARY FUND FINANCIAL STATEMENTS

City of Lakewood
Statement of Net Position
Proprietary Funds
June 30, 2018

	Business-type Activity - Water Enterprise Fund	Governmental Activities - Internal Service Funds
ASSETS		
Current assets:		
Cash and investments	\$ 13,976,502	\$ 43,075
Restricted cash and investments:		
Customer deposits	21,688	-
Accounts receivable	1,481,614	-
Accrued revenue	1,118,032	-
Inventories	150,326	66,057
Total current assets	16,748,162	109,132
Noncurrent assets:		
Capital assets:		
Capital assets, not being depreciated:		
Land	100,000	-
Water Rights	1,834,586	-
Construction in progress	9,664,469	-
Capital assets, being depreciated:		
Source of supply	6,774,997	-
Pumping plant	832,338	-
Water treatment	4,751,431	-
Transmission/distribution	34,548,038	-
General plant	4,889,909	-
Equipment	5,371,327	1,309,891
Less: accumulated depreciation	(31,615,327)	(1,209,526)
Total capital assets	37,151,768	100,365
Total noncurrent assets	37,151,768	100,365
Total assets	53,899,930	209,497
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred outflows of resources related to pensions	1,169,958	-
Total deferred outflows of resources	1,169,958	-

(Continued)

City of Lakewood
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2018

	Business-type Activity - Water Enterprise Fund	Governmental Activities - Internal Service Funds
LIABILITIES		
Current liabilities:		
Accounts payable	1,217,673	24,868
Accrued liabilities	84,556	27,283
Accrued interest payable	20,829	-
Retention payable	74,271	-
Customer deposit	21,688	-
Compensated absences, due within one year	68,727	-
Loan payable, due within one year	197,481	-
Lease payable, due within one year	761,302	-
Total current liabilities	<u>2,446,527</u>	<u>52,151</u>
Noncurrent liabilities:		
Compensated absences, due in more than one year	68,727	-
Loan payable, due in more than one year	197,479	-
Lease payable, due in more than one year	9,378,046	-
Aggregate net pension liability	3,562,775	-
Net OPEB liability	96,662	-
Total noncurrent liabilities	<u>13,303,689</u>	<u>-</u>
Total liabilities	<u>15,750,216</u>	<u>52,151</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to pensions	210,859	-
Deferred inflows of resources related to OPEB	1,168	-
Total deferred inflows of resources	<u>212,027</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	26,543,189	100,365
Unrestricted	12,564,456	56,981
Total net position	39,107,645	<u>\$ 157,346</u>
Adjustment to reflect the consolidation of internal service fund activities to the water enterprise fund	<u>(609,686)</u>	
Net position of business-type activities	<u>\$ 38,497,959</u>	

(Concluded)



City of Lakewood
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2018

	Business-Type Activity- Water Enterprise Fund	Governmental Activities - Internal Service Funds
OPERATING REVENUES:		
Metered water sales	\$ 10,975,498	\$ -
Reclaimed water sales	421,260	-
Fire protection	74,931	-
Service initiation and restoration charges	80,786	-
Billing to departments	-	1,298,847
Other revenues	1,451,365	-
Total operating revenues	13,003,840	1,298,847
OPERATING EXPENSES:		
Operations:		
Supply, transmission and distribution	7,890,041	-
Customer service	276,295	-
Administration	1,535,215	-
Operating expenses	-	1,270,671
Depreciation	1,913,586	27,584
Total operating expenses	11,615,137	1,298,255
OPERATING INCOME	1,388,703	592
NONOPERATING REVENUES (EXPENSES):		
Investment income	182,728	-
Interest expense on long-term debt	(310,862)	-
(Loss) on sale of capital assets	(196,224)	-
Total nonoperating revenues (expenses)	(324,358)	-
CHANGES IN NET POSITION	1,064,345	592
NET POSITION:		
Beginning of the year, as restated (Note 18)	38,043,300	156,754
End of the year	<u>\$ 39,107,645</u>	<u>\$ 157,346</u>
Changes in net position - Water Enterprise Fund	\$ 1,064,345	
Adjustment to reflect the consolidation of the internal service fund activities related to the Water Enterprise Fund	(2,717)	
Changes in net position of business-type activities	<u>\$ 1,061,628</u>	

City of Lakewood
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2018

	Business-Type Activity- Water Enterprise Fund	Governmental Activities - Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	\$ 10,797,484	\$ -
Receipts from interfund services provided	-	1,298,847
Other operating receipts	1,515,930	-
Payments to suppliers	(6,884,476)	(1,278,206)
Payments to employees	(2,322,847)	-
Net cash provided by operating activities	<u>3,106,091</u>	<u>20,641</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of capital assets	(9,404,006)	-
Proceed from sale of assets	312,996	-
Principal paid on leases and loan	(553,087)	-
Interest paid on revenue bonds	(312,199)	-
Net cash (used in) capital and related financing activities	<u>(9,956,296)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income	182,728	-
Net cash provided by investing activities	<u>182,728</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(6,667,477)	20,641
CASH AND CASH EQUIVALENTS:		
Beginning of year	20,665,667	22,434
End of year	<u>\$ 13,998,190</u>	<u>\$ 43,075</u>
CASH AND CASH EQUIVALENTS:		
Cash and investments	\$ 13,976,502	\$ 43,075
Customer deposit	21,688	-
Total cash and cash equivalents	<u>\$ 13,998,190</u>	<u>\$ 43,075</u>

City of Lakewood
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2018

	Business-Type Activity- Water Enterprise Fund	Governmental Activities - Internal Service Fund
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ 1,388,703	\$ 592
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	1,913,586	27,584
Change in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:		
(Increase) decrease in accounts receivable	(488,740)	-
(Increase) decrease in accrued revenue	(201,101)	-
(Increase) decrease in inventories	44	(5,784)
(Increase) decrease in deferred outflows of resources related to pensions	(189,347)	-
Increase (decrease) in accounts payable	320,005	(409)
Increase (decrease) in accrued liabilities	(11,844)	(1,342)
Increase (decrease) in customer deposits	(585)	-
Increase (decrease) in compensated absences	23,439	-
Increase (decrease) in net pension liability	526,245	-
Increase (decrease) in net OPEB liability	(5,004)	-
Increase (decrease) in deferred inflows of resources related to pensions	(170,478)	-
Increase (decrease) in deferred inflows of resources related to OPEB	1,168	-
Total adjustments	1,717,388	20,049
Net cash provided by operating activities	\$ 3,106,091	\$ 20,641



FIDUCIARY FUND FINANCIAL STATEMENTS



City of Lakewood
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

	Successor Agency to the City of Lakewood Redevelopment Agency Private Purpose Trust fund	Agency Funds
ASSETS:		
Cash and investments	\$ 1,594,826	\$ 2,183,972
Notes receivable	428,790	672,985
Total assets	<u>2,023,616</u>	<u>\$ 2,856,957</u>
LIABILITIES:		
Accounts payable	-	\$ 19,450
Interest payable	-	434
Deposit	-	923,102
Due to EDA	-	1,102,538
Due to HUD	-	811,433
Payable to City of Lakewood	16,784,674	-
Total liabilities	<u>16,784,674</u>	<u>\$ 2,856,957</u>
NET POSITION HELD IN TRUST	<u>\$ (14,761,058)</u>	

City of Lakewood
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2018

	Successor Agency to the City of Lakewood Redevelopment Agency Private Purpose Trust fund
ADDITIONS:	
Redevelopment property tax trust fund	\$ 300,393
Investment losses	(379,661)
Total additions	<u>(79,268)</u>
DEDUCTIONS:	
Legal services	1,330
Owner participation	163,674
Overhead	248,670
Miscellaneous	1,860
Interest	16,799
Total deductions	<u>432,333</u>
CHANGE IN NET POSITION	(511,601)
NET POSITION (DEFICIT):	
Beginning of year	<u>(14,249,457)</u>
End of year	<u><u>\$ (14,761,058)</u></u>

NOTES TO THE BASIC FINANCIAL STATEMENTS



City of Lakewood
Index to the Notes to the Basic Financial Statements
For the Year Ended June 30, 2018

Note 1 – Reporting Entity	49
Note 2 – Summary of Significant Accounting Policies	50
A. Basis of Presentation	50
B. Measurement Focus, Basis of Accounting and Financial Statements Presentation	50
C. Cash, Cash Equivalents, and Investments	53
D. Restricted Cash and Investments with Fiscal Agents.....	53
E. Fair Value Measurement	53
F. Receivables	54
G. Inventories.....	54
H. Prepaid Items.....	54
I. Interfund Transactions.....	54
J. Land Held for Resale	54
K. Capital Assets.....	54
L. Compensated Absences.....	55
M. Pensions.....	55
N. Other Postemployment Benefits (“OPEB”) Plan	56
O. Long-Term Debt.....	56
P. Claims and Judgment	57
Q. Deferred Outflows of Resources and Deferred Inflows of resources	57
R. Net Position.....	57
S. Fund Balances	58
T. Property Taxes	58
U. Use of Estimates.....	59
V. Implementation of New GASB Pronouncements	59
Note 3 – Cash and Investments.....	59
A. Demand Deposits	60
B. Investments Authorized by the California Government Code and the City’s Investment Policy.....	60
C. Investments Authorized by Debt Agreement	61
D. Risk Disclosures.....	61
E. Fair Value Measurement Disclosure	63
F. Investment in Local Agency Investment Fund (LAIF)	63
G. Investment in California Asset Management Program	64
Note 4 – Notes Receivable	64
A. Governmental Activities	64
B. Private Purpose Trust Fund.....	65
C. Agency Funds.....	65
Note 5 – Interfund Transactions.....	65
A. Due From and To Other Funds	65
B. Transfers In and Out.....	66
Note 6 – Land Held for Resale.....	66
Note 7 – Receivable from Successor Agency	66

City of Lakewood
Index to the Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 8 – Capital Assets	68
A. Governmental Activities	68
B. Business-Type Activities.....	69
Note 9 – Long-Term Liabilities.....	69
A. Governmental Activities	69
B. Business-Type Activities.....	70
C. Fiduciary Fund Financial Statements.....	72
Note 10 – Defined Contribution Plan	74
Note 11 – Defined Benefits Plan.....	74
A. CalPERS Plan.....	75
B. Retirement Enhancement Plan	81
Note 12 – Other Post-Employment Benefits.....	85
Note 13 – Deferred Compensation Plan.....	90
Note 14 – Liabilities, Property, and Workers’ Compensation Protection	90
A. Description of Self-Insurance Pool Pursuant to Joint Powers Agreement	90
B. Self-Insurance Programs of the Insurance Authority	90
C. Purchased Insurance.....	91
D. Adequacy of Protection.....	92
Note 15 – Commitments and Contingencies.....	92
A. Lawsuits	92
B. Contract with Los Angeles County Sheriff’s Department	92
C. Lighting Maintenance Contract with City Light and Power Lakewood, Inc.	92
D. Agreement for Allocation of Tax Increment Revenue.....	92
Note 16 – Individual Fund Disclosures	93
Note 17 – Agreement with Paramount Petroleum	93
Note 18 – Restatement of Beginning Net Positon	93

City of Lakewood
Notes to the Basic Financial Statements
For the Year Ended June 30, 2018

Note 1 – Reporting Entity

The reporting entity, "City of Lakewood", includes the accounts of the City and the Lakewood Public Financing Authority ("Financing Authority").

The City of Lakewood was incorporated April 16, 1954, under the general laws of the State of California and enjoys all the rights and privileges pertaining to "General Law" cities.

The Lakewood Public Financing Authority was created on December 12, 1995, by a Joint Exercise of Powers Agreement between the City and the former Redevelopment Agency pursuant to the State of California Joint Exercise of Powers Act. The primary purpose of the Financing Authority is assisting in the financing and refinancing of certain public programs and projects of the City or the Agency.

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The primary criteria for including a potential component unit within the reporting entity are the governing body's financial accountability and a financial benefit or burden relationship and whether it is misleading to exclude. A primary government is financially accountable and shares a financial benefit or burden relationship, if it appoints a voting majority of an organization's governing body and it is able to impose its will on the organization, or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government. A primary government may also be financially accountable if an organization is fiscally dependent on the primary government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government.

Blended Component Unit

Management determined that the following component unit should be blended based on the criteria above:

Although the following is legally separate from the City, it has been "blended" as though it is part of the City because the component unit's governing body is substantially the same as the City's and there is a financial benefit or burden relationship between the City and the component unit; management of the City has operational responsibilities for the component unit; and/or the component unit provides services entirely, or almost entirely, to the City or otherwise exclusively, or almost exclusively, benefits the City, even through it does not provide services directly to it.

The Finance Authority

- The members of the City Council also act as the governing body of the Financing Authority.
- The Financing Authority is managed by employees of the City. No allocation of the City's salary and overhead expenses are made to the Financing Authority.
- The City and the Financing Authority are financially interdependent. The Financing Authority arranges financing issues for the City. The City pays the debt service on the Financing Authority's financing issues.
- No individual financial statements are prepared for the Financing Authority.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 2 – Summary of Significant Accounting Policies

A. Basis of Presentation

Financial statement presentation follows the recommendations promulgated by the Governmental Accounting Standards Board (“GASB”) commonly referred to as accounting principles generally accepted in the United States of America (“U.S. GAAP”). GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting standards.

B. Measurement Focus, Basis of Accounting and Financial Statements Presentation

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained in accordance with legal and managerial requirements.

Government-Wide Financial Statements

The City’s Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements present summaries of governmental and business-type activities for the City accompanied by a total column. Fiduciary activities of the City are not included in these statements.

These financial statements are presented on an “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all of the City’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in Net Position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Certain types of transactions are reported as program revenues for the City in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Certain eliminations have been made in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities and Changes in Net Position, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated:

- Due to/from other funds
- Transfers in/out

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 2 – Summary of Significant Accounting Policies (Continued)

B. Measurement Focus, Basis of Accounting and Financial Statements Presentation (Continued)

Government Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and nonmajor funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in Net Position as presented in these statements to the Net Position presented in the Government-Wide Financial Statements. The City has presented all major funds that met the applicable criteria.

All governmental funds are accounted for on a spending or "*current financial resources*" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Revenues are recognized as soon as they are both "measurable" and "available". Revenues are considered to be available when they are collectible within the current period as soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property taxes, sales tax, intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

The Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences.

The City reports the following major Governmental Funds:

The **General Fund** is used to account for all revenues and activities financed by the City, except those required to be accounted for in another fund.

The **Housing Admin & Program Capital Projects Fund** is used to account for the low and moderate income housing activities that were transferred to the City upon dissolution of the former Redevelopment Agency.

The **Lakewood Capital Improvements Capital Projects Fund** is used to account for the receipt and disbursement of monies used for the construction of major capital facilities which generally require more than one budgetary cycle to complete. These projects are funded by the General Fund, Gas Tax Special Revenue Fund, and federal and state grants.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 2 – Summary of Significant Accounting Policies (Continued)

B. Measurement Focus, Basis of Accounting and Financial Statements Presentation (Continued)

Proprietary Fund Financial Statements

Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major Proprietary Fund.

A separate column representing internal service funds is also presented in these statements. However, internal service balances and activities have been combined with the governmental activities in the Government-Wide Financial Statements. The City's internal service funds include two individual funds which provide services directly to other City funds. These areas of service include Central Garage and Print Shop.

Proprietary funds are accounted for using the "*economic resources*" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total Net Position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. In these funds, receivables have been recorded as revenue and provisions have been made for uncollectible amounts.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The City reports the following major proprietary funds:

The **Water Enterprise Fund** is used to account for the construction, operation, and maintenance of the City water system.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Position and a Statement of Changes in Fiduciary Net Position. The City's fiduciary funds represent agency funds and private purpose trust funds. Both agency funds and the private purpose trust funds are accounted for on the full accrual basis of accounting.

The City reports the following fiduciary funds:

The **Private Purpose Trust Fund** is used to account for the activities of the Successor Agency to the Lakewood Redevelopment Agency.

The **Agency Funds** account for assets held by the City as trustee or agent for individuals, private organizations or other governmental units. The City accounts for special deposits resulting from new development, joint governmental projects, housing rehabilitation loans funded by Department of Housing and Urban Development grants and small business revolving loans funded by the Economic Development Administration grants.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 2 – Summary of Significant Accounting Policies (Continued)

C. Cash, Cash Equivalents, and Investments

The City pools its available cash for investment purposes. The City considers pooled cash and investment amounts, with original maturities of three months or less, to be cash equivalents.

Highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available. The City reported its investments at fair value and the unrealized loss on investments amounted to \$364,372 for the fiscal year ended June 30, 2018.

The statement of cash flows requires presentation of “cash and cash equivalents”. For the purposes of the statement of cash flows, the City considers all proprietary fund pooled cash and investments as “cash and cash equivalents”, as such funds are available to the various funds as needed.

Certain disclosure requirements, if applicable, for Deposits and Investment Risks in the following areas:

- Interest Rate Risk
- Credit Risk
 - Overall
 - Custodial Credit Risk
 - Concentration of Credit Risk
- Foreign Currency Risk

In addition, other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end and other disclosures.

D. Restricted Cash and Investments with Fiscal Agents

Cash and investments with fiscal agents are restricted due to limitations on their use by bond covenants or donor limitations. Fiscal agents acting on behalf of the City hold investment funds arising from the proceeds of long-term debt issuances. The funds may be used for specific capital outlays or for the payment of certain bonds, and have been invested only as permitted by specific State statutes or applicable City ordinance, resolution or bond indenture.

E. Fair Value Measurement

U.S. GAAP defines fair value, establishes a framework for measuring fair value and establishes disclosures about fair value measurement. Investments, unless otherwise specified, recorded at fair value in the financial statements, are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Levels of inputs are as follows:

The three levels of the fair value measurement hierarchy are described below:

- Level 1 - Inputs are unadjusted, quoted prices for identical assets or liabilities in active markets at the measurement date.
- Level 2 – Inputs, other than quoted prices included in Level 1, that are observable for the assets or liabilities through corroboration with market data at the measurement date.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 2 – Summary of Significant Accounting Policies (Continued)

E. Fair Value Measurement (Continued)

- Level 3 – Unobservable inputs that reflect management’s best estimate of what market participants would use in pricing the assets or liabilities at the measurement date.

F. Receivables

Receivables include such items as taxes, intergovernmental revenues, charges for services, miscellaneous accounts receivable, and interest receivable. No allowance for doubtful accounts has been established, as the City believes all amounts are considered to be collectible in the normal course of business.

G. Inventories

Inventories consist primarily of recreation equipment, maintenance and repair supplies, fuel, and office supplies for the governmental activities. Inventories consist primarily of water pipe, valves, and fittings for the Water Enterprise Fund. Inventories are valued at cost on a weighted average basis.

H. Prepaid Items

Prepaid items are payments made to vendors for services that will benefit periods beyond the fiscal year ended using purchase method.

I. Interfund Transactions

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” or “advances to/from other funds” (i.e., the current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the Governmental-Wide Financial Statements as “internal balances”.

J. Land Held for Resale

Land held for resale is recorded at the lower of acquisition cost or net realizable value in the Housing Admin & Program Capital Projects Fund.

K. Capital Assets

Capital assets, which include land, site improvements, buildings and improvements, equipment and infrastructure assets are reported in the applicable governmental or business-type activities in the accompanying government-wide statement of net position. The City defines infrastructure as the basic physical assets that allow the City to function. The assets include roads, bridges, streetlights, traffic signals and sewer lines. Each major infrastructure system can be divided into subsystems. For example, the street system can be subdivided into pavement, curbs and gutters, sidewalks, medians, streetlights, landscaping and land. These subsystems were not delineated in the basic financial statements. The appropriate operating department maintains information regarding the subsystems.

Capital assets are valued at historical cost or estimated historical cost if actual historical cost was not available. Donated capital assets are valued at their estimated acquisition value on the date donated. City policy has set the capitalization threshold for reporting capital assets at \$5,000 for non-infrastructure assets and \$25,000 for infrastructure assets.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 2 – Summary of Significant Accounting Policies (Continued)

K. Capital Assets (Continued)

Depreciation is recorded on a straight-line basis over estimated useful lives of the assets as follows:

Buildings	50 years
Building Improvement	30 years
Water and Sewer Lines	50 years
Roads	30 years
Vehicles	7 years
Office Equipment	7 years
Computer Equipment/Software	5 years
Other Equipment	7 years

For all infrastructure systems, the City elected to use the Basic Approach for infrastructure reporting.

Interest accrued during capital assets construction, if any, is capitalized for the business-type activities as part of the asset cost.

L. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick leave (compensated absences). All vacation pay and eligible sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. Compensated absences are reported in governmental funds only if they matured (i.e., unused reimbursable leave still outstanding following an employee's termination from employment). Typically, the General Fund has been used in prior years to liquidate the liability for compensated absences.

Unpaid compensated absences of proprietary funds are recorded as a liability in those funds as the vested benefits to the employees accrue.

M. 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 the plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans (Note 11). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

The following timeframes are used for pension reporting:

CalPERS

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Measurement Period	July 1, 2016 to June 30, 2017

PARS

Valuation Date	July 1, 2017
Measurement Date	June 30, 2018
Measurement Period	July 1, 2017 to June 30, 2018

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 2 – Summary of Significant Accounting Policies (Continued)

M. Pensions (Continued)

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and inflows of resources related to pensions and are to be recognized in further pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized over five years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

N. Other Postemployment Benefits (“OPEB”) Plan

For the purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City’s OPEB Plan and additions to/deductions from the OPEB Plan’s fiduciary net position have been determined on the same basis as they are reported by the Plan (Note 12). For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments, which are reported at amortized cost.

The following timeframes are reported OPEB reporting:

Valuation Date	July 1, 2017
Measurement Date	June 30, 2018
Measurement Period	July 1, 2017 to June 30, 2018

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The amortization period differs depending on the sources of gain or loss. The difference between projected and actual earnings is amortized on a straight-line basis over 5 years. All other amounts are amortized on a straight-line basis over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) at the beginning of the measurement period.

O. Long-Term Debt

Government-Wide Financial Statements

Long-term debt and other financial obligations are reported as liabilities in the appropriate funds.

Bond premiums and discounts, as well as gains and losses on refunding, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable premium or discount. Issuance costs are expensed in the year of issuance.

Fund Financial Statements

The fund financial statements do not present long-term debt but are shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 2 – Summary of Significant Accounting Policies (Continued)

P. Claims and Judgment

When it is probable that a claim liability has been incurred at year-end and the amount of the loss can be reasonably estimated, the City records the estimated loss, net of any insurance coverage under its self-insurance program. Small dollar claims and judgments are recorded as expenditures when paid.

The City's self-insurance program is administered through California Joint Powers Insurance Authority (the "Authority"), which is described in Note 14 to the financial statements. The Authority is a public entity risk pool. Claims losses recorded in the Authority include both current claims and incurred but not reported claims (IBNR). Deposits to the Authority are recorded by the City as insurance expenditures in the General Fund when paid. These deposits are subject to retrospective adjustment. Favorable claims experience in prior years results in a refund of deposits from the Authority and such refunds, if any, are recorded as prepaid items in the General Fund since they will be used to offset future deposit requirements. Adverse claims experience in prior years results in the payment of additional deposits and such deposits, if any, are recorded as insurance expenditures when incurred.

Q. Deferred Outflows of Resources and Deferred Inflows of Resources

The Statement of Net Position reports separate sections for Deferred Outflows of Resources, and Deferred Inflows of Resources, when applicable.

Deferred Outflows of Resources represent outflows of resources (consumption of net position) that apply to future periods and that, therefore, will not be recognized as an expense until that time.

Deferred Inflows of Resources represent inflows of resources (acquisition of net position) that apply to future periods and that, therefore, are not recognized as a revenue until that time.

R. Net Position

In governmental-wide and proprietary fund financial statements, net position are categorized as follows:

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of those assets and retention payable.

Restricted – This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

Unrestricted – This component of net position is the amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

When expenses are incurred for purposes for which both restricted and unrestricted net position are available, the City's policy is to apply restricted Net Position first, then unrestricted net position as they are needed.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 2 – Summary of Significant Accounting Policies (Continued)

S. Fund Balances

In governmental fund financial statements, fund balances are categorized as follows:

Nonspendable – Items that cannot be spent because they are not in spendable form, such as prepaid items, inventories, and loans receivable, items that are legally or contractually required to be maintained intact, such as principal of an endowment or revolving loan funds.

Restricted – Restricted fund balances encompass the portion of net fund resources subject to externally enforceable legal restrictions. This includes externally imposed restrictions by creditors, such as through debt covenants, grantors, contributors, laws or regulations of other governments, as well as restrictions imposed by law through constitutional provisions or enabling legislation.

