

CAFR

Comprehensive Annual Financial Report

City of Lakewood, California
Year Ended June 30, 2020

CITY OF LAKEWOOD, CALIFORNIA

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

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

**FOR THE YEAR ENDED
JUNE 30, 2020**

Prepared by:
Finance and Administrative Services Department

Jose Gomez
Director of Finance and Administrative Services



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Jeff Wood
Vice Mayor

Steve Croft
Council Member



Todd Rogers
Mayor

Vicki L. Stuckey
Council Member

Ariel Pe
Council Member

December 8, 2020

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

TRANSMITTAL LETTER

It is our pleasure to submit for your information and consideration the Comprehensive Annual Financial Report (CAFR) of the City of Lakewood. 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, 2020.

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, 2020 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, 2020 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.

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). The 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 region. The City of Lakewood occupies a land area of 9.5 square miles and serves a population of 79,919 as of May 2020.

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 generally serves in that capacity for a one-year term.

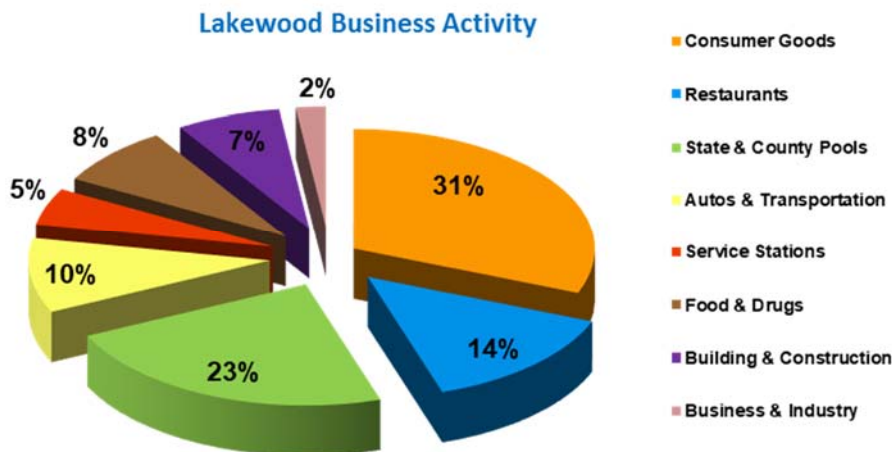
The City of Lakewood provides a full range of services, including police protection, solid waste collection, construction and maintenance of highways, streets and infrastructure, planning and zoning activities, utilities (water), recreational activities, cultural events, housing and general administrative 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 City 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 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.



The economic conditions and climate of the last nine months have been unprecedented. It is difficult to overstate the impact of the COVID-19 pandemic worldwide as it has affected virtually every aspect of our society and how people lead their daily lives. The City of Lakewood has not escaped its effects. In conforming with health mandates, many businesses in the City have been forced to shut down or greatly reduce their operations. Offices, schools, and churches have closed their doors and/or learned to operate in a remote and virtual environment where every day social interactions have been altered. The pandemic's far-reaching effects will be discussed throughout the following pages as its impact on specific areas is examined.

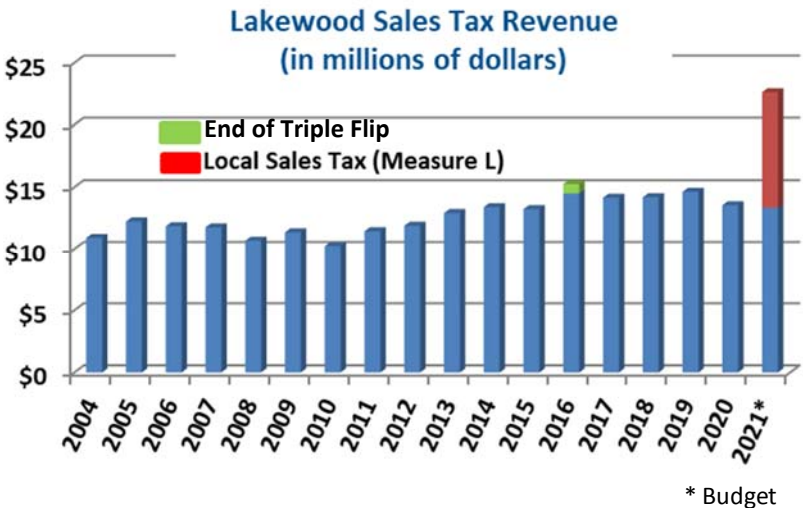
For the City of Lakewood, retail sales is the economic indicator that best heralds the City's financial situation. Sales tax revenues account for about 28% of all General Fund revenues. There are over 2,400 businesses (including home occupations) located in Lakewood that generated approximately \$13.4 million in sales tax revenue for the City in Fiscal Year 2019-20. The economic base of Lakewood is largely retail with the City's "top twenty-five" retail businesses as a group producing 59% of the City's sales tax revenues. Over multiple years the City has been experiencing a slowing of sales tax revenue increases stemming from the continued migration of consumers away from traditional brick-and-mortar to online shopping. This phenomenon was then greatly exacerbated in March 2020 as the restrictions from the COVID-19 pandemic forced the closure of many traditional retailers and shoppers were reluctant to leave their homes.

Undeniably, Lakewood has long benefited from a popular regional shopping center and several smaller commercial plazas but over time the loss of brick-and-mortar sales tax revenue to online shopping has had an adverse impact on the City's revenues. Increasingly, however, state and county pools have provided a greater share of sales tax revenues to the City as online sales have grown and tax laws have evolved. Historically, sales tax collected from online sales have been disbursed to cities through state and county pools based on each cities' percent of total brick-and-mortar sales, which for Lakewood will diminish over time as the percentage of online sales grows in comparison to the City's shrinking brick-and-mortar sales activity. The City's outlook in the collection of sales tax revenue, however, greatly changed during the last year.

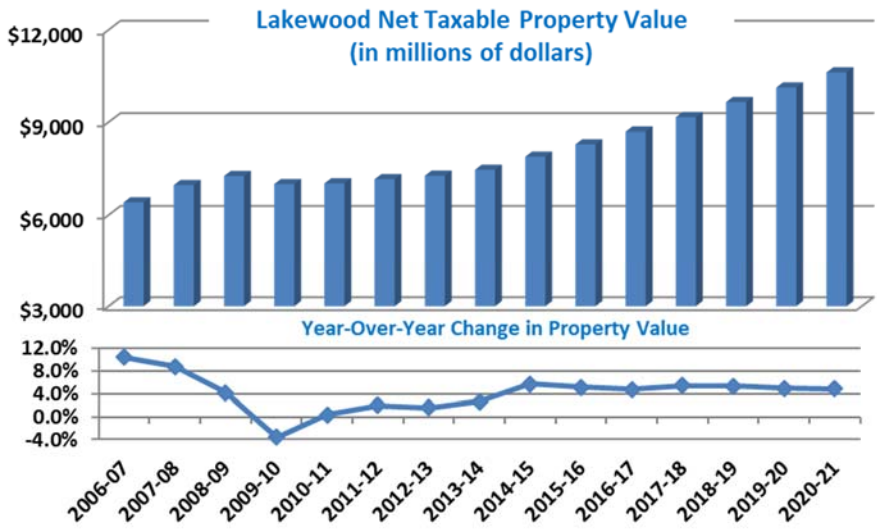
In March 2020, Lakewood voters passed Measure L allowing for a ¾ cent local sales tax measure which is expected to provide almost \$9.3 million in additional funds for the year that will benefit the Lakewood community. The tax applies to both brick-and-mortar and online sales transactions. The importance of its passage cannot be overstated. The new revenue will allow the City to continue providing and maintaining the essential services that help define the quality of life that residents deserve and expect. Its passage was also timely in that it came at the onset of the then-unknown economic collapse from the COVID-19 pandemic, thus offering a potential buffer for the diminished revenue trends that have continued on into fiscal year 2020-21. Lastly, when the pandemic is over, it will provide the foundation for long-term economic stability, funding for needed community services and programs, as well as helping address the City’s aging facilities and infrastructure.

Specifically, the adopted budget for Fiscal Year 2020-21 took the COVID-19 pandemic effects into consideration along with the prospect of collecting Measure L revenues for a projected \$22.5 million in sales tax revenue. This includes \$9.275 million in Measure L - local sales tax revenue.

Despite the tumultuous environment, the economic development in the City added several retailers in the past year. It allowed for expanded shopping and dining opportunities, as well as adding jobs from over 100 new businesses in Lakewood including home occupation businesses. This built on the more than 5,000 jobs that new businesses brought to Lakewood over the past decade. Among the new businesses opening during the year were John’s Shop Rite Pharmacy, La Michoacana, Boot World, Hanako Japanese Cuisine, Urgent Care Pros, Legend Hot Chicken. Additionally, Friar Tux and Black Angus underwent significant construction remodeling at their locations.



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.

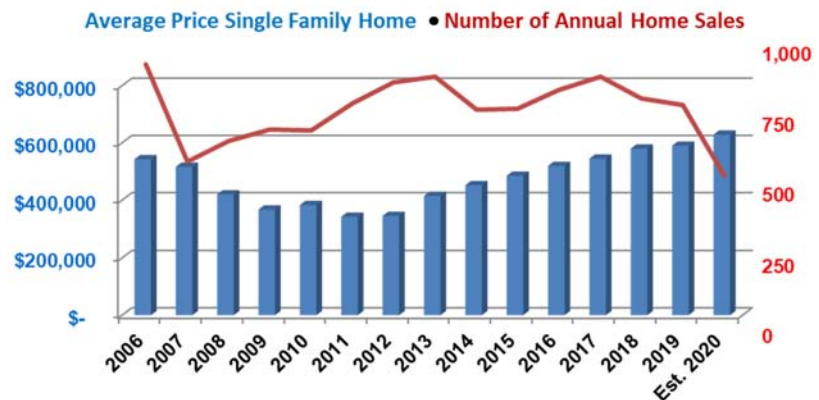


The County Assessor increased property tax assessments by a Consumer Price Index (CPI) of 2% from 2018-19 to 2019-20.

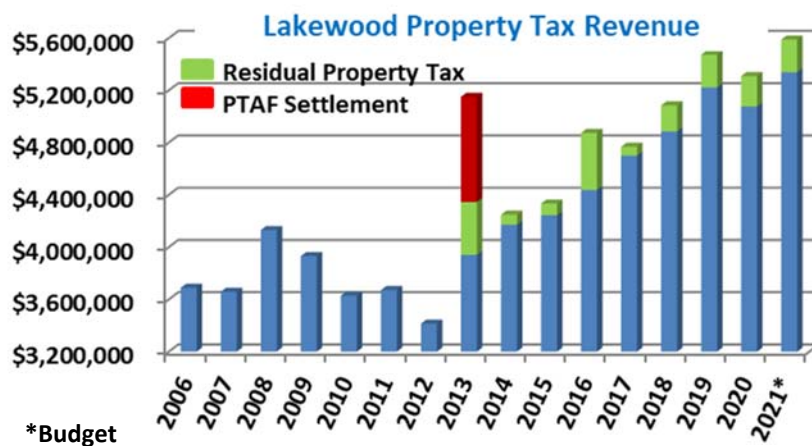
In the last recession, the County Assessor lowered property tax assessments utilizing the 1978 Prop 8 reduction requirement where the lesser of the adjusted base year value or market value is used for taxation.

Prop 8 reductions still offset the year-over-year increase by reducing the assessed valuation by \$61 million on parcels throughout the city. The number of Prop 8 parcels has steadily decreased as property values have consistently risen. The top two factors, transfer of ownership and a CPI increase of \$181 million, along with the recapture of Prop 8 valuations largely accounted for the overall taxable value increase of nearly \$490 million. As in past years, the main driver of the increase was residential properties at \$454 million, followed by commercial/industrial at approximately \$36 million.

The total assessed value of real property in the City was \$10.6 billion for Fiscal Year 2020-21, a 4.8% increase from the previous year. The growth was outpaced by the County's rate which increased by 6.1%. The COVID-19 pandemic did not impact assessed values as they were established earlier in the year and prospectively values appear unaffected. In calendar year 2020, the median single family Lakewood home is selling for \$629,000, a 6.6% increase from 2019 - establishing a new record high. Consistent with regional trends, the number of homes sold is expected to decrease for a third year in a row. Despite this, home sales appear to be quite strong and thus far, emerge as one of the few sectors relatively unaffected by the COVID-19 pandemic.

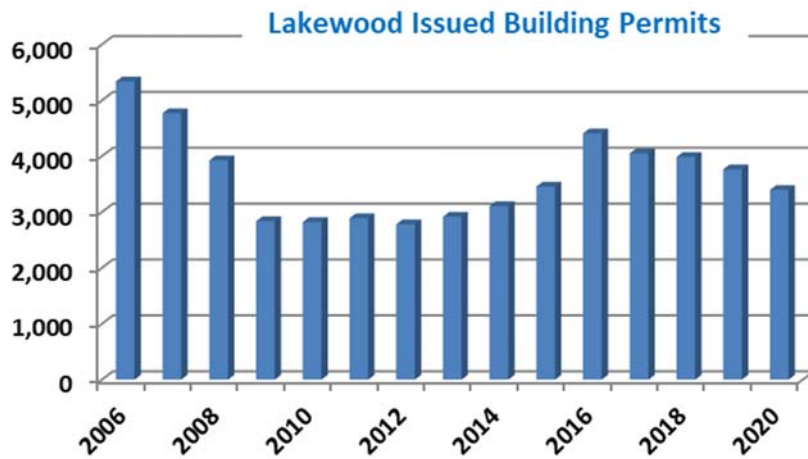


In Fiscal Year 2012-13, the City began to receive residual property tax from the dissolution of the Lakewood Redevelopment Agency (LRA). In that year, all property tax increment held by the LRA was shifted to the County and disbursed to local taxing agencies - the City's share of this disbursement was \$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 approach \$250,000 in Fiscal Year 2020-21 due to former LRA bonds being fully paid.



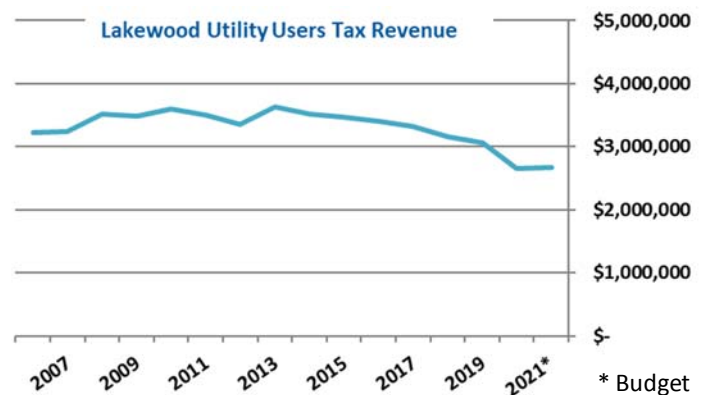
In Fiscal Year 2007-08 the City joined in a Collective Action against Los Angeles County regarding property tax administrative fees. The case was settled in Fiscal Year 2012-13 resulting in a refund to the City of \$804,544 in excess property tax fees. The settlement also resulted in an on-going annual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

Property tax revenue in Fiscal Year 2019-20 increased by 9.8% over the prior year, exceeding expectations by 2.2%, and is expected to have a modest increase in Fiscal Year 2020-21. Overall, property tax revenue accounts for 12.5% 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 20% of General Fund revenues. The COVID-19 pandemic did not impact either of the above revenues, with most experts forecasting very little effect long-term effect.