Committed – Committed fund balances encompass the portion of net fund resources, the use of which is constrained by limitations that the government imposes upon itself at its highest level of decision making, normally the governing body, and that remain binding unless removed in the same manner. The City Council is considered the highest authority for the City. Adoption of a resolution by the City Council is required to commit resources or to rescind the commitment. The amount for economic uncertainties is computed as 20% of the General Fund's annual operating expenditures.

Assigned – Assigned fund balances encompass the portion of net fund resources reflecting the government's intended use of resources. Assignment of resources can be done by the highest level of decision making or by a committee or official designated for that purpose. The City Council has by resolution authorized the City Manager to assign fund balance. The City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriation in the subsequent year's appropriated budget.

Unassigned – This amount is for any portion of the fund balances that do not fall into one of the above categories. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount. However, in governmental fund other than general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the City's policy is to apply restricted fund balance first. Further, when the components of unrestricted fund balance can be used for the same purpose, the City uses the unrestricted resources in the following order: committed, assigned, and unassigned.

T. Property Taxes

Property taxes are levied on March 1 and are payable in two installments: November 1 and February 1 of each year. Property taxes become delinquent on December 10 and April 10, for the first and second installments, respectively. The lien date is January 1. The County of Los Angeles, California (County) bills and collects property taxes and remits them to the City according to a payment schedule established by the County.

The County is permitted by State law to levy taxes at 1% of full market value (at time of purchase) and can increase the property tax rate no more than 2% per year or the current CPI, whichever is less. The City receives a share of this basic tax levy proportionate to what it received during the years 1980-1981.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 2 – Summary of Significant Accounting Policies (Continued)

T. Property Taxes (Continued)

Property tax revenue is recognized in the fiscal year for which the taxes have been levied, provided the taxes are received within 60 days after the end of the fiscal year. Property taxes received after this date are not considered available as a resource that can be used to finance the current year operations of the City and, therefore, are not recorded as revenue until collected.

No allowance for doubtful accounts was considered necessary.

U. Use of Estimates

The preparation of basic financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from these estimates and assumptions.

V. Implementation of New GASB Pronouncements

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This statement resulted in restatement of net position at July 1, 2017 as described in Note 18.

GASB Statement No. 85, *Omnibus 2017*. This Statement addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits).

Note 3 – Cash and Investments

At June 30, 2018, cash and cash investments are classified in the accompanying financial statements as follows:

	Government- Wide Statement of Net Position	Fiduciary Fund Statement of Net Position	Total
Unrestricted assets:			
Cash and investments	\$ 54,238,335	\$ 3,778,798	\$ 58,017,133
Restricted assets:			
Cash and investments	21,688	-	21,688
Total cash and investments	\$ 54,260,023	\$ 3,778,798	\$ 58,038,821

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 3 – Cash and Investments (Continued)

At June 30, 2018, cash and investments consisted of the following:

Deposits with financial institution	\$ 3,697,362
Petty cash	2,700
Investments	54,338,759
Total cash and investments	\$ 58,038,821

A. Demand Deposits

The carrying amount of the City's cash deposits were \$3,697,362 at June 30, 2018. Bank balances before reconciling items were \$5,811,385 at that date, the total amount of which was insured or collateralized with securities held by the pledging financial institutions in the City's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City's name.

The market value of pledged securities must equal at least 110% of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits. The City may waive collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation. The City, however, has not waived the collateralization requirements.

B. Investments Authorized by the California Government Code and the City's Investment Policy

The table below identifies the investment types that are authorized for the City by the California Government Code (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Allowed	Maximum Investments in One Issuer
United States Treasury Bills, Bonds and Notes	5 Years	None	None
United States Government Sponsored Enterprise Securities	5 Years	None	None
Municipal Obligations	5 Years	None	None
Negotiable Certificates of Deposit	5 Years	30%	10%
Time Certificates of Deposit	1 Year	None	None
Corporate Notes	5 Years	30%	10%
Local Agency Investment Fund (LAIF)	N/A	None	None
Money Market Funds	N/A	20%	10%
Commercial paper	270 days	25%	10%
Government Pools	N/A	None	None
Los Angeles County Pooled Fund	N/A	None	None
Supranationals	5 Years	30%	None

N/A - Not Applicable

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 3 – Cash and Investments (Continued)

C. Investments Authorized by Debt Agreement

Investments of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. Investments authorized for funds held by bond trustee include, United States Treasury Obligations, United States Government Sponsored Agency Securities, Certificates of Deposits, Commercial Paper, Local Agency Bonds, Banker's Acceptance, Money Market Mutual Funds, Investment Agreements, Repurchase Agreements, Local Agency Investment Fund of the State of California and any other investments permitted in writing by bond insurer. There were no limitations on the maximum amount that can be invested in one issuer, maximum percentage allowed or the maximum maturity of an investment.

D. Risk Disclosures

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

Investment Type	Remaining Maturity (In Months)			Total
	12 Months or Less	13-24 Months	25-60 Months	
Local Agency Investment Fund	\$ 18,474,885	\$ -	\$ -	\$ 18,474,885
United States Treasury Notes	-	5,502,362	6,006,929	11,509,291
United States Government Sponsored				
Enterprise Securities	92,636	4,879,317	972,207	5,944,160
Municipal bonds	-	-	433,965	433,965
Supra-National Agency Notes	498,448	686,756	1,466,416	2,651,620
CAMP Cash Reserve Portfolio	44,207	-	-	44,207
Negotiable Certificates of Deposit	1,071,199	3,170,027	1,560,753	5,801,979
Corporate Medium Notes	1,315,574	4,487,706	3,675,372	9,478,652
Total	\$ 21,496,949	\$ 18,726,168	\$ 14,115,642	\$ 54,338,759

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 3 – Cash and Investments (Continued)

D. Risk Disclosures (Continued)

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating, by Standard and Poor's, as of June 30, 2018 for each investment type:

Investment Type	Fair Value as of June 30, 2018	Minimum Legal Rating	AAA	Other	Not Rated	Not Required to be Rated
Local Agency Investment Fund	\$ 18,474,885	N/A	\$ -	\$ -	\$ 18,474,885	\$ -
United States Treasury Notes	11,509,291	N/A	-	-	-	11,509,291
United States Government Sponsored Agency Securities	5,944,160	N/A	-	5,944,160	-	-
Municipal bonds	433,965	AA	-	433,965	-	-
Supra-National Agency Notes	2,651,620	AA	2,651,620	-	-	-
CAMP Cash Reserve Portfolio	44,207	A	44,207	-	-	-
Negotiable Certificates of Deposit	5,801,979	AA	-	5,801,979	-	-
Corporate Medium Notes	9,478,652	A	467,968	9,010,684	-	-
Total	\$ 54,338,759		\$ 3,163,795	\$ 21,190,788	\$ 18,474,885	\$ 11,509,291

N/A - Not Applicable

Disclosures Relating to Credit Risk

The actual ratings for the “Other” category above are as follows:

Investment Type	AA	A	Total
United States Government Sponsored Agency Securities	\$ 5,944,160	\$ -	\$ 5,944,160
Municipal bonds	433,965	-	433,965
Negotiable Certificates of Deposits	2,281,928	3,520,051	5,801,979
Corporate Medium Notes	1,836,277	7,174,407	9,010,684
Total	\$ 10,496,330	\$ 10,694,458	\$ 21,190,788

Disclosures Relating to Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code.

Investments in any one issuers that represents 5% or more of total City's investments at June 30, 2018, are as follows:

Issuers	Investment Type	Reported Amount	Percentage
Federal National Mortgage Association	U.S. Government Sponsored Enterprise Securities	\$ 3,850,049	7.09%

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 3 – Cash and Investments (Continued)

D. Risk Disclosures (Continued)

Disclosures Relating to Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counter party, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All securities, with the exception of LAIF and other pooled investments, are held by a third-party custodian.

E. Fair Value Measurement Disclosure

At June 30, 2018, investments are reported at fair value. The following table presents the fair value measurement of investments on a recurring basis and the levels within GASB 72 fair value hierarchy in which the fair value measurements fall at June 30, 2018:

Investment Type	Measurement Input			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Uncategorized	
Local Agency Investment Fund	\$ -	\$ -	\$ 18,474,885	\$ 18,474,885
United States Treasury Notes	11,509,291 ⁽¹⁾	-	-	11,509,291
United States Government Sponsored Agency Securities	-	5,944,160 ⁽¹⁾	-	5,944,160
Municipal bonds	-	433,965 ⁽¹⁾	-	433,965
Supra-National Agency Notes	-	2,651,620 ⁽¹⁾	-	2,651,620
CAMP Cash Reserve Portfolio	-	-	44,207	44,207
Negotiable Certificates of Deposit	-	5,801,979 ⁽²⁾	-	5,801,979
Corporate Medium Notes	-	9,478,652 ⁽¹⁾	-	9,478,652
Total	\$ 11,509,291	\$ 24,310,376	\$ 18,519,092	\$ 54,338,759

⁽¹⁾ Institutional Bond Quotes - evaluations based on various market and industry inputs

⁽²⁾ Market prices

F. Investment in Local Agency Investment Fund (LAIF)

The City is a participant in LAIF which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City's investments in LAIF at June 30, 2018 included a portion of pool funds invested in Structure Notes and Asset-Backed Securities:

Structured Notes are debt securities (other than asset-backed securities) whose cash-flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities, the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from pool of assets such as principal and interest repayments from a pool of mortgages (such as Collateralized Mortgage Obligations) or credit card receivables.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 3 – Cash and Investments (Continued)

F. Investment in Local Agency Investment Fund (LAIF) (Continued)

As of June 30, 2018, the City had \$18,474,885 invested in LAIF, which had invested 2.67% of the pool investment funds in Structured Notes and Asset-Back Securities. LAIF determines fair value on its investment portfolio based on market quotations for those securities where market quotations are readily available and based on amortized cost or best estimate for those securities where market value is not readily available. LAIF is reported at amortized costs, which approximates fair value.

G. Investment in California Asset Management Program

The City is a voluntary participant in the California Asset Management Program (“CAMP”), a California joint powers authority established in 1989 by the treasurers and finance directors of several California local agencies. CAMP offers its shareholders a California Asset Management Trust (“Trust”) Cash Reserve Portfolio, a short-term money market portfolio. The Trust's activities are directed by a board of trustees, all of whom are employees of California public agencies which are participants in the Trust. The Trust's investments are limited to investments permitted by subdivisions (a) to (o), inclusive, of Section 53601 of the California Government Code. The City's investment in the CAMP Cash Reserve Portfolio is reported at amounts based upon the City's pro-rata share of the Portfolio's amortized cost (which approximates fair value) as provided by CAMP. The balance available for withdrawal is based on the accounting records maintained by CAMP, which are recorded on an amortized cost basis.

Note 4 – Notes Receivable

At June 30, 2018, notes receivable consisted of the followings:

	Government-Wide Financial Statements	Fiduciary Fund Financial Statements		
		Private Purpose Trust Fund	Agency Funds	Total
	Governmental Activities			
Home Improvement Loan Program	\$ 2,025,391	\$ -	\$ 669,052	\$ 2,694,443
HJCH II, Inc. Lakewood Redevelopment Agency	-	428,790	-	428,790
Revolving Loan Fund Program	-	-	3,933	3,933
Total notes receivable	\$ 2,025,391	\$ 428,790	\$ 672,985	\$ 3,127,166

A. Governmental Activities

The former Redevelopment Agency made deferred loans to senior citizens, the physically handicapped, and low- and moderate-income residents which are not repaid until the title to the property changes. In Fiscal year 1996-97, the former Redevelopment Agency began to use Redevelopment Agency low and moderate housing 20% set-aside funds to provide housing rehabilitation loans to eligible applicants. The rehabilitation loans were made from the former Redevelopment Agency's low and moderate housing 20% set-aside funds. The loans were transferred to the Housing Admin & Program Capital Projects Fund on February 1, 2012, the effective date of the former Redevelopment Agency dissolution, since the City had accepted the role of being the Successor Housing Agency. The balance of these loans totaled \$2,025,391 at June 30, 2018.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 4 – Notes Receivable (Continued)

B. Private Purpose Trust Fund

As consideration for the sale of land on November 3, 2006, the former Redevelopment Agency took a \$689,520 note from the buyer. The term of the note is ten years. Interest accrues on the note at a rate of 5.5% per annum. Principal and interest is payable quarterly. The quarterly payments are fixed at \$14,298 with a balloon payment of \$434,883 due on November 1, 2016. The note balance at June 30, 2018 is \$428,790. The buyer did not make the payment on time due to the death of the buyer. Subsequently, the loan was paid off on August 15, 2018.

C. Agency Funds

The City makes deferred loans to senior citizens, the physically handicapped, and low- and moderate-income residents which are not repaid until the title to the property changes. In fiscal year 1996-97, the City began to use Redevelopment Agency low and moderate housing 20% set-aside funds to provide housing rehabilitation loans to eligible applicants. Through fiscal year 1997-98 and 2012-13, the City also used Housing and Community Development Block Grant (CDBG) funds to provide these loans. The rehabilitation loans made from the former Redevelopment Agency's low and moderate housing 20% set-aside funds are reported in the Housing Admin & Program Capital Projects Fund. Due to the long-term nature of the loans, the City has deferred recognition of revenues until receipt. The rehabilitation loans made from CDBG funds and all HUD cash held for rehabilitation loans are reflected in the Housing Rehabilitation Agency Fund. Since the Department of Housing and Urban Development has a claim to any funds remaining when the program is terminated, these funds are reported as "Due to HUD" in the Agency Fund. The principal balance outstanding at June 30, 2018 was \$669,052.

The Gateway Cities Council of Governments has received loan funds for economic development from the Economic Development Administration (EDA). On August 24, 1999, the City of Lakewood approved an agreement with the Gateway Cities Council of Governments, of which the City of Lakewood is a member, to receive \$666,725 of these funds as a sub-grantee. These funds were used to establish a commercial revolving loan fund to provide for business expansion, economic development, and job creation in Lakewood. The revolving loan fund particularly targets industrial, manufacturing, and commercial businesses adjacent to the Boeing plant and Long Beach Airport and at the 19-acre former Rockwell site in Lakewood. This is a matching loan program. The funds received from the EDA have been matched with \$85,000 from a California Trade and Commerce Agency Defense Adjustment Matching Grant and \$168,245 in Community Development Block Grant (CDBG) funds. The revolving loans and all EDA cash held for revolving loans are reflected in the Lakewood Business Development Loans Agency Fund. Since the Economic Development Administration (EDA) has a claim to any funds remaining when the program is terminated, these funds are reported as "Due to EDA" in the Agency Fund. The principal balance outstanding at June 30, 2018 was \$3,933.

Note 5 – Interfund Transactions

A. Due From and To Other Funds

At June 30, 2018, the City has the following due from and to other funds:

Due To Other Funds			
Governmental Funds			
Due From Other Funds	Capital Project	Nonmajor	Total
	Fund	Governmental Funds	
Governmental Funds:			
General Fund	\$ 405,931	\$ 587,673	\$ 993,604

These interfund balances represent routine short-term cash flow assistance.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 5 – Interfund Transactions

B. Transfers In and Out

At June 30, 2018, the City had the following transfers in/out:

Transfers In			
Governmental Funds			
Transfers Out	General Fund	Nonmajor	Total
		Governmental Funds	
Governmental Funds:			
General Fund	\$ -	\$ 9,100	\$ 9,100
Nonmajor Governmental Funds	1,689,101	110,008	1,799,109
	<u>\$ 1,689,101</u>	<u>\$ 119,108</u>	<u>\$ 1,808,209</u>

Transfers provided funding for capital projects, capital acquisitions, and debt service.

Note 6 – Land Held for Resale

At June 30, 2018, land held for resale consisted of the followings:

Location/Address	Amount	Use of Property
20529 Pioneer Boulevard	\$ 129,557	Vacant. Future affordable housing development site
20525 Pioneer Boulevard	375,445	Vacant. Future affordable housing development site
11643 207th St	413,650	Affordable Housing
11647 207th St	413,650	Affordable Housing
11644 206th St	526,000	Affordable Housing
20920 Roseton Ave	257,000	Affordable Housing
11649 207th St	320,000	Affordable Housing
11610 207th St	262,500	Vacant Land
11618 207th St	262,500	Vacant Land
Total	<u><u>\$ 2,960,302</u></u>	

Note 7 – Receivable from Successor Agency

At June 30, 2018, the receivables from Successor Agency are as follows:

	General Fund	Housing Admin and Program Capital Projects Fund	Total
Initial Loan	\$ 152,800	\$ -	\$ 152,800
Inter-Agency Loan	9,262,411	2,315,603	11,578,014
10-Year Interfund Loan		90,491	90,491
5-Year Loan	-	3,878,059	3,878,059
Housing Set-Aside Fund	-	1,085,310	1,085,310
	<u>\$ 9,415,211</u>	<u>\$ 7,369,463</u>	<u>\$ 16,784,674</u>

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 7 – Receivable from Successor Agency (Continued)

Upon dissolution of former Lakewood Redevelopment Agency, the amount due by the former Lakewood Redevelopment Agency to the City was \$30,950,525. Under AB 1X26, the Successor Agency was only able to list as enforceable obligation the amount of the *initial* City Loan for the plan area, which was \$382,000. This obligation is payable in 10 annual payments of \$38,200. At June 30, 2018, the total amount due to the City is \$152,800. Subsequent legislation, AB1484, allowed interest for the City loans to be recalculated at the LAIF rate over the life of the loan. The outstanding interest on the City loan using the LAIF interest rate calculation is \$2,612,099, of which, 80% are allocated to General Fund and 20% are allocated to the City's Housing Admin & Program Capital Projects Fund. Due to the Due Diligence Review called for under AB 1X26, the City reduced the amount receivable to the amount allowable, which resulted in the Successor Agency recognizing an extraordinary gain of \$27,956,419 on the statement of changes in fiduciary net position. Pursuant Health and Safety (HSC) Section 34179.7, the Oversight Board approves the Successor Agency's Finding of Completion on December 10, 2016; therefore, the City's General Fund loaned to the Successor Agency an additional \$9,400,000 to make its payment under Protest for Department of Finance Determination of Other Funds and Accounts Due Diligence Review. Pursuant to HSC Section 34191.6 (2), the Last and Final Recognized Obligation Payment Schedule shall include an interest rate of 4 percent. The City performed interest rate adjustment based on four percent interest rate and reallocated to General Fund and the City's Housing Admin & Program Capital Projects Fund. At June 30, 2018, the total principal and interest due to the City General Fund and Housing Admin & Program Capital Projects Fund were in the amount of \$9,262,411 and \$2,315,603, respectively.

On April 14, 2005, the Agency Board approved a 10-year interfund loan from the Capital Projects Fund to the Debt Service Fund to provide partial funding for the required payment to the County of Los Angeles' Educational Revenue Augmentation Fund for the year ended June 30, 2005. No interest accrues on this loan and annual installments of \$22,623 commenced May 10, 2006. The loan balance at June 30, 2018 was \$90,491. The loan was transferred to the Successor Agency and the asset side was transferred to the Housing Admin & Program Capital Projects Fund as of the date of the dissolution of the Agency in accordance with Assembly Bill 1X26.

On February 9, 2011, the Agency Board approved a 5-year loan from the Capital Projects Fund to the Debt Service Fund to provide funding for the required payment to the County of Los Angeles' Supplemental Educational Revenue Augmentation Fund. On January 25, 2012, the Agency Board approved a second 5-year loan from the Capital Projects Fund to the Debt Service Fund for similar purposes. No interest accrues on these loans and the loans must be repaid on or before June 30, 2015 and 2016, respectively. The total loan balance at June 30, 2018 was \$3,878,059. The liability side of this loan was transferred to the Successor Agency and the asset side was transferred to the Housing Admin & Program Capital Projects Fund as of the date of the dissolution of the Agency in accordance with Assembly Bill 1X26.

California Health and Safety Code Section 33334.6 requires that Redevelopment Agencies set aside 20% of the annual tax increment proceeds for the benefit of low- and moderate-income housing. However, an Agency may defer the set-aside of 20% if it determines that the tax increment required to be deposited is necessary for the orderly and timely completion of programs approved by the Agency prior to January 1, 1986. The Agency made such a determination to defer the deposit of \$1,383,310 of tax increment into the Housing Set-Aside Fund. The Agency has adopted a plan for repayment of this Housing Set-Aside Fund deficit. The Agency did not make a payment towards this deficit during the year ended June 30, 2015, as this deficit was not considered an enforceable obligation under Assembly Bill 1X26, the deficit total remains at \$1,085,310; however, under subsequent legislation, AB1484, this deficit is now considered an enforceable obligation and payments from the Successor Agency are allowed to commence in fiscal year 2013-14 to the City's Housing Admin & Program Capital Projects Fund.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 8 – Capital Assets

A. Governmental Activities

Summary of changes in capital assets of the governmental activities for the year ended June 30, 2018 is as follows:

	Balance July 1, 2017	Additions	Deletions	Reclassification	Balance June 30, 2018
Capital assets, not being depreciated:					
Land	\$ 17,041,023	\$ -	\$ -	\$ -	\$ 17,041,023
Construction in progress	16,104,200	9,991,997	-	(51,105)	26,045,092
Total capital assets, not being depreciated	33,145,223	9,991,997	-	(51,105)	43,086,115
Capital assets, being depreciated:					
Structures and improvements	50,978,245	-	-	-	50,978,245
Equipment	8,618,180	327,397	(190,868)	-	8,754,709
Infrastructure	139,534,189	69,855	-	51,105	139,655,149
Total capital assets, being depreciated	199,130,614	397,252	(190,868)	51,105	199,388,103
Less accumulated depreciation for:					
Structures and improvements	(23,641,400)	(1,103,024)	-	-	(24,744,424)
Equipment	(6,720,222)	(543,302)	190,868	-	(7,072,656)
Infrastructure	(106,784,421)	(2,680,800)	-	-	(109,465,221)
Total accumulated depreciation	(137,146,043)	(4,327,126)	190,868	-	(141,282,301)
Total capital assets, being depreciated, net	61,984,571	(3,929,874)	-	51,105	58,105,802
Governmental activities capital assets, net	\$ 95,129,794	\$ 6,062,123	\$ -	\$ -	\$ 101,191,917

Depreciation expense was charged to City functions/programs as follows:

General government	\$ 101,462
Public safety	289,998
Transportation	159,552
Community development	6,886
Culture and leisure	1,060,844
Unallocated depreciation for infrastructure	2,680,800
Internal service funds depreciation charged to programs	27,584
Total depreciation expense - governmental activities	\$ 4,327,126

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 8 – Capital Assets (Continued)

B. Business-Type Activities

Summary of changes in capital assets of the business-type activities for the year ended June 30, 2018 is as follows:

	Balance July 1, 2017	Additions	Deletions	Reclassification	Balance June 30, 2018
Capital assets, not being depreciated:					
Land	\$ 238,755	\$ -	\$ (138,755)	\$ -	\$ 100,000
Water rights	1,834,586	-	-	-	1,834,586
Construction in progress	2,776,791	9,406,106	-	(2,518,428)	9,664,469
Total capital assets, not being depreciated	4,850,132	9,406,106	(138,755)	(2,518,428)	11,599,055
Capital assets, being depreciated:					
Source of supply	4,770,755	-	-	2,004,242	6,774,997
Pumping plant	807,312	-	-	25,026	832,338
Water treatment	4,726,040	-	-	25,391	4,751,431
Transmission/distribution	35,276,664	-	(728,626)	-	34,548,038
General plant and equipment	9,797,467	-	-	463,769	10,261,236
Total capital assets, being depreciated	55,378,238	-	(728,626)	2,518,428	57,168,040
Less accumulated depreciation for:					
Source of supply	(3,146,101)	(111,728)	-	-	(3,257,829)
Pumping plant	(577,141)	(14,235)	-	-	(591,376)
Water treatment	(2,215,279)	(466,236)	-	-	(2,681,515)
Transmission/distribution	(18,915,861)	(890,260)	358,161	-	(19,447,960)
General plant and equipment	(5,205,520)	(431,127)	-	-	(5,636,647)
Total accumulated depreciation	(30,059,902)	(1,913,586)	358,161	-	(31,615,327)
Total capital assets, being depreciated, net	25,318,336	(1,913,586)	(370,465)	2,518,428	25,552,713
Business-type activities capital assets, net	\$ 30,168,468	\$ 7,492,520	\$ (509,220)	\$ -	\$ 37,151,768

Depreciation expense was charged to City functions/programs as follows:

Water	\$ 1,913,586
Total depreciation expense - business-type activities	\$ 1,913,586

Note 9 – Long-Term Liabilities

A. Governmental Activities

Summary of changes in long-term liabilities for governmental activities for the year ended June 30, 2018 is as follow:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018	Due within One Year	Due in More Than One Year
Governmental Activities:						
Lease payable	\$ 211,244	\$ -	\$ (37,626)	\$ 173,618	\$ 39,807	\$ 133,811
Compensated absences	1,423,527	1,286,194	(1,234,982)	1,474,739	737,370	737,369
Total governmental activities	\$ 1,634,771	\$ 1,286,194	\$ (1,272,608)	\$ 1,648,357	\$ 777,177	\$ 871,180

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 9 – Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

Lease Payable

The City has lease agreement for the acquisition of helicopter. Total equipment acquired through capital leases amounted to \$278,121. The total principal balance of the lease at June 30, 2018 was \$173,618. The asset acquired through capital lease is as follow:

Equipment	\$ 278,121
Less: accumulated depreciation	(99,329)
Total	<u>\$ 178,792</u>

Future minimum lease payment under the capital lease is as follows:

Year Ended June 30,	Governmental Activities
2019	\$ 49,872
2020	49,872
2021	49,872
2022	49,872
Subtotal	<u>199,488</u>
Less amount representing interest	<u>(25,870)</u>
Present value of future minimum lease payments	<u>\$ 173,618</u>

Compensated Absences

There is no fixed payment schedule for earned but unpaid compensated absences.

B. Business-Type Activities

Summary of changes in long-term liabilities for business-type activities for the year ended June 30, 2018 is as follow:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018	Due within One Year	Due in More Than One Year
Business-type Activities						
2015 Photovoltaic system lease and sublease agreements	\$ 1,529,287	\$ -	\$ (239,170)	\$ 1,290,117	\$ 245,244	\$ 1,044,873
Loans payable	592,441	-	(197,480)	394,961	197,481	197,480
2017 Master equipment lease/ purchase agreement	8,965,667	-	(116,437)	8,849,230	516,058	8,333,172
Compensated absences	114,015	125,799	(102,360)	137,454	68,727	68,727
Total business-type activities	<u>\$ 11,201,410</u>	<u>\$ 125,799</u>	<u>\$ (655,447)</u>	<u>\$ 10,671,762</u>	<u>\$ 1,027,510</u>	<u>\$ 9,644,252</u>

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 9 – Long-Term Liabilities (Continued)

B. Business-Type Activities (Continued)

2015 Photovoltaic System Lease and Sublease Agreements

On May 25, 2015, the City entered into the \$1,990,000 Photovoltaic System Lease and Sublease Agreements with CLP Holdings Inc. to refund the 2008 Water Revenue Bonds. The current refunding resulted in an economic gain in the amount of \$194,632 and saving in debt service payments in the amount of \$520,579. The current refunding resulted in no deferred gains or losses as the bond proceeds were sufficient to cover repayment of 2008 Water Revenue Bonds, the interest due, and issuance cost in the 2015 Photovoltaic System Lease and Sublease Agreements.

Principal payments on the capital lease are due annually each April 1, commencing April 1, 2011. The bonds were sold through a negotiated sale and bears interest at a rate of 2.54%. Interest payments are payable semi-annually on April 1 and October 1.

The future annual required lease payments at June 30, 2018, are as follows:

Year Ending June 30	Principal	Interest	Total
2019	\$ 245,244	\$ 32,769	\$ 278,013
2020	251,474	26,540	278,014
2021	257,861	20,152	278,013
2022	264,411	13,603	278,014
2023	271,127	6,887	278,014
Total	<u>\$ 1,290,117</u>	<u>\$ 99,951</u>	<u>\$ 1,390,068</u>

Loans Payable

In November 2008, the City entered into a loan agreement with the Water Replenishment District of Southern California (WRD). Pursuant to the agreement, WRD is to loan the City up to \$2,200,000 which is to be used towards the design, construction and installation of wellhead treatment systems at the City's Well 27 site. Since June 30, 2011, the City had requested and received \$1,974,801 from WRD. The loan is unsecured and does not bear interest. The term of the loan is ten years from the initial loan disbursement date which occurred on September 24, 2009. Principal payments are due annually commencing two years from the date of the initial loan disbursement in an amount equal to the lesser of (i) 10% of the total cumulative amount of loan disbursements made by WRD during the immediately preceding twelve month period or (ii) \$220,000.

The debt service schedule to maturity is as follows:

Year Ending June 30	Principal	Interest	Total
2019	\$ 197,481	\$ -	\$ 197,481
2020	197,480	-	197,480
Total	<u>\$ 394,961</u>	<u>\$ -</u>	<u>\$ 394,961</u>

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 9 – Long-Term Liabilities (Continued)

B. Business-Type Activities (Continued)

2017 Master Equipment Lease/Purchase Agreement

On May 23, 2017, the City entered the \$8,965,667 Master Lease/Purchase Agreement with Fathom Water Management, Inc. for the City's water operation and replacement of water meter throughout out the City. The contract rate for the lease is 3.030% and the taxable rate is 4.7456%.

Principal and interest payments on the capital lease are due annually each June 13 and December 13, commencing June 13, 2018.

The future annual required lease payments at June 30, 2018, are as follows:

Year Ending June 30	Principal	Interest	Total
2019	\$ 516,058	\$ 264,252	\$ 780,310
2020	531,813	248,497	780,310
2011	548,049	232,261	780,310
2022	564,781	215,529	780,310
2023	582,023	198,286	780,309
2024-2028	3,187,746	713,799	3,901,545
2029-2032	2,918,760	202,476	3,121,236
Total	<u>\$ 8,849,230</u>	<u>\$ 2,075,100</u>	<u>\$ 10,924,330</u>

Compensated Absences

There is no fixed payment schedule for earned but unpaid compensated absences.

C. Fiduciary Fund Financial Statements

Summary of changes in long-term debt for fiduciary fund financial statements for the year ended June 30, 2018 is as follow:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Tax Allocation Bonds:				
1999 Series A	\$ 630,000	\$ -	\$ (630,000)	\$ -
2003 Series A	490,000	-	(490,000)	-
2003 Series B	270,000	-	(270,000)	-
Bond premium	807	-	(807)	-
Total fiduciary fund	<u>\$ 1,390,807</u>	<u>\$ -</u>	<u>\$ (1,390,807)</u>	<u>\$ -</u>

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 9 – Long-Term Liabilities (Continued)

C. Fiduciary Fund Financial Statements (Continued)

1999 Tax Allocation Bonds Series A

On October 1, 1999, the former Redevelopment Agency issued \$6,760,000 Redevelopment Project No. 1 Tax Allocation Parity Refunding Bonds, 1999 Series A, to refinance a portion of the 1992A Bonds and to finance certain obligations under a Participation Agreement with Lakewood Mall Business Company. The 1999A Bonds are secured by a pledge of tax increment revenue from Project Area No. 1.

The 1999A Bonds are serial bonds maturing annually each September 1 through the calendar year 2017, and bearing interest at rates ranging from 4.0% to 5.4%. Interest is payable semiannually on March 1 and September 1. The 1999A Bonds maturing on or after September 1, 2011, are subject to redemption prior to maturity at the option of the Agency as a whole, or in part, on or after September 1, 2009, by such maturities as designated by the Agency and by lot within a maturity, at a redemption price equal to the principal amount to be redeemed, plus a premium (expressed as a percentage of the principal amount of bonds to be redeemed) plus accrued interest to the redemption date. The redemption prices range from 100% to 102%. The 1999 bonds were paid off as of June 30, 2018.

2003 Tax Allocation Bonds Series A

On October 28, 2003, the former Redevelopment Agency issued \$5,565,000 Redevelopment Project No. 1 Tax Allocation Parity Refunding Bonds, 2003 Series A, to refinance the outstanding 1992A Bonds. The 1992A Bonds were called in full on December 22, 2003. The Series 2003A Bonds were issued at a premium of \$66,514. This premium is being amortized on a straight-line basis as an adjustment to interest expense on the statement of activities through the year 2018. The 2003A Bonds are secured by a pledge of tax increment revenue from Project Area No. 1 on parity with the remaining 1999A Bonds.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$81,827. This difference, reported as a deduction from bonds payable, is being amortized on a straight-line basis as interest expense.

The 2003A Bonds are serial bonds maturing annually each September 1 through the calendar year 2017, and bearing interest at rates ranging from 2.5% to 4.15%. Interest is payable semiannually on March 1 and September 1. The 2003A Bonds maturing on or after September 1, 2014, are subject to redemption prior to maturity at the option of the Agency as a whole, or in part, on or after September 1, 2013, by such maturities as designated by the Agency and by lot within a maturity, at a redemption price equal to one hundred percent (100%) of the principal amount to be redeemed, plus accrued interest to the redemption date. The 2003 Bonds were paid off as of June 30, 2018.

2003 Tax Allocation Bonds Series B

On October 28, 2003, the former Redevelopment Agency issued \$2,805,000 Redevelopment Project No. 1 Taxable Tax Allocation Parity Refunding Bonds, 2003 Series B, to refinance the outstanding 1992B Bonds. The 1992B Bonds were called in full on December 22, 2003. The 2003B Bonds are secured by a pledge of tax increment revenue from Project Area No. 1 on parity with the remaining 1999A Bonds.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$46,291. This difference, reported as a deduction from bonds payable, is being amortized on a straight-line basis as interest expense.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 9 – Long-Term Liabilities (Continued)

C. Fiduciary Fund Financial Statements (Continued)

2003 Tax Allocation Bonds Series B (Continued)

The 2003B Bonds are serial bonds maturing annually each September 1 through the calendar year 2017, and bearing interest rates ranging from 3.89% to 5.59%. Interest is payable semiannually on March 1 and September 1. The 2003B Bonds maturing September 1, 2017, are subject to redemption prior to maturity at the option of the Agency as a whole, or in part, on or after September 1, 2013, by such maturities as designated by the Agency and by lot within a maturity, at a redemption price equal to one hundred percent (100%) of the principal amount to be redeemed, plus accrued interest to the redemption date. The 2003B Bonds were paid off as of June 30, 2018.

Note 10 – Defined Contribution Plan

The City provides a tax qualified retirement savings plan under Section 401(a) of the Internal Revenue Code to classic employees hired before December 31, 2012. The Plan is a defined contribution plan and benefits depend solely on amounts contributed to the plan and investment earnings. The Plan is administered by the Public Agency Retirement System ("PARS") and the City Council has the authority for establishing and amending the plan provisions. There were 99 employees covered by the Plan for the year ended June 30, 2018. Employer lump sum contributions are based on an employee's tier of eligibility. Depending on the limits and requirements of the eligible tier, the City will contribute certain amounts equivalent to an employee's eligible unused accrued vacation time, compensatory time, floating holidays, sick leave and administrative leave. Employee contributions are mandatory and are also based on an employee's tier of eligibility. The amount of the mandatory employee contribution will depend on the limits and requirements of the tier which take into consideration an employee's longevity, merit adjustments and prescribed plan percentages. For the year ended June 30, 2018, employee contributions totaled \$219,226.

Note 11 – Defined Benefits Plan

Summary of changes in deferred outflows of resources related to pension, net pension liabilities, and deferred inflows of resources related to pension for both governmental activities and business-type activities for the year ended June 30, 2018 are as follows:

Governmental Activities	Governmental Activities	Business-Type Activities	Total
Deferred outflows of resources:			
Pension contribution after measurement date:			
CalPERS	\$ 2,316,077	\$ 257,342	\$ 2,573,419
Difference in projected and actual earnings on pension investments:			
CalPERS	1,185,219	131,691	1,316,910
PARS	80,285	9,922	90,207
Subtotal	1,265,504	141,613	1,407,117
Change in assumptions:			
CalPERS	4,332,460	481,384	4,813,844
PARS	2,343,287	289,619	2,632,906
Subtotal	6,675,747	771,003	7,446,750
Total deferred outflows of resources	\$ 10,257,328	\$ 1,169,958	\$ 11,427,286

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 11 – Defined Benefits Plan (Continued)

<u>Governmental Activities</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Net pension liabilities:			
CalPERS	\$ 26,068,904	\$ 2,896,545	\$ 28,965,449
PARS	5,390,395	666,230	6,056,625
Total net pension liabilities	<u>\$ 31,459,299</u>	<u>\$ 3,562,775</u>	<u>\$ 35,022,074</u>
Deferred inflows of Resources:			
Difference between expected and actual experience			
CalPERS	1,598,197	177,577	1,775,774
PARS	269,278	33,282	302,560
Subtotal	<u>1,867,475</u>	<u>210,859</u>	<u>2,078,334</u>
Total deferred inflows of resources	<u>\$ 1,867,475</u>	<u>\$ 210,859</u>	<u>\$ 2,078,334</u>
Pension Expense:			
CalPERS	\$ 3,102,703	\$ 344,744	\$ 3,447,447
PARS	1,145,261	141,550	1,286,811
Total pension expense	<u>4,247,964</u>	<u>486,294</u>	<u>4,734,258</u>

A. CalPERS Plan

General Information about the Pension Plan

Plan Description

The City contributes to the California Public Employees' Retirement System ("CalPERS"), an agent multiple-employer public employee defined benefit pension plan. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and City ordinance. A full description of the pension plan regarding number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the June 30, 2016 Annual Actuarial Valuation Report. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

Benefit Provided

CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. A classic CalPERS member becomes eligible for service retirement upon attainment of age 55 with at least 5 years of credited service. During the year ended June 30, 2013, the California's Public Employees' Pension Reform Act ("PEPRA") went into effect. Employees hired after January 1, 2013 who are new to the CalPERS system are part of the PEPRA plan. PEPRA members become eligible for service retirement upon attainment of age 62 with at least 5 years of service. The service retirement benefit is a monthly allowance equal to the product of the benefit factor, years of service, and final compensation. The final compensation is the monthly average of the member's highest 36 or 12 consecutive months' full-time equivalent monthly pay. Retirement benefits for classic employees are calculated as 2% of the average final 12 months compensation. Retirement benefits for PEPRA employees are calculated as 2% of the average final 36 months compensation.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 11 – Defined Benefits Plan (Continued)

A. CalPERS Plan (Continued)

General Information about the Pension Plan (Continued)

Benefit Provided (Continued)

Participant is eligible for non-industrial disability retirement if becomes disabled and has at least 5 years of credited service. There is no special age requirement. The standard non-industrial disability retirement benefit is a monthly allowance equal to 1.8 percent of final compensation, multiplied by service. Industrial disability benefits are not offered.

An employee's beneficiary may receive the basic death benefit if the employee dies while actively employed. The employee must be actively employed with the City to be eligible for this benefit. An employee's survivor who is eligible for any other pre-retirement death benefit may choose to receive that death benefit instead of this basic death benefit. The basic death benefit is a lump sum in the amount of the employee's accumulated contributions, where interest is currently credited at 7.5 percent per year, plus a lump sum in the amount of one month salary for each completed year of current service, up to a maximum of six months salary. For purposes of this benefit, one month's salary is defined as the member's average monthly full-time rate of compensation during the 12 months preceding death.

Upon the death of a retiree, a one-time lump sum payment of \$500 will be made to the retiree's designated survivor(s), or to the retiree's estate.

Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance. Beginning the second calendar year after the year of retirement, retirement and survivor allowances will be annually adjusted on a compound basis by 2 percent.

Employees Covered by Benefit Terms

At June 30, 2016, the valuation date, the following employees were covered by the benefit terms:

Active employees	280
Transferred and terminated employees	293
Retired Employees and Beneficiaries	240
Total	<u>813</u>

Contributions

Section 20814(c) of the California Public Employees' Retirement Law ("PERL") requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2017, the classic active employee contribution rates was 7% of annual pay, the PEPRA active employee contribution rate was 5.50% of annual pay, and the required employer contribution rates were 15.162% of the annual payroll.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 11 – Defined Benefits Plan (Continued)

A. CalPERS Plan (Continued)

Net Pension Liability

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The June 30, 2016 valuation was rolled forward to determine the June 30, 2017 total pension liability, based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.15%
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds. The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

All other actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Change of Assumption

GASB 68, paragraph 30 states that the long-term expected rate of return should be determined net of pension plan investment expense, but without reduction for pension plan administrative expense. In the current year, the discount rate was reduced from 7.65 percent to 7.15 percent. All other actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period 1997 to 2011, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of the discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. The tests revealed the assets would not run out. Therefore, the current 7.15 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15 percent is applied to all plans in the Public Employees' Retirement Fund ("PERF"). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS website under the GASB 68 section.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 11 – Defined Benefits Plan (Continued)

A. CalPERS Plan (Continued)

Net Pension Liability (Continued)

Discount Rate (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund (PERF) cash flows. Taking into account historical returns of all the Public Employees Retirement Funds' asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each PERF fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the Board effective on July 1, 2014.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 ¹	Real Return Years 11+ ²
Global Equity	47.00%	4.90%	5.38%
Global Fixed Income	19.00%	0.80%	2.27%
Inflation Sensitive	6.00%	0.60%	1.39%
Private Equity	12.00%	6.60%	6.63%
Real Estate	11.00%	2.80%	5.21%
Infrastructure and Forestland	3.00%	3.90%	5.36%
Liquidity	2.00%	-0.40%	-0.90%
	<u>100.00%</u>		

¹ An expected inflation of 2.5% used

² An expected inflation of 3.0% used

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 11 – Defined Benefits Plan (Continued)

A. CalPERS Plan (Continued)

Changes in the Net Pension Liability

The following table shows the changes in net pension liability recognized over the measurement period.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2016 (Valuation Date)	\$ 117,649,719	\$ 92,698,686	\$ 24,951,033
Changes Recognized for the Measurement Period:			
Service Cost	2,355,437	-	2,355,437
Interest on the total pension liability	8,766,071	-	8,766,071
Changes of benefit terms	-	-	-
Changes of assumptions	7,049,669	-	7,049,669
Difference between expected and actual experience	(581,254)	-	(581,254)
Contributions from the employer	-	2,344,596	(2,344,596)
Contributions from employees	-	1,098,583	(1,098,583)
Net investment income	-	10,269,191	(10,269,191)
Benefit payments, including refunds of employee contributions	(5,386,901)	(5,386,901)	-
Administrative Expense	-	(136,863)	136,863
Net Changes during July 1, 2016 to June 30, 2017	\$ 12,203,022	\$ 8,188,606	\$ 4,014,416
Balance at June 30, 2017 (Measurement Date)	\$ 129,852,741	\$ 100,887,292	\$ 28,965,449

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.15%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15%) or 1 percentage-point higher (8.15%) than the current rate:

Plan's Net Pension Liability/(Asset)		
Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
\$ 45,974,221	\$ 28,965,449	\$ 14,862,123

Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in the separately issued CalPERS financial report.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 11 – Defined Benefits Plan (Continued)

A. CalPERS Plan (Continued)

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

For the measurement period ending June 30, 2017, the City incurred a pension expense of \$3,447,447.

As of measurement date of June 30, 2017, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred outflows of Resources	Deferred inflows of Resources
Contribution made after the measurement date	\$ 2,573,419	\$ -
Changes of assumptions	4,813,844	-
Difference between expected and actual experience	-	1,775,774
Net difference between projected and actual earning on pension plan investments	1,316,910	-
Total	<u>\$ 8,704,173</u>	<u>\$ 1,775,774</u>

The amounts above are net of outflows and inflows recognized in the 2016-17 measurement period expense.

The expected average remaining service lifetime (“EARS�”) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired). The EARS� for the 2016-17 measurement period is 3.6 years, which was obtained by dividing the total service years of 2,903 (the sum of remaining service lifetimes of the active employees) by 813 (the total number of participants: active, inactive, and retired).

The \$2,573,419 reported as deferred outflows of resources related to pension resulting from the City’s contributions subsequent to the measurement date during the year ended June 30, 2018 will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Year Ended June 30	Deferred Outflows/(Inflows) of Resources
	Miscellaneous Plan
2019	\$ 501,488
2020	2,955,887
2021	1,642,226
2022	(744,621)
2023	-
Thereafter	-
	<u>\$ 4,354,980</u>

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 11 – Defined Benefits Plan (Continued)

B. Retirement Enhancement Plan

General Information about the Pension Plan

Plan Description

The City provides a 401(a) defined benefit retirement enhancement plan under the terms of a Memorandum of Understanding (MOU) between the City and its employees. The Plan is part of an agent multiple employer plan administered by the Public Agency Retirement Service (PARS). A separate audited GAAP-basis post-employment benefit plan report is not available for this Plan. Due to PEPR legislation the Plan is closed to employees hired by the City after December 31, 2012.

Benefit Provided

The benefit is equal to 0.5% of final average compensation for all future years of City service (on or after July 1, 2005) and for 75% of past years of City service (before July 1, 2005). Eligibility for an immediate benefit is defined as reaching age 60, completing two years of full-time continuous Lakewood service, and retiring concurrently from both the City and CalPERS after leaving City employment on or after July 1, 2006. Employees terminating from the City with two years of service and concurrent retirement with CalPERS but prior to age 60 may choose to receive either a deferred retirement benefit to begin at age 60 or a refund of their employee contributions with 3% interest compounded annually. All other terminating employees will receive a refund of their employee contributions with 3% interest.

Final average compensation is equal to the highest year of compensation with the City, including CalPERS employer paid member contributions (salary plus 7%), subject to IRC 401(a)(17) limitations. Salary includes longevity pay.

There is no disability benefit or death benefit under this plan.

The normal form of benefit is a life-only annuity. In lieu of a life-only annuity, a participant may elect an actuarial equivalent optional form of payment. The optional form is a joint and survivor annuity.

Any benefit in payment status will increase by 2% per annum on each participant's anniversary date of retirement.

Employees Covered by Benefit Terms

At July 1, 2017, the valuation date, the following employees were covered by the benefit terms:

Active employees	117
Terminated employees	30
Retired Employees and Beneficiaries	57
Total	<u>204</u>

Contributions

Employees contribute 3.00% of compensation of which the City picks-up 0.13%. The employer contributed 5.10% of compensation during the year ended June 30, 2018.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 11 – Defined Benefits Plan (Continued)

B. Retirement Enhancement Plan (Continued)

Net Pension Liability

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The July 1, 2017 valuation was rolled forward to determine the June 30, 2018 total pension liability, based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Return	5.50%
Inflation	2.75%
Salary Increases	Increase are based on service, ranges from 12.20% to 3.5% for 0 to 30 or more years of service, respectively.
Cost of Living Adjustment	2.00% compounded annually
Withdrawal/Disability	Consistent with Non-Industrial rate used to value the Miscellaneous CalPERS Pension Plans.
Mortality	Pre-Retirement: consistent with Non-Industrial rate used to value the Miscellaneous CalPERS Pension Plans. Post-Retirement: CalPERS 1997-2011 Healthy Retiree Tables (sex-distinct) with an assumed base year of 2008 and full generational projections using Scale AA.
Retirement	Ranges from 7.1% at age 55 to 100% at age 75+.
Withdrawal/Disability	Consistent with the rates used to value the Miscellaneous CalPERS Pension Plans
Expenses	None are assumed.
Maximum Benefits and Salary	Consistent with the rates used to value the Miscellaneous CalPERS Pension Plans
Form of payment	All current participants are assumed to elect a single life annuity.
Election of Deferred Benefit	Active employees terminating prior to attainment of age 55 and completion of two years of service are assumed to elect a refund of their contributions with interest

Change of Assumption

In 2018, the accounting discount rate reduced from 6.00 percent to 5.50 percent.

Discount Rate

The discount rate used to measure the total pension liability was 5.50 percent. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 11 – Defined Benefits Plan (Continued)

B. Retirement Enhancement Plan (Continued)

Net Pension Liability (Continued)

Discount Rate (Continued)

The table below reflects long-term expected real return adjusted for inflation by asset classes:

Asset Class	Index	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return	Long-Term Expected Geometric Real Rate of Return
US Cash	BAML 3-Mon Tbill	2.68%	0.31%	0.31%
US Core Fixed Income	Barclays Aggregate	46.59%	2.14%	2.02%
US Equity Market	Russell 3000	37.18%	4.59%	3.32%
Foreign Developed Equity	MSCI EAFE NR	8.57%	5.52%	3.91%
Emerging Market Equities	MSCI Emerging Markets NR	3.57%	7.82%	4.59%
US REITs	FTSE NAREIT Equity REIT	1.41%	5.04%	3.27%
		<u>100.00%</u>		
Assumed Inflation - Mean			2.32%	2.30%
Assumed Inflation - Standard Deviation			1.85%	1.85%
Portfolio Real Mean Return			3.53%	3.15%
Portfolio Nominal Mean Return			5.85%	5.52%
Portfolio Standard Deviation				8.56%
Long-Term Expected Rate of Return				5.50%

Changes in Net Pension Liability

The following table shows the changes in net pension liability recognized over the measurement period.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2017	\$ 19,218,236	\$ 14,296,183	\$ 4,922,053
Changes Recognized for the Measurement Period:			
Service Cost	447,262	-	447,262
Interest on the total pension liability	1,161,853	-	1,161,853
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	(127,926)	-	(127,926)
Effect of assumptions changes or inputs	1,311,695	-	1,311,695
Contributions from the employer	-	568,494	(568,494)
Contributions from employees	-	243,461	(243,461)
Net investment income	-	878,414	(878,414)
Benefit payments, including refunds	(611,458)	(611,458)	-
Administrative expense	-	(32,057)	32,057
Net Changes during July 1, 2017 to June 30, 2018	\$ 2,181,426	\$ 1,046,854	\$ 1,134,572
Balance at June 30, 2018 (Measurement Date)	\$ 21,399,662	\$ 15,343,037	\$ 6,056,625

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 11 – Defined Benefits Plan (Continued)

B. Retirement Enhancement Plan (Continued)

Changes in Net Pension Liability (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 5.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (4.50%) or 1 percentage-point higher (6.50%) than the current rate:

	1% Decrease (4.50%)	Discount Rate (5.50%)	1% Increase (6.50%)
Plan's Net Pension Liability	\$ 8,935,439	\$ 6,056,625	\$ 3,511,545

Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available upon request.