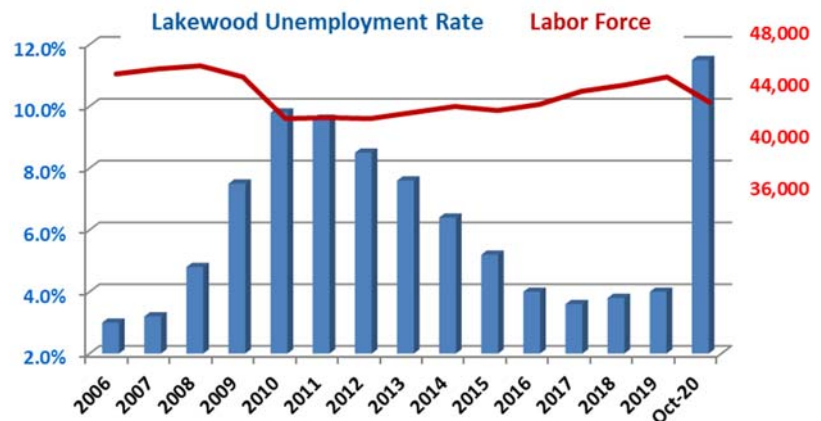


The number of building permits issued by the City is 41% below the peak reached in Fiscal Year 2004-05. During Fiscal Year 2019-20, 3,396 construction and remodeling permits were issued, which is the fifth year of a downward trend in building activity. While this number is low, it is not as low as originally anticipated when factoring the many COVID-19 pandemic closures and economic conditions.

City revenues are also affected by changes in the commodity markets. The City's assessed utility user's tax revenue totaled \$2.65 million and represents 5.5% of General Fund revenues. The 3% tax is assessed on communications, electricity, natural gas and water use. Fiscal Year 2019-20 revenues decreased \$410,995 combined across all four utility areas when compared to the prior year. There are various factors that led to the drop: less utility use resulting from the many COVID-19 closures, alternative forms of cellular communication to the traditional phone plan, increased competition, and the commoditization of services in the telecom industry sector.



In most years, Lakewood's employment rate depends largely on the regional job market. This year, the sweeping effect of the COVID-19 pandemic on employment overshadows all other factors. Nationwide, employment rates were at or near historic high levels prior to the pandemic. Soon after, the closures that followed the Los Angeles County stay-at-home order gave way to jobs being lost at a pace and scale not seen in the last century. Even with a partial reopening, the unemployment rate in the City of Lakewood during October 2020 stood at 11.5%.



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 0.7% in 2020. 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 communities across the western United States. In their latest

analysis Beacon states, “As dramatically bad as the U.S. economy’s 2nd quarter (2020) numbers were, the recent bounce back in activity, from home sales to consumer spending to payroll employment, has buoyed Beacon Economics’ call for a relatively rapid recovery from the extraordinary COVID-19 recession.”

“The United States economy entered this crisis from a place of real strength and balance – the collapse in consumer spending, for example, occurred because people were prevented from spending, not because they didn’t have the money to spend,” said Christopher Thornberg, Founding Partner of Beacon Economics. “There is simply no reason to think that the shocks to the economy, as massive as they were, will linger and have more than a transitory effect once activity fully resumes.”

Despite Beacon’s optimism, their outlook is based on the assumption that the virus will be brought under control and health-mandated closures and restrictions will ease in the not too distant future. Economic recovery is highly contingent on containing the spread of the disease and there continues to be increasing uncertainty surrounding the nation’s ability to do so effectively and quickly, according to the outlook. Furthermore, while the large-scale forecasts are fairly positive, there are certainly populations and industry sectors that are likely to continue suffering. Beacon’s forecast is critical of the “blunt, disproportional, and poorly thought-out way” in which the immense Federal stimulus has been distributed, with aid not reaching those who need it and funds going to many who don’t.

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. Following are examples of recent project and programmatic accomplishments:

Street and traffic signal improvements:

- Awarded the bid and started construction on the Lakewood/Del Amo street intersection improvement project.
- Trimmed approximately 8,800 trees and removed 250 trees that were designated to be in poor condition, with the replanting of 285 trees throughout the city.
- Removed and repaired 3 miles of sidewalk and 6.3 miles curb gutter enabling the better movement of pedestrians and run off water throughout the city.

Storm water/water recapture/recycled water projects:

- Significant work was completed in the construction of a water recapture system at Mayfair Park. This is the second of two projects funded by CalTrans grants totaling \$26 million. Work at Mayfair Park began in May 2018 and is expected to be completed in early 2021. Both of the systems will reduce pollutants in the local waterways and ocean. They will also provide a source of local recycled water to be used in parks and medians.

Parks and community facilities projects and activities:

- The fiscal year saw several renovations and upgrades at the Lakewood Equestrian Center: the installation of a new front driveway entrance gate, completion of the perimeter fencing, and enhanced landscaping throughout the facility. Currently, City Public Works staff and the Conservation Corps of Long Beach have been working together to build a new hay barn.
- Numerous Americans with Disabilities Act (ADA) compliant parking and restroom improvements were completed with several more under construction at City facilities.
- Renovated the second floor of the Burns Community Center, including the removal of wood paneling, new paint, carpeting and baseboards.
- During the closure of Home Run Dog Park due to the Covid-19 restrictions, Staff renovated the turf and improved the irrigation systems.
- The COVID-19 global pandemic has had an immense impact on the ability to provide recreational activities and facilities to the residents. Since March 13, 33 major and minor special events were cancelled, 479 meetings and facility rental permits at parks, community centers and The Centre were cancelled or postponed.

Public Safety Activities:

The Public Safety Department has taken a more visible profile as it establishes a more focused effort in the administration of law enforcement and public safety services. Increased efforts have been placed on community engagement and the allocation of department resources. The department's accomplishments include:

- Expanded the scope and functions of public safety field staff to include response to service requests, homeless-related concerns and department programs
- Established regular opportunities for residents to meet and interact with members of law enforcement through City events and programs
- Worked closely with Lakewood Sheriff's Station personnel at all levels to ensure timely and quality law enforcement services for the Lakewood community
- Increased community outreach and education through participation in City events
- Held first National Night Out event to promote community partnerships with law enforcement and crime prevention education
- Enhanced Neighborhood Watch Program with increased accessibility for Block Captains and community outreach.

Water system improvements:

- Completed the first phase of construction of a new well (Well 28). The new well, expected to produce over 2,400 gallons per minute, is scheduled to be completed during the current fiscal year and in operation by early spring 2021.
- Replacement of the filter underdrains from PVC to stainless steel at Plant 27 Treatment Facility.
- As part of the ongoing well maintenance program, two wells and a booster pump were serviced this year. A rehabilitation on Well 27 was performed and resulted in the recovery of an additional 150 gallons per minute of pumping capacity. The rehabilitation on Well 2A allowed for the pump, motor and well column to be replaced. The pump at Booster Pump 8 was replaced, allowing for capacity to increase over 25%.
- Using a \$25,000 grant from the Water Research Foundation (WRF), the City took steps toward becoming an "advanced smart network technologies water utility." The City has purchased and installed three advanced pressure sensors and performed real-time data analytics. The focus of the research is on pressure control that results in preventing water leaks, reducing water loss and increasing operational efficiency.

Residential housing projects:

- The City maintained the Home Improvement Loans and Fix Up / Paint Up Programs. The Home Improvement Loan Program provides up to \$18,000 to eligible homeowners for home improvements. 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. In the past year a total of six loans and five grants were issued.

- Elaine Apartments, a three-story 24-unit apartment complex located on Elaine Avenue, is currently under construction. Trenching for plumbing connections is underway as well as interior cabinetry and plumbing with construction scheduled to be completed in early 2021.
- A total of 24 new Accessory Dwelling Units (ADUs) were approved for development. ADUs are small units built within an existing residential property, and can either be new construction or a conversion of an existing space, such as a garage.

Administration and Public Information:

The Administration Department and its Public Information Office (PIO) and CityTV Office were particularly active this fiscal year in the following areas:

- COVID-19 awareness, public information and resources. In April 2019, PIO and CityTV created new 5-minute Weekly Video Updates with the Mayor on COVID-19 topics. The video was distributed weekly via a special edition of the city's Lakewood Connect eMagazine. CityTV also adapted its coverage of Lakewood City Council meetings as the council changed locations to the Weingart Ballroom in The Centre to have a more socially distanced and safe meeting space.
- PIO and CityTV were heavily involved in educating residents about the issues related to the city's pending budget shortfall and to what the city's ballot initiative Measure L would do. News articles and videos were created as part of the public education effort.
- After the killing of George Floyd in May, PIO took the lead in creating an Interfaith Council and Community Dialogue to enable residents to express their views on racial equity and their recommendations for making Lakewood a safer place to live for everyone.

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 a four percent rate over the life of the loan. Once the Finding of Completion was issued by the Department of Finance (DOF), additional funds became 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 will be 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 a four percent 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. CalPERS currently utilizes a 7% discount rate (effective in Fiscal Year 2020-21) and is 75.7% funded as of June 30, 2019, 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 73.59% funded as of June 30, 2019, 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 85.19% funded as of July 1, 2019, 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. 95 - In May 2020, GASB issued Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. Application of this statement is effective immediately and did not have a material effect on City's financial statements for the fiscal year ending June 30, 2020.

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, 2019. This was the 38th 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 Anne Rodriguez, Assistant Director of Administrative Services; Claire Houck, Senior Accountant, and Elisa Todd, Administrative Secretary 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

TODD ROGERS
Mayor

JEFF WOOD
Vice Mayor

ARIEL PE
Council Member

STEVE CROFT
Council Member

VICKI STUCKEY
Council Member

ADMINISTRATION AND DEPARTMENT DIRECTORS

THADDEUS McCORMACK
City Manager

IVY M. TSAI
City Attorney

PAOLO BELTRAN
Deputy City Manager

ABEL AVALOS
Director of Community
Development

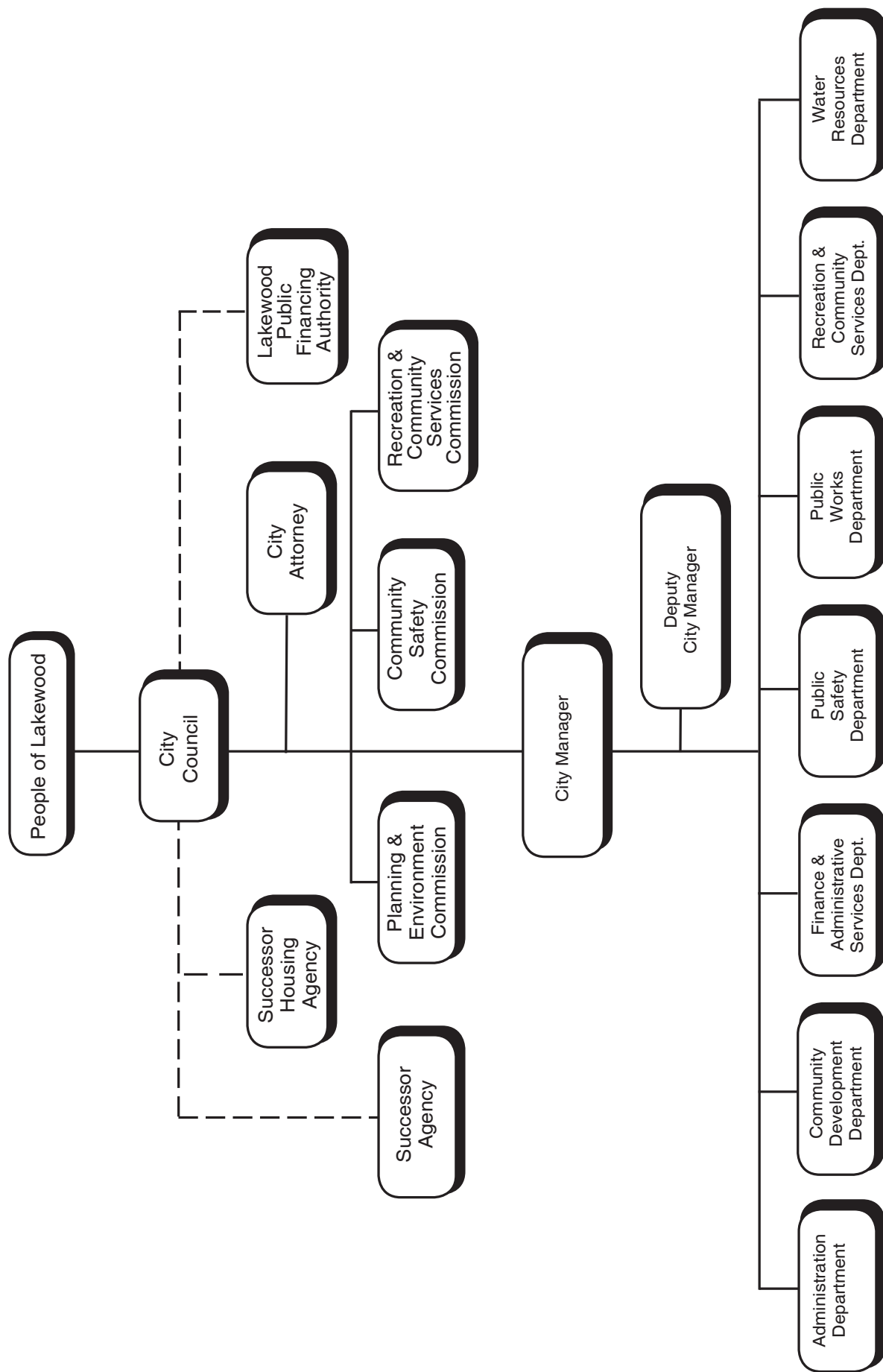
VALARIE FROST
Director of Recreation
and Community Services

JOSE GOMEZ
Director of Finance and Administrative Services

LISA A. RAPP
Director of Public Works

JASON WEN
Director of Water Resources

JOSHUA YORDT
Director of Public Safety





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California**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morrell

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, 2020, and the related notes to the basic 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, 2020, 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.

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 – General Fund, Budgetary Information, the Schedules of Changes in Net Pension Liability and Related Ratios, the Schedules of Contributions – Pensions, the Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios, and the Schedule of Contributions – Other Postemployment Benefits on pages 5 to 13 and 95 to 105 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, the Combining and Individual Nonmajor Fund Financial Statements, the Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual and the 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 Schedules 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 Schedules 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 the 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 27, 2020 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.

The PwC Group, LLP

Santa Ana, California
November 27, 2020



City of Lakewood
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2020

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, 2020. 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, 2020, by \$191,839,714. Of this amount, \$26,060,125 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 \$3,830,439. The governmental activities increased by \$3,020,430 and business-type activities by \$810,009 at the end of fiscal year June 30, 2020.
- Long Term Debt: The City of Lakewood's total debt decreased by \$1,165,973. This was attributable to normal scheduled debt service payments.
- Governmental Funds: As of June 30, 2020, the City's governmental funds reported a combined ending fund balance of \$66,835,204, an increase of \$3,430,187 in comparison with the prior year due to a funding arrangement of capital projects that initially required the use of City's fund and subsequent reimbursement by State grants. Approximately 44.4 percent of the ending fund balance, \$29,659,207, 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, 2020, committed, assigned and unassigned fund balance of the general fund was \$32,601,274. All but \$1,306,735 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, increases 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 (Unaudited) (Continued)
For the Year Ended June 30, 2020

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 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 18 - 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 comprised of three major and seventeen nonmajor 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 seventeen nonmajor 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 a biennial budget. 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 26 - 32 of this report.

City of Lakewood
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2020

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 graphics 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 34 - 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 43 - 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 49 - 92 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, pensions and changes in net pension liabilities and related ratio schedules, pensions contributions schedules, changes in other post-employment and related ratios schedules and other post-employment contributions schedule. Required supplementary information can be found on pages 95 - 105 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 110 - 141 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 \$191,839,714 at the close of the most recent fiscal year.