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

For the measurement period ended June 30, 2018, the City incurred a pension expense of \$1,286,811.

As of measurement date of June 30, 2018, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred outflows of Resources	Deferred inflows of Resources
Difference between expected and actual experience	-	(302,560)
Changes of assumptions	2,632,906	-
Net difference between projected and actual earning on pension plan investments	90,207	-
Total	\$ 2,723,113	\$ (302,560)

The amounts above are net of outflows and inflows recognized in the 2017-18 measurement period expense.

Amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Measurement Period Ended June 30	Deferred Outflows/(Inflows) of Resources
2019	\$ 751,850
2020	645,257
2021	490,987
2022	433,695
2023	98,764
Thereafter	-
	\$ 2,420,553

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 12 – Other Post-Employment Benefits

At June 30, 2018, net OPEB liability and related deferred inflows of resources are as follows:

<u>Governmental Activities</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Net OPEB liabilities:	\$ 869,955	\$ 96,662	\$ 966,617
Total OPEB liabilities	<u>\$ 869,955</u>	<u>\$ 96,662</u>	<u>\$ 966,617</u>
Deferred inflows of resources:			
Net difference between projected and actual earning on OPEB plan investment	\$ 10,512	\$ 1,168	\$ 11,680
Total deferred inflows of resources	<u>\$ 10,512</u>	<u>\$ 1,168</u>	<u>\$ 11,680</u>
OPEB Expense	<u>\$ 341,147</u>	<u>\$ 37,905</u>	<u>\$ 379,052</u>

Plan Description

Plan Administration

The City sponsors healthcare coverage under the California Public Employees Medical and Hospital Care Act ("PEMHCA"), commonly referred to as PERS Health. PEMHCA provides health insurance through a variety of Health Maintenance Organization (HMO) and Preferred Provider Organization (PPO) options.

Benefit Provided

The City offers PEMHCA coverage to its retirees. The City makes the required statutory PEMHCA contribution (\$128 and \$133 per month in calendar year 2017 and 2018, respectively). Furthermore, the City will make additional contributions towards certain eligible retirees' premiums for a given number of months after retirement equal to the employees' months of service with the City before retirement. This program is known as the "Career Employees Medical Retirement Benefit", and is also available to non-PEMHCA retirees in the form of quarterly reimbursements upon proper verification of authorized healthcare costs.

In order to be eligible for the Career Medical Benefit, retirees must have satisfied either of the following age and service requirements:

- (1) Later of age 55 and 20 years of service, at least 10 years of which are immediately prior to retirement with the City of Lakewood as a regular full-time employee; or
- (2) Later of age 60 and 15 years of service, at least 10 years of which are immediately prior to retirement with the City of Lakewood as a regular full-time employee.

For eligible individuals who retired prior to July 1, 2006, the grandfathered maximum City contribution is \$434 per month until age 65 (now obsolete) and \$347 per month beginning at age 65. For those retiring between July 1, 2007 and January 1, 2013, the 2017 limits are \$504 and \$306. For those retiring between January 1, 2014 and January 1, 2015, the 2017 limits are \$564 and \$306. For those retiring between January 1, 2015 and January 1, 2016, the 2017 pre-65 limit is \$542 per month. For those retiring between January 1, 2016 and January 1, 2017, the 2017 pre-65 limit is \$555 per month. For retirements during 2017, the limits are \$574 and \$300, respectively. For retirements during 2018, the limits are \$642.70 and \$316.34, respectively (the retiree-only premiums under PEMHCA for Kaiser - Los Angeles Area).

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 12 – Other Post-Employment Benefits (Continued)

Plan Description (Continued)

Benefit Provided (Continued)

Beginning January 1, 2013, benefits in pay status are indexed (increased) by the lesser of 2% per year or the increase in the Kaiser PEMHCA premium for the Los Angeles Area. Retirees who retire prior to age 65 have as a base year for post-65 payments the PEMHCA Kaiser Senior Advantage premium for the year in which they reach age 65 (rather than the year of retirement).

Employees Covered by Benefit Term

At July 1, 2017, the date of the latest actuarial valuation, membership in the Plan consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	73
Active plan members	196
Total	<u>269</u>

Contributions

The City currently finances benefits on a pay-as-you-go basis.

Net OPEB Liability

The City's Net OPEB Liability was measured as of June 30, 2018 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of July 1, 2017. Standard actuarial update procedures were used to project/discount from July 1, 2017 to the measurement dates.

Actuarial Assumptions

The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary Increases	3.00%
Investment Rate of Return	6.00%, net of OPEB plan investment expense
Healthcare cost trend rate	6.00 percent for 2017; 5.00 percent for 2018 and later years
Future cap levels	Pre-retirement: Cap assumed to increase with healthcare trend for all future years. Post-retirement increases limited to 2% per year for all future years. For retirements prior to age 65, the Medicare Supplement premium is projected to age 65 using healthcare trend and increased at 2% per year thereafter.

Pre-retirement mortality rates were based on the RP-2014 Employee Mortality Table for Males or Females, as appropriate, without projection. Post-retirement mortality rates were based on the RP-2014 Health Annuitant Mortality Table for Males or Females, as appropriate, without projection.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 12 – Other Post-Employment Benefits (Continued)

Net OPEB Liability (Continued)

Actuarial Assumptions (Continued)

Retirement and termination assumptions used were based on a review of plan experience and our best estimate of future plan experience.

Discount Rate

GASB 75 requires a discount rate that reflects the following:

- a) The long-term expected rate of return on OPEB plan investments – to the extent that the OPEB plan’s fiduciary net position (if any) is projected to be sufficient to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return;
- b) A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher – to the extent that the conditions in (a) are not met.

To determine a resulting single (blended) rate, the amount of the plan’s projected fiduciary net position (if any) and the amount of projected benefit payments is compared in each period of projected benefit payments. The discount rate used to measure the City’s total OPEB liability is based on these requirements and the following information:

Reporting Date	Measurement Date	Long-Term Expected Return of Plan Investments (if any)	Municipal Bond 20- Year High Grade Rate Index	Discount Rate
July 1, 2017	July 1, 2017	6.00%	3.13%	6.00%
June 30, 2018	June 30, 2018	6.00%	3.62%	6.00%

Investments

Investment Policy:

The City’s policy regarding the allocation of the plan’s invested assets is established and may be amended. The investment objective the City has selected is Moderate Strategy, which has a dual goal to growth of income and principal. The asset allocation ranges for this objective as of March 31, 2018, are listed below:

Asset Class	Stated Range	Actual
Cash	5.00%	3.08%
Fixed Income	45.00%	46.87%
Equity	50.00%	50.05%
	100.00%	100.00%

Market conditions may cause the account’s asset allocation to vary from the stated range from time to time.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 12 – Other Post-Employment Benefits (Continued)

Investments

Rate of return

For the year ended June 30, 2018 the annual money-weighted rate of return on investments, net of investment expense, was 6.63 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

Change in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Balance at July 1, 2017 (Valuation Date)	\$ 9,767,059	\$ 8,750,403	\$ 1,016,656
Changes Recognized for the Measurement Period:			
Service Cost	320,972	-	320,972
Interest on the total OPEB liability	573,684	-	573,684
Changes of benefit terms	-	-	-
Changes of assumptions	-	-	-
Difference between expected and actual experience	-	-	-
Contributions from the employer	-	417,411	(417,411)
Contributions from employees	-	-	-
Net investment income	-	575,333	(575,333)
Benefit payments, including refunds of employee contributions	(417,410)	(417,410)	-
Administrative Expense	-	(48,049)	48,049
Net Changes during July 1, 2017 to June 30, 2018	\$ 477,246	\$ 527,285	\$ (50,039)
Balance at June 30, 2018 (Measurement Date)	\$ 10,244,305	\$ 9,277,688	\$ 966,617

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.00 percent) or 1-percentage-point higher (7.00 percent) than the current discount rate:

Plan's Net OPEB Liability/(Asset)		
Discount Rate - 1% (5.00%)	Current Discount Rate (6.00%)	Discount Rate + 1% (7.00%)
\$ 2,223,358	\$ 966,617	\$ (87,241)

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 12 – Other Post-Employment Benefits (Continued)

Change in the Net OPEB Liability (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.00 percent decreasing to 4.00 percent) or 1-percentage-point higher (5.00 percent increasing to 6.00 percent) than the current healthcare cost trend rates:

Plan's Net OPEB Liability/(Asset)		
Discount Rate - 1% (4.00%)	Current Discount Rate (5.00%)	Discount Rate + 1% (6.00%)
\$ (42,477)	\$ 966,617	\$ 2,054,186

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the City' recognized OPEB expense of \$379,052. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred outflows of Resources	Deferred inflows of Resources
Net difference between projected and actual earning on pension plan investments	\$ -	\$ 11,680
Total	\$ -	\$ 11,680

The difference between projected OPEB plan investment earnings and actual earnings is amortized over a five year period. The remaining gains and losses are amortized over the expected average service life. The expected average remaining service life is 7.7 years, which was determined as of July 1, 2017, the beginning of the measurement period, for employees covered by the OPEB plan benefit terms as of the valuation date.

Amount reported as deferred inflows of resources related to OPEB will be recognized as future OPEB expense as follows:

Year Ended June 30	Deferred Outflows/(Inflows) of Resources OPEB Plan
2019	\$ (2,920)
2020	(2,920)
2021	(2,920)
2022	(2,920)
2023	-
Thereafter	-
	<u>\$ (11,680)</u>

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 13 – Deferred Compensation Plan

The City has made available to its employees two deferred compensation plans, whereby employees authorize the City to withhold funds from salary to be invested in the Voya Financial RetireFlex-MF Deferred Compensation Plan. Funds may be withdrawn by participants upon termination of employment or retirement. The City makes no contributions under the plans. The City withholds employee contributions from employee's payroll checks and transmits these monies to the plan providers on a bi-weekly basis. The City makes distributions from the plans based solely upon authorizations from the plan administrator.

Pursuant to changes in Internal Revenue Code ("IRC") Section 457 on November 26, 1997, the City formally established a plan level trust in which all assets and income of the 457 plan were placed. The assets, all property and rights purchased with such amount, and all income attributable to such amounts, property, or rights are held in trust for the exclusive benefit of the participants and their beneficiaries. These assets are no longer the property of the City and, as such, are no longer subject to the claims of the City's general creditors. As a result, the assets of the 457 plan are no longer reflected in the financial statements. The City had minimal involvement in the administration of the 457 plan and, therefore, lacks the fiduciary accountability that would have required the 457 plan to be recorded.

Plan assets are held in trust for the exclusive benefit of participant and their beneficiaries; and therefore, are not included in the accompanying financial statements.

Note 14 – Liabilities, Property, and Workers' Compensation Protection

A. Description of Self-Insurance Pool Pursuant to Joint Powers Agreement

The City is a member of the California Joint Powers Insurance Authority ("Authority"). The Authority is composed of 116 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The California JPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

B. Self-Insurance Programs of the Insurance Authority

Each member pays an annual contribution at the beginning of the coverage period. A retrospective adjustment is then conducted annually thereafter, for coverage years 2012-13 and prior. Coverage years 2013-14 and forward are not subject to routine annual retrospective adjustment. The total funding requirement for primary self-insurance programs is based on an actuarial analysis. Costs are allocated to individual agencies based on payroll and claims history, relative to other members of the risk-sharing pool.

Primary Liability Program

Claims are pooled separately between police and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$750,000 to \$50 million, are distributed based on the outcome of cost allocation within the first and second loss layers.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 14 – Liabilities, Property, and Workers' Compensation Protection (Continued)

B. Self-Insurance Programs of the Insurance Authority (Continued)

Primary Liability Program (Continued)

The overall coverage limit for each member, including all layers of coverage, is \$50 million per occurrence. Subsidence losses have a sub-limit of \$40 million per occurrence. The coverage structure includes retained risk that is pooled among members, reinsurance, and excess insurance. More detailed information about the various layers of coverage is available on the following website: <https://cjpia.org/protection/coverage-programs>.

Workers' Compensation Program

Claims are pooled separately between public safety (police and fire) and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$50,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$50,000 to \$100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$100,000 to statutory limits are distributed based on the outcome of cost allocation within the first and second loss layers.

For 2017-18 the Authority's pooled retention is \$2 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law. Employer's Liability losses are pooled among members to \$2 million. Coverage from \$2 million to \$5 million is purchased as part of a reinsurance policy, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

C. Purchased Insurance

Pollution Legal Liability Insurance

The City participates in the pollution legal liability insurance program which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Authority has an aggregate limit of \$50 million for the 3-year period from July 1, 2017 through July 1, 2020. Each member of the Authority has a \$10 million sub-limit during the 3-year policy term.

Property Insurance

The City participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City property is currently insured according to a schedule of covered property submitted by the City to the Authority. City property currently has all-risk property insurance protection in the amount of \$56,186,665. There is a \$10,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$2,500 deductible.

Crime Insurance

The City purchases crime insurance coverage in the amount of \$3,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the Authority.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 14 – Liabilities, Property, and Workers’ Compensation Protection (Continued)

D. Adequacy of Protection

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2017-18.

The aforementioned information is not included in the accompanying financial statements. Complete financial statements for the Insurance Authority may be obtained at their administrative office located at 8081 Moody Street, La Palma, California 90623.

Note 15 – Commitments and Contingencies

A. Lawsuits

Numerous claims and suits have been filed against the City in the normal course of business. Based upon information received from the City Attorney and the self-insurance administrator, the estimated liability under such claims would be adequately covered by self-insurance designations and insurance coverage.

B. Contract with Los Angeles County Sheriff’s Department

The City contracts for policing services through the Los Angeles County Sheriffs Department. As part of the agreement for services, the City is required to pay an additional 4% premium over the contract price to the Sheriff’s Department for liability insurance. This amount is held by the County in a Liability Trust Fund and provides for the payment of claims brought against the Sheriffs Department.

C. Lighting Maintenance Contract with City Light and Power Lakewood, Inc.

In November 1997, the City entered into a lighting maintenance contract with City Light and Power Lakewood, Inc. The contract requires the City to pay a basic annual rent of \$544,250, with a portion of the basic rent adjusted annually using the current consumer price index. During the year ended June 30, 2018, the City paid \$57,989 per month for the maintenance contract. The contract expires in November 2022.

D. Agreement for Allocation of Tax Increment Revenue

On June 13, 1989, the former Lakewood Redevelopment Agency entered into an agreement for the allocation of tax increment revenue generated from Project Area No. 2. As part of the agreement, the Agency is required to reimburse the Consolidated Fire Protection District of Los Angeles County 17.26% of tax increment revenues and Los Angeles County 54.59% of tax increment revenue. The Los Angeles County portion may be deferred in any year under certain terms of the agreement until total tax increment of the Agency reaches a cumulative total of \$60,000,000. After the total reaches \$60,000,000, the Agency is required to reimburse Los Angeles County 100% of tax increment revenue (net of the allocation to the Consolidated Fire Protection District of Los Angeles County) until the deferred sums have been repaid. Interest on any deferral amounts was prepaid in a lump sum of \$842,000 in fiscal year 1990-91. At June 30, 2018, the Agency's outstanding deferral balance is \$756,943.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 16 – Individual Fund Disclosures

Funds with a deficit fund balance/net position at June 30, 2018, are as follows:

Governmental Funds:

Lakewood Capital Improvements Capital Projects Fund	\$ (1,535,670)
CDBG Special Revenue Fund	(110,969)
Prop A Recreation Special Revenue Fund	(30,029)
Open Space Special Revenue Fund	(323,374)

Agency Funds:

Successor Agency	(14,761,058)
------------------	--------------

The Governmental Funds' deficits are primarily the result of unavailable revenue at June 30, 2018 and will be eliminated upon receipts of the grant reimbursements in the following fiscal year. The Successor Agency deficit is due to the Advance from the City and will be recovered by future by Recognized Obligation Payment Schedule.

Note 17 – Agreement with Paramount Petroleum

In 1992 the City and Paramount Petroleum Corporation entered into an agreement that allowed Paramount Petroleum to maintain their existing petroleum storage facility (tank farm) on a 4.24-acre site located at 2920 56th Way in Lakewood. The tank farm consists of two 55,000 barrel storage tanks and two 5,000 barrel water tanks and a petroleum pumping station. The agreement established a 15 year amortization period after which time the tanks were to be removed from the site.

Because of changes in the oil industry, as well as the nature of development surrounding the tank farm, Ordinance No. 2005-14 amended the provisions of the Lakewood Municipal Code 9392.B.1 (g) which allowed Paramount Petroleum to operate an additional 10 years ended in January 2017.

Note 18 – Restatement of Beginning Net Position

The City implemented GASB Statement No. 75 during the year ended June 30, 2018. The beginning net positions at July 1, 2017 were related as follows.

	Governmental Activities	Business-type Activity Water Enterprise Fund	Proprietary Fund Water Enterprise Fund
Net Position at July 1, 2017	\$ 140,001,932	\$ 37,537,997	\$ 38,144,966
OPEB assets ⁽¹⁾	(3,821,780)	-	-
Net OPEB Liabilities (Note 12)	(914,990)	(101,666)	(101,666)
Net Position at July 1, 2017, as Restated	<u>\$ 135,265,162</u>	<u>\$ 37,436,331</u>	<u>\$ 38,043,300</u>

⁽¹⁾ Restatement to the beginning net position is to remove the previously reported OPEB asset. This was reported based on the GASB Statement No. 45, which is replaced by GASB Statement No. 75.



**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**



City of Lakewood
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes	\$ 25,519,988	\$ 24,876,754	\$ 25,156,854	\$ 280,100
Licenses and permits	1,216,794	1,266,702	1,207,480	(59,222)
Fines and forfeitures	853,200	787,200	803,671	16,471
Investment income, rents and concession	1,544,273	1,520,523	1,334,646	(185,877)
Intergovernmental revenues	8,541,831	9,014,070	9,022,306	8,236
Current service charges	8,061,492	7,653,044	7,727,896	74,852
Other	873,300	951,391	1,111,960	160,569
Total revenues	<u>46,610,878</u>	<u>46,069,684</u>	<u>46,364,813</u>	<u>295,129</u>
EXPENDITURES:				
Current:				
General government	7,867,896	7,906,188	7,715,081	191,107
Public safety	15,488,258	14,572,038	14,439,252	132,786
Transportation	2,874,842	2,936,581	2,596,238	340,343
Community development	4,900,535	5,115,275	4,980,225	135,050
Health and sanitation	5,190,646	5,111,004	5,112,032	(1,028)
Culture and leisure	12,262,678	12,080,333	12,233,189	(152,856)
Capital outlay				
General government	141,100	133,241	118,094	15,147
Transportation	251,200	475,276	62,729	412,547
Community development	28,000	28,000	7,116	20,884
Culture and leisure	2,342,241	5,788,730	3,018,670	2,770,060
Debt service:				
Principal retirement	-	-	37,626	(37,626)
Interest and fiscal charges	-	-	12,246	(12,246)
Total expenditures	<u>51,347,396</u>	<u>54,146,666</u>	<u>50,332,498</u>	<u>3,814,168</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(4,736,518)</u>	<u>(8,076,982)</u>	<u>(3,967,685)</u>	<u>4,109,297</u>
OTHER FINANCING SOURCES:				
Transfers in	1,680,500	2,238,308	1,689,101	(549,207)
Transfers out	-	-	(9,100)	(9,100)
Total other financing sources	<u>1,680,500</u>	<u>2,238,308</u>	<u>1,680,001</u>	<u>(558,307)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (3,056,018)</u>	<u>\$ (5,838,674)</u>	<u>(2,287,684)</u>	<u>\$ 3,550,990</u>
FUND BALANCE:				
Beginning of Year			43,214,118	
End of Year			<u>\$ 40,926,434</u>	

City of Lakewood
Required Supplementary Information (Unaudited)
Notes to the Budgetary Comparison Schedule
For the Year Ended June 30, 2018

Budget and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The annual budget adopted by the City Council provides for the general operation of the City. It includes proposed expenditures and the means of financing them.
2. The City Council approves total budgeted appropriations and any amendments to appropriations throughout the year. This "appropriated budget" covers substantially all City expenditures, with the exception of debt service on bond issues and capital improvement projects, which expenditures constitute legally-authorized "non-appropriated budget". There were no significant non-budgeted financial activities. Actual expenditures may not exceed budgeted appropriations at the fund level. The City Manager is authorized to make transfers of budget appropriations between classifications and activities within a fund.
3. Formal budgetary integration is employed as a management control device. Commitments for materials and services, such as purchase orders and contracts, are recorded during the year as encumbrances to assist in controlling expenditures. Appropriations, which are encumbered at year end, are added to the following year's budgeted appropriations. However, encumbrances at year end are reported as assigned fund balance.
4. Budgets for the General and Special Revenue Funds are adopted on a basis substantially consistent with accounting principles generally accepted in the United States of America. Accordingly, actual revenues and expenditures can be compared with related budgeted amounts without any significant reconciling items. No budgetary comparison is presented for the Park Dedication Special Revenue Fund, the Sewer Reconstruction Special Revenue Fund, and Open Space Special Revenue Fund since no budgets were adopted for these funds. No budgetary comparisons are presented for Proprietary Funds as the City is not legally required to adopt a budget for these types of funds.
5. Capital project budgets are long term in nature and, accordingly, no budgetary comparisons are reflected in the accompanying financial statements.
6. Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from the proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller, returned to the taxpayers through revised tax rates or revised fee schedules, or an excess in one year may be offset against a deficit in the following year. For the fiscal year ended June 30, 2018, based on calculations by City Management, proceeds of taxes did not exceed related appropriations. Further, Section 5 of Article XIII B allows the City to designate a portion of fund balance for general contingencies, to be used in future years without limitation. In 2009-10, the City Council passed a resolution setting aside all unappropriated fund balances in the General Fund as contingency funds.

City of Lakewood
Required Supplementary Information (Unaudited)
Schedule of Changes in Net Pension Liability and Related Ratios
For the Year Ended June 30, 2018

Last Ten Fiscal Years

California Public Employees' Retirement System Defined Pension Plan

Measurement period	2013-14	2014-15	2015-16	2016-17 ¹
Total pension liability				
Service cost	\$ 2,144,455	\$ 2,028,208	\$ 2,109,082	\$ 2,355,437
Interest	8,019,215	8,236,636	8,472,508	8,766,071
Changes of benefit terms	-	-	-	-
Changes of assumptions	-	(1,943,097)	-	7,049,669
Differences between expected and actual experience	-	(2,731,071)	(2,102,094)	(581,254)
Benefit payments, including refunds of employee contributions	(4,389,897)	(4,981,710)	(5,258,099)	(5,386,901)
Net change in total pension liability	5,773,773	608,966	3,221,397	12,203,022
Total pension liability - beginning	108,045,583	113,819,356	114,428,322	117,649,719
Total pension liability - ending (a)	\$ 113,819,356	\$ 114,428,322	\$ 117,649,719	\$ 129,852,741
Pension fiduciary net position				
Contributions - employer	\$ 1,873,372	\$ 1,871,751	\$ 2,717,060	\$ 2,344,596
Contributions - employee	1,012,408	939,852	1,051,966	1,098,583
Net investment income	14,100,175	2,111,030	554,532	10,269,191
Benefit payments, including refunds of employee contributions	(4,389,897)	(4,981,710)	(5,258,099)	(5,386,901)
Administrative expense	-	(105,557)	(57,099)	(136,863)
Net change in plan fiduciary net position	12,596,058	(164,634)	(991,640)	8,188,606
Plan fiduciary net position - beginning	81,258,902	93,854,960	93,690,326	92,698,686
Plan fiduciary net position - ending (b)	\$ 93,854,960	\$ 93,690,326	\$ 92,698,686	\$ 100,887,292
Plan net pension liability - ending (a) - (b)	\$ 19,964,396	\$ 20,737,996	\$ 24,951,033	\$ 28,965,449
Plan fiduciary net position as a percentage of the total pension liability	82.46%	81.88%	78.79%	77.69%
Covered payroll	\$ 15,265,197	\$ 15,213,079	\$ 16,033,770	\$ 16,036,475
Plan net pension liability as a percentage of covered payroll	130.78%	136.32%	155.62%	180.62%

¹ Historical information is presented only for measurement periods for which GASB 68 is applicable. Additional years' information will be displayed as it becomes available.

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2016 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

City of Lakewood
Required Supplementary Information (Unaudited)
Schedule of Changes in Net Pension Liability and Related Ratios (Continued)
For the Year Ended June 30, 2018

Last Ten Fiscal Years

Public Agency Retirement System Defined Benefit Plan

Measurement period	2014-15	2015-16	2016-17	2017-18 ¹
Total pension liability				
Service cost	\$ 501,866	\$ 522,429	\$ 538,102	\$ 447,262
Interest	972,653	898,895	1,102,003	1,161,853
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	-	(345,830)	-	(127,926)
Changes of assumptions	-	2,749,085	-	1,311,695
Benefit payments, including refunds of employee contributions	(398,794)	(417,601)	(493,769)	(611,458)
Net change in total pension liability	1,075,725	3,406,978	1,146,336	2,181,426
Total pension liability - beginning	13,589,197	14,664,922	18,071,900	19,218,236
Total pension liability - ending (a)	\$ 14,664,922	\$ 18,071,900	\$ 19,218,236	\$ 21,399,662
Pension fiduciary net position				
Contributions - employer	\$ 3,884,844	\$ 54,800	\$ 597,130	\$ 568,494
Contributions - employee	293,815	281,187	272,183	243,461
Net investment income, net of investment expenses	212,179	(8,365)	1,290,294	878,414
Benefit payments, including refunds of employee contributions	(398,794)	(417,601)	(493,769)	(611,458)
Administrative expenses	(19,517)	(25,243)	(23,483)	(32,057)
Other	-	-	-	-
Net change in plan fiduciary net position	3,972,527	(115,222)	1,642,355	1,046,854
Plan fiduciary net position - beginning	8,796,523	12,769,050	12,653,828	14,296,183
Plan fiduciary net position - ending (b)	\$ 12,769,050	\$ 12,653,828	\$ 14,296,183	\$ 15,343,037
Plan net pension liability - ending (a) - (b)	\$ 1,895,872	\$ 5,418,072	\$ 4,922,053	\$ 6,056,625
Plan fiduciary net position as a percentage of the total pension liability	87.07%	70.02%	74.39%	71.70%
Covered payroll	\$ 10,819,843	\$ 11,643,566	\$ 11,992,873	\$ 9,975,323
Net pension liability as a percentage of covered payroll	17.52%	46.53%	41.04%	60.72%

¹ Historical information is presented only for measurement periods for which GASB 68 is applicable. Additional years' information will be displayed as it becomes available.

City of Lakewood
Required Supplementary Information (Unaudited)
Schedule of Contributions
For the Year Ended June 30, 2018

Last Ten Fiscal Years

California Public Employees' Retirement System Defined Pension Plan

	2013-14	2014-15	2015-16	2016-17 ¹	2017-18 ¹
Actuarially determined contribution	\$ 1,873,372	\$ 1,871,751	\$ 2,136,551	\$ 2,344,596	\$ 1,151,941
Contributions in relation to the actuarially determined contribution ²	(1,873,372)	(1,871,751)	(2,717,060)	(2,344,596)	(2,573,419)
Contribution deficiency (excess)	\$ -	\$ -	\$ (580,509)	\$ -	\$ (1,421,478)
Covered payroll ³	\$15,265,197	\$15,213,079	\$16,033,770	\$16,036,475	\$16,517,569
Contributions as a percentage of covered payroll ³	12.27%	12.30%	16.95%	14.62%	15.58%

¹ Historical information is presented only for measurement periods for which GASB 68 is applicable. Additional years' information will be displayed as it becomes available.

² Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.

³ Includes one year's payroll growth using 3.00 percent payroll assumption from 2016-17 to 2017-18.

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2017-18 were derived from the June 30, 2015 funding valuation report.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll
Asset valuation method	Market value
Inflation	2.75%
Salary increases	Varies by entry age and service
Payroll Growth	3.00%
Investment rate of return	7.50% net of pension plan investment and administrative expenses; includes Inflation.
Retirement age	The probabilities of retirement are based on the 2014 CalPERS Experience study for the period from 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

City of Lakewood
Required Supplementary Information (Unaudited)
Schedule of Contributions (Continued)
June 30, 2018

Last Ten Fiscal Years

Public Agency Retirement System Defined Benefit Plan

	2013-14	2014-15	2015-16	2016-17	2017-18 ¹
Actuarially determined contribution	\$ 799,971	\$ 871,044	\$ 874,736	\$ 594,125	\$ 493,923
Contributions in relation to the actuarially determined contribution	(723,539)	(3,884,844)	(54,800)	(54,800)	(568,494)
Contribution deficiency (excess)	<u>\$ 76,432</u>	<u>\$ (3,013,800)</u>	<u>\$ 819,936</u>	<u>\$ 539,325</u>	<u>\$ (74,571)</u>
Covered payroll	\$13,496,727	\$10,819,843	\$ 11,643,566	\$11,992,873	\$ 9,975,323
Contributions as a percentage of covered payroll	5.36%	35.90%	0.47%	0.46%	5.70%

¹ Historical information is presented only for measurement periods for which GASB 68 is applicable. Additional years' information will be displayed as it becomes available.

Notes to Schedule:

Valuation date: July 1, 2015

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar, Closed
Remaining amortization period	20 Years
Asset valuation method	None
Inflation	2.75%
Salary increases	3.50% to 12.20% depending on age, service, and type of employment
Cost of Living Adjustment	2.00%
Investment rate of return	6.10%
Withdraw/Disability/Mortality	Consistent with the Non-Industrial rate used to value the Miscellaneous CalPERS Pension Plans.
Retirement age	Ranges from 7.1% at age 55 to 100% at age 75+
Maximum Benefits and Salary	Salary used in the calculation of final average compensation is subject to the limitations of IRC 401(a)(17). The limit is assumed to increase 3.00% per annum.
Form of Payment	Single Life Annuity

City of Lakewood
Required Supplementary Information (Unaudited)
Schedule of Changes in Net OPEB Liability and Related Ratios
For the Year Ended June 30, 2018

Last Ten Fiscal Years

OTHER POST-EMPLOYMENT BENEFITS PLAN

Measurement period	2017-18 ¹
Total OPEB liability	
Service cost	\$ 320,972
Interest	573,684
Changes of benefit terms	-
Changes of assumptions	-
Differences between expected and actual experience	-
Benefit payments, including refunds of employee contributions	(417,410)
Net change in total OPEB liability	477,246
Total OPEB liability - beginning	9,767,059
Total OPEB liability - ending (a)	<u>\$ 10,244,305</u>
Plan fiduciary net position	
Contributions - employer	\$ 417,410
Net investment income	575,333
Benefit payments, including refunds of employee contributions	(417,410)
Administrative expense	(48,048)
Net change in plan fiduciary net position	527,285
Plan fiduciary net position - beginning	8,750,403
Plan fiduciary net position - ending (b)	<u>\$ 9,277,688</u>
Plan net OPEB liability - ending (a) - (b)	<u>\$ 966,617</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>90.56%</u>
Covered payroll	<u>\$ 7,657,419</u>
Plan net OPEB liability as a percentage of covered payroll	<u>12.62%</u>

¹ Historical information is presented only for measurement periods for which GASB 75 is applicable. Additional years' information will be displayed as it becomes available.

City of Lakewood
Required Supplementary Information (Unaudited)
Schedule of Contributions
For the Year Ended June 30, 2018

Last Ten Fiscal Years

OTHER POST-EMPLOYMENT BENEFITS PLAN

	2017-18 ¹
Actuarially determined contribution	\$ 373,794
Contributions in relation to the actuarially determined contribution	(417,410)
Contribution deficiency (excess)	<u>\$ (43,616)</u>
Covered payroll	\$ 7,657,419
Contributions as a percentage of covered payroll	5.45%

¹ Historical information is presented only for measurement periods for which GASB 68 is applicable. Additional years' information will be displayed as it becomes available.

Notes to Schedule:

Valuation date: July 1, 2017

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Salary increases	3.00%
Investment rate of return	6.00 %, net of OPEB plan investment expense
Healthcare cost trend rate	6.00 % for 2017; 5.00 % for 2018; 5.00 % for 2019; and 5.00 % for 2020 and later years
Future cap levels	Pre-retirement: Cap assumed to increase with healthcare trend for all future years. Post-retirement increases limited to 2% per year for all future years. For retirements prior to age 65, the Medicare Supplement premium is projected to age 65 using healthcare trend and increased at 2% per year thereafter.

SUPPLEMENTARY INFORMATION



City of Lakewood
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Housing Admin and Program Capital Projects Fund
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment income, rents and concession	\$ 5,000	\$ 10,000	\$ 86,386	\$ 76,386
Other income	199,000	199,000	180,000	(19,000)
Total revenues	<u>204,000</u>	<u>209,000</u>	<u>266,386</u>	<u>57,386</u>
EXPENDITURES:				
Community development	204,000	204,000	197,945	6,055
Total expenditures	<u>204,000</u>	<u>204,000</u>	<u>197,945</u>	<u>6,055</u>
NET CHANGES IN FUND BALANCES	<u>\$ -</u>	<u>\$ 5,000</u>	68,441	<u>\$ 63,441</u>
FUND BALANCE:				
Beginning of year			<u>12,775,038</u>	
End of year			<u>\$ 12,843,479</u>	

City of Lakewood
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Lakewood Capital Improvements Capital Projects Fund
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental revenues	\$ -	\$ 6,247,248	\$ 6,835,212	\$ 587,964
Total revenues	<u>-</u>	<u>6,247,248</u>	<u>6,835,212</u>	<u>587,964</u>
EXPENDITURES:				
Capital outlay:				
Transportation	-	27,915,756	5,590,297	22,325,459
Total expenditures	<u>-</u>	<u>27,915,756</u>	<u>5,590,297</u>	<u>22,325,459</u>
NET CHANGES IN FUND BALANCES	<u>\$ -</u>	<u>\$ (21,668,508)</u>	1,244,915	<u>\$ 22,913,423</u>
FUND BALANCE (DEFICIT):				
Beginning of year			(2,780,585)	
End of year			<u>\$ (1,535,670)</u>	

NONMAJOR GOVERNMENTAL FUNDS

Nonmajor Special Revenue Funds:

Special Revenue Funds are used to account for taxes and other revenues set aside in accordance with the law or administrative regulations for a specific purpose.

State Gasoline Tax Fund - To account for state gasoline taxes received by the City. These funds are restricted for street maintenance, right-of-way acquisition, and street construction.

Park Dedication Fund - To account for business taxes collected on the construction of dwelling units. These funds are used only for park and recreation land and facilities.

Sewer Reconstruction Fund - To account for charges collected on construction permits to be used for the reconstruction of sanitary sewers.

Prop A Transit Fund - To account for Los Angeles County special 1/2 cent transportation sales tax which became effective July 1, 1982. These funds may be used only for certain transportation purposes.

Prop C Transportation Fund - To account for Los Angeles County additional special 1/2 cent transportation sales tax which became effective July 1, 1992. These funds may be only used for certain transportation purposes.

AB 2766 Fund - To account for motor vehicle registration fees authorized by Assembly Bill 2766. These funds are to be used solely to reduce air pollution from mobile sources.

Community Development Block Grant (CDBG) Fund - To account for funds received from the U.S. Department of Housing and Urban Development for use in community development projects.

State COPS Grants Fund - To account for state funding under the Citizens Option for Public Safety program to supplement City's current funding for front-line law enforcement services.

LA County Measure M Fund - To account for Los Angeles County special ½ cent sales tax approved pursuant to SB767 which was approved by the METRO Board of Directors on June 23, 2016 and approved by the voters of Los Angeles County on November 8, 2016. These funds may be used to improve transportation and transit service and ease traffic congestion consistent with the Measure M Ordinance #16-01.

Beverage Container Recycle Grant Fund - To account for the Department of Resources Recycling and Recovery (CalRecycle) beverage container recycling program to reach and maintain an eighty percent recycling rate for all California refund value beverage containers - aluminum, glass, plastic and bi-metal.

Litter Reduction Grant Fund - To account for recycling and litter cleanup activities funded by the California Beverage Container Recycling and Litter Reduction Act.

TDA Article Grant Fund - To account for proceeds received from LACMTA under the Transportation Development Act for use on pedestrians, bikeways and handicapped accessibility projects.

Used Oil Grant Fund - To account for funding received from California Integrated Waste Management for permanent and sustainable used oil recycling programs.

Prop A Recreation Fund - To account for expenditures and reimbursements of park maintenance and servicing of Prop A funded projects.



NONMAJOR GOVERNMENTAL FUNDS

Nonmajor Special Revenue Funds (Continued):

Measure R Fund - To account for Los Angeles County special 1/2 cent transportation sales tax which became effectively July 1, 2009. These funds may be used only for certain transportation purposes.

Open Space Fund - To account for funding received from the Los Angeles Regional Park and Open Space District for the West San Gabriel River Parkway Improvement Project – Phase III.

Road Maintenance & Rehab Acct Fund - To account for transportation taxes from the Road Repair and Accountability Act of 2017 (SB1 Beall) to be used for local streets and roads and other transportation uses. The source of the revenue are: (1) an additional 12 cent per gallon to the gas excise tax, (2) an additional 10 cent per gallon to the diesel fuel excise tax, and (3) an additional vehicle registration tax.

City of Lakewood
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018

	Special Revenue Funds				
	State Gasoline Tax	Park Dedication	Sewer Reconstruction	Prop A Transit	Prop C Transportation
ASSETS					
Cash and investments	\$ -	\$ 89,881	\$ 158,777	\$ 756,235	\$ 3,405,914
Accounts receivable	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 89,881</u>	<u>\$ 158,777</u>	<u>\$ 756,235</u>	<u>\$ 3,405,914</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ 23,659	\$ 2,035
Accrued liabilities	-	-	-	4,364	21,700
Retention payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,023</u>	<u>23,735</u>
Deferred Inflows of Resources:					
Unavailable revenues	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficit):					
Restricted for:					
Public safety	-	-	-	-	-
Transportation	-	-	-	728,212	3,382,179
Community development	-	-	-	-	-
Health and sanitation	-	-	158,777	-	-
Culture and leisure	-	89,881	-	-	-
Unassigned (deficit)	-	-	-	-	-
Total fund balances (deficit)	<u>-</u>	<u>89,881</u>	<u>158,777</u>	<u>728,212</u>	<u>3,382,179</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ -</u>	<u>\$ 89,881</u>	<u>\$ 158,777</u>	<u>\$ 756,235</u>	<u>\$ 3,405,914</u>

(Continued)

City of Lakewood
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2018

	Special Revenue Funds				
	AB 2766	CDBG	State COPS Grant	LA County Measure M	Beverage Container Recycle Grant
ASSETS					
Cash and investments	\$ 308,959	\$ -	\$ 334,585	\$ 828,576	\$ 140,643
Accounts receivable	26,099	83,415	-	-	-
Total assets	\$ 335,058	\$ 83,415	\$ 334,585	\$ 828,576	\$ 140,643
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 6,690	\$ 34,049	\$ -	\$ 16,634
Accrued liabilities	-	-	-	-	-
Retention payable	-	57,232	-	-	-
Due to other funds	-	130,462	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	-	194,384	34,049	-	16,634
Deferred Inflows of Resources:					
Unavailable revenues	-	-	-	-	19,805
Total deferred inflows of resources	-	-	-	-	19,805
Fund Balances (Deficit):					
Restricted for:					
Public safety	-	-	300,536	-	-
Transportation	335,058	-	-	828,576	-
Community development	-	-	-	-	-
Health and sanitation	-	-	-	-	104,204
Culture and leisure	-	-	-	-	-
Unassigned (deficit)	-	(110,969)	-	-	-
Total fund balances (deficit)	335,058	(110,969)	300,536	828,576	104,204
Total liabilities, deferred inflows of resources and fund balances	\$ 335,058	\$ 83,415	\$ 334,585	\$ 828,576	\$ 140,643

(Continued)

City of Lakewood
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2018

	Special Revenue Funds				
	Litter Reduction Grant	TDA Article Grant	Used Oil Grant	Prop A Recreation	Measure R
ASSETS					
Cash and investments	\$ -	\$ -	\$ 48,444	\$ -	\$ 2,544,051
Accounts receivable	-	4,259	-	29,145	-
Total assets	\$ -	\$ 4,259	\$ 48,444	\$ 29,145	\$ 2,544,051
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 5,588	\$ -	\$ 20,569
Accrued liabilities	-	-	-	-	-
Retention payable	-	-	-	-	-
Due to other funds	-	4,259	-	30,029	-
Unearned revenue	-	-	21,457	-	-
Total liabilities	-	4,259	27,045	30,029	20,569
Deferred Inflows of Resources:					
Unavailable revenues	-	-	-	29,145	-
Total deferred inflows of resources	-	-	-	29,145	-
Fund Balances (Deficit):					
Restricted for:					
Public safety	-	-	-	-	-
Transportation	-	-	-	-	2,523,482
Community development	-	-	-	-	-
Health and sanitation	-	-	21,399	-	-
Culture and leisure	-	-	-	-	-
Unassigned (deficit)	-	-	-	(30,029)	-
Total fund balances (deficit)	-	-	21,399	(30,029)	2,523,482
Total liabilities, deferred inflows of resources and fund balances	\$ -	\$ 4,259	\$ 48,444	\$ 29,145	\$ 2,544,051

(Continued)

City of Lakewood
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2018

	Special Revenue Funds		
	Open Space	Road Maintenance and Rehab Acct	Total
ASSETS			
Cash and investments	\$ -	\$ -	\$ 8,616,065
Accounts receivable	323,374	169,661	635,953
Total assets	<u>\$ 323,374</u>	<u>\$ 169,661</u>	<u>\$ 9,252,018</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 109,224
Accrued liabilities	-	-	26,064
Retention payable	-	-	57,232
Due to other funds	323,374	99,549	587,673
Unearned revenue	-	-	21,457
Total liabilities	<u>323,374</u>	<u>99,549</u>	<u>801,650</u>
Deferred Inflows of Resources:			
Unavailable revenues	323,374	-	372,324
Total deferred inflows of resources	<u>323,374</u>	<u>-</u>	<u>372,324</u>
Fund Balances (Deficit):			
Restricted for:			
Public safety	-	-	300,536
Transportation	-	70,112	7,867,619
Community development	-	-	-
Health and sanitation	-	-	284,380
Culture and leisure	-	-	89,881
Unassigned (deficit)	(323,374)	-	(464,372)
Total fund balances (deficit)	<u>(323,374)</u>	<u>70,112</u>	<u>8,078,044</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 323,374</u>	<u>\$ 169,661</u>	<u>\$ 9,252,018</u>

(Concluded)

City of Lakewood
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2018

	Special Revenue Funds				
	State Gasoline Tax	Park Dedication	Sewer Reconstruction	Prop A Transit	Prop C Transportation
REVENUES:					
Taxes	\$ -	\$ 7,590	\$ -	\$ 1,463,740	\$ 1,212,158
Licenses and permits	-	-	6,418	-	-
Investment income, rents and concession	13,461	-	-	13,450	48,756
Intergovernmental revenues	1,675,640	-	-	-	-
Other revenues	-	-	-	5,000	-
Total revenues	<u>1,689,101</u>	<u>7,590</u>	<u>6,418</u>	<u>1,482,190</u>	<u>1,260,914</u>
EXPENDITURES:					
Current:					
General government	-	-	-	30,677	-
Public safety	-	-	-	-	-
Transportation	-	-	-	1,197,249	722,013
Community development	-	-	-	54,277	-
Health and sanitation	-	-	-	-	-
Culture and leisure	-	-	-	-	-
Capital outlay:					
General government	-	-	-	-	-
Transportation	-	-	-	170,166	35,309
Culture and leisure	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,452,369</u>	<u>757,322</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,689,101</u>	<u>7,590</u>	<u>6,418</u>	<u>29,821</u>	<u>503,592</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	2,903	-
Transfers out	(1,689,101)	-	-	-	-
Total other financing sources (uses)	<u>(1,689,101)</u>	<u>-</u>	<u>-</u>	<u>2,903</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	-	7,590	6,418	32,724	503,592
FUND BALANCES (DEFICIT):					
Beginning of year	-	82,291	152,359	695,488	2,878,587
End of year	<u>\$ -</u>	<u>\$ 89,881</u>	<u>\$ 158,777</u>	<u>\$ 728,212</u>	<u>\$ 3,382,179</u>

(Continued)

City of Lakewood
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2018

	Special Revenue Funds				
	AB2766	CDBG	State COPS Grants	LA County Measure M	Beverage Container Recycle Grant
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Investment income, rents and concession	4,067	-	5,648	4,476	-
Intergovernmental revenues	99,393	1,384,642	168,922	824,100	-
Other revenues	-	-	-	-	-
Total revenues	<u>103,460</u>	<u>1,384,642</u>	<u>174,570</u>	<u>828,576</u>	<u>-</u>
EXPENDITURES:					
Current:					
General government	-	29,945	-	-	-
Public safety	-	-	204,492	-	-
Transportation	10,000	-	-	-	-
Community development	-	215,897	-	-	-
Health and sanitation	-	-	-	-	5,804
Culture and leisure	-	34,000	-	-	-
Capital outlay:					
General government	7,289	-	-	-	-
Transportation	-	-	-	-	-
Culture and leisure	-	1,144,638	-	-	-
Total expenditures	<u>17,289</u>	<u>1,424,480</u>	<u>204,492</u>	<u>-</u>	<u>5,804</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>86,171</u>	<u>(39,838)</u>	<u>(29,922)</u>	<u>828,576</u>	<u>(5,804)</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	110,008
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>110,008</u>
NET CHANGES IN FUND BALANCES	<u>86,171</u>	<u>(39,838)</u>	<u>(29,922)</u>	<u>828,576</u>	<u>104,204</u>
FUND BALANCES (DEFICIT):					
Beginning of year	248,887	(71,131)	330,458	-	-
End of year	<u>\$ 335,058</u>	<u>\$ (110,969)</u>	<u>\$ 300,536</u>	<u>\$ 828,576</u>	<u>\$ 104,204</u>

(Continued)

City of Lakewood
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2018

	Special Revenue Funds				
	Litter Reduction Grant	TDA Article Grant	Used Oil Grant	Prop A Recreation	Measure R
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Investment income, rents and concession	2,357	-	-	1,118	33,656
Intergovernmental revenues	20,868	51,105	22,642	46,442	909,373
Other revenues	-	-	-	-	-
Total revenues	23,225	51,105	22,642	47,560	943,029
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Transportation	-	-	-	-	12,968
Community development	-	-	-	-	-
Health and sanitation	32,686	-	23,357	-	-
Culture and leisure	-	-	-	29,145	-
Capital outlay:					
General government	-	-	-	-	-
Transportation	-	51,105	-	-	212,562
Culture and leisure	-	-	-	-	-
Total expenditures	32,686	51,105	23,357	29,145	225,530
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(9,461)	-	(715)	18,415	717,499
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	6,197
Transfers out	(110,008)	-	-	-	-
Total other financing sources (uses)	(110,008)	-	-	-	6,197
NET CHANGES IN FUND BALANCES	(119,469)	-	(715)	18,415	723,696
FUND BALANCES (DEFICIT):					
Beginning of year	119,469	-	22,114	(48,444)	1,799,786
End of year	\$ -	\$ -	\$ 21,399	\$ (30,029)	\$ 2,523,482

(Continued)

City of Lakewood
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2018

	Special Revenue Funds		
	Open Space	Road Maintenance and Rehab Acct	Total
REVENUES:			
Taxes	\$ -	\$ -	\$ 2,683,488
Licenses and permits	-	-	6,418
Investment income, rents and concession	-	1,022	128,011
Intergovernmental revenues	-	469,046	5,672,173
Other revenues	-	-	5,000
Total revenues	-	470,068	8,495,090
EXPENDITURES:			
Current:			
General government	-	-	60,622
Public safety	-	-	204,492
Transportation	-	399,956	2,342,186
Community development	-	-	270,174
Health and sanitation	-	-	61,847
Culture and leisure	-	-	63,145
Capital outlay:			
General government	-	-	7,289
Transportation	-	-	469,142
Culture and leisure	-	-	1,144,638
Total expenditures	-	399,956	4,623,535
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	70,112	3,871,555
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	119,108
Transfers out	-	-	(1,799,109)
Total other financing sources (uses)	-	-	(1,680,001)
NET CHANGES IN FUND BALANCES	-	70,112	2,191,554
FUND BALANCES (DEFICIT):			
Beginning of year	(323,374)	-	5,886,490
End of year	<u>\$ (323,374)</u>	<u>\$ 70,112</u>	<u>\$ 8,078,044</u>