City of Lakewood
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2020

City of Lakewood Net Position						
	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 77,220,260	\$ 76,515,179	\$ 17,698,099	\$ 16,867,298	\$ 94,918,359	\$ 93,382,477
Capital assets	112,734,997	108,813,540	35,806,566	35,902,916	148,541,563	144,716,456
Total Assets	189,955,257	185,328,719	53,504,665	52,770,214	243,459,922	238,098,933
Deferred Outflow of Resources	8,051,701	7,859,558	973,725	895,042	9,025,426	8,754,600
Long-term liabilities outstanding	37,620,542	33,743,442	12,314,166	12,324,551	49,934,708	46,067,993
Other liabilities	7,593,675	9,453,017	1,828,628	1,800,115	9,422,303	11,253,132
Total Liabilities	45,214,217	43,196,459	14,142,794	14,124,666	59,357,011	57,321,125
Deferred Inflow of Resources	1,147,553	1,367,060	141,070	156,073	1,288,623	1,523,133
Net positions:						
Net Investment in Capital Assets	111,479,193	108,108,047	27,211,808	26,327,391	138,691,001	134,435,438
Restricted	27,088,588	24,069,839	-	-	27,088,588	24,069,839
Unrestricted	13,077,407	16,446,872	12,982,718	13,057,126	26,060,125	29,503,998
Total Net Position	\$ 151,645,188	\$ 148,624,758	\$ 40,194,526	\$ 39,384,517	\$ 191,839,714	\$ 188,009,275

By far, the largest portion of the City of Lakewood's net positions, 72.3 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, 14.1 percent or \$27,088,588, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$26,060,125 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 positions, both for the government as a whole, as well as for its separate governmental and business-type activities. At year-end, 67.7 percent or \$27,211,808, of the City of Lakewood's business-type activities' net position were invested in capital assets.

City of Lakewood
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2020

City of Lakewood Changes in Net Position						
	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 11,179,453	\$ 11,864,139	\$ 12,869,000	\$ 13,354,770	\$ 24,048,453	\$ 25,218,909
Operating grants and contributions	8,862,665	9,751,629	-	-	8,862,665	9,751,629
Capital grants and contributions	6,378,745	8,315,163	-	-	6,378,745	8,315,163
General revenues:						
Sales taxes-Bradley Burns	13,555,147	14,635,987	-	-	13,555,147	14,635,987
Property taxes	15,657,307	14,637,510	-	-	15,657,307	14,637,510
Franchise taxes	1,519,485	1,543,020	-	-	1,519,485	1,543,020
Business operation taxes	462,677	651,364	-	-	462,677	651,364
Utility user taxes	2,650,026	3,061,021	-	-	2,650,026	3,061,021
Other taxes	469,328	409,432	-	-	469,328	409,432
Investment Income	2,228,072	1,833,314	281,857	254,365	2,509,929	2,087,679
Gain on sale of property	-	77,715	-	-	-	77,715
Total Revenues	62,962,905	66,780,294	13,150,857	13,609,135	76,113,762	80,389,429
Expenses:						
General government	9,633,988	8,623,397	-	-	9,633,988	8,623,397
Public safety	15,847,990	15,587,612	-	-	15,847,990	15,587,612
Transportation	6,191,543	5,618,743	-	-	6,191,543	5,618,743
Community development	5,965,959	5,755,708	-	-	5,965,959	5,755,708
Health and sanitation	5,488,139	5,440,069	-	-	5,488,139	5,440,069
Culture and leisure	14,317,749	14,023,325	-	-	14,317,749	14,023,325
Unallocated infrastructure depreciation	2,472,242	2,610,286	-	-	2,472,242	2,610,286
Interest and fiscal charges	24,865	10,065	-	-	24,865	10,065
Water	-	-	12,340,848	12,722,577	12,340,848	12,722,577
Total expenses	59,942,475	57,669,205	12,340,848	12,722,577	72,283,323	70,391,782
Excess (Deficiency of Revenues Over/Under)						
Changes in Net Position	3,020,430	9,111,089	810,009	886,558	3,830,439	9,997,647
Net position at beginning of year	148,624,758	139,513,669	39,384,517	38,497,959	188,009,275	178,011,628
Net position at end of year	\$ 151,645,188	\$ 148,624,758	\$ 40,194,526	\$ 39,384,517	\$ 191,839,714	\$ 188,009,275

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

Governmental activities. Overall, governmental revenues decreased by \$3,817,389 or 5.7 percent and expenditures increased by \$2,273,270 or 3.9 percent from prior year. Key elements of the change are as follows:

- Capital grants and contributions revenue decreased by \$1,936,418. The majority of the decrease is attributed to the finalization of the Bolivar Water Capture Runoff Infiltration Project in the prior year, where \$1,081,538 was received in FY 2018-19 compared to this year. Two other projects, the Bolivar Playground Upgrade and West San Gabriel River Phase III project, received reimbursements of \$323,373 from the last fiscal year compared to this year.
- Operating grant revenue decreased by \$888,964 due to the decrease in Housing Urban Development (HUD) fund reimbursement by \$309,249 from FY 2018-19 compared to FY 2019-20. Another factor was the decrease in the Successor Agency overhead reimbursement of \$231,294 compared to the prior year.
- Charges for services decreased by \$684,686, of which \$393,818 was from the collective cancellation of recreational services due to the operational effects of the mandates caused by the COVID-19 pandemic.
- Sales Tax revenue experienced a steep drop of \$1,080,840 compared to last fiscal year. This was due to many businesses conforming with the COVID-19 pandemic health mandates requiring that they shut down or scale back operations.

City of Lakewood
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2020

- Revenue decreases were slightly offset by an increase in Property Tax revenue of \$1,019,797 due to higher assessed valuations of real property in the City. In addition, Investment Income revenue increased by \$394,758 mainly due to unrealized investment gains in the value of portfolio securities.
- Transportation expenditures increased by \$572,800 due to multiple projects providing for street resurfacing, pavement management and other street improvements.
- Public safety expenditures increased by \$260,378 due to a modest rise in law enforcement contract payments and a moderate increase in the California Public Employees' Retirement System (CalPERS) pension contributions.

Additional information on activities and change in net position can be found on pages 20 - 21 of this report.

Business-type activities. The business-type activities reflect the City's water system responsibilities, which includes water operation, water treatment and water production and distribution. A decrease in the overall water sales of \$485,770 was attributed to the State and local mandates in response to the COVID-19 pandemic. The decline in revenue was offset by \$381,729 in savings mainly realized by the dissolution of the City's former utility billing system. For the year ended June 30, 2020, the City's business-type activities' change in net position was \$810,009, a decrease of 8.6 percent compared to last year. During the year, the water fixed and consumption rates were adjusted to help defray increases in cost of pumping and distributing water, administration of the utility, and infrastructure improvements. Major capital projects on the horizon include \$2.2 million for Pipe Replacement, \$1.8 million for Well 28 Drilling and Equipping, \$800,000 for the Renovation of Plant 4 project, and \$360,000 for the Rehabilitation of Plant 27.

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 fiscal year, the City of Lakewood's governmental funds reported combined ending fund balances of \$66,835,204, an increase of \$3,430,187 in comparison with the prior year. The increase is due to the advanced grant funding arrangement of capital projects. Of the City's governmental funds ending fund balances, \$29,659,207 or 44.4 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, \$37,175,997, is either nonspendable or restricted for purposes imposed by creditors, grantors, contributors, laws or regulations of other governments or through enabling legislation.

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 \$13,600,598, a slight decrease of \$64,276 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, the combined committed, assigned and unassigned fund balance of the general fund was \$32,601,274, while total fund balance was \$42,752,187. The General fund's ending fund balance increased by \$170,783 in comparison with the

City of Lakewood
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2020

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. The committed, assigned and unassigned fund balance represents 64.8 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 other financing sources) decreased year-over-year by \$1,749,321 and expenditures (including other financing uses) decreased by \$265,134. Tax-related revenue decreased by \$934,885, current service charges revenue decreased by \$312,599, and other revenue decreased by \$264,362. Culture and leisure expenditures decreased by \$461,517 due to the operational effects of the COVID-19 pandemic.

General Fund Budgetary Highlights

For the fiscal year ended June 30, 2020, the General Fund's final amended expenditure budget increased over the original budget by \$3,235,218 and actual expenditures were \$3,525,228 lower than the final amended budget. These can be briefly summarized as follows:

- Multi-year capital projects funded by the General Fund were at different stages of completion, consequently they had a remaining balance of \$1,881,569 in FY 2019-2020 to be rolled forward to next fiscal year. Of this, approximately \$692,479 is for ADA improvements, \$378,871 for the Centre refurbishments, \$295,487 for the replacement of San Martin picnic shelters, and \$107,000 for the Facilities Master Plan.
- The City experienced a savings of \$653,000 in Public Safety expenditures. This was attributable to savings in helicopter maintenance costs, a decrease in LA County Sheriff's special assignment contracts, and slightly lower personnel costs.
- The City experienced a decrease of \$809,000 in the Culture and Leisure due to adherence to COVID-19 pandemic guidelines. The pandemic caused many classes and gathering to be cancelled.

Capital Asset and Debt Administration

Capital assets. The City of Lakewood's net investment in capital assets for governmental and business-type activities as of June 30, 2020 amounts to \$148,541,563, an increase of \$3,825,107 or 2.6 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		
	2020	2019	2020	2019	2020	2019	
Land	\$ 17,041,023	\$ 17,041,023	\$ 100,000	\$ 100,000	\$ 17,141,023	\$ 17,141,023	
Construction in progress	29,202,193	37,005,137	1,515,539	10,251,736	30,717,732	47,256,873	
Water rights	-	-	1,834,586	1,834,586	1,834,586	1,834,586	
Infrastructure	40,981,994	27,772,532	-	-	40,981,994	27,772,532	
Structures and improvements	24,363,435	25,473,675	18,002,690	19,330,045	42,366,125	44,803,720	
Equipment	1,146,352	1,521,173	14,353,751	4,386,549	15,500,103	5,907,722	
Total	<u>\$ 112,734,997</u>	<u>\$ 108,813,540</u>	<u>\$ 35,806,566</u>	<u>\$ 35,902,916</u>	<u>\$ 148,541,563</u>	<u>\$ 144,716,456</u>	

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

City of Lakewood
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2020

Long-term debt. At the end of the current fiscal year, the City of Lakewood's total long-term debt outstanding decreased by \$1,165,973 totaling \$9,293,363. This was attributable to normal scheduled debt service payments.

City of Lakewood						
Summary of Outstanding Debt						
	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenue bonds	\$ -	\$ -	\$ 793,399	\$ 1,044,873	\$ 793,399	\$ 1,044,873
Loan Payable	-	-	-	197,480	-	197,480
Loan Payable-MELPA			7,801,359	8,333,172	7,801,359	8,333,172
ADA Financing Program	606,909	750,000	-	-	606,909	750,000
Lease Payable	91,696	133,811	-	-	91,696	133,811
Total	<u>\$ 698,605</u>	<u>\$ 883,811</u>	<u>\$ 8,594,758</u>	<u>\$ 9,575,525</u>	<u>\$ 9,293,363</u>	<u>\$ 10,459,336</u>

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 as the economy recovers from the effects of the COVID-19 pandemic. While modest growth is anticipated in traditional "brick and mortar" sales tax revenue as the economy recovers from the effects of the current COVID-19 pandemic, the recent passage of Measure L (the local 0.75% transaction and use sales tax measure) represents a new source of revenue starting in July 2020. It provides timely growth and allows for much-needed fiscal stability. Furthermore, the post COVID-19 pandemic environment should result in slight increases in other revenue categories including property tax and building/planning permits. Interest earning revenues are expected to remain below prior year levels, with gas tax and fines both expected to remain flat through the next year.

The City's General fund operational expenditures are also expected to increase annually over the next five years; in Fiscal Year 2019-2020 General Fund expenditures decreased by 0.5 percent, mainly attributed to a lower capital outlay expenditures compared to the last fiscal year. We expect employee service costs are expected to increase closer to an average of two to three percent per year through 2025. The City is a contract-city where only 40.4 percent of the cost of operations is employee service-related. In Fiscal Year 2019-20 contract services made up 46.1 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 2.0 percent in 2019. 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, the prolonged sluggish multi-year recovery, and now trying to withstand the lasting effects of the COVID-19 pandemic 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 enjoyed by all. Further detail regarding the impact of other factors on the City's budget and finances can be read in the Transmittal Letter.

City of Lakewood
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2020

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 Finance and 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, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 46,745,280	\$ 15,613,354	\$ 62,358,634
Receivables:			
Accounts	7,191,672	1,170,869	8,362,541
Accrued revenue	-	1,396,718	1,396,718
Internal balances	617,880	(617,880)	-
Prepaid items	84,027	-	84,027
Inventories	113,313	112,695	226,008
Total current assets	54,752,172	17,675,756	72,427,928
Noncurrent assets:			
Restricted cash and investments:			
Cash in escrow	457,090	-	457,090
Held by City	62,478	22,343	84,821
Notes receivable	2,016,208	-	2,016,208
Receivable from Successor Agency	16,972,010	-	16,972,010
Land held for resale	2,960,302	-	2,960,302
Capital assets:			
Nondepreciable	46,243,216	3,450,125	49,693,341
Depreciable, net	66,491,781	32,356,441	98,848,222
Total capital assets	112,734,997	35,806,566	148,541,563
Total noncurrent assets	135,203,085	35,828,909	171,031,994
Total assets	189,955,257	53,504,665	243,459,922
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	7,183,939	887,903	8,071,842
Deferred outflows of resources related to OPEB	867,762	85,822	953,584
Total deferred outflows of resources	8,051,701	973,725	9,025,426

City of Lakewood
Statement of Net Position (Continued)
June 30, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	4,832,415	819,312	5,651,727
Retention payable	610,689	-	610,689
Accrued liabilities	997,499	88,234	1,085,733
Accrued interest payable	8,988	17,416	26,404
Unearned revenue	21,923	-	21,923
Long-term liabilities - due within one year	1,122,161	903,666	2,025,827
Total current liabilities	7,593,675	1,828,628	9,422,303
Noncurrent liabilities:			
Liabilities payable from restricted assets:			
Customer deposits	217,631	22,343	239,974
Long-term liabilities - due in more than one year	1,437,771	7,886,603	9,324,374
Aggregate net pension liability	34,349,017	4,245,384	38,594,401
Net OPEB liability	1,616,123	159,836	1,775,959
Total noncurrent liabilities	37,620,542	12,314,166	49,934,708
Total liabilities	45,214,217	14,142,794	59,357,011
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	1,116,760	138,025	1,254,785
Deferred inflows of resources related to OPEB	30,793	3,045	33,838
Total deferred inflows of resources	1,147,553	141,070	1,288,623
NET POSITION			
Net investment in capital assets	111,479,193	27,211,808	138,691,001
Restricted for:			
Transportation	12,520,660	-	12,520,660
Public safety	155,939	-	155,939
Community development	12,744,456	-	12,744,456
Health and sanitation	348,944	-	348,944
Culture and leisure	1,318,589	-	1,318,589
Unrestricted	13,077,407	12,982,718	26,060,125
Total net position	\$ 151,645,188	\$ 40,194,526	\$ 191,839,714

City of Lakewood
Statement of Activities
For the Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General government	\$ 9,633,988	\$ 1,723,330	\$ 1,066,851	\$ -
Public safety	15,847,990	739,734	223,980	-
Transportation	6,191,543	-	7,553,163	6,378,745
Community development	5,965,959	1,647,529	-	-
Health and sanitation	5,488,139	6,017,870	18,671	-
Culture and leisure	14,317,749	1,050,990	-	-
Unallocated infrastructure depreciation	2,472,242	-	-	-
Interest and fiscal charges	24,865	-	-	-
Total governmental activities	59,942,475	11,179,453	8,862,665	6,378,745
Business-type Activities:				
Water	12,340,848	12,869,000	-	-
Total business-type activities	12,340,848	12,869,000	-	-
Total primary government	\$ 72,283,323	\$ 24,048,453	\$ 8,862,665	\$ 6,378,745

City of Lakewood
Statement of Activities (Continued)
For the Year Ended June 30, 2020

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
Governmental Activities:			
General government	\$ (6,843,807)	\$ -	\$ (6,843,807)
Public safety	(14,884,276)	-	(14,884,276)
Transportation	7,740,365	-	7,740,365
Community development	(4,318,430)	-	(4,318,430)
Health and sanitation	548,402	-	548,402
Culture and leisure	(13,266,759)	-	(13,266,759)
Unallocated infrastructure depreciation	(2,472,242)	-	(2,472,242)
Interest and fiscal charges	(24,865)	-	(24,865)
Total governmental activities	(33,521,612)	-	(33,521,612)
Business-type Activities:			
Water	-	528,152	528,152
Total business-type activities	-	528,152	528,152
Total primary government	(33,521,612)	528,152	(32,993,460)
General revenues:			
Taxes:			
Sales taxes - Bradley Burns	13,555,147	-	13,555,147
Property taxes	15,657,307	-	15,657,307
Franchise taxes	1,519,485	-	1,519,485
Business operation taxes	462,677	-	462,677
Utility user taxes	2,650,026	-	2,650,026
Other taxes	469,328	-	469,328
Total taxes	34,313,970	-	34,313,970
Investment income	2,228,072	281,857	2,509,929
Total general revenues	36,542,042	281,857	36,823,899
Changes in net position	3,020,430	810,009	3,830,439
Net position - beginning of year	148,624,758	39,384,517	188,009,275
Net position - end of year	\$ 151,645,188	\$ 40,194,526	\$ 191,839,714



FUND FINANCIAL STATEMENTS



GOVERNMENTAL FUND FINANCIAL STATEMENTS

City of Lakewood
Balance Sheet
Governmental Funds
June 30, 2020

	Major Funds		
	General Fund	Housing Admin and Program Capital Projects Fund	Lakewood Capital Improvements Capital Projects Fund
ASSETS			
Cash and investments	\$ 31,593,451	\$ 783,103	\$ -
Restricted cash and investments:			
Cash in escrow	-	-	457,090
Held by the City	62,478	-	-
Accounts receivable	4,237,323	-	2,510,830
Prepaid items	84,027	-	-
Inventories	54,350	-	-
Due from other funds	2,278,232	-	-
Receivable from Successor Agency	9,950,058	7,021,952	-
Notes receivable	-	2,016,208	-
Land held for resale	-	2,960,302	-
Total assets	\$ 48,259,919	\$ 12,781,565	\$ 2,967,920
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 3,672,140	\$ 36,000	\$ 846,665
Accrued liabilities	943,325	-	-
Retention payable	18,607	-	534,863
Deposit payable	216,522	1,109	-
Due to other funds	-	-	1,552,033
Unearned revenue	-	-	-
Total liabilities	4,850,594	37,109	2,933,561
Deferred inflows of resources:			
Unavailable revenue	657,138	-	2,401,860
Total deferred inflows of resources	657,138	-	2,401,860
Fund balances:			
Nonspendable			
Prepaid items	84,027	-	-
Inventories	54,350	-	-
Receivables from Successor Agency	9,950,058	-	-
Restricted			
Public safety	-	-	-
Transportation projects and street maintenance	-	-	-
Community development	-	12,744,456	-
Health and sanitation	-	-	-
Culture and leisure	-	-	-
ADA improvement	62,478	-	-
Committed			
Self insurance	4,000,000	-	-
Pension and personnel obligations	6,554,407	-	-
Capital projects	1,881,569	-	-
Refuse stabilization	1,964,966	-	-
Economic uncertainties	11,988,495	-	-
Assigned			
Capital replacement and repairs	3,000,000	-	-
Contract emergency services	1,905,102	-	-
Unassigned (deficit)	1,306,735	-	(2,367,501)
Total fund balances	42,752,187	12,744,456	(2,367,501)
Total liabilities, deferred inflows of resources, and fund balances	\$ 48,259,919	\$ 12,781,565	\$ 2,967,920

(Continued)

City of Lakewood
Balance Sheet (Continued)
Governmental Funds
June 30, 2020

	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS		
Cash and investments	\$ 14,368,726	\$ 46,745,280
Restricted cash and investments:		
Cash in escrow	-	457,090
Held by city	-	62,478
Accounts receivable	443,519	7,191,672
Prepaid items	-	84,027
Inventories	-	54,350
Due from other funds	-	2,278,232
Receivable from Successor Agency	-	16,972,010
Notes receivable	-	2,016,208
Land held for resale	-	2,960,302
Total assets	\$ 14,812,245	\$ 78,821,649
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 245,094	\$ 4,799,899
Accrued liabilities	26,603	969,928
Retention payable	57,219	610,689
Deposit payable	-	217,631
Due to other funds	726,199	2,278,232
Unearned revenue	21,923	21,923
Total liabilities	1,077,038	8,898,302
Deferred inflows of resources:		
Unavailable revenue	29,145	3,088,143
Total deferred inflows of resources	29,145	3,088,143
Fund balances:		
Nonspendable		
Prepaid items	-	84,027
Inventories	-	54,350
Receivables from Successor Agency	-	9,950,058
Restricted		
Public safety	155,939	155,939
Transportation projects and street maintenance	13,667,054	13,667,054
Community development	-	12,744,456
Health and sanitation	348,944	348,944
Culture and leisure	108,691	108,691
ADA improvement	-	62,478
Committed		
Self insurance	-	4,000,000
Pension and personnel obligations	-	6,554,407
Capital projects	-	1,881,569
Refuse stabilization	-	1,964,966
Economic uncertainties	-	11,988,495
Assigned		
Capital replacement and repairs	-	3,000,000
Contract emergency services	-	1,905,102
Unassigned (deficit)	(574,566)	(1,635,332)
Total fund balances	13,706,062	66,835,204
Total liabilities, deferred inflows of resources, and fund balances	\$ 14,812,245	\$ 78,821,649

(Concluded)



City of Lakewood
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2020

Total Fund Balances - Total Governmental Funds	\$ 66,835,204
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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	\$ 46,243,216	
Depreciable assets, net of \$149,038,890 accumulated depreciation	66,491,781	
Less: Amount reported in Internal Service Fund		
Depreciable assets, net of \$1,230,937 accumulated depreciation	(62,201)	112,672,796

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.	3,088,143
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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 \$(617,880) reported in Business-type activities.	678,957
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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:

Long-term debt	(698,605)	
Compensated absences	(1,861,327)	
Pensions:		
Deferred outflows of resources related to pensions	7,183,939	
Aggregate net pension liabilities	(34,349,017)	
Deferred inflows of resources related to pensions	(1,116,760)	
Other postemployment benefits:		
Deferred outflows of resources related to OPEB	867,762	
Net OPEB liabilities	(1,616,123)	
Deferred inflows of resources related to OPEB	(30,793)	

Net position of governmental activities	\$ 151,645,188
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City of Lakewood
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

	Major Funds		
	General	Housing Admin and Program Capital Projects Fund	Lakewood Capital Improvements Capital Projects Fund
	Fund		Fund
REVENUES:			
Taxes	\$ 24,795,399	\$ -	\$ -
Licenses and permits	1,306,177	-	-
Fines and forfeitures	734,643	-	-
Investment income, rents, and concessions	3,004,279	78,399	-
Intergovernmental revenues	9,712,751	-	6,008,253
Current service charges	7,789,524	-	-
Other	956,961	109,056	-
Total revenues	48,299,734	187,455	6,008,253
EXPENDITURES:			
Current:			
General government	8,215,015	-	-
Public safety	15,269,727	-	-
Transportation	2,725,738	-	-
Community development	5,245,324	127,350	-
Health and sanitation	5,466,816	-	-
Culture and leisure	11,750,652	-	-
Capital outlay:			
Transportation	564,554	-	5,724,295
Community development	7,414	-	-
Culture and leisure	881,672	-	-
Debt service:			
Principal retirement	185,206	-	-
Interest payment	28,067	-	-
Total expenditures	50,340,185	127,350	5,724,295
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,040,451)	60,105	283,958
OTHER FINANCING SOURCES (USES):			
Transfers in	2,212,118	-	-
Transfers out	(884)	(200,000)	-
Total other financing sources (uses)	2,211,234	(200,000)	-
NET CHANGES IN FUND BALANCES	170,783	(139,895)	283,958
FUND BALANCES:			
Beginning of year	42,581,404	12,884,351	(2,651,459)
End of year	\$ 42,752,187	\$ 12,744,456	\$ (2,367,501)

(Continued)

City of Lakewood
Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Governmental Funds
For the Year Ended June 30, 2020

	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:		
Taxes	\$ 2,889,579	\$ 27,684,978
Licenses and permits	5,052	1,311,229
Fines and forfeitures	-	734,643
Investment income, rents, and concessions	309,732	3,392,410
Intergovernmental revenues	5,982,386	21,703,390
Current service charges	-	7,789,524
Other	-	1,066,017
Total revenues	9,186,749	63,682,191
EXPENDITURES:		
Current:		
General government	26,490	8,241,505
Public safety	314,035	15,583,762
Transportation	2,553,266	5,279,004
Community development	171,489	5,544,163
Health and sanitation	10,712	5,477,528
Culture and leisure	135,573	11,886,225
Capital outlay:		
Transportation	848,609	7,137,458
Community development	-	7,414
Culture and leisure	-	881,672
Debt service:		
Principal retirement	-	185,206
Interest payment	-	28,067
Total expenditures	4,060,174	60,252,004
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	5,126,575	3,430,187
OTHER FINANCING SOURCES (USES):		
Transfers in	884	2,213,002
Transfers out	(2,012,118)	(2,213,002)
Total other financing sources (uses)	(2,011,234)	-
NET CHANGES IN FUND BALANCES	3,115,341	3,430,187
FUND BALANCES:		
Beginning of year	10,590,721	63,405,017
End of year	<u>\$ 13,706,062</u>	<u>\$ 66,835,204</u>

(Concluded)

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, 2020

Net change in fund balances - total governmental funds: \$ 3,430,187

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, none reported in Internal Service Funds	\$ 8,026,544	
Non-capital expenditures reclassified to functional expense	(58,570)	
Depreciation expense, net of \$27,781 reported in Internal Service Funds	(4,018,736)	3,949,238

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. (719,286)

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:

Lease and ADA financing payment		185,206
Interest		3,202
Change in compensated absences		(228,079)
Pension expense of CalPERS Plan, net of pension contribution made after measurement date in the amount of \$3,094,357		(3,035,932)
Pension expense of PARS Plan, net of pension contribution made during the measurement period in the amount of \$630,452		(454,909)
OPEB expense, net of OPEB contribution made during the measurement period in the amount of \$566,947		(46,668)

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 \$10,132 allocated to business-type activities). (62,529)

Change in net position of governmental activities **\$ 3,020,430**

PROPRIETARY FUND FINANCIAL STATEMENTS

City of Lakewood
Statement of Net Position
Proprietary Funds
June 30, 2020

	Business-type Activities - Water Enterprise Fund	Governmental Activities - Internal Service Funds
ASSETS		
Current assets:		
Cash and investments	\$ 15,613,354	\$ -
Restricted cash and investments:		
Customer deposits	22,343	-
Accounts receivable	1,170,869	-
Accrued revenue	1,396,718	-
Inventories	112,695	58,963
Total current assets	18,315,979	58,963
Noncurrent assets:		
Capital assets:		
Capital assets, not being depreciated:		
Land	100,000	-
Water Rights	1,834,586	-
Construction in progress	1,515,539	-
Capital assets, being depreciated:		
Source of supply	6,789,257	-
Pumping plant	996,285	-
Water treatment	4,852,172	-
Transmission/distribution	34,548,038	-
General plant	5,224,731	-
Equipment	15,463,216	1,293,138
Less: accumulated depreciation	(35,517,258)	(1,230,937)
Total capital assets	35,806,566	62,201
Total noncurrent assets	35,806,566	62,201
Total assets	54,122,545	121,164
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred outflows of resources related to pensions	887,903	-
Deferred outflows of resources related to OPEB	85,822	-
Total deferred outflows of resources	973,725	-

(Continued)

City of Lakewood
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2020

	Business-type Activities - Water Enterprise Fund	Governmental Activities - Internal Service Funds
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 819,312	\$ 32,516
Accrued liabilities	88,234	27,571
Accrued interest payable	17,416	-
Customer deposit	22,343	-
Compensated absences, due within one year	97,756	-
Lease payable, due within one year	805,910	-
Total current liabilities	<u>1,850,971</u>	<u>60,087</u>
Noncurrent liabilities:		
Compensated absences, due in more than one year	97,755	-
Lease payable, due in more than one year	7,788,848	-
Aggregate net pension liability	4,245,384	-
Net OPEB liability	159,836	-
Total noncurrent liabilities	<u>12,291,823</u>	<u>-</u>
Total liabilities	<u>14,142,794</u>	<u>60,087</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to pensions	138,025	-
Deferred inflows of resources related to OPEB	3,045	-
Total deferred inflows of resources	<u>141,070</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	27,211,808	62,201
Unrestricted	13,600,598	(1,124)
Total net position	40,812,406	<u>\$ 61,077</u>
Adjustment to reflect the consolidation of internal service fund activities to the water enterprise fund	<u>(617,880)</u>	
Net position of business-type activities	<u>\$ 40,194,526</u>	

(Concluded)



City of Lakewood
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2020

	Business-Type Activities- Water Enterprise Fund	Governmental Activities - Internal Service Funds
OPERATING REVENUES:		
Metered water sales	\$ 11,289,960	\$ -
Reclaimed water sales	420,276	-
Fire protection	190,833	-
Service initiation and restoration charges	78,266	-
Billing to departments	-	1,216,280
Other revenues	889,665	-
Total operating revenues	<u>12,869,000</u>	<u>1,216,280</u>
OPERATING EXPENSES:		
Operations:		
Supply, transmission and distribution	7,973,429	-
Customer service	310,392	-
Administration	1,827,724	-
Operating expenses	-	1,261,160
Depreciation	1,946,311	27,781
Total operating expenses	<u>12,057,856</u>	<u>1,288,941</u>
OPERATING INCOME (LOSS)	<u>811,144</u>	<u>(72,661)</u>
NONOPERATING REVENUES (EXPENSES):		
Investment income	281,857	-
Interest expense	(272,860)	-
Total nonoperating revenues (expenses)	<u>8,997</u>	<u>-</u>
CHANGES IN NET POSITION	820,141	(72,661)
NET POSITION:		
Beginning of the year	39,992,265	133,738
End of the year	<u>\$ 40,812,406</u>	<u>\$ 61,077</u>
Changes in net position - Water Enterprise Fund	\$ 820,141	
Adjustment to reflect the consolidation of the internal service fund activities related to the Water Enterprise Fund	(10,132)	
Changes in net position of business-type activities	<u>\$ 810,009</u>	