(Concluded)

City of Lakewood
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
State Gasoline Tax Special Revenue Fund
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment income, rents and concession	\$ 5,000	\$ 5,000	\$ 13,461	\$ 8,461
Intergovernmental revenues	1,675,500	1,726,877	1,675,640	(51,237)
Total revenues	<u>1,680,500</u>	<u>1,731,877</u>	<u>1,689,101</u>	<u>(42,776)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,680,500	1,731,877	1,689,101	(42,776)
OTHER FINANCING USES:				
Transfers out	<u>(1,680,500)</u>	<u>(2,238,308)</u>	<u>(1,689,101)</u>	<u>549,207</u>
Total other financing uses	<u>(1,680,500)</u>	<u>(2,238,308)</u>	<u>(1,689,101)</u>	<u>549,207</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ (506,431)</u>	-	<u>\$ 506,431</u>
FUND BALANCE:				
Beginning of year			-	
End of year			<u>\$ -</u>	

City of Lakewood
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Prop A Transit Special Revenue Fund
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes	\$ 1,519,768	\$ 1,455,815	\$ 1,463,740	\$ 7,925
Investment income, rents and concession	10,000	12,000	13,450	1,450
Other revenues	-	-	5,000	5,000
Total revenues	<u>1,529,768</u>	<u>1,467,815</u>	<u>1,482,190</u>	<u>14,375</u>
EXPENDITURES:				
Current:				
General government	45,630	27,662	30,677	(3,015)
Transportation	1,323,595	1,232,275	1,197,249	35,026
Community development	104,270	87,920	54,277	33,643
Capital outlay:				
Transportation	180,000	170,167	170,166	1
Total expenditures	<u>1,653,495</u>	<u>1,518,024</u>	<u>1,452,369</u>	<u>65,655</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(123,727)</u>	<u>(50,209)</u>	<u>29,821</u>	<u>80,030</u>
OTHER FINANCING SOURCES:				
Transfers in	-	-	2,903	2,903
Total other financing sources	<u>-</u>	<u>-</u>	<u>2,903</u>	<u>2,903</u>
NET CHANGE IN FUND BALANCE	<u>\$ (123,727)</u>	<u>\$ (50,209)</u>	<u>32,724</u>	<u>\$ 82,933</u>
FUND BALANCE:				
Beginning of year			<u>695,488</u>	
End of year			<u>\$ 728,212</u>	

City of Lakewood
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Prop C Transportation Special Revenue Fund
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes	\$ 1,255,637	\$ 1,207,560	\$ 1,212,158	\$ 4,598
Investment income, rents and concession	15,000	35,000	48,756	13,756
Total revenues	<u>1,270,637</u>	<u>1,242,560</u>	<u>1,260,914</u>	<u>18,354</u>
EXPENDITURES:				
Current:				
Transportation	1,006,680	783,885	722,013	61,872
Capital outlay:				
Transportation	-	2,200,000	35,309	2,164,691
Total expenditures	<u>1,006,680</u>	<u>2,983,885</u>	<u>757,322</u>	<u>2,226,563</u>
NET CHANGE IN FUND BALANCE	<u>\$ 263,957</u>	<u>\$ (1,741,325)</u>	503,592	<u>\$ 2,244,917</u>
FUND BALANCE:				
Beginning of year			<u>2,878,587</u>	
End of year			<u>\$ 3,382,179</u>	

City of Lakewood
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
AB2766 Special Revenue Fund
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment income, rents and concession	\$ 750	\$ 3,000	\$ 4,067	\$ 1,067
Intergovernmental revenues	100,000	100,000	99,393	(607)
Total revenues	<u>100,750</u>	<u>103,000</u>	<u>103,460</u>	<u>460</u>
EXPENDITURES:				
Current:				
General government	6,427	-	-	-
Transportation	15,972	10,000	10,000	-
Capital outlay:				
General government	8,000	7,300	7,289	11
Total expenditures	<u>30,399</u>	<u>17,300</u>	<u>17,289</u>	<u>11</u>
NET CHANGE IN FUND BALANCE	<u>\$ 70,351</u>	<u>\$ 85,700</u>	86,171	<u>\$ 471</u>
FUND BALANCE:				
Beginning of year			248,887	
End of year			<u>\$ 335,058</u>	

City of Lakewood
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Community Development Block Grant Special Revenue Fund
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental revenues	\$ 529,085	\$ 1,400,000	\$ 1,384,642	\$ (15,358)
Total revenues	<u>529,085</u>	<u>1,400,000</u>	<u>1,384,642</u>	<u>(15,358)</u>
EXPENDITURES:				
Current:				
General government	15,767	28,469	29,945	(1,476)
Community development	246,641	245,523	215,897	29,626
Culture and leisure	34,000	34,000	34,000	-
Capital outlay:				
Culture and leisure	-	1,144,637	1,144,638	(1)
Total expenditures	<u>296,408</u>	<u>1,452,629</u>	<u>1,424,480</u>	<u>28,149</u>
NET CHANGE IN FUND BALANCE	<u>\$ 232,677</u>	<u>\$ (52,629)</u>	<u>(39,838)</u>	<u>\$ 12,791</u>
FUND BALANCE (DEFICIT):				
Beginning of year			(71,131)	
End of year			<u>\$ (110,969)</u>	

City of Lakewood
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
State COPS Grant Special Revenue Fund
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment income, rents and concession	\$ 3,000	\$ 4,400	\$ 5,648	\$ 1,248
Intergovernmental revenues	140,000	180,000	168,922	(11,078)
Total revenues	<u>143,000</u>	<u>184,400</u>	<u>174,570</u>	<u>(9,830)</u>
EXPENDITURES:				
Current:				
Public safety	204,634	205,515	204,492	1,023
Total expenditures	<u>204,634</u>	<u>205,515</u>	<u>204,492</u>	<u>1,023</u>
NET CHANGE IN FUND BALANCE	<u>\$ (61,634)</u>	<u>\$ (21,115)</u>	(29,922)	<u>\$ (8,807)</u>
FUND BALANCE:				
Beginning of year			330,458	
End of year			<u>\$ 300,536</u>	

City of Lakewood
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
LA County Measure M Special Revenue Fund
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment income, rents and concession	\$ -	\$ 5,000	\$ 4,476	\$ (524)
Intergovernmental revenues	-	924,611	824,100	(100,511)
Total revenues	-	929,611	828,576	(101,035)
EXPENDITURES:				
Capital outlay:				
Public safety	-	900,000	-	900,000
Total expenditures	-	900,000	-	900,000
NET CHANGE IN FUND BALANCE	\$ -	\$ 29,611	828,576	\$ 798,965
FUND BALANCE:				
Beginning of year			-	
End of year			\$ 828,576	

City of Lakewood
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Beverage Container Recycle Grant Special Revenue Fund
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment income, rents and concession	\$ -	\$ 1,300	\$ -	\$ (1,300)
Intergovernmental revenues	-	40,673	-	(40,673)
Total revenues	-	41,973	-	(41,973)
EXPENDITURES:				
Current:				
Health and sanitation	-	43,880	5,804	38,076
Total expenditures	-	43,880	5,804	38,076
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(1,907)	(5,804)	(3,897)
OTHER FINANCING SOURCES:				
Transfers in	-	-	110,008	110,008
Total other financing sources	-	-	110,008	110,008
NET CHANGE IN FUND BALANCE	\$ -	\$ (1,907)	104,204	\$ 106,111
FUND BALANCE:				
Beginning of year			-	
End of year			\$ 104,204	

City of Lakewood
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Litter Reduction Grant Special Revenue Fund
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment income, rents and concession	\$ 800	\$ -	\$ 2,357	\$ 2,357
Intergovernmental revenues	22,000	-	20,868	20,868
Total revenues	<u>22,800</u>	<u>-</u>	<u>23,225</u>	<u>23,225</u>
EXPENDITURES:				
Current:				
Health and sanitation	22,800	-	32,686	(32,686)
Total expenditures	<u>22,800</u>	<u>-</u>	<u>32,686</u>	<u>(32,686)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>(9,461)</u>	<u>(9,461)</u>
OTHER FINANCING USES:				
Transfers out	-	-	(110,008)	(110,008)
Total financing uses	<u>-</u>	<u>-</u>	<u>(110,008)</u>	<u>(110,008)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>(119,469)</u>	<u>\$ (119,469)</u>
FUND BALANCE:				
Beginning of year			119,469	
End of year			<u>\$ -</u>	

City of Lakewood
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
TDA Article Grant Special Revenue Fund
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental revenues	\$ 53,000	\$ 51,105	\$ 51,105	\$ -
Total revenues	<u>53,000</u>	<u>51,105</u>	<u>51,105</u>	<u>-</u>
EXPENDITURES:				
Capital outlay:				
Transportation	53,000	50,974	51,105	(131)
Total expenditures	<u>53,000</u>	<u>50,974</u>	<u>51,105</u>	<u>(131)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>\$ 131</u>	-	<u>\$ (131)</u>
FUND BALANCE:				
Beginning of year			-	
End of year			<u>\$ -</u>	

City of Lakewood
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Used Oil Grant Special Revenue Fund
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental revenues	\$ 23,000	\$ 22,642	\$ 22,642	\$ -
Total revenues	<u>23,000</u>	<u>22,642</u>	<u>22,642</u>	<u>-</u>
EXPENDITURES:				
Current:				
Health and sanitation	<u>23,000</u>	<u>23,000</u>	<u>23,357</u>	<u>(357)</u>
Total expenditures	<u>23,000</u>	<u>23,000</u>	<u>23,357</u>	<u>(357)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>\$ (358)</u>	(715)	<u>\$ (357)</u>
FUND BALANCE:				
Beginning of year			<u>22,114</u>	
End of year			<u>\$ 21,399</u>	

City of Lakewood
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Prop A Recreation Special Revenue Fund
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment income, rents and concession	\$ -	\$ 700	\$ 1,118	\$ 418
Intergovernmental revenues	-	52,442	46,442	(6,000)
Total revenues	-	53,142	47,560	(5,582)
EXPENDITURES:				
Current:				
Culture and leisure	35,736	36,650	29,145	7,505
Total expenditures	35,736	36,650	29,145	7,505
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (35,736)</u>	<u>\$ 16,492</u>	18,415	<u>\$ 1,923</u>
FUND BALANCE:				
Beginning of year			(48,444)	
End of year			<u>\$ (30,029)</u>	

City of Lakewood
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Measure R Special Revenue Fund
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment income, rents, and concession	\$ 1,500	\$ 18,000	\$ 33,656	\$ 15,656
Intergovernmental revenues	930,000	905,688	909,373	3,685
Total revenues	<u>931,500</u>	<u>923,688</u>	<u>943,029</u>	<u>19,341</u>
EXPENDITURES:				
Current:				
Transportation	185,391	31,448	12,968	18,480
Capital outlay:				
Transportation	<u>700,000</u>	<u>2,241,325</u>	<u>212,562</u>	<u>2,028,763</u>
Total expenditures	<u>885,391</u>	<u>2,272,773</u>	<u>225,530</u>	<u>2,047,243</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>46,109</u>	<u>(1,349,085)</u>	<u>717,499</u>	<u>2,066,584</u>
OTHER FINANCING SOURCES:				
Transfers in	<u>-</u>	<u>-</u>	<u>6,197</u>	<u>6,197</u>
NET CHANGES IN FUND BALANCES	<u>\$ 46,109</u>	<u>\$ (1,349,085)</u>	<u>723,696</u>	<u>\$ 2,072,781</u>
FUND BALANCE:				
Beginning of year			<u>1,799,786</u>	
End of year			<u>\$ 2,523,482</u>	

City of Lakewood
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Road Maintenance & Rehab Acct Special Revenue Fund
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment income, rents, and concession	\$ -	\$ -	\$ 1,022	\$ 1,022
Intergovernmental revenues	-	284,185	469,046	184,861
Total revenues	-	284,185	470,068	185,883
EXPENDITURES:				
Current:				
Transportation	-	-	399,956	(399,956)
Total expenditures	-	-	399,956	(399,956)
NET CHANGES IN FUND BALANCES	\$ -	\$ 284,185	70,112	\$ (214,073)
FUND BALANCE:				
Beginning of year			-	
End of year			\$ 70,112	



Internal Service Funds

Central Garage - To account for maintenance and repair of vehicle and equipment used by various departments of the City. Costs are billed to the various departments as the work is completed.

Print Shop Fund - To account for the printing services provided to the various departments of the City. Costs of materials, supplies and services are billed as the work is completed.

City of Lakewood
Combining Statement of Net Position
Internal Service Funds
June 30, 2018

	Central Garage	Print Shop	Total
ASSETS			
Current Assets:			
Cash and investments	\$ 1,444	\$ 41,631	\$ 43,075
Inventories	64,818	1,239	66,057
Total current assets	<u>66,262</u>	<u>42,870</u>	<u>109,132</u>
Noncurrent assets:			
Capital assets:			
Capital assets, being depreciated:			
Equipment	1,309,891	-	1,309,891
Less: accumulated depreciation	<u>(1,209,526)</u>	<u>-</u>	<u>(1,209,526)</u>
Total capital assets, net	<u>100,365</u>	<u>-</u>	<u>100,365</u>
Total noncurrent assets	<u>100,365</u>	<u>-</u>	<u>100,365</u>
Total assets	<u>166,627</u>	<u>42,870</u>	<u>209,497</u>
LIABILITIES			
Current liabilities:			
Accounts payable	16,229	8,639	24,868
Accrued liabilities	<u>18,653</u>	<u>8,630</u>	<u>27,283</u>
Total current liabilities	<u>34,882</u>	<u>17,269</u>	<u>52,151</u>
Total liabilities	<u>34,882</u>	<u>17,269</u>	<u>52,151</u>
NET POSITION			
Investment in capital assets	100,365	-	100,365
Unrestricted	<u>31,380</u>	<u>25,601</u>	<u>56,981</u>
Total net position	<u>\$ 131,745</u>	<u>\$ 25,601</u>	<u>\$ 157,346</u>

City of Lakewood
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2018

	Central Garage	Print Shop	Total
OPERATING REVENUES:			
Billing to departments	\$ 900,358	\$ 398,489	\$ 1,298,847
Total operating revenues	<u>900,358</u>	<u>398,489</u>	<u>1,298,847</u>
OPERATING EXPENSES:			
Operating expenses	897,783	372,888	1,270,671
Depreciation	27,584	-	27,584
Total operating expenses	<u>925,367</u>	<u>372,888</u>	<u>1,298,255</u>
OPERATING INCOME (LOSS)	<u>(25,009)</u>	<u>25,601</u>	<u>592</u>
CHANGE IN NET POSITION	(25,009)	25,601	592
NET POSITION:			
Beginning of the year	156,754	-	156,754
End of the year	<u>\$ 131,745</u>	<u>\$ 25,601</u>	<u>\$ 157,346</u>

City of Lakewood
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2018

	Central Garage	Print Shop	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from interfund services provided	\$ 900,358	\$ 398,489	\$ 1,298,847
Payments to suppliers for goods and services	(898,914)	(379,292)	(1,278,206)
Net cash provided by operating activities	<u>1,444</u>	<u>19,197</u>	<u>20,641</u>
Changes in cash and cash equivalents	1,444	19,197	20,641
CASH AND CASH EQUIVALENTS:			
Beginning of year	-	22,434	22,434
End of year	<u>\$ 1,444</u>	<u>\$ 41,631</u>	<u>\$ 43,075</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ (25,009)	\$ 25,601	\$ 592
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	27,584	-	27,584
Change in assets and liabilities:			
(Increase) decrease in inventories	(5,949)	165	(5,784)
Increase (decrease) in accounts payable	4,452	(4,861)	(409)
Increase (decrease) in accrued liabilities	366	(1,708)	(1,342)
Total adjustment	<u>26,453</u>	<u>(6,404)</u>	<u>20,049</u>
Net cash provided by operating activities	<u>\$ 1,444</u>	<u>\$ 19,197</u>	<u>\$ 20,641</u>

Agency Funds

Deposits Fund - To account for collection and payment of such items as performance bond deposits.

Housing Rehabilitation Fund - To account for the housing rehabilitation loans financed by the Community Development Block Grant of the Department of Housing and Urban Development.

Sheriff Station Renovation Fund - To account for the County funds used for the renovation and expansion of the Sheriff Station.

Lakewood Business Development Fund - To account for the small business revolving loans financed by the Economic Development Administration (EDA).

City of Lakewood
Combining Statement of Fiduciary Assets and Liabilities
All Agency Funds
June 30, 2018

	Deposits	Housing Rehabilitation	Sheriff Station Renovation	Lakewood Business Development	Total
ASSETS:					
Cash and investments	\$ 767,083	\$ 304,587	\$ 13,475	\$ 1,098,827	\$ 2,183,972
Loans receivable	-	669,052	-	3,933	672,985
Total assets	<u><u>\$ 767,083</u></u>	<u><u>\$ 973,639</u></u>	<u><u>\$ 13,475</u></u>	<u><u>\$ 1,102,760</u></u>	<u><u>\$ 2,856,957</u></u>
LIABILITIES:					
Accounts payable	\$ 17,179	\$ 2,271	\$ -	\$ -	\$ 19,450
Deposits	749,904	159,935	13,263	-	923,102
Interest payable	-	-	212	222	434
Due to EDA	-	-	-	1,102,538	1,102,538
Due to HUD	-	811,433	-	-	811,433
Total liabilities	<u><u>\$ 767,083</u></u>	<u><u>\$ 973,639</u></u>	<u><u>\$ 13,475</u></u>	<u><u>\$ 1,102,760</u></u>	<u><u>\$ 2,856,957</u></u>

City of Lakewood
Statement of Changes in Fiduciary Assets and Liabilities
All Agency Funds
For the Year Ended June 30, 2018

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
<u>Deposits</u>				
ASSETS:				
Cash and investments	\$ 471,371	\$ 471,041	\$ (175,329)	\$ 767,083
Total assets	<u>\$ 471,371</u>	<u>\$ 471,041</u>	<u>\$ (175,329)</u>	<u>\$ 767,083</u>
LIABILITIES:				
Accounts payable	\$ 25,996	\$ 163,176	\$ (171,993)	\$ 17,179
Deposits	445,375	470,941	(166,412)	749,904
Total liabilities	<u>\$ 471,371</u>	<u>\$ 634,117</u>	<u>\$ (338,405)</u>	<u>\$ 767,083</u>
<u>Housing Rehabilitation</u>				
ASSETS:				
Cash and investments	\$ 306,314	\$ 222,807	\$ (224,534)	\$ 304,587
Loans receivable	704,324	9,000	(44,272)	669,052
Total assets	<u>\$ 1,010,638</u>	<u>\$ 231,807</u>	<u>\$ (268,806)</u>	<u>\$ 973,639</u>
LIABILITIES:				
Accounts payable	\$ 25,010	\$ 145,756	\$ (168,495)	\$ 2,271
Deposits	143,262	180,100	(163,427)	159,935
Due to HUD	842,366	200,127	(231,060)	811,433
Total liabilities	<u>\$ 1,010,638</u>	<u>\$ 525,983</u>	<u>\$ (562,982)</u>	<u>\$ 973,639</u>
<u>Sheriff Station Renovation</u>				
ASSETS:				
Cash and investments	\$ 13,263	\$ 212	\$ -	\$ 13,475
Total assets	<u>\$ 13,263</u>	<u>\$ 212</u>	<u>\$ -</u>	<u>\$ 13,475</u>
LIABILITIES:				
Deposits	\$ 13,113	\$ 150	\$ -	\$ 13,263
Interest payable	150	62	-	212
Total liabilities	<u>\$ 13,263</u>	<u>\$ 212</u>	<u>\$ -</u>	<u>\$ 13,475</u>
<u>Lakewood Business Development</u>				
ASSETS:				
Cash and investments	\$ 1,077,767	\$ 22,284	\$ (1,224)	\$ 1,098,827
Loans receivable	19,446	-	(15,513)	3,933
Total assets	<u>\$ 1,097,213</u>	<u>\$ 22,284</u>	<u>\$ (16,737)</u>	<u>\$ 1,102,760</u>
LIABILITIES:				
Accounts payable	\$ 164	\$ 448	\$ (612)	\$ -
Interest payable	-	671	(449)	222
Due to EDA	1,097,049	21,040	(15,551)	1,102,538
Total liabilities	<u>\$ 1,097,213</u>	<u>\$ 22,159</u>	<u>\$ (16,612)</u>	<u>\$ 1,102,760</u>

City of Lakewood
Statement of Changes in Fiduciary Assets and Liabilities (Continued)
All Agency Funds
For the Year Ended June 30, 2018

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
<u>Total - All Agency Funds</u>				
ASSETS:				
Cash and investments	\$ 1,868,715	\$ 716,344	\$ (401,087)	\$ 2,183,972
Loans receivable	723,770	9,000	(59,785)	672,985
Total assets	<u>\$ 2,592,485</u>	<u>\$ 725,344</u>	<u>\$ (460,872)</u>	<u>\$ 2,856,957</u>
LIABILITIES:				
Accounts payable	\$ 51,170	\$ 309,380	\$ (341,100)	\$ 19,450
Deposits	601,750	651,191	(329,839)	923,102
Interest payable	150	733	(449)	434
Due to EDA	1,097,049	21,040	(15,551)	1,102,538
Due to HUD	842,366	200,127	(231,060)	811,433
Total liabilities	<u>\$ 2,592,485</u>	<u>\$ 1,182,471</u>	<u>\$ (917,999)</u>	<u>\$ 2,856,957</u>

STATISTICAL SECTION



City of Lakewood
Description of Statistical Section Contents
June 30, 2018

This part of the City of Lakewood's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the government's overall financial health.

Contents:	Pages
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.	146 - 155
Revenue Capacity - These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	156 - 164
Debt Capacity - These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.	166 - 173
Demographic and Economic Information - These schedules offer demographics and economic indicators to help the reader understand the environment within which the City's financial activities take place.	174 - 175
Operating Information - These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report related to the services the City provides and activities it performs.	177 - 181

City of Lakewood
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2009	2010	2011	2012	2013
Government activities:					
Net investment in capital assets	\$ 84,047,863	\$ 85,293,777	\$ 88,276,871	\$ 89,515,476	\$ 90,407,845
Restricted	20,797,866	14,548,668	14,470,603	18,104,141	12,213,220
Unrestricted	33,383,975	39,198,464	40,166,581	77,688,090	52,582,291
Total governmental activities net position	<u>\$ 138,229,704</u>	<u>\$ 139,040,909</u>	<u>\$ 142,914,055</u>	<u>\$ 185,307,707</u>	<u>\$ 155,203,356</u>
Business-type activities:					
Net investment in capital assets	\$ 21,214,604	\$ 22,410,549	\$ 23,324,720	\$ 24,189,811	\$ 24,816,486
Restricted	-	-	-	-	-
Unrestricted	9,438,065	9,181,738	8,450,077	8,063,991	8,568,199
Total business-type activities net position	<u>\$ 30,652,669</u>	<u>\$ 31,592,287</u>	<u>\$ 31,774,797</u>	<u>\$ 32,253,802</u>	<u>\$ 33,384,685</u>
Primary government:					
Net investment in capital assets	\$ 105,262,467	\$ 107,704,326	\$ 111,601,591	\$ 113,705,287	\$ 115,224,331
Restricted	20,797,866	14,548,668	14,470,603	18,104,141	12,213,220
Unrestricted	42,822,040	48,380,202	48,616,658	85,752,081	61,150,490
Total primary government net position	<u>\$ 168,882,373</u>	<u>\$ 170,633,196</u>	<u>\$ 174,688,852</u>	<u>\$ 217,561,509</u>	<u>\$ 188,588,041</u>

City of Lakewood
Net Position by Component (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2014*	2015	2016	2017**	2018
Government activities:					
Net investment in capital assets	\$ 89,075,037	\$ 88,511,175	\$ 90,100,125	\$ 94,918,550	\$ 100,416,548
Restricted	3,994,605	15,464,118	10,805,986	15,160,381	21,751,112
Unrestricted	39,712,067	26,918,679	31,932,235	25,186,231	17,346,009
Total governmental activities net position	<u>\$ 132,781,709</u>	<u>\$ 130,893,972</u>	<u>\$ 132,838,346</u>	<u>\$ 135,265,162</u>	<u>\$ 139,513,669</u>
Business-type activities:					
Net investment in capital assets	\$ 24,587,382	\$ 27,408,545	\$ 28,527,530	\$ 27,587,388	\$ 26,543,189
Restricted	-	-	-	-	-
Unrestricted	7,988,528	6,004,051	6,287,737	9,848,943	11,954,770
Total business-type activities net position	<u>\$ 32,575,910</u>	<u>\$ 33,412,596</u>	<u>\$ 34,815,267</u>	<u>\$ 37,436,331</u>	<u>\$ 38,497,959</u>
Primary government:					
Net investment in capital assets	\$ 113,662,419	\$ 115,919,720	\$ 118,627,655	\$ 122,505,938	\$ 126,959,737
Restricted	3,994,605	15,464,118	10,805,986	15,160,381	21,751,112
Unrestricted	47,700,595	32,922,730	38,219,972	35,035,174	29,300,779
Total primary government net position	<u>\$ 165,357,619</u>	<u>\$ 164,306,568</u>	<u>\$ 167,653,613</u>	<u>\$ 172,701,493</u>	<u>\$ 178,011,628</u>

* 2014 unrestricted net positions are restated as result of implementation of GASB Statements No. 68 and 71.