City of Lakewood
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020

	Business-Type Activities- Water Enterprise Fund	Governmental Activities - Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	\$ 12,591,659	\$ -
Receipts from interfund services provided	-	1,216,237
Payments to suppliers	(6,788,716)	(1,216,237)
Payments to employees	(2,411,674)	-
Net cash provided by operating activities	<u>3,391,269</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of capital assets	(1,849,961)	-
Principal paid on leases and loan	(980,767)	-
Interest paid on revenue bonds	(274,715)	-
Net cash (used in) capital and related financing activities	<u>(3,105,443)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income	281,857	-
Net cash provided by investing activities	<u>281,857</u>	<u>-</u>
Net increase in cash and cash equivalents	567,683	-
CASH AND CASH EQUIVALENTS:		
Beginning of year	15,068,014	-
End of year	<u>\$ 15,635,697</u>	<u>\$ -</u>
CASH AND CASH EQUIVALENTS:		
Cash and investments	\$ 15,613,354	\$ -
Customer deposit	22,343	-
Total cash and cash equivalents	<u>\$ 15,635,697</u>	<u>\$ -</u>

(Continued)

City of Lakewood
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2020

	Business-Type Activities- Water Enterprise Fund	Governmental Activities - Internal Service Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ 811,144	\$ (72,661)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	1,946,311	27,781
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:		
(Increase) decrease in accounts receivable	8,910	-
(Increase) decrease in accrued revenue	(286,906)	-
(Increase) decrease in inventories	4,746	46,984
(Increase) decrease in deferred outflows of resources related to pensions	(10,929)	-
Increase (decrease) in accounts payable	189,814	(1,079)
Increase (decrease) in accrued liabilities	2,252	(982)
Increase (decrease) in customer deposits	655	-
Increase (decrease) in due to other funds	-	(43)
Increase (decrease) in compensated absences	26,318	-
Increase (decrease) in net pension liability	698,653	-
Increase (decrease) in net OPEB liability	15,304	-
Increase (decrease) in deferred inflows of resources related to pensions	(13,439)	-
Increase (decrease) in deferred inflows of resources related to OPEB	(1,564)	-
Total adjustments	<u>2,580,125</u>	<u>72,661</u>
Net cash provided by operating activities	<u><u>\$ 3,391,269</u></u>	<u><u>\$ -</u></u>

(Concluded)



FIDUCIARY FUND FINANCIAL STATEMENTS



City of Lakewood
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020

	Successor Agency to the City of Lakewood Redevelopment Agency Private Purpose Trust fund	Agency Funds
ASSETS:		
Cash and investments	\$ 1,963,360	\$ 860,287
Accounts receivable	-	16,875
Loans receivable	-	598,323
Total assets	<u>1,963,360</u>	<u>\$ 1,475,485</u>
LIABILITIES:		
Accounts payable	-	\$ 25,349
Accrued liabilities		1,280
Deposit	-	683,219
Due to HUD	-	765,637
Payable to City of Lakewood	16,972,010	-
Total liabilities	<u>16,972,010</u>	<u>\$ 1,475,485</u>
NET POSITION HELD IN TRUST	<u>\$ (15,008,650)</u>	

City of Lakewood
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2020

	Successor Agency to the City of Lakewood Redevelopment Agency Private Purpose Trust fund
ADDITIONS:	
Redevelopment property tax trust fund	\$ 530,033
Investment (losses)	(382,030)
Total additions	<u>148,003</u>
DEDUCTIONS:	
Legal services	<u>150</u>
Total deductions	<u>150</u>
CHANGE IN NET POSITION	147,853
NET POSITION (DEFICIT):	
Beginning of year	<u>(15,156,503)</u>
End of year	<u><u>\$ (15,008,650)</u></u>

NOTES TO THE BASIC FINANCIAL STATEMENTS



City of Lakewood
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For the Year Ended June 30, 2020

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City of Lakewood
Notes to the Basic Financial Statements
For the Year Ended June 30, 2020

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 though 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, 2020

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. 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, 2020

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 and 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, 2020

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 nonoperating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as nonoperating expenses.

The City reports the following major proprietary fund:

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 and housing rehabilitation loans funded by Successor Agency.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

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 gain on investments amounted to \$2,681,161 for the fiscal year ended June 30, 2020.

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 in Escrow

Cash and investments in escrow are restricted for capital projects retention payments.

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.
- 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.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 2 – Summary of Significant Accounting Policies (Continued)

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 Government-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 and 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, 2020

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 improvements	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 has elected to use the basic approach for infrastructure reporting.

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 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. 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, 2018
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019

PARS

Valuation Date	July 1, 2019
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 to June 30, 2020

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

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 sources 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. 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, 2019
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 to June 30, 2020

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 five 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, 2020

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; 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; therefore, are not recognized as a revenue until that time.

R. Net Position

In governmental-wide and proprietary fund financial statements, net positions 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, 2020

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. The use of proceeds from Housing Admin and Program Capital projects notes receivable is restricted; therefore, it is reported in the restricted fund balance classification.

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. Economic uncertainties are held to offset major or unexpected reductions in revenue. Reduction in revenue equal to or greater than 10% would trigger the use of these funds to support core city services.

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.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 2 – Summary of Significant Accounting Policies (Continued)

T. Property Taxes (Continued)

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.

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 accordance 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. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. Application of this statement is effective immediately and did not have a material effect on City's financial statements for the fiscal year ending June 30, 2020.

Note 3 – Cash and Investments

At June 30, 2020, 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	\$ 62,358,634	\$ 2,823,647	\$ 65,182,281
Restricted assets:			
Cash in escrow	457,090	-	457,090
Cash and investments	84,821	-	84,821
Total cash and investments	\$ 62,900,545	\$ 2,823,647	\$ 65,724,192

At June 30, 2020, cash and investments consisted of the following:

Deposits with financial institution	\$ 6,219,860
Petty cash	2,700
Investments	59,501,632
Total cash and investments	\$ 65,724,192

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 3 – Cash and Investments (Continued)

A. Demand Deposits

The carrying amount of the City's cash deposits were \$6,219,861 at June 30, 2020. Bank balances before reconciling items were \$6,894,854 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%	None
Placement Service Deposits	N/A	30%	None
Money Market Funds	N/A	20%	10%
Government Pools	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Los Angeles County Pooled Fund	N/A	None	None
Commercial paper	270 days	25%	10%
Corporate Notes	5 Years	30%	None
Supranationals	5 Years	30%	None
Asset-Backed Securities	5 Years	20%	None

N/A - Not Applicable

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

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	25-36 Months	37-48 Months	49-60 Months	
Local Agency Investment Fund	\$ 17,740,500	\$ -	\$ -	\$ -	\$ -	\$ 17,740,500
United States treasury notes	-	4,145,773	5,664,215	5,865,878	2,536,650	18,212,516
United States government-sponsored agency securities	-	1,278,553	787,173	674,664	2,078,407	4,818,797
Municipal bonds	443,121	-	-	710,080	601,875	1,755,076
Supra-national agency notes	803,732	523,427	407,382	-	-	1,734,541
CAMP cash reserve portfolio	2,407,578	-	-	-	-	2,407,578
Negotiable certificates of deposit	1,866,197	387,391	783,162	-	-	3,036,750
Corporate medium-term notes	1,196,447	882,729	1,452,614	2,488,951	2,660,200	8,680,941
Asset-backed securities	-	-	-	-	1,114,933	1,114,933
Total	\$ 24,457,575	\$ 7,217,873	\$ 9,094,546	\$ 9,739,573	\$ 8,992,065	\$ 59,501,632

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

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, 2020 for each investment type:

Investment Type	Fair Value as of June 30, 2020	Minimum Legal Rating	AAA	AA	A	Not Rated
Local Agency Investment Fund	\$ 17,740,500	N/A	\$ -	\$ -	\$ -	\$ 17,740,500
United States treasury notes	18,212,516	N/A	-	18,212,516	-	-
United States government-sponsored agency securities	4,818,797	N/A	-	4,818,797	-	-
Municipal bonds	1,755,076	AA	-	1,755,076	-	-
Supra-national agency notes	1,734,541	AA	1,734,541	-	-	-
CAMP cash reserve portfolio	2,407,578	A	2,407,578	-	-	-
Negotiable certificates of deposit	3,036,750	A or A-*	-	391,540	2,645,210	-
Corporate medium-term notes	8,680,941	A	194,273	1,354,294	7,132,374	-
Asset-backed securities	1,114,933	AA	1,114,933	-	-	-
Total	\$ 59,501,632		\$ 5,451,325	\$ 26,532,223	\$ 9,777,584	\$ 17,740,500

N/A - Not Applicable

*Purchases are limited to securities rated in a rating category of "A" for long-term or "A-" for short term.

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.

No investments in any one issuer represents 5% or more of total City's investments at June 30, 2020.

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.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 3 – Cash and Investments (Continued)

E. Fair Value Measurement Disclosure

At June 30, 2020, 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, 2020:

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	\$ -	\$ -	\$ 17,740,500	\$ 17,740,500
United States treasury notes	18,212,516	-	-	18,212,516
United States government-sponsored agency securities	-	4,818,797 ⁽¹⁾	-	4,818,797
Municipal bonds	-	1,755,076 ⁽¹⁾	-	1,755,076
Supra-national agency notes	-	1,734,541 ⁽¹⁾	-	1,734,541
CAMP cash reserve portfolio	-	-	2,407,578	2,407,578
Negotiable certificates of deposit	-	3,036,750 ⁽²⁾	-	3,036,750
Corporate medium-term notes	-	8,680,941 ⁽¹⁾	-	8,680,941
Asset-backed securities	-	1,114,933 ⁽¹⁾	-	1,114,933
Total	\$ 18,212,516	\$ 21,141,038	\$ 20,148,078	\$ 59,501,632

⁽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, 2020 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.

As of June 30, 2020, the City had \$17,740,500 invested in LAIF, which had invested 3.37% 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 cost, which approximates fair value.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 3 – Cash and Investments (Continued)

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, 2020, notes receivable consisted of the following:

	Government-Wide Financial Statements	Fiduciary Fund Financial Statements	
	Governmental Activities	Agency Funds	Total
Home Improvement Loan Program	\$ 2,016,208	\$ 598,323	\$ 2,614,531
Total notes receivable	\$ 2,016,208	\$ 598,323	\$ 2,614,531

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 and 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 \$2,016,208 at June 30, 2020.

B. 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. 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 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, 2020 was \$598,323.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 5 – Interfund Transactions

A. Due From and To Other Funds

At June 30, 2020, the City has the following due from and to other funds:

Due To Other Funds			
Governmental Funds			
Due From Other Funds	Lakewood Capital		Total
	Improvements Capital	Non-major	
	Projects Fund	Governmental Funds	
Governmental Funds:			
General Fund	\$ 1,552,033	\$ 726,199	\$ 2,278,232

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

B. Transfers In and Out

During the year ended June 30, 2020, the City had the following transfers in and transfers out:

Transfers In			
Governmental Funds			
Transfers Out	Non-major		Total
	General Fund	Governmental Funds	
Governmental Funds:			
General Fund	\$ -	\$ 884	\$ 884
Housing Admin and Program			
Capital Projects Fund	200,000	-	200,000
Nonmajor Governmental Funds	2,012,118	-	2,012,118
	\$ 2,212,118	\$ 884	\$ 2,213,002

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

Note 6 – Land Held for Resale

At June 30, 2020, land held for resale consisted of the following:

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	\$ 2,960,302	

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 7 – Receivable from Successor Agency

At June 30, 2020, the receivables from Successor Agency are as follows:

	General Fund	Housing Admin and Program Capital Projects Fund	Total
Initial Loan	\$ 76,400	\$ -	\$ 76,400
Inter-Agency Loan	9,873,658	2,468,415	12,342,073
10-Year Interfund Loan		90,491	90,491
5-Year Loan	-	3,377,736	3,377,736
Housing Set-Aside Fund	-	1,085,310	1,085,310
	<u>\$ 9,950,058</u>	<u>\$ 7,021,952</u>	<u>\$ 16,972,010</u>

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, 2020, the total amount due to the City is \$76,400. 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 in 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, 2020, the total principal and interest due to the City General Fund and Housing Admin & Program Capital Projects Fund were in the amount of \$9,873,658 and \$2,468,415, 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, 2020 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, 2020 was \$3,377,7336. 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.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 7 – Receivable from Successor Agency (Continued)

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 since 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.

Note 8 – Capital Assets

A. Governmental Activities

A summary of changes in capital assets of the governmental activities for the year ended June 30, 2020 is as follows:

	Balance July 1, 2019	Additions	Deletions	Reclassification	Balance June 30, 2020
Capital assets, not being depreciated:					
Land	\$ 17,041,023	\$ -	\$ -	\$ -	\$ 17,041,023
Construction in progress	37,005,137	7,878,760	-	(15,681,704)	29,202,193
Total capital assets, not being depreciated	54,046,160	7,878,760	-	(15,681,704)	46,243,216
Capital assets, being depreciated:					
Structures and improvements	51,324,731	-	-	-	51,324,731
Equipment	8,646,374	89,214	(59,391)	-	8,676,197
Infrastructure	139,848,039	-	-	15,681,704	155,529,743
Total capital assets, being depreciated	199,819,144	89,214	(59,391)	15,681,704	215,530,671
Less accumulated depreciation for:					
Structures and improvements	(25,851,056)	(1,110,240)	-	-	(26,961,296)
Equipment	(7,125,201)	(464,035)	59,391	-	(7,529,845)
Infrastructure	(112,075,507)	(2,472,242)	-	-	(114,547,749)
Total accumulated depreciation	(145,051,764)	(4,046,517)	59,391	-	(149,038,890)
Total capital assets, being depreciated, net	54,767,380	(3,957,303)	-	15,681,704	66,491,781
Governmental activities capital assets, net	\$ 108,813,540	\$ 3,921,457	\$ -	\$ -	\$ 112,734,997

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

General government	\$ 112,489
Public safety	222,364
Transportation	158,077
Community development	15,180
Culture and leisure	1,038,384
Unallocated depreciation for infrastructure	2,472,242
Internal service funds depreciation charged to programs	27,781
Total depreciation expense - governmental activities	\$ 4,046,517

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 8 – Capital Assets (Continued)

B. Business-Type Activities

A summary of changes in capital assets of the business-type activities for the year ended June 30, 2020 is as follows:

	Balance July 1, 2019	Additions	Deletions	Reclassification	Balance June 30, 2020
Capital assets, not being depreciated:					
Land	\$ 100,000	\$ -	\$ -	\$ -	\$ 100,000
Water rights	1,834,586	-	-	-	1,834,586
Construction in progress	10,251,736	1,671,917	-	(10,408,114)	1,515,539
Total capital assets, not being depreciated	12,186,322	1,671,917	-	(10,408,114)	3,450,125
Capital assets, being depreciated:					
Source of supply	6,789,257	-	-	-	6,789,257
Pumping plant	832,338	-	-	163,946	996,284
Water treatment	4,852,172	-	-	-	4,852,172
Transmission/distribution	34,548,038	-	-	-	34,548,038
General plant and equipment	10,265,736	178,044	-	10,244,168	20,687,948
Total capital assets, being depreciated	57,287,541	178,044	-	10,408,114	67,873,699
Less accumulated depreciation for:					
Source of supply	(3,404,081)	(146,894)	-	-	(3,550,975)
Pumping plant	(605,611)	(16,694)	-	-	(622,305)
Water treatment	(3,149,852)	(349,293)	-	-	(3,499,145)
Transmission/distribution	(20,305,489)	(831,168)	-	-	(21,136,657)
General plant and equipment	(6,105,914)	(602,262)	-	-	(6,708,176)
Total accumulated depreciation	(33,570,947)	(1,946,311)	-	-	(35,517,258)
Total capital assets, being depreciated, net	23,716,594	(1,768,267)	-	10,408,114	32,356,441
Business-type activities capital assets, net	\$ 35,902,916	\$ (96,350)	\$ -	\$ -	\$ 35,806,566

Depreciation expense was charged to the Water Enterprise Fund in the amount of \$1,946,311 for the year ended June 30, 2020.

Note 9 – Long-Term Liabilities

A. Governmental Activities

A summary of changes in long-term liabilities for governmental activities for the year ended June 30, 2020 is as follows:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020	Due within One Year	Due in More Than One Year
Governmental Activities:						
Lease payable	\$ 133,811	\$ -	\$ (42,115)	\$ 91,696	\$ 44,556	\$ 47,140
ADA financing program	750,000	-	(143,091)	606,909	146,941	459,968
Compensated absences	1,633,248	1,326,431	(1,098,352)	1,861,327	930,664	930,663
Total governmental activities	\$ 2,517,059	\$ 1,326,431	\$ (1,283,558)	\$ 2,559,932	\$ 1,122,161	\$ 1,437,771

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 9 – Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

Lease Payable

The City has a lease agreement for the acquisition of a helicopter. Total equipment acquired through capital leases amounted to \$278,121. The total principal balance of the lease remaining at June 30, 2020 was \$91,696.

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

Year Ended June 30,	Governmental Activities
2021	\$ 49,872
2022	49,872
Subtotal	99,744
Less amount representing interest	(8,048)
Present value of future minimum lease payments	<u>\$ 91,696</u>

The asset acquired through capital lease is as follows:

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

ADA Financing Program

In April 2019, the City entered into a lease financing agreement with the California Joint Powers Insurance Authority (the "CJPIA"). Pursuant to the agreement, CJPIA leased the City \$750,000 for its participation in the ADA Financing Program which involves a lease and lease-back of certain real property and improvements thereon owned by the City with a value that is not less than the amount of funds to be advanced by CJPIA to the City to finance costs of the ADA Improvements under the ADA Financing Program. The lease is unsecured and bear an interest of 2.69% per annum. The term of the lease is five years from the initial lease disbursement date which occurred on April 1, 2019. Principal payments are due annually commencing five years from the date of the initial lease disbursement in an amount.

The debt service requirements to maturity is as follows:

Year Ending June 30	Principal	Interest	Total
2021	\$ 146,941	\$ 16,460	\$ 163,401
2022	150,893	12,508	163,401
2023	154,952	8,449	163,401
2024	154,123	4,278	158,401
Total	<u>\$ 606,909</u>	<u>\$ 41,695</u>	<u>\$ 648,604</u>

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 9 – Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

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, 2020 is as follow:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020	Due within One Year	Due in More Than One Year
Business-type Activities:						
2015 Photovoltaic system lease and sublease agreements	\$ 1,044,873	\$ -	\$ (251,474)	\$ 793,399	\$ 257,861	\$ 535,538
Loans payable	197,480	-	(197,480)	-	-	-
2017 Master equipment lease/ purchase agreement	8,333,172	-	(531,813)	7,801,359	548,049	7,253,310
Compensated absences	169,193	149,873	(123,555)	195,511	97,756	97,755
Total business-type activities	\$ 9,744,718	\$ 149,873	\$ (1,104,322)	\$ 8,790,269	\$ 903,666	\$ 7,886,603

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, 2020, are as follows:

Year Ending June 30	Principal	Interest	Total
2021	\$ 257,861	\$ 20,152	\$ 278,013
2022	264,411	13,603	278,014
2023	271,127	6,887	278,014
Total	\$ 793,399	\$ 40,642	\$ 834,041

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 9 – Long-Term Liabilities (Continued)

B. Business-Type Activities (Continued)

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 outstanding balance was fully paid off during the year.

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, 2020, are as follows:

June 30	Principal	Interest	Total
2021	\$ 548,049	\$ 232,261	\$ 780,310
2022	564,780	215,529	780,309
2023	582,023	198,286	780,309
2024	599,791	198,286	798,077
2025	618,103	162,207	780,310
2026-2030	3,385,359	516,188	3,901,547
2031-2032	1,503,254	57,364	1,560,618
Total	<u>\$ 7,801,359</u>	<u>\$ 1,580,121</u>	<u>\$ 9,381,480</u>

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 88 employees covered by the plan for the year ended June 30, 2020. 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, 2020, employer contributions totaled \$253,030.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 11 – Defined Benefit Pension 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, 2020 are as follows:

Governmental Activities	Governmental Activities	Business-Type Activities	Total
Deferred outflows of resources:			
Pension contribution after measurement date:			
CalPERS	\$ 3,094,357	\$ 382,449	\$ 3,476,806
Change in assumptions:			
CalPERS	1,045,702	129,244	1,174,946
PARS	1,182,203	146,115	1,328,318
Subtotal	2,227,905	275,359	2,503,264
Difference between expected and actual experience			
CalPERS	1,782,649	220,327	2,002,976
Difference in projected and actual earnings on pension investments:			
PARS	79,028	9,768	88,796
Total deferred outflows of resources	\$ 7,183,939	\$ 887,903	\$ 8,071,842
Net pension liabilities:			
CalPERS	\$ 28,969,735	\$ 3,580,529	\$ 32,550,264
PARS	5,379,282	664,855	6,044,137
Total net pension liabilities	\$ 34,349,017	\$ 4,245,384	\$ 38,594,401
Deferred inflows of resources:			
Change in assumptions:			
CalPERS	254,621	31,470	286,091
Difference between expected and actual experience			
CalPERS	86,221	10,656	96,877
PARS	229,486	28,363	257,849
Subtotal	315,707	39,019	354,726
Difference in projected and actual earnings on pension investments:			
CalPERS	546,432	67,536	613,968
Total deferred inflows of resources	\$ 1,116,760	\$ 138,025	\$ 1,254,785
Pension Expense:			
CalPERS	\$ 6,130,289	\$ 1,018,578	\$ 7,148,867
PARS	1,085,361	134,144	1,219,505
Total pension expense	7,215,650	1,152,722	8,368,372

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 11 – Defined Benefit Pension Plan (Continued)

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 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.

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.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 11 – Defined Benefit Pension Plan (Continued)

A. CalPERS Plan (Continued)

General Information about the Pension Plan (Continued)

Employees Covered by Benefit Terms

At June 30, 2018, the valuation date, the following employees were covered by the benefit terms:

Active employees	305
Transferred and terminated employees	328
Retired employees and beneficiaries	267
Total	<u>900</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 reporting period ended June 30, 2020, the classic active employee contribution rates was 7% of annual pay, the PEPRA active employee contribution rate was 6.75% of annual pay, and the required employer contribution rates were 8.414% of the annual payroll.

Net Pension Liability

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The June 30, 2018 valuation was rolled forward to determine the June 30, 2019 total pension liability, based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table ¹	Derived using CalPERS' Membership Data for all Funds.
Post Retirement Benefit Increase	The lesser of contract COLA or 2.50% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.50% thereafter

¹ The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 11 – Defined Benefit Pension Plan (Continued)

A. CalPERS Plan (Continued)

Net Pension Liability (Continued)

Long-term Expected Rate of Return

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, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short term (first 10 years) and the long term (11+ 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 fund. The expected rate of return was set by calculating the rounded 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 adjusted to account for assumed administrative expenses.

The tables to the right reflect long-term expected real rates of return by asset class. The rates of return were calculated using the capital market assumptions applied to determine the discount rate.

Asset Class ¹	Assumed Asset Allocation	Real Return Years 1 - 10 ²	Real Return Years 11+ ³
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	-	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	-	-0.92%
	<u>100.00%</u>		

¹ In the CalPERS' Basic Financial Statements, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

² An expected inflation of 2.00% used

³ An expected inflation of 2.92% used

Discount Return

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 11 – Defined Benefit Pension Plan (Continued)

A. CalPERS Plan (Continued)

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

Amortization of Deferred Outflows and Deferred Inflows of Resources

Under GASB 68, 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 deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss. Five year straight-line amortization is used for net difference between projected and actual earnings on pension plan investments and straight-line amortization over the expected average remaining service lifetime (“EARS”) of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period is used for all other amounts.

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 (c) = (a) - (b)
Balance at June 30, 2018 (Valuation Date)	\$ 135,495,573	\$ 106,579,826	\$ 28,915,747
Changes Recognized for the Measurement Period:			
Service Cost	2,573,466	-	2,573,466
Interest on the total pension liability	9,686,135	-	9,686,135
Difference between expected and actual experience	2,203,972	-	2,203,972
Contributions from the employer	-	2,938,083	(2,938,083)
Contributions from employees	-	1,045,867	(1,045,867)
Net investment income	-	6,920,916	(6,920,916)
Benefit payments, including refunds of employee contributions	(7,031,685)	(7,031,685)	-
Administrative expense	-	(76,058)	76,058
Other miscellaneous income/(expense)	-	248	(248)
Net changes during July 1, 2018 to June 30, 2019	7,431,888	3,797,371	3,634,517
Balance at June 30, 2019 (Measurement Date)	\$ 142,927,461	\$ 110,377,197	\$ 32,550,264

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 11 – Defined Benefit Pension Plan (Continued)

A. CalPERS Plan (Continued)

Changes in the 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 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%	Current Discount	Discount Rate + 1%
(6.15%)	Rate (7.15%)	(8.15%)
\$ 50,890,100	\$ 32,550,264	\$ 17,353,358

Pension Plan Fiduciary Net Position

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

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

For the measurement period ended June 30, 2019, the City incurred a pension expense of \$7,148,867.

As of measurement date of June 30, 2019, 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	\$ 3,476,806	\$ -
Changes of assumptions	1,174,946	(286,091)
Difference between expected and actual experience	2,002,976	(96,877)
Net difference between projected and actual earning on pension plan investments	-	(613,968)
Total	\$ 6,654,728	\$ (996,936)

The amounts above are net of outflows and inflows recognized in the 2018-2019 measurement period expense.

The expected average remaining service lifetime ("EARSL") is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired). The EARSL for the plan for the measurement period ending June 30, 2019 is 4.0 years, which was obtained by dividing the total service years of 3,582 (the sum of remaining service lifetimes of the active employees) by 900 (the total number of participants: active, inactive, and retired). Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 11 – Defined Benefit Pension Plan (Continued)

A. CalPERS Plan (Continued)

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions (Continued)

The \$3,476,806 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, 2020 will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Year Ending June 30	Deferred Outflows/(Inflows) of Resources
	<u>Miscellaneous Plan</u>
2020	\$ 2,045,619
2021	(348,330)
2022	367,888
2023	115,809
2024	-
Thereafter	-
Total	<u><u>\$ 2,180,986</u></u>

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.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 11 – Defined Benefit Pension Plan (Continued)

B. Retirement Enhancement Plan (Continued)

General Information about the Pension Plan (Continued)

Benefit Provided (Continued)

Final average compensation is equal to the highest year of compensation with the City, including CalPERS employer paid member contributions (salary plus 3.75%), 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, 2019, the measurement date, the following employees were covered by the benefit terms:

Active employees	96
Terminated employees	27
Retired employees and beneficiaries	75
Total	<u>198</u>

Contributions

Employees contribute 3.00% of compensation of which the City picks-up 0.13%. The employer contributed \$701,605 during the year ended June 30, 2020.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 11 – Defined Benefit Pension Plan (Continued)

B. Retirement Enhancement Plan (Continued)

Net Pension Liability

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The July 1, 2019 valuation was rolled forward to determine the June 30, 2020 total pension liability, based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Return	5.50%
Inflation	2.50%
Salary Increases	Increase are based on service, ranges from 11.30% to 3.6% for 0 to 22 or more years of service, respectively.
Cost of Living Adjustment	2.00% compounded annually
Withdrawal/Disability	Consistent with the rates 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: Consistent with Non-Industrial rate used to value the Miscellaneous CalPERS Pension Plans.
Retirement Expenses	Ranges from 3.65% at age 55 to 100% at age 75+. None are assumed.
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 2.50% per annum.
Form of payment	All current participants are assumed to elect a single life annuity.

Change of Assumptions

In 2020, inflation decreased from 2.75% to 2.50% and salary increases including inflation changed from 3.50% after 30 years of service to 3.60% after 22 years of service.

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, 2020

Note 11 – Defined Benefit Pension Plan (Continued)

B. Retirement Enhancement Plan (Continued)

Net Pension Liability (Continued)

Long - Term Expected Rate of Return

The assumption for the long-term expected rate of return was selected by the City. Below is a projector of the 30-year average return derived by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation on the Plan's current asset allocation.

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

Asset Class	Index	Allocation	Long-Term Expected Arithmetic Real Rate of Return	Long-Term Expected Geometric Real Rate of Return
US Cash	BAML 3-Mon Tbill	4.80%	-0.02%	-0.20%
US Core Fixed Income	Barclays Aggregate	45.68%	0.92%	0.84%
US Equity Market	Russell 3000	38.95%	4.82%	3.52%
Foreign Developed Equity	MSCI EAFE NR	6.14%	6.32%	4.75%
Emerging Market Equities	MSCI EM NR	3.50%	8.35%	5.53%
US REITs	FTSE NAREIT Equity REIT	0.93%	5.32%	3.62%
		<u>100.00%</u>		
Assumed Inflation - Mean			2.21%	2.20%
Assumed Inflation - Standard Deviation			1.65%	1.65%
Portfolio Real Mean Return			3.02%	2.66%
Portfolio Nominal Mean Return			5.23%	4.92%
Portfolio Standard Deviation				8.24%
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, 2019	\$ 22,344,643	\$ 16,388,682	\$ 5,955,961
Changes Recognized for the Measurement Period:			
Service cost	410,916	-	410,916
Interest on the total pension liability	1,231,314	-	1,231,314
Effect of economic/demographic gains or losses	(134,572)	-	(134,572)
Effect of assumptions changes or inputs	55,742	-	55,742
Benefit payments	(746,009)	(746,009)	-
Employer contributions	-	708,372	(708,372)
Member contributions	-	221,930	(221,930)
Net investment income	-	575,483	(575,483)
Administrative expense	-	(30,561)	30,561
Net changes during July 1, 2019 to June 30, 2020	817,391	729,215	88,176
Balance at June 30, 2020 (Measurement Date)	\$ 23,162,034	\$ 17,117,897	\$ 6,044,137

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 11 – Defined Benefit Pension 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	\$ 9,200,731	\$ 6,044,137	\$ 3,517,435

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, 2020, the City incurred a pension expense of \$1,219,505.

As of measurement date of June 30, 2020, 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	\$ -	\$ (257,849)
Changes of assumptions	1,328,318	-
Net difference between projected and actual earning on pension plan investments	88,796	-
Total	\$ 1,417,114	\$ (257,849)

The amounts above are net of outflows and inflows recognized in the 2019-2020 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:

Year Ending June 30	Deferred Outflows/(Inflows) of Resources
2021	\$ 519,923
2022	462,631
2023	127,699
2024	50,557
2025	(1,545)
Thereafter	-
Total	\$ 1,159,265

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 12 – Other Postemployment Benefits (“OPEB”)

At June 30, 2020, net OPEB liability and related deferred inflows of resources are as follows:

Governmental Activities	Governmental Activities	Business-Type Activities	Total
Deferred outflows of resources:			
Change in assumptions	\$ 256,101	\$ 25,329	\$ 281,430
Difference between expected and actual experience	425,359	42,068	467,427
Net difference between projected and actual earnings on OPEB plan investment	186,302	18,425	204,727
Total deferred outflows of resources	\$ 867,762	\$ 85,822	\$ 953,584
Net OPEB liabilities:	\$ 1,616,123	\$ 159,836	\$ 1,775,959
Deferred inflows of resources:			
Net difference between projected and actual earnings on OPEB plan investment	\$ 30,793	\$ 3,045	\$ 33,838
OPEB Expense (Credit)	\$ 613,615	\$ (56,906)	\$ 556,709

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 (\$136 per month in calendar year 2019). 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 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.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 12 – Other Postemployment Benefits (“OPEB”) (Continued)

Plan Description (Continued)

Benefit Provided (Continued)

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 2019 limits are \$504 and \$306. For those retiring between January 1, 2014 and January 1, 2015, the 2019 limits are \$564 and \$306. For those retiring between January 1, 2015 and January 1, 2016, the 2019 pre-65 limit is \$542 per month. For those retiring between January 1, 2016 and January 1, 2017, the 2019 pre-65 limit is \$555 per month. For those retiring between January 1, 2017 and January 1, 2018, the 2019 pre-65 limit is \$574 per month. For those retiring between January 1, 2018 and January 1, 2019, the 2019 pre-65 limit is \$643. For retirements during 2019, the limits are \$619 and \$324, respectively (the retiree-only premiums under PEMHCA for Kaiser - Los Angeles Area).