** 2017 unrestricted net positions are restated as result of implementation of GASB Statement N. 75.

City of Lakewood
Changes in Net Position - Expenses and Program Revenues
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2009	2010	2011	2012	2013
Expenses:					
Governmental Activities:					
General government	\$ 7,835,015	\$ 7,405,705	\$ 7,202,986	\$ 7,333,030	\$ 7,527,025
Public Safety	12,620,187	12,625,750	12,715,680	12,277,420	12,450,911
Transportation	5,674,897	5,156,031	5,247,578	6,068,549	6,137,250
Community development	10,336,150	13,807,173	11,240,548	6,973,684	4,548,531
Health and sanitation	4,238,617	4,282,434	4,451,021	4,612,935	4,692,717
Culture and leisure	9,368,215	9,758,660	10,037,245	9,548,824	10,205,926
Unallocated infrastructure depreciation	2,180,932	2,247,016	2,325,713	2,492,155	2,606,851
Interest on long-term debt	3,114,073	649,264	454,054	650,838	-
Total governmental activities expenses	<u>55,368,086</u>	<u>55,932,033</u>	<u>53,674,825</u>	<u>49,957,435</u>	<u>48,169,211</u>
Business-type activities:					
Water	<u>6,610,831</u>	<u>7,473,557</u>	<u>8,113,079</u>	<u>8,703,206</u>	<u>9,358,616</u>
Total primary government expenses	<u>\$ 61,978,917</u>	<u>\$ 63,405,590</u>	<u>\$ 61,787,904</u>	<u>\$ 58,660,641</u>	<u>\$ 57,527,827</u>
Program revenues:					
Governmental activities:					
Charges for services:					
General government	\$ 1,332,148	\$ 1,200,911	\$ 1,077,906	\$ 1,177,789	\$ 1,500,664
Public safety	1,512,415	1,250,887	954,298	904,654	827,333
Community development	710,503	961,786	1,066,061	787,552	887,126
Health and sanitation	4,563,049	4,785,217	4,752,505	4,838,762	4,965,890
Culture and leisure	1,487,320	1,508,914	1,479,616	1,512,728	1,522,022
Operating grants and contributions	9,855,674	7,053,631	8,037,655	3,238,589	3,553,814
Capital grants and contributions	<u>790,799</u>	<u>3,166,065</u>	<u>2,760,832</u>	<u>3,077,293</u>	<u>1,538,183</u>
Total governmental activities program revenues	<u>20,251,908</u>	<u>19,927,411</u>	<u>20,128,873</u>	<u>15,537,367</u>	<u>14,795,032</u>
Business-type activities:					
Charges for services:					
Water	<u>8,499,939</u>	<u>8,154,174</u>	<u>8,124,574</u>	<u>9,096,414</u>	<u>10,573,733</u>
Total primary government program revenues	<u>\$ 28,751,847</u>	<u>\$ 28,081,585</u>	<u>\$ 28,253,447</u>	<u>\$ 24,633,781</u>	<u>\$ 25,368,765</u>
Net revenues (expenses):					
Governmental activities	\$ (35,116,178)	\$ (36,004,622)	\$ (33,545,952)	\$ (34,420,068)	\$ (33,374,179)
Business-type activities	<u>1,889,108</u>	<u>680,617</u>	<u>11,495</u>	<u>393,208</u>	<u>1,215,117</u>
Total net revenues (expenses)	<u>\$ (33,227,070)</u>	<u>\$ (35,324,005)</u>	<u>\$ (33,534,457)</u>	<u>\$ (34,026,860)</u>	<u>\$ (32,159,062)</u>

City of Lakewood
Changes in Net Position - Expenses and Program Revenues (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2014	2015	2016	2017	2018
Expenses:					
Governmental Activities:					
General government	\$ 7,412,703	\$ 10,354,630	\$ 7,187,053	\$ 7,618,899	\$ 8,414,207
Public Safety	12,983,054	13,525,219	14,271,008	14,266,703	14,934,025
Transportation	4,587,061	4,772,202	4,740,336	4,915,779	5,319,350
Community development	4,967,510	4,622,036	4,759,414	5,216,400	5,602,768
Health and sanitation	4,925,697	4,888,091	4,901,125	5,066,047	5,173,751
Culture and leisure	11,386,411	12,090,213	11,770,595	12,757,229	13,919,102
Unallocated infrastructure depreciation	2,676,442	2,695,986	2,721,461	2,732,259	2,680,800
Interest on long-term debt	-	-	15,143	14,308	12,246
Total governmental activities expenses	<u>48,938,878</u>	<u>52,948,377</u>	<u>50,366,135</u>	<u>52,587,624</u>	<u>56,056,249</u>
Business-type activities:					
Water	<u>9,990,086</u>	<u>9,554,985</u>	<u>9,628,369</u>	<u>9,316,642</u>	<u>12,124,940</u>
Total primary government expenses	<u>\$ 58,928,964</u>	<u>\$ 62,503,362</u>	<u>\$ 59,994,504</u>	<u>\$ 61,904,266</u>	<u>\$ 68,181,189</u>
Program revenues:					
Governmental activities:					
Charges for services:					
General government	\$ 1,753,540	\$ 1,679,199	\$ 1,790,751	\$ 1,961,794	\$ 1,701,064
Public safety	863,286	866,028	912,841	828,408	799,898
Community development	1,199,667	1,647,432	1,754,359	1,687,297	1,644,380
Health and sanitation	5,111,702	5,242,204	5,309,601	5,430,005	5,493,200
Culture and leisure	1,562,310	1,577,319	1,543,688	1,591,984	1,505,685
Operating grants and contributions	4,810,026	4,176,696	3,585,692	6,100,046	8,633,736
Capital grants and contributions	<u>866,959</u>	<u>1,726,390</u>	<u>3,365,208</u>	<u>8,542,663</u>	<u>6,315,712</u>
Total governmental activities program revenues	<u>16,167,490</u>	<u>16,915,268</u>	<u>18,262,140</u>	<u>26,142,197</u>	<u>26,093,675</u>
Business-type activities:					
Charges for services:					
Water	<u>11,711,839</u>	<u>10,311,109</u>	<u>10,930,852</u>	<u>10,873,311</u>	<u>13,003,840</u>
Total primary government program revenues	<u>\$ 27,879,329</u>	<u>\$ 27,226,377</u>	<u>\$ 29,192,992</u>	<u>\$ 37,015,508</u>	<u>\$ 39,097,515</u>
Net revenues (expenses):					
Governmental activities	\$ (32,771,388)	\$ (36,033,109)	\$ (32,103,995)	\$ (26,445,427)	\$ (29,962,574)
Business-type activities	<u>1,721,753</u>	<u>756,124</u>	<u>1,302,483</u>	<u>1,556,669</u>	<u>878,900</u>
Total net revenues (expenses)	<u>\$ (31,049,635)</u>	<u>\$ (35,276,985)</u>	<u>\$ (30,801,512)</u>	<u>\$ (24,888,758)</u>	<u>\$ (29,083,674)</u>

City of Lakewood
Changes in Net Position - Expenses and Program Revenues (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2009	2010	2011	2012	2013
General revenues and other changes in net assets:					
Governmental activities:					
Taxes:					
Sales taxes	\$ 11,198,871	\$ 10,658,959	\$ 11,262,520	\$ 14,217,422	\$ 15,461,092
Property taxes	19,537,963	19,558,410	19,062,606	14,444,518	12,030,119
Franchise taxes	1,453,817	1,374,501	1,455,300	1,538,068	1,607,535
Business operation taxes	462,403	456,269	469,595	546,279	508,100
Utility user taxes	3,490,921	3,591,722	3,508,512	3,360,149	3,626,639
Other taxes	467,661	252,997	246,165	260,456	308,522
Unrestricted, motor vehicle in lieu	35,089	245,415	383,059	41,395	42,894
Grants and contributions not restricted to specific programs	555,376	556,774	1,147,814	1,026,041	893,110
Gain on sale of property	-	-	-	-	108,469
Investment income	3,987,964	949,717	566,427	699,751	137,346
Total governmental activities	<u>41,190,065</u>	<u>37,644,764</u>	<u>38,101,998</u>	<u>36,134,079</u>	<u>34,723,826</u>
Business-type activities:					
Gain on sale of capital assets	-	-	-	-	-
Investment income	462,016	259,001	171,015	85,797	59,279
Total business-type activities	<u>462,016</u>	<u>259,001</u>	<u>171,015</u>	<u>85,797</u>	<u>59,279</u>
Total primary government	<u>\$ 41,652,081</u>	<u>\$ 37,903,765</u>	<u>\$ 38,273,013</u>	<u>\$ 36,219,876</u>	<u>\$ 34,783,105</u>
Changes in net assets, before special and extraordinary item					
Governmental activities	\$ 6,073,887	\$ 1,640,142	\$ 4,556,046	\$ 1,714,011	\$ 1,349,647
Business-type activities	<u>2,351,124</u>	<u>939,618</u>	<u>182,510</u>	<u>479,005</u>	<u>1,274,396</u>
Special item	-	-	-	-	-
Extraordinary item	-	-	-	40,679,641	(31,453,996)
Changes in net position					
Governmental activities	\$ 6,073,887	\$ 1,640,142	\$ 4,556,046	\$ 42,393,652	\$ (30,104,349)
Business-type activities	<u>2,351,124</u>	<u>939,618</u>	<u>182,510</u>	<u>479,005</u>	<u>1,274,396</u>
Total primary government	<u>\$ 8,425,011</u>	<u>\$ 2,579,760</u>	<u>\$ 4,738,556</u>	<u>\$ 42,872,657</u>	<u>\$ (28,829,953)</u>

City of Lakewood
Changes in Net Position - Expenses and Program Revenues (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2014	2015	2016	2017	2018
General revenues and other changes in net assets:					
Governmental activities:					
Taxes:					
Sales taxes	\$ 15,792,115	\$ 15,890,678	\$ 15,961,352	\$ 14,133,828	\$ 14,303,519
Property taxes	11,310,210	11,831,561	12,747,876	13,039,739	13,795,722
Franchise taxes	1,697,405	1,757,264	1,699,343	1,430,601	1,598,487
Business operation taxes	542,110	565,441	1,016,140	674,880	650,728
Utility user taxes	3,520,414	3,464,047	3,398,962	3,314,095	3,163,738
Other taxes	322,834	372,276	378,213	442,393	424,144
Unrestricted, motor vehicle in lieu	35,499	-	-	-	-
Grants and contributions not restricted to specific programs	-	-	-	-	-
Gain on sale of property	-	-	-	114,000	-
Investment income	377,099	264,105	482,676	459,477	274,743
Total governmental activities	<u>33,597,686</u>	<u>34,145,372</u>	<u>35,684,562</u>	<u>33,609,013</u>	<u>34,211,081</u>
Business-type activities:					
Gain on sale of capital assets	-	-	-	1,035,021	-
Investment income	60,664	80,562	100,188	131,040	182,728
Total business-type activities	<u>60,664</u>	<u>80,562</u>	<u>100,188</u>	<u>1,166,061</u>	<u>182,728</u>
Total primary government	<u>\$ 33,658,350</u>	<u>\$ 34,225,934</u>	<u>\$ 35,784,750</u>	<u>\$ 34,775,074</u>	<u>\$ 34,393,809</u>
Changes in net assets, before special and extraordinary item					
Governmental activities	\$ 808,298	\$ (1,887,737)	\$ 3,580,567	\$ 7,163,586	\$ 4,248,507
Business-type activities	1,782,417	836,686	1,402,671	2,722,730	1,061,628
Special item	-	-	(1,636,193)	-	-
Extraordinary item	-	-	-	-	-
Changes in net position					
Governmental activities	\$ 808,298	\$ (1,887,737)	\$ 1,944,374	\$ 7,163,586	\$ 4,248,507
Business-type activities	1,782,417	836,686	1,402,671	2,722,730	1,061,628
Total primary government	<u>\$ 2,590,715</u>	<u>\$ (1,051,051)</u>	<u>\$ 3,347,045</u>	<u>\$ 9,886,316</u>	<u>\$ 5,310,135</u>

City of Lakewood
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2009	2010 ^(b)	2011 ^(a)	2012	2013
General Fund:					
Reserved	\$ 25,260,235	\$ 24,638,651	\$ -	\$ -	\$ -
Unreserved	27,795,309	26,616,473	-	-	-
Total general fund	<u>\$ 53,055,544</u>	<u>\$ 51,255,124</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
All other governmental funds:					
Reserved	\$ 18,188,115	\$ 21,940,936	\$ -	\$ -	\$ -
Unreserved, reported in:					
Special revenue fund	(215,141)	(780,506)	-	-	-
Debt service fund	(23,842,134)	(26,278,253)	-	-	-
Capital project fund	(2,282,333)	(5,983,071)	-	-	-
Total all other governmental funds	<u>\$ (8,151,493)</u>	<u>\$ (11,100,894)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
General fund:					
Nonspendable	\$ -	\$ -	\$ 17,679,908	\$ 17,874,837	\$ 4,173,679
Committed	-	-	28,402,628	30,036,038	29,066,342
Assigned	-	-	7,774,015	8,349,193	8,589,044
Unassigned	-	-	1,258,266	2,564,755	3,796,234
Total general fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55,114,817</u>	<u>\$ 58,824,823</u>	<u>\$ 45,625,299</u>
All other governmental funds:					
Nonspendable	\$ -	\$ -	\$ 7,526,041	\$ 8,014,163	\$ 8,536,583
Restricted	-	-	11,739,494	6,955,242	3,679,754
Unassigned	-	-	(33,387,970)	(98,847)	(626,208)
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (14,122,435)</u>	<u>\$ 14,870,558</u>	<u>\$ 11,590,129</u>

(a) The City implemented Governmental Accounting Standards Board Statement No. 54 (GASB 54) during the year ended June 30, 2011.

(b) Presentation of fund balances in accordance with GASB 54 is not available for fiscal years prior to 2011.

City of Lakewood
Fund Balances of Governmental Funds (Continued)
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2014	2015	2016	2017	2018
General Fund:					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-
Total general fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
All other governmental funds:					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:					
Special revenue fund	-	-	-	-	-
Debt service fund	-	-	-	-	-
Capital project fund	-	-	-	-	-
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
General fund:					
Nonspendable	\$ 2,670,747	\$ 3,334,102	\$ 9,007,179	\$ 9,242,133	\$ 9,614,693
Committed	32,456,408	28,993,127	22,470,125	24,641,778	25,016,682
Assigned	8,738,457	8,784,875	9,060,489	7,941,985	4,573,815
Unassigned	3,640,285	4,737,497	2,545,033	1,388,222	1,721,244
Total general fund	<u>\$ 47,505,897</u>	<u>\$ 45,849,601</u>	<u>\$ 43,082,826</u>	<u>\$ 43,214,118</u>	<u>\$ 40,926,434</u>
All other governmental funds:					
Nonspendable	\$ 8,537,919	\$ 10,614,864	\$ 7,216,652	\$ 7,293,057	\$ -
Restricted	4,256,020	4,807,418	10,304,699	11,811,420	21,385,895
Unassigned	(1,408,079)	(834,768)	(657,720)	(3,223,534)	(2,000,042)
Total all other governmental funds	<u>\$ 11,385,860</u>	<u>\$ 14,587,514</u>	<u>\$ 16,863,631</u>	<u>\$ 15,880,943</u>	<u>\$ 19,385,853</u>

City of Lakewood
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2009	2010	2011	2012	2013
Revenues:					
Taxes	\$ 31,590,639	\$ 30,797,180	\$ 31,649,661	\$ 27,467,122	\$ 26,411,985
Licenses and permits	592,929	713,054	770,650	635,098	882,983
Fines and forfeitures	1,208,896	1,013,090	881,450	817,092	782,011
Investment income, rents and concessions	2,782,769	1,811,706	5,450,149	3,635,549	1,015,685
From other agencies	15,253,739	14,843,273	15,618,323	13,998,687	11,734,813
Current service charges	7,532,352	7,634,788	7,746,660	8,015,864	8,416,888
Other	677,272	310,301	1,168,393	138,664	250,038
Total revenues	59,638,596	57,123,392	63,285,286	54,708,076	49,494,403
Expenditures:					
Current:					
General government	11,926,351	7,348,565	6,859,346	6,975,939	7,080,629
Public safety	12,548,066	12,572,454	12,671,881	12,217,707	12,374,488
Transportation	5,586,431	5,071,028	5,230,678	6,018,040	6,108,720
Community Development	9,630,108	13,283,953	10,491,644	5,873,608	4,358,375
Health and sanitation	4,236,923	4,281,204	4,449,913	4,612,804	4,690,837
Culture and leisure	8,813,143	9,007,504	9,346,305	8,813,262	9,440,235
Capital outlay:					
General government	6,259	124,233	-	33,803	4,054
Public safety	6,032	-	71,053	41,530	543,434
Transportation	4,576,032	2,961,116	4,946,347	3,909,593	3,061,913
Community Development	71,327	412,622	72,347	-	-
Culture and leisure	2,013,129	1,910,047	1,301,069	933,986	1,653,418
Debt service:					
Owner participation agreement payments	761,781	761,781	764,882	-	-
Principal retirement	920,000	960,000	1,000,000	1,040,000	-
Interest and fiscal charges	3,094,768	3,048,683	4,558,769	3,876,203	-
Total expenditures	64,190,350	61,743,190	61,764,234	54,346,475	49,316,103
Excess of revenues over (under) expenditures	(4,551,754)	(4,619,798)	1,521,052	361,601	178,300
Other financing sources (uses):					
Issuance of lease payable	-	-	-	-	-
Transfers in	6,478,745	6,241,294	5,940,999	3,309,912	2,457,077
Transfers out	(7,008,948)	(6,241,294)	(5,940,999)	(3,309,912)	(2,457,077)
Sale of capital assets	-	-	-	-	511,875
Total other financing sources (uses)	(530,203)	-	-	-	511,875
SPECIAL ITEMS:					
Transfer to HACoLA	-	-	-	(926,715)	-
Gain(loss) on interest adjustment on the loans to the Successor Agency	-	-	-	-	-
Net change in fund balances, before extraordinary items	(5,081,957)	(4,619,798)	1,521,052	(565,114)	690,175
EXTRAORDINARY ITEM:					
Gain (loss) on dissolution of Redevelopment Agency	-	-	-	33,268,113	(17,199,128)
Net change in fund balances	\$ 5,081,957	\$ (4,619,798)	\$ 1,521,052	\$ 32,702,999	\$ (16,508,953)
Debt service as a percentage of noncapital expenditures	6.99%	7.10%	10.04%	10.04%	0.00%

City of Lakewood
Changes in Fund Balances of Governmental Funds (Continued)
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2014	2015	2016	2017	2018
Revenues:					
Taxes	\$ 26,076,260	\$ 26,285,474	\$ 28,512,153	\$ 27,428,381	\$ 27,840,342
Licenses and permits	860,267	1,236,029	1,305,394	1,271,711	1,213,898
Fines and forfeitures	794,905	800,988	792,042	726,158	803,671
Investment income, rents and concessions	1,229,344	1,348,984	1,579,999	1,628,636	1,549,043
From other agencies	11,732,076	12,262,584	13,040,289	16,801,522	21,529,691
Current service charges	7,354,833	7,603,770	7,820,247	7,676,870	7,727,896
Other	1,209,438	3,883,093	1,319,267	1,332,492	1,296,960
Total revenues	49,257,123	53,420,922	54,369,391	56,865,770	61,961,501
Expenditures:					
Current:					
General government	7,198,445	10,121,711	7,469,038	7,598,738	7,775,703
Public safety	12,622,353	13,279,510	14,035,382	13,957,135	14,643,744
Transportation	4,454,458	4,529,295	4,848,633	4,794,659	4,938,424
Community Development	4,822,302	4,550,855	4,877,917	5,266,588	5,448,344
Health and sanitation	4,789,347	4,884,931	4,908,103	5,064,902	5,173,879
Culture and leisure	11,057,389	11,029,303	11,356,886	11,845,756	12,296,334
Capital outlay:					
General government	-	43,032	60,392	71,163	125,383
Public safety	-	-	894,527	-	-
Transportation	1,412,843	605,487	2,474,885	7,838,438	6,122,168
Community Development	-	55,238	85,996	30,256	7,116
Culture and leisure	1,194,657	2,776,202	2,443,762	1,313,659	4,163,308
Debt service:					
Owner participation agreement payments	-	-	-	-	-
Principal retirement	-	-	31,313	35,564	37,626
Interest and fiscal charges	-	-	15,143	14,308	12,246
Total expenditures	47,551,794	51,875,564	53,501,977	57,831,166	60,744,275
Excess of revenues over (under) expenditures	1,705,329	1,545,358	867,414	(965,396)	1,217,226
Other financing sources (uses):					
Issuance of lease payable	-	-	278,121	-	-
Transfers in	2,597,281	2,107,215	1,771,504	1,564,966	1,808,209
Transfers out	(2,597,281)	(2,107,215)	(1,771,504)	(1,564,966)	(1,808,209)
Sale of capital assets	-	-	-	114,000	-
Total other financing sources (uses)	-	-	278,121	114,000	-
SPECIAL ITEMS:					
Transfer to HACoLA	-	-	-	-	-
Gain(loss) on interest adjustment on the loans to the Successor Agency	-	-	(1,636,193)	-	-
Net change in fund balances, before extraordinary items	1,705,329	1,545,358	(490,658)	(851,396)	1,217,226
EXTRAORDINARY ITEM:					
Gain (loss) on dissolution of Redevelopment Agency	-	-	-	-	-
Net change in fund balances	\$ 1,705,329	\$ 1,545,358	\$ (490,658)	\$ (851,396)	\$ 1,217,226
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.10%	0.10%	0.10%

City of Lakewood
Major Tax Revenue By Sources
Last Ten Fiscal Years

Fiscal Year Ended June 30	Sales Taxes	Property Taxes	Franchise Taxes	Business Opertion Taxes	Utility User Taxes	Other Taxes	Total
2009	\$ 11,198,781	19,537,963	\$ 1,453,817	\$ 462,403	\$ 3,490,921	\$ 467,661	\$ 36,611,546
2010	10,658,959	19,558,410	1,374,501	456,269	3,591,722	252,997	35,892,858
2011	11,262,520	19,062,606	1,455,300	469,595	3,508,512	246,165	36,004,698
2012	14,217,422	14,444,518	1,538,068	546,279	3,360,149	260,456	34,366,892
2013	15,461,092	12,030,119	1,607,535	508,100	3,626,639	308,522	33,542,007
2014	15,792,115	11,310,210	1,697,405	542,110	3,520,414	322,834	33,185,088
2015	15,890,678	11,831,561	1,757,264	565,441	3,464,047	372,276	33,881,267
2016	15,961,352	12,747,876	1,699,343	1,016,140	3,398,962	378,213	35,201,886
2017	14,133,828	13,039,739	1,430,601	674,880	3,314,095	442,393	33,035,536
2018	14,303,519	13,795,722	1,598,487	650,728	3,163,738	424,144	33,936,338

City of Lakewood
Top 25 Sales Tax Producers
Current Year and Nine Fiscal Years Ago