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).

Dental, vision, spousal and dependent child coverage may be provided if the retiree pays the required additional premium(s) over and above the applicable City maximum contribution. In addition, the City pays a 0.27%-of-premium administrative fee to PEMHCA for each retiree.

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 Terms

At July 1, 2019, the date of the latest actuarial valuation, membership in the plan consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	86
Active plan members	174
Total	<u>260</u>

Contributions

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

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 12 – Other Postemployment Benefits (“OPEB”) (Continued)

Net OPEB Liability

The City’s net OPEB liability was measured as of June 30, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2019.

Actuarial Assumptions

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

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Salary Increases	3.00%
Investment Rate of Return	6.00%, net of OPEB plan investment expense
Healthcare cost trend rate	5.90 percent for 2020; 5.80 percent for 2021; 5.70 percent for 2022; and decreasing 0.10 percent per year to an ultimate rate of 5.00 percent for 2029 and later years

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.

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

Long-term Expected Rate of Return

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. The calculated investment rate of return was set equal to the expected ten-year compound (geometric) real return plus inflation (rounded to the nearest 25 basis points, where appropriate). The table below provides the long-term expected real rates of return by asset class (based on published capital market assumptions).

Asset Class	Assumed Asset Allocation	Real Rate of Return
Board U.S. Equity	50.00%	4.40%
U.S. Fixed	50.00%	1.50%

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 12 – Other Postemployment Benefits (“OPEB”) (Continued)

Net OPEB Liability (Continued)

Investments Policy

The City’s policy regarding the allocation of the plan’s invested assets is established and may be amended by City management. The current investment selection is Moderate HighMark PLUS. The dual goals of the Moderate Strategy are growth of principal and income. It is expected that dividend and interest income will comprise a significant portion of total return, although growth through capital appreciation is equally important. The portfolio will be allocated between equity and fixed income investments.

Asset Class	Stated Range
Cash	0 - 20%
Fixed Income	40% - 60%
Equity	40% - 60%

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

Discount Rate

GASB 75 requires a discount rate that reflects the following:

- 1) 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 enough to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return;
- 2) 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 (1) 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:

Long-Term Expected Return of Plan Investments (if any)	Fidelity GO AA 20 Years Municipal Index	Discount Rate
6.00%	2.45%	6.00%

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 12 – Other Postemployment Benefits (“OPEB”) (Continued)

Change in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
	(a)	(b)	(c) = (a) - (b)
Balance at July 1, 2019	\$ 10,648,795	\$ 9,881,013	\$ 767,782
Changes Recognized for the Measurement Period:			
Service Cost	299,960	-	299,960
Interest on the total OPEB liability	693,671	-	693,671
Changes of benefit terms	-	-	-
Changes of assumptions	325,404	-	325,404
Difference between expected and actual experience	540,463	-	540,463
Contributions from the employer	-	514,369	(514,369)
Contributions from employees	-	-	-
Net investment income	-	390,793	(390,793)
Benefit payments, including refunds of employee contributions	(514,369)	(514,369)	-
Administrative Expense	-	(53,841)	53,841
Net Changes during July 1, 2019 to June 30, 2020	\$ 1,345,129	\$ 336,952	\$ 1,008,177
Balance at June 30, 2020 (Measurement Date)	<u>\$ 11,993,924</u>	<u>\$ 10,217,965</u>	<u>\$ 1,775,959</u>

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%)
<u>\$ 3,282,677</u>	<u>\$ 1,775,959</u>	<u>\$ 518,925</u>

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)		
Trend Rate - 1% (4.00%)	Healthcare Cost Trend Rate (5.00%)	Trend Rate + 1% (6.00%)
<u>\$ 755,419</u>	<u>\$ 1,775,959</u>	<u>\$ 2,903,579</u>

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 12 – Other Postemployment Benefits (“OPEB”) (Continued)

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

For the year ended June 30, 2020, the City' recognized OPEB expense of \$556,709. At June 30, 2020, 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
Changes of assumptions	\$ 281,430	\$ -
Difference between expected and actual experience	467,427	-
Net difference between projected and actual earnings on pension plan investments	204,727	(33,838)
Total	<u>\$ 953,584</u>	<u>\$ (33,838)</u>

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.

Amounts 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
2021	\$ 155,939
2022	155,939
2023	158,860
2024	168,191
2025	117,010
Thereafter	163,807
Total	<u>\$ 919,746</u>

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 the participants and their beneficiaries; and therefore, are not included in the accompanying financial statements.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

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

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

The City of Lakewood is a member of the California Joint Powers Insurance Authority (“Authority”). The Authority is composed of 118 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 Authority 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. Primary Self-Insurance Programs of the 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.

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/coverage/risk-sharing-pools/>.

Primary 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.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

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

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

Primary Workers' Compensation Program (Continued)

For 2019-20 the Authority's pooled retention is \$1 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law. Employer's Liability losses are pooled among members to \$1 million. Coverage from \$1 million to \$5 million is purchased through reinsurance policies, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

C. Purchased Insurance

Pollution Legal Liability Insurance

The City of Lakewood 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 of Lakewood. 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 of Lakewood participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City of Lakewood property is currently insured according to a schedule of covered property submitted by the City of Lakewood to the Authority. City of Lakewood property currently has all-risk property insurance protection in the amount of \$65,942,484. There is a \$10,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$2,500 deductible.

Crime Insurance

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

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 2019-20.

Complete financial statements for the Authority may be obtained at their administrative office located at 8081 Moody Street, La Palma, California 90623.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

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 Sheriff's 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 Sheriff's 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, 2020, the City paid \$59,984 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 (the "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, 2020, the Agency's outstanding deferral balance is \$756,943.

E. Covid-19 Pandemic

In December 2019, a novel strain of coronavirus has spread around the world resulting in business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. The operations and business results of City could potentially be adversely affected by this global pandemic. The extent to which the coronavirus may impact business activity or investment results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain the coronavirus. The ultimate financial impact and duration cannot be estimated at this time.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 16 – Individual Fund Disclosures

Funds with a deficit fund balance/net position at June 30, 2020, are as follows:

Governmental Funds:

Lakewood Capital Improvements Capital Projects Fund	\$ (2,367,501)
CDBG Special Revenue Fund	(326,121)
Measure W Special Revenue Fund	(219,300)
Prop A Recreation Special Revenue Fund	(29,145)

Fiduciary Fund:

Successor Agency Private Purpose Trust Fund	(15,008,650)
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Proprietary Funds:

Print Shop Internal Service Fund	(17,498)
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The Governmental Funds' deficits are primarily the result of unavailability revenue at June 30, 2020 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. The Print Shop Internal Service Fund is due to the liability which will be paid in the subsequent fiscal year.

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 and the nature of development surrounding the tank farm, Ordinance No. 2005-14 amended the provisions of the Lakewood Municipal Code 9392.B.1 (g) allowing Paramount Petroleum to operate an additional 10 years, ending in January 2017. The agreement also allowed for automatic two-year extensions, with the current extension valid through January 2021.

Note 18 – Subsequent Events

The City was allocated \$986,770 in funding as part of the \$500 Million Coronavirus Relief Fund allocations to cities. As of October 26, 2020, the City has received all disbursements from the California State Controller's Office.

**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**



City of Lakewood
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes	\$ 25,512,200	\$ 25,512,200	\$ 24,795,399	\$ (716,801)
Licenses and permits	1,337,350	1,337,350	1,306,177	(31,173)
Fines and forfeitures	816,200	816,200	734,643	(81,557)
Investment income, rents and concession	1,405,658	1,405,658	3,004,279	1,598,621
Intergovernmental revenues	9,602,300	9,602,300	9,712,751	110,451
Current service charges	8,424,046	8,424,046	7,789,524	(634,522)
Other	1,038,700	1,038,700	956,961	(81,739)
Total revenues	<u>48,136,454</u>	<u>48,136,454</u>	<u>48,299,734</u>	<u>163,280</u>
EXPENDITURES:				
Current:				
General government	8,329,902	8,547,441	8,215,015	332,426
Public safety	15,832,802	15,922,812	15,269,727	653,085
Transportation	2,689,003	2,693,894	2,725,738	(31,844)
Community development	5,248,135	5,436,256	5,245,324	190,932
Health and sanitation	5,607,170	5,607,170	5,466,816	140,354
Culture and leisure	12,494,323	12,560,248	11,750,652	809,596
Capital outlay:				
Transportation	43,200	120,620	564,554	(443,934)
Community development	10,000	10,000	7,414	2,586
Culture and leisure	162,387	2,753,699	881,672	1,872,027
Debt service:				
Principal retirement	185,206	185,206	185,206	-
Interest and fiscal charges	28,067	28,067	28,067	-
Total expenditures	<u>50,630,195</u>	<u>53,865,413</u>	<u>50,340,185</u>	<u>3,525,228</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,493,741)</u>	<u>(5,728,959)</u>	<u>(2,040,451)</u>	<u>3,688,508</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	2,008,001	2,008,001	2,212,118	204,117
Transfers out	-	-	(884)	(884)
Total other financing sources (use)	<u>2,008,001</u>	<u>2,008,001</u>	<u>2,211,234</u>	<u>203,233</u>
NET CHANGES IN FUND BALANCE	<u>\$ (485,740)</u>	<u>\$ (3,720,958)</u>	<u>170,783</u>	<u>\$ 3,891,741</u>
FUND BALANCE:				
Beginning of Year			42,581,404	
End of Year			<u>\$ 42,752,187</u>	



City of Lakewood
Required Supplementary Information (Unaudited)
Notes to the Budgetary Comparison Schedule
For the Year Ended June 30, 2020

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 Measure W Special Revenue Fund, Park Dedication Special Revenue Fund, and the Sewer Reconstruction 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, 2020, 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 fiscal year 2010, 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, 2020

Last Ten Fiscal Years

California Public Employees' Retirement System Defined Benefit Plan

Measurement period	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19 ¹
Total pension liability						
Service cost	\$ 2,144,455	\$ 2,028,208	\$ 2,109,082	\$ 2,355,437	\$ 2,527,432	\$ 2,573,466
Interest	8,019,215	8,236,636	8,472,508	8,766,071	9,163,433	9,686,135
Changes of benefit terms	-	-	-	-	-	-
Changes of assumptions	-	(1,943,097)	-	7,049,669	(603,969)	-
Differences between expected and actual experience	-	(2,731,071)	(2,102,094)	(581,254)	738,883	2,203,972
Benefit payments, including refunds of employee contributions	(4,389,897)	(4,981,710)	(5,258,099)	(5,386,901)	(6,182,947)	(7,031,685)
Net change in total pension liability	5,773,773	608,966	3,221,397	12,203,022	5,642,832	7,431,888
Total pension liability - beginning	108,045,583	113,819,356	114,428,322	117,649,719	129,852,741	135,495,573
Total pension liability - ending (a)	\$113,819,356	\$114,428,322	\$117,649,719	\$129,852,741	\$135,495,573	\$142,927,461
Pension fiduciary net position						
Net plan to plan resource movement	\$ -	\$ -	\$ -	\$ -	\$ (248)	\$ -
Contributions - employer	1,873,372	1,871,751	2,717,060	2,344,596	2,573,441	2,938,083
Contributions - employee	1,012,408	939,852	1,051,966	1,098,583	1,161,949	1,045,867
Net investment income	14,100,175	2,111,030	554,532	10,269,191	8,596,094	6,920,916
Benefit payments, including refunds of employee contributions	(4,389,897)	(4,981,710)	(5,258,099)	(5,386,901)	(6,182,947)	(7,031,685)
Administrative expense	-	(105,557)	(57,099)	(136,863)	(157,210)	(76,058)
Other Miscellaneous Income/(Expense) ²	-	-	-	-	(298,545)	248
Net change in plan fiduciary net position	12,596,058	(164,634)	(991,640)	8,188,606	5,692,534	3,797,371
Plan fiduciary net position - beginning	81,258,902	93,854,960	93,690,326	92,698,686	100,887,292	106,579,826
Plan fiduciary net position - ending (b)	\$ 93,854,960	\$ 93,690,326	\$ 92,698,686	\$100,887,292	\$106,579,826	\$110,377,197
Plan net pension liability - ending (a) - (b)	\$ 19,964,396	\$ 20,737,996	\$ 24,951,033	\$ 28,965,449	\$ 28,915,747	\$ 32,550,264
Plan fiduciary net position as a percentage of the total pension liability	82.46%	81.88%	78.79%	77.69%	78.66%	77.23%
Covered payroll³	\$ 15,265,197	\$ 15,213,079	\$ 16,033,770	\$ 16,036,475	\$ 16,673,912	\$ 16,911,782
Plan net pension liability as a percentage of covered payroll	130.78%	136.32%	155.62%	180.62%	173.42%	192.47%

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 During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75.

³ Includes one year's payroll growth using 2.75 percent payroll growth assumption for fiscal years ended June 30, 2018-19; 3.00 percent payroll growth assumption for fiscal years ended June 30, 2014-2017.

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, 2018 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: None in 2019. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. 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, 2020

Last Ten Fiscal Years

Public Agency Retirement System Defined Benefit Plan

Measurement period	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20 ¹
Total pension liability						
Service cost	\$ 501,866	\$ 522,429	\$ 538,102	\$ 447,262	\$ 513,290	\$ 410,916
Interest	972,653	898,895	1,102,003	1,161,853	1,184,779	1,231,314
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	-	(345,830)	-	(127,926)	-	(134,572)
Changes of assumptions	-	2,749,085	-	1,311,695	-	55,742
Benefit payments, including refunds of employee contributions	(398,794)	(417,601)	(493,769)	(611,458)	(753,088)	(746,009)
Net change in total pension liability	1,075,725	3,406,978	1,146,336	2,181,426	944,981	817,391
Total pension liability - beginning	13,589,197	14,664,922	18,071,900	19,218,236	21,399,662	22,344,643
Total pension liability - ending (a)	\$ 14,664,922	\$ 18,071,900	\$ 19,218,236	\$ 21,399,662	\$ 22,344,643	\$ 23,162,034
Pension fiduciary net position						
Contributions - employer	\$ 3,884,844	\$ 54,800	\$ 597,130	\$ 568,494	\$ 644,970	\$ 708,372
Contributions - employee	293,815	281,187	272,183	243,461	224,569	221,930
Net investment income, net of investment expenses	212,179	(8,365)	1,290,294	878,414	954,443	575,483
Benefit payments, including refunds of employee contributions	(398,794)	(417,601)	(493,769)	(611,458)	(753,088)	(746,009)
Administrative expenses	(19,517)	(25,243)	(23,483)	(32,057)	(25,249)	(30,561)
Other	-	-	-	-	-	-
Net change in plan fiduciary net position	3,972,527	(115,222)	1,642,355	1,046,854	1,045,645	729,215
Plan fiduciary net position - beginning	8,796,523	12,769,050	12,653,828	14,296,183	15,343,037	16,388,682
Plan fiduciary net position - ending (b)	\$ 12,769,050	\$ 12,653,828	\$ 14,296,183	\$ 15,343,037	\$ 16,388,682	\$ 17,117,897
Plan net pension liability - ending (a) - (b)	\$ 1,895,872	\$ 5,418,072	\$ 4,922,053	\$ 6,056,625	\$ 5,955,961	\$ 6,044,137
Plan fiduciary net position as a percentage of the total pension liability	87.07%	70.02%	74.39%	71.70%	73.35%	73.90%
Covered payroll	\$ 10,819,843	\$ 11,643,566	\$ 11,992,873	\$ 9,975,323	\$ 8,214,154	\$ 8,440,043
Net pension liability as a percentage of covered payroll	17.52%	46.53%	41.04%	60.72%	72.51%	71.61%

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 - Pensions
For the Year Ended June 30, 2020

Last Ten Fiscal Years

California Public Employees' Retirement System Defined Benefit Plan

	2013-14 ¹	2014-15	2015-16	2016-17	2017-18
Actuarially determined contribution	\$ 1,873,372	\$ 1,871,751	\$ 2,136,551	\$ 2,344,596	\$ 2,573,441
Contributions in relation to the actuarially determined contribution ²	(1,873,372)	(1,871,751)	(2,717,060)	(2,344,596)	(2,573,441)
Contribution deficiency (excess)	\$ -	\$ -	\$ (580,509)	\$ -	\$ -
Covered payroll ³	\$ 15,265,197	\$ 15,213,079	\$ 16,033,770	\$ 16,036,475	\$ 16,673,912
Contributions as a percentage of covered payroll ³	12.27%	12.30%	16.95%	14.62%	15.43%

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 2.75 percent payroll growth assumption for fiscal years ended June 30, 2018-19; 3.00 percent payroll growth assumption for fiscal years ended June 30, 2014-17.