2018		2009	
Business Name	Business Category	Business Name	Business Category
Arco AM PM	Service Stations	76 Station	Service Stations
AT&T Mobility	Electronics/Appliance Stores	Arco AM PM	Service Stations
Best Buy	Electronics/Appliance Stores	Bahour Oil	Service Stations
Caruso Ford Lincoln	New Motor Vehicle Dealers	Best Buy	Electronics/Appliance Stores
Chevron	Service Stations	Caruso Ford Lincoln	New Motor Vehicle Dealers
CostCo	Discount Dept Stores	Circuit City	Electronics/Appliance Stores
CVS Pharmacy	Drug Stores	CVS Pharmacy	Drug Stores
Foot Locker	Shoe Stores	Harbor Chevrolet/Hyundai	New Motor Vehicle Dealers
Ganahl Lumber	Building Materials	Home Depot	Building Materials
Harbor Chevrolet/Hyundai	New Motor Vehicle Dealers	JC Penney	Department Stores
Home Depot	Building Materials	Kohls	Department Stores
Home Goods	Home Furnishings	Lakewood AM PM	Service Stations
JC Penney	Department Stores	Lakewood Arco	Service Stations
Macys	Department Stores	Lakewood Mobil	Service Stations
Marshalls	Family Apparel	Macys	Department Stores
McDonalds	Quick-Service Restaurants	McDonalds	Quick-Service Restaurants
Nordstrom Rack	Department Stores	Mervyns	Department Stores
Pavilions	Grocery Stores	Pacific Ford	New Motor Vehicle Dealers
Ross	Family Apparel	Pavilions	Grocery Stores
Target	Discount Dept Stores	Rapid Gas	Service Stations
Victoria's Secret	Women's Apparel	Ross	Family Apparel
Vons	Service Stations	Target	Discount Dept Stores
Walmart Supercenter	Discount Dept Stores	Vons	Service Stations
Winco Foods	Grocery Stores	Walmart Supercenter	Discount Dept Stores

Source: HDL

Note: Due to confidentiality issues, the names of the top ten largest revenue payers are not available. The listed names are intended to provide alternative information regarding the sources of the City's revenue

City of Lakewood
Taxable Sales by Category
Last Ten Calendar Years

	Calendar Years				
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Apparel Stores	\$ 98,504	\$ 98,562	\$ 92,039	\$ 91,652	\$ 92,786
General Merchandise	200,989	246,678	280,026	306,949	322,971
Food Stores	38,953	35,846	32,776	35,780	41,353
Eating and Drinking Places	148,326	139,961	140,769	148,312	158,095
Building Materials	58,056	52,250	52,489	55,154	58,739
Auto Dealers and Supplies	91,702	84,595	100,609	113,960	114,821
Service Stations	143,849	100,428	110,969	129,070	134,787
Other Retail Stores	185,673	160,531	153,695	162,169	176,682
All Other Outlets	140,522	130,541	137,176	150,282	155,668
	<u>\$ 1,106,574</u>	<u>\$ 1,049,392</u>	<u>\$ 1,100,548</u>	<u>\$ 1,193,328</u>	<u>\$ 1,255,902</u>

Source: HDL

City of Lakewood
Taxable Sales by Category (Continued)
Last Ten Calendar Years

	Calendar Years				
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Apparel Stores	\$ 95,393	\$ 100,845	\$ 105,072	\$ 109,679	\$ 109,021
General Merchandise	329,626	339,237	335,292	326,921	332,037
Food Stores	45,064	46,198	47,494	48,123	46,338
Eating and Drinking Places	168,433	177,696	190,091	198,651	203,669
Building Materials	63,714	66,480	67,557	73,781	78,220
Auto Dealers and Supplies	100,926	113,844	133,174	152,758	158,592
Service Stations	128,494	123,183	100,499	86,673	93,493
Other Retail Stores	177,046	185,422	188,734	190,070	194,615
All Other Outlets	173,707	188,369	191,458	207,173	218,523
	<u>\$ 1,282,403</u>	<u>\$ 1,341,274</u>	<u>\$ 1,359,371</u>	<u>\$ 1,393,829</u>	<u>\$ 1,434,508</u>

Source: HDL

City of Lakewood
City Sales Tax Rates
Last Ten Fiscal Years
(Rate at June 30th of Fiscal Year)

	Fiscal Years									
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
City Direct Rates:										
City Sales Tax rate	9.250%	9.750%	8.750%	8.750%	9.000%	9.000%	9.000%	9.000%	8.750%	9.500%

Source: California State Board of Equalization

City of Lakewood
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(in thousands of dollars)

Fiscal Year Ended June 30	Secured	Nonunitary	Unsecured	Taxable Assessed Value	Total Direct Tax Rate
2009	\$ 7,134,053	268	\$ 135,015	\$ 7,269,336	0.171%
2010	6,877,477	268	129,973	7,007,718	0.180%
2011	6,899,318	268	132,663	7,032,249	0.180%
2012	7,028,289	258	140,375	7,168,922	0.181%
2013	7,132,189	258	149,168	7,281,615	0.186%
2014	7,335,693	258	138,341	7,474,292	0.061%
2015	7,750,838	258	148,398	7,899,494	0.061%
2016	8,155,338	258	142,831	8,298,427	0.060%
2017	8,561,782	258	136,052	8,698,092	0.060%
2018	9,028,557	225	136,546	9,165,328	0.060%

Note: In 1978, the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only re-assessed at the time that it is sold to a new owner. At that point, the new assessed value is re-assessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

City of Lakewood
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(Rate per \$100 of assessed value)

	Fiscal Years									
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
City Direct Rates:										
City basic rate	\$ 0.1706	\$ 0.1796	\$ 0.1799	\$ 0.1811	\$ 0.1855	\$ 0.0607	\$ 0.0606	\$ 0.0604	\$ 0.0603	\$ 0.0602
Overlapping Rates:										
Los Angeles County	-	-	-	-	-	-	-	-	-	-
School Districts	0.2200	0.2824	0.2686	0.2830	0.3200	0.3039	0.3681	0.3066	0.3980	0.5239
Sanitation and Water	-	-	-	-	-	-	-	-	-	-
Water Districts	0.0043	0.0043	0.0037	0.0037	0.0035	0.0035	0.0035	0.0035	0.0035	0.0035
Other	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>
Total Direct Rate	<u>\$ 1.3949</u>	<u>\$ 1.4663</u>	<u>\$ 1.4522</u>	<u>\$ 1.4679</u>	<u>\$ 1.5090</u>	<u>\$ 1.3681</u>	<u>\$ 1.4322</u>	<u>\$ 1.3706</u>	<u>\$ 1.4619</u>	<u>\$ 1.5876</u>

Note: In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of the School District bonds.

City of Lakewood
Principal Property Taxpayers
Current Year and Nine Fiscal Years Ago

	2018		2009	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
<u>Taxpayer</u>				
Macerich Lakewood LLC	\$ 365,643,824	3.99%	\$ 271,019,037	3.73%
Towne Center Fee Owner LLC	96,360,241	1.05%	N/A	N/A
Lakewood Manor Apartments LLC	91,028,914	0.99%	N/A	N/A
Lakewood Regional Medical Center	57,738,832	0.63%	65,371,432	0.90%
Lakewood Marketplace LLC	39,522,967	0.43%	34,854,416	0.48%
May Company Department Stores	35,186,894	0.38%	33,313,608	0.46%
Carwood Center LLC	32,765,236	0.36%	N/A	N/A
Advanced Group	31,509,657	0.34%	80,215,201	1.10%
Lakewood Associates LLC	30,970,346	0.34%	27,364,454	0.38%
Regency Center LLC	30,161,452	0.33%	26,131,156	0.36%
Total	<u>\$ 810,888,363</u>	<u>8.8%</u>	<u>\$ 538,269,304</u>	<u>7.4%</u>

Note: The amounts shown above include assessed value data for both the City and the Redevelopment Agency.

City of Lakewood
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year		Collected within the		Collections in Subsequent Years	Total Collections to Date				
			Fiscal Year of the Levy			Amount	Percentage of Levy			
	Amount	Percentage of Levy								
2009	\$	3,812,168	\$	3,694,298	96.91%	\$	117,870	\$	3,812,168	100.00%
2010		3,556,539		3,481,743	97.90%		74,796		3,556,539	100.00%
2011		3,735,728		3,574,761	95.69%		120,220		3,694,981	98.91%
2012		3,811,051		3,593,697	94.30%		217,354		3,811,051	100.00%
2013		4,024,637		3,811,325	94.70%		213,311		4,024,636	100.00%
2014		4,109,676		4,017,643	97.76%		92,033		4,109,676	100.00%
2015		4,251,103		4,158,507	97.82%		92,596		4,251,103	100.00%
2016		4,553,569		4,452,399	97.78%		101,169		4,553,568	100.00%
2017		4,613,693		4,456,610	96.60%		157,083		4,613,693	100.00%
2018		4,960,161		4,808,236	96.94%		151,925		4,960,161	100.00%

Note:

In FY 2011, historical data was updated due to inaccurate levy amounts reported in prior fiscal years. The levied amounts were corrected in accordance with Los Angeles County Auditor-Controller numbers.

* Sum of Property Tax 06-07 Current Year Secured and Unsecured Taxes and Prior Year's Taxpayer Refund (based on Internal Cash Control Form)



City of Lakewood
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Governmental Activities					
Fiscal Year Ended June 30	General Obligation Bonds	Tax Allocation Bonds ¹	Lease Payable	Total Governmental Activities	
2009	\$ -	\$ 10,398,411	\$ -	\$	10,398,411
2010	-	9,442,892	-		9,442,892
2011	-	8,447,372	-		8,447,372
2012	-	- ²	-		-
2013	-	- ²	-		-
2014	-	- ²	-		-
2015	-	- ²	-		-
2016	-	- ²	246,808 ³		246,808
2017	-	- ²	211,244 ³		211,244
2018	-	- ²	173,618 ³		173,618

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

¹ Prior year amounts were restated to include premium and adjustments.

² The Tax Allocation Bonds were transferred to the Successor Agency during the year ended June 30, 2012.

³ The lease payable was related to capital lease purchase for helicopter.

City of Lakewood
Ratios of Outstanding Debt by Type (Continued)
Last Ten Fiscal Years

Business-type Activities							
Water Revenue Bonds	Loan Payable to Water Replacement District	Lease Payable¹	Total Business-type Activities	Total Primary Government	Percentage of Personal Income²	Debt Per Capita²	
\$ 6,200,299	\$ -	\$ -	\$ 6,200,299	\$ 16,598,710	0.71%	199	
5,666,181	1,676,353	-	7,342,534	16,785,426	0.76%	202	
5,112,062	1,777,321	-	6,889,383	15,336,755	0.69%	183	
4,537,944	1,579,841	-	6,117,785	6,117,785	0.27%	76	
4,038,895	1,382,361	-	5,421,256	5,421,256	0.23%	67	
3,385,206	1,184,881	-	4,570,087	4,570,087	0.19%	56	
2,456,517	987,401	-	3,443,918	3,443,918	0.15%	42	
-	789,921	1,762,532	2,552,453	2,799,261	0.12%	36	
-	592,441	10,494,954	11,087,395	11,298,639	0.47%	143	
-	394,961 ³	10,139,347 ⁴	10,534,308	10,707,926	0.43%	132	

¹ 2016 balance was restated to reclass 2015 Photovoltaic System Lease and Sublease Agreement and 2017 balance was restated to include 2017 Master Equipment Lease/Purchase Agreement.

² These ratios are calculated using personal income and population for the prior calendar year.

³ Loan payable to Water Replacement District

⁴ From 2015 Photovoltaic System Lease and Sublease Agreement and 2017 Master Equipment Lease/Purchase Agreement.

City of Lakewood
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(In thousands, except per capita)

Fiscal Year Ended June 30	Outstanding General Bonded Debt			Percent Assessed Value ¹	Per Capita
	General Obligation Bonds	Tax Allocation Bonds	Total		
2009	-	10,435	10,435	0.14%	-
2010	-	9,475	9,475	0.14%	-
2011	-	-	-	0.12%	-
2012	-	-	-	0.00%	-
2013	-	-	-	0.00%	-
2014	-	-	-	0.00%	-
2015	-	-	-	0.00%	-
2016	-	-	-	0.00%	-
2017	-	-	-	0.00%	-
2018	-	-	-	0.00%	-

Notes: General bonded is debt payable with governmental fund resources and general obligation bonds recorded in enterprise funds (of which, the City has none).

¹ Assessed value has been used because the actual value of taxable property is not readily available in the State of California.

City of Lakewood

Direct and Overlapping Debt

As of June 30, 2018

Total Assessed Valuation		\$8,008,204,311	
	Percentage Applicable ¹	Outstanding Debt 6/30/16	Estimated Share of Overlapping Debt
Overlapping Debt:			
Metropolitan Water District	0.699%	\$ 29,354,442	205,118
Cerritos Community College District 2004 Series 2009C	7.179%	2,560,000	183,786
Cerritos Community College District 2004 Series 2012D	7.179%	81,210,988	5,830,264
Cerritos Community College District 2012 Series 2014A	7.179%	73,900,000	5,305,397
Cerritos Community College District 2014 Ref Bonds Series A	7.179%	77,845,000	5,588,615
Cerritos Community College District 2014 Ref Bonds Series B	7.179%	13,840,000	993,595
Cerritos Community College District 2012 Series 2018B	7.179%	75,000,000	5,384,368
Compton Community College District 2002 Series 2008A	2.868%	605,000	17,352
Compton Community College District 2002 Series 2012C	2.868%	14,429,048	413,842
Compton Community College District 2012 Refunding Bonds	2.868%	10,915,000	313,055
Compton Community College District 2002 Series 2013D	2.868%	16,444,972	471,662
Compton Community College District 2014 REF	2.868%	16,470,000	472,379
Compton Community College District 2015 REF BONDS	2.868%	12,635,000	362,387
Long Beach Community College District DS 2002 Series D 2007	8.543%	19,112,255	1,632,846
Long Beach Community College District DS 2008 Series A	8.543%	15,096,105	1,289,728
Long Beach Community College District 2008 Series 2009B	8.543%	36,080,000	3,082,477
Long Beach Community College District Ref 02 12 Series A	8.543%	140,078,695	11,967,555
Long Beach Community College District DS Ref Bonds 2014 Series C	8.543%	8,745,000	747,125
Long Beach Community College District DS Ref Bonds 2014 Series E	8.543%	42,430,000	3,624,986
Long Beach Community College District DS Ref Bonds 2015 Series F	8.543%	30,130,000	2,574,142
Long Beach Community College District DS 2008 Series D	8.543%	71,775,000	6,132,062
Long Beach Community College District DS 2016 Series B	8.543%	83,490,000	7,132,928
ABC Unified School District 2003 Ref Bond Series A	9.997%	27,916,913	2,790,829
ABC Unified School District DS 1997 Series B	9.997%	7,675,000	767,263
Bellflower Unified School District, District 2012 Series A	27.872%	34,360,000	9,576,936
Bellflower Unified School District, District 2012 Series B	27.872%	42,000,000	11,706,382
Long Beach Unified School District DS 2008 Refunding Bonds	8.542%	27,225,606	2,325,490
Long Beach Unified School District DS 2008 Series A	8.542%	39,490,000	3,373,059
Long Beach Unified School District DS 2010 Ref Bonds Series A	8.542%	39,850,000	3,403,809
Long Beach Unified School District DS 2008 SR B-1 QSCB	8.542%	81,946,686	6,999,520
Long Beach Unified School District DS 2012 Refunding Bonds	8.542%	79,675,000	6,805,483
Long Beach Unified School District DS 2008 Series C	8.542%	34,010,000	2,904,982
Long Beach Unified School District DS 2008 Series D	8.542%	249,328,410	21,296,519
Long Beach Unified School District DS 2016 Refunding Bonds	8.542%	136,395,000	11,650,252
Long Beach Unified School District DS 2008 Series E	8.542%	150,000,000	12,812,330
Long Beach Unified School District DS 2016 Series A	8.542%	300,000,000	25,624,660
Paramount Unified School District 2006 Series 2011 Bonds	10.083%	41,468,001	4,181,107
Paramount Unified School District 2006 2013 Series C	10.083%	33,283,515	3,355,887
Paramount Unified School District Ref Bond Series 2015	10.083%	34,380,000	3,466,443
Paramount Unified School District 2016 Series 2017A	10.083%	25,670,000	2,588,237
Total overlapping debt		\$ 2,256,820,636	\$ 199,354,857
City Direct Debt:			
Lease payable	100.000%	173,618	173,618
Total Direct and Overlapping Debt			\$ 199,528,475

¹ For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the city's boundaries and dividing it by each unit's total taxable assessed value.

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Statistical. This process recognizes that, when considering the city's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident—and therefore responsible for repaying the debt—of each overlapping government.

City of Lakewood
Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Years				
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Assessed valuation (In thousands)	\$ 7,269,336	\$ 7,007,717	\$ 7,032,248	\$ 7,168,922	\$ 7,281,614
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit (In thousands)	1,090,400	1,051,158	1,054,837	1,075,338	1,092,242
Total net debt applicable to the limit:					
General obligation bonds (In thousands)	-	-	-	-	-
Legal debt margin (In thousands)	<u>\$ 1,090,400</u>	<u>\$ 1,051,158</u>	<u>\$ 1,054,837</u>	<u>\$ 1,075,338</u>	<u>\$ 1,092,242</u>
Total debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	0.0%	0.0%	0.0%

Note: Section 43605 of the Government Code of the State of California limits the amount of indebtedness for public improvements to 15% of the assessed valuation of all real and personal property of the City.

The City of Lakewood has no general bonded indebtedness.

City of Lakewood
Legal Debt Margin Information (Continued)
Last Ten Fiscal Years

	Fiscal Years				
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Assessed valuation (In thousands)	\$ 7,474,292	\$ 7,899,494	\$ 8,298,427	\$ 8,698,092	\$ 9,165,328
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit (In thousands)	1,121,144	1,184,924	1,244,764	1,304,714	1,374,799
Total net debt applicable to the limit:					
General obligation bonds (In thousands)	-	-	-	-	-
Legal debt margin (In thousands)	<u>\$ 1,121,144</u>	<u>\$ 1,184,924</u>	<u>\$ 1,244,764</u>	<u>\$ 1,304,714</u>	<u>\$ 1,374,799</u>
Total debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	0.0%	0.0%	0.0%

Note: Section 43605 of the Government Code of the State of California limits the amount of indebtedness for public improvements to 15% of the assessed valuation of all real and personal property of the City.

The City of Lakewood has no general bonded indebtedness.

City of Lakewood
Pledged-Revenue Coverage
Last Ten Fiscal Years
(In thousands)

Fiscal Year Ended June 30	Water Revenue Bonds					
	Water Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2009	\$ 8,499	\$ 5,228	\$ 3,271	\$ 370	\$ 266	5.14
2010	8,154	6,008	2,146	560	258	2.62
2011	8,132	6,556	1,576	580	238	1.93
2012	9,096	7,090	2,006	600	218	2.45
2013	10,574	7,696	2,878	620	196	3.53
2014	11,712	6,927	4,785	645	172	5.86
2015	10,311	7,826	2,485	670	148	3.04
2016	10,931	7,849	3,082	687	67	4.09
2017	10,873	7,280	3,593	233	45	12.92
2018	13,004	9,589	3,415	233	38	12.60

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest, depreciation, or amortization expenses.

City of Lakewood
Pledged-Revenue Coverage (Continued)
Last Ten Fiscal Years
(In thousands)

Fiscal Year Ended June 30	Tax Allocation Bonds			
	Tax Increment	Debt Service		Coverage
		Principal	Interest	
2009	8,638	920	507	6.05
2010	9,305	960	468	6.52
2011	8,747	1,000	426	6.13
2012	4,010	1,040	381	2.82
2013	1,418	1,085	333	1.00
2014	1,436	1,155	281	1.00
2015	1,435	1,210	225	1.00
2016	1,430	1,265	165	1.00
2017	1,432	1,330	102	1.00
2018	1,425	1,390	35	1.00

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest, depreciation, or amortization expenses.

City of Lakewood
Demographic and Economic Statistics
Last Ten Calendar Years

Calendar Year	Population (1)	Personal Income (thousands of dollars) (2)	Per Capita Personal Income (2)	Unemployment Rate (3)
2008	83,508	2,333,548	27,944	4.8%
2009	83,196	2,207,459	26,533	7.5%
2010	83,636	2,216,103	26,497	8.2%
2011	80,378	2,297,042	28,578	8.0%
2012	80,781	2,386,755	29,546	7.1%
2013	81,224	2,388,960	29,412	4.9%
2014	81,261	2,363,232	29,082	6.4%
2015	78,471	2,426,233	30,918	5.2%
2016	79,272	2,406,040	30,351	4.0%
2017	81,179	2,490,791	30,682	3.3%

City of Lakewood
Principal Employers
Current Year and Nine Fiscal Years Ago

<u>Employer</u>	2018		2009	
	<u>Number of Employees</u>	<u>Percentage of Total Employment*</u>	<u>Number of Employees</u>	<u>Percent of Total Employment</u>
Long Beach Unified School District	912	2.28%	N/A	N/A
Lakewood Regional Medical Center	849	2.12%	N/A	N/A
City of Lakewood	571	1.43%	N/A	N/A
Dept. of Children & Family Services	504	1.26%	N/A	N/A
Bellflower Unified School District	471	1.18%	N/A	N/A
LA County Sheriff's Department	369	0.92%	N/A	N/A
ABC Unified School District	343	0.86%	N/A	N/A
Wal-Mart	327	0.82%	N/A	N/A
CostCo	291	0.73%	N/A	N/A
Home Depot	271	0.68%	N/A	N/A

* Based on updated estimated U.S. Census Bureau's Labor Force count (2018)



City of Lakewood
Full-Time City Employees by Function
Last Ten Fiscal Years

<u>Division</u>	<u>Fiscal Years</u>									
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
City Administration	32	32	32	32	32	31	30	30	30	29
City Clerk	2	2	2	2	2	2	2	2	2	2
Administrative Services	21	21	21	21	21	21	20	21	21	20
Community Development	15	15	15	15	15	15	14	14	14	14
Public Works	31	31	31	31	31	31	31	32	32	32
Recreation and Community Services	59	59	59	59	59	60	62	62	62	61
Water Resources	<u>19</u>	<u>19</u>	<u>19</u>	<u>19</u>	<u>19</u>	<u>19</u>	<u>19</u>	<u>19</u>	<u>19</u>	<u>17</u>
Total	<u>179</u>	<u>179</u>	<u>179</u>	<u>179</u>	<u>179</u>	<u>179</u>	<u>178</u>	<u>180</u>	<u>180</u>	<u>175</u>

City of Lakewood
Operating Indicators by Function
Last Ten Fiscal Years

	Fiscal Years				
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Public works:					
Street resurfacing (miles)	9	4	8	6	6
Recreation and community services:					
Number of recreation classes	1,993	1,945	2,230	1,805	1,786
Number of facility rentals	6,390	4,845	5,486	6,871	7,320
Water					
New connections	10	7	12	27	24
Number of consumers	20,079	20,396	20,421	20,440	20,453
Average daily consumption (thousands of gallons)	7,747	7,323	6,920	7,200	7,330
Community development					
Number of building permits issued *	1,066	2,825	2,889	2,781	2,915

*Includes both residential and commercial permits.

City of Lakewood
Operating Indicators by Function (Continued)
Last Ten Fiscal Years

	Fiscal Years				
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Public works:					
Street resurfacing (miles)	1	-	1	-	-
Recreation and community services:					
Number of recreation classes	1,812	1,615	1,931	1,711	1,924
Number of facility rentals	7,473	8,259	7,919	5,838	1577**
Water					
New connections	11	6	2	7	4
Number of consumers	20,469	20,489	20,481	20,180	20,196
Average daily consumption (thousands of gallons)	7,549	6,857	5,887	6,262	6,050
Community development					
Number of building permits issued	3,107	3,457	4,408	4,051	3,986

*Includes both residential and commercial permits.

**In November 2016 the RCS Department initiated a transition from CLASS facility booking software to the ActiveNet online system. For the duration of 2017 to date, inclusive of the 2017/18 fiscal year, the ActiveNet system has represented blocks of facility reservations for multiple dates as one event. The CLASS system previously represented a block of facility reservations for multiple dates as many events- i.e. one date equals one event. This is the reason for the significant decline in facility rentals from FY 2017 to FY 2018.

City of Lakewood
Capital Assets Statistics by Function
Last Ten Fiscal Years

	Fiscal Years				
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Public works:					
Streets (miles)	196	196	196	196	196
Streetlights	6,654	6,654	6,654	6,654	6,654
Recreation and community services:					
Number of recreation facilities	13	13	13	13	13
Acreage of facilities	189.0	189.0	189.0	189.0	189.0
Number of pools	2	2	2	2	2
Water					
Water mains (miles)	195.00	195.00	195.00	195.00	195.00
Wastewater					
Sewers (miles)	167.00	167.00	167.00	167.00	167.00

*Increase in acreage of recreation facilities due to completion
of nature trails within City limits

City of Lakewood
Capital Assets Statistics by Function (Continued)
Last Ten Fiscal Years

	Fiscal Years				
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Public works:					
Streets (miles)	196	196	196	196	196
Streetlights	6,654	6,654	6,654	6,654	6,654
Recreation and community services:					
Number of recreation facilities	13	13	13	13	13
Acreage of facilities	189.0	189.0	189.0	189.0	189.0
Number of pools	2	2	2	2	2
Water					
Water mains (miles)	195.00	195.00	195.00	195.00	195.00
Wastewater					
Sewers (miles)	167.00	167.00	167.00	167.00	167.00