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2019-20 were derived from the June 30, 2017 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	7.375% 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 - Pensions (Continued)
For the Year Ended June 30, 2020

Last Ten Fiscal Years

California Public Employees' Retirement System Defined Benefit Plan

	2018-19	2019-20
Actuarially determined contribution	\$ 2,938,083	\$ 3,476,806
Contributions in relation to the actuarially determined contribution ²	(2,938,083)	(3,476,806)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered payroll ³	\$ 16,911,782	\$ 17,419,135
Contributions as a percentage of covered payroll ³	17.37%	19.96%

City of Lakewood
Required Supplementary Information (Unaudited)
Schedule of Contributions - Pensions (Continued)
For the Year Ended June 30, 2020

Last Ten Fiscal Years

Public Agency Retirement System Defined Benefit Plan

	2013-14 ¹	2014-15	2015-16	2016-17	2017-18
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, 2019

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar, Closed
Remaining amortization period	17 Years
Asset valuation method	None
Inflation	2.50%
Salary increases	Consistent with the rates used to value the CalPERS Miscellaneous Public Agency pension plans.
Cost of Living Adjustment	2.00%
Investment rate of return	5.50%
Withdraw/Disability/Mortality	Consistent with the rates used to value the Miscellaneous CalPERS Pension Plans.
Retirement age	Ranges from 3.65% 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 2.50% per annum.
Form of Payment	Single Life Annuity

City of Lakewood
Required Supplementary Information (Unaudited)
Schedule of Contributions - Pensions (Continued)
For the Year Ended June 30, 2020

Last Ten Fiscal Years

Public Agency Retirement System Defined Benefit Plan

	<u>2018-19</u>	<u>2019-20</u>
Actuarially determined contribution	\$ 814,859	\$ 660,417
Contributions in relation to the actuarially determined contribution	<u>(644,970)</u>	<u>(708,372)</u>
Contribution deficiency (excess)	<u>\$ 169,889</u>	<u>\$ (47,955)</u>
Covered payroll	\$ 8,214,154	\$ 8,440,043
Contributions as a percentage of covered payroll	7.85%	8.39%

City of Lakewood
Required Supplementary Information (Unaudited)
Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios
For the Year Ended June 30, 2020

Last Ten Fiscal Years

Other Postemployment Benefits Plan

Measurement period	2017-18 ¹	2018-19	2019-20
Total OPEB liability			
Service cost	\$ 320,972	\$ 330,601	\$ 299,960
Interest	573,684	599,131	693,671
Differences between expected and actual experience	-	-	540,463
Changes of assumptions	-	-	325,404
Benefit payments, including refunds of employee contributions	(417,410)	(525,242)	(514,369)
Net change in total OPEB liability	477,246	404,490	1,345,129
Total OPEB liability - beginning	9,767,059	10,244,305	10,648,795
Total OPEB liability - ending (a)	<u>\$ 10,244,305</u>	<u>\$ 10,648,795</u>	<u>\$ 11,993,924</u>
Plan fiduciary net position			
Contributions - employer	\$ 417,410	\$ 525,242	\$ 514,369
Net investment income	575,333	652,234	390,793
Benefit payments, including refunds of employee contributions	(417,410)	(525,242)	(514,369)
Administrative expense	(48,048)	(48,909)	(53,841)
Net change in plan fiduciary net position	527,285	603,325	336,952
Plan fiduciary net position - beginning	8,750,403	9,277,688	9,881,013
Plan fiduciary net position - ending (b)	<u>\$ 9,277,688</u>	<u>\$ 9,881,013</u>	<u>\$ 10,217,965</u>
Plan net OPEB liability - ending (a) - (b)	<u>\$ 966,617</u>	<u>\$ 767,782</u>	<u>\$ 1,775,959</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>90.56%</u>	<u>92.79%</u>	<u>85.19%</u>
Covered payroll	<u>\$ 7,657,419</u>	<u>\$ 7,486,794</u>	<u>\$ 6,920,910</u>
Plan net OPEB liability as a percentage of covered payroll	<u>12.62%</u>	<u>10.26%</u>	<u>25.66%</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 - Other Postemployment Benefits
For the Year Ended June 30, 2020

Last Ten Fiscal Years

Other Postemployment Benefits Plan

Fiscal year	2017-18 ¹	2018-19	2019-20
Actuarially determined contribution	\$ 373,794	\$ 385,009	\$ 402,839
Contributions in relation to the actuarially determined contribution	(417,410)	(525,242)	(514,369)
Contribution deficiency (excess)	<u>\$ (43,616)</u>	<u>\$ (140,233)</u>	<u>\$ (111,530)</u>
Covered payroll	\$ 7,657,419	\$ 7,486,794	\$ 6,920,910
Contributions as a percentage of covered payroll	5.45%	7.02%	7.43%

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.

Notes to Schedule:

Valuation date: July 1, 2019

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Level Percent of Pay
Salary increases	3.00%
Investment rate of return	6.00 %, net of OPEB plan investment expense
Healthcare cost trend rate	5.90 percent for 2020; 5.80 percent for 2021; 5.70 percent for 2022; and decreasing 0.10 percent per year to an ultimate rate of 5.00 percent for 2029 and later years



SUPPLEMENTARY INFORMATION

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.

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.

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.

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.

JAG Grant Fund - To account for receipts and expenditures of federal grants to support a broad range of activities to prevent and control crime and to improve the criminal justice systems.

LA County Measure M Fund - To account for Los Angeles County special 1/2 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.

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

Measure W Fund - To account for funding from Los Angeles County Flood Control District to increase stormwater and urban runoff capture and reduce stormwater and urban runoff pollution.

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.

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

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.

Road Maintenance and Rehab Account 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.

NONMAJOR GOVERNMENTAL FUNDS

Nonmajor Special Revenue Funds (Continued):

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

State COPS Grant 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.

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.

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.

City of Lakewood
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

	Special Revenue Funds				
	Beverage				LA County Measure M
	AB 2766	Container Recycle Grant	CDBG	JAG Grant	
ASSETS					
Cash and investments	\$ 464,582	\$ 165,927	\$ -	\$ -	\$ 2,908,779
Accounts receivables	25,460	-	57,531	57,583	-
Total assets	\$ 490,042	\$ 165,927	\$ 57,531	\$ 57,583	\$ 2,908,779
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 10,364	\$ 6,329	\$ 7,308	\$ 91,544
Accrued liabilities	-	-	8,481	-	-
Retention payable	-	-	-	-	-
Due to other funds	-	-	368,842	50,275	-
Unearned revenue	-	-	-	-	-
Total liabilities	-	10,364	383,652	57,583	91,544
Deferred Inflows of Resources:					
Unavailable revenues	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Fund Balances (Deficit):					
Restricted for:					
Public safety	-	-	-	-	-
Transportation	490,042	-	-	-	2,817,235
Health and sanitation	-	155,563	-	-	-
Culture and leisure	-	-	-	-	-
Unassigned (deficit)	-	-	(326,121)	-	-
Total fund balances (deficit)	490,042	155,563	(326,121)	-	2,817,235
Total liabilities, deferred inflows of resources and fund balances	\$ 490,042	\$ 165,927	\$ 57,531	\$ 57,583	\$ 2,908,779

(Continued)

City of Lakewood
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2020

	Special Revenue Funds				
	Measure R	Measure W	Park Dedication	Prop A Recreation	Prop A Transit
ASSETS					
Cash and investments	\$ 3,233,427	\$ -	\$ 108,691	\$ -	\$ 1,190,617
Accounts receivables	-	-	-	29,145	-
Total assets	\$ 3,233,427	\$ -	\$ 108,691	\$ 29,145	\$ 1,190,617
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 11,982	\$ -	\$ -	\$ -	\$ 8,237
Accrued liabilities	275	-	-	-	1,627
Retention payable	31,616	-	-	-	-
Due to other funds	-	219,300	-	29,145	-
Unearned revenue	-	-	-	-	-
Total liabilities	43,873	219,300	-	29,145	9,864
Deferred Inflows of Resources:					
Unavailable revenues	-	-	-	29,145	-
Total deferred inflows of resources	-	-	-	29,145	-
Fund Balances (Deficit):					
Restricted for:					
Public safety	-	-	-	-	-
Transportation	3,189,554	-	-	-	1,180,753
Health and sanitation	-	-	-	-	-
Culture and leisure	-	-	108,691	-	-
Unassigned (deficit)	-	(219,300)	-	(29,145)	-
Total fund balances (deficit)	3,189,554	(219,300)	108,691	(29,145)	1,180,753
Total liabilities, deferred inflows of resources and fund balances	\$ 3,233,427	\$ -	\$ 108,691	\$ 29,145	\$ 1,190,617

(Continued)

City of Lakewood
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2020

	Special Revenue Funds				
	Prop C Transportation	Road Maintenance and Rehab Account	Sewer Reconstruction	State COPS Grant	State Gasoline Tax
ASSETS					
Cash and investments	\$ 2,965,292	\$ 2,923,776	\$ 167,576	\$ 174,866	\$ -
Accounts receivables	-	215,163	-	-	-
Total assets	\$ 2,965,292	\$ 3,138,939	\$ 167,576	\$ 174,866	\$ -
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 2,562	\$ 70,376	\$ -	\$ 18,927	\$ -
Accrued liabilities	16,220	-	-	-	-
Retention payable	-	25,603	-	-	-
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	18,782	95,979	-	18,927	-
Deferred Inflows of Resources:					
Unavailable revenues	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Fund Balances (Deficit):					
Restricted for:					
Public safety	-	-	-	155,939	-
Transportation	2,946,510	3,042,960	-	-	-
Health and sanitation	-	-	167,576	-	-
Culture and leisure	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-
Total fund balances (deficit)	2,946,510	3,042,960	167,576	155,939	-
Total liabilities, deferred inflows of resources and fund balances	\$ 2,965,292	\$ 3,138,939	\$ 167,576	\$ 174,866	\$ -

(Continued)

City of Lakewood
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2020

	Special Revenue Funds		
	TDA Article Grant	Used Oil Grant	Total
ASSETS			
Cash and investments	\$ -	\$ 65,193	\$ 14,368,726
Accounts receivables	58,637	-	443,519
Total assets	\$ 58,637	\$ 65,193	\$ 14,812,245
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ 17,465	\$ 245,094
Accrued liabilities	-	-	26,603
Retention payable	-	-	57,219
Due to other funds	58,637	-	726,199
Unearned revenue	-	21,923	21,923
Total liabilities	58,637	39,388	1,077,038
Deferred Inflows of Resources:			
Unavailable revenues	-	-	29,145
Total deferred inflows of resources	-	-	29,145
Fund Balances (Deficit):			
Restricted for:			
Public safety	-	-	155,939
Transportation	-	-	13,667,054
Health and sanitation	-	25,805	348,944
Culture and leisure	-	-	108,691
Unassigned (deficit)	-	-	(574,566)
Total fund balances (deficit)	-	25,805	13,706,062
Total liabilities, deferred inflows of resources and fund balances	\$ 58,637	\$ 65,193	\$ 14,812,245

(Concluded)

City of Lakewood
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2020

	Special Revenue Funds				
	AB2766	Beverage Container Recycle Grant	CDBG	JAG Grants	LA County Measure M
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Investment income, rents and concession	10,269	3,958	-	-	57,349
Intergovernmental revenues	101,074	9,815	229,397	90,559	1,102,898
Total revenues	111,343	13,773	229,397	90,559	1,160,247
EXPENDITURES:					
Current:					
General government	-	-	1,211	-	-
Public safety	-	-	-	90,559	-
Transportation	10,000	-	-	-	156,589
Community development	-	-	164,317	-	-
Health and sanitation	-	9,507	-	-	-
Culture and leisure	-	-	106,428	-	-
Capital outlay:					
Transportation	-	-	-	-	-
Total expenditures	10,000	9,507	271,956	90,559	156,589
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	101,343	4,266	(42,559)	-	1,003,658
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	-	-	(151,200)	-	-
Total other financing sources (uses)	-	-	(151,200)	-	-
NET CHANGES IN FUND BALANCES	101,343	4,266	(193,759)	-	1,003,658
FUND BALANCES (DEFICIT):					
Beginning of year	388,699	151,297	(132,362)	-	1,813,577
End of year	\$ 490,042	\$ 155,563	\$ (326,121)	\$ -	\$ 2,817,235

(Continued)

City of Lakewood
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2020

	Special Revenue Funds				
	Measure R	Measure W	Park Dedication	Prop A Recreation	Prop A Transit
REVENUES:					
Taxes	\$ -	\$ -	\$ 7,260	\$ -	\$ 1,575,466
Licenses and permits	-	-	-	-	-
Investment income, rents and concession	73,730	-	-	-	30,552
Intergovernmental revenues	978,737	-	-	29,145	-
Total revenues	<u>1,052,467</u>	<u>-</u>	<u>7,260</u>	<u>29,145</u>	<u>1,606,018</u>
EXPENDITURES:					
Current:					
General government	-	-	-	-	25,279
Public safety	-	-	-	-	-
Transportation	304,417	219,300	-	-	1,243,161
Community development	-	-	-	-	7,172
Health and sanitation	-	-	-	-	-
Culture and leisure	-	-	-	29,145	-
Capital outlay:					
Transportation	643,375	-	-	-	-
Total expenditures	<u>947,792</u>	<u>219,300</u>	<u>-</u>	<u>29,145</u>	<u>1,275,612</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>104,675</u>	<u>(219,300)</u>	<u>7,260</u>	<u>-</u>	<u>330,406</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	884	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>884</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	<u>104,675</u>	<u>(219,300)</u>	<u>7,260</u>	<u>884</u>	<u>330,406</u>
FUND BALANCES (DEFICIT):					
Beginning of year	3,084,879	-	101,431	(30,029)	850,347
End of year	<u>\$ 3,189,554</u>	<u>\$ (219,300)</u>	<u>\$ 108,691</u>	<u>\$ (29,145)</u>	<u>\$ 1,180,753</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, 2020

	Special Revenue Funds				
	Prop C Transportation	Road Maintenance and Rehab Account	Sewer Reconstruction	State COPS Grants	State Gasoline Tax
REVENUES:					
Taxes	\$ 1,306,853	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	5,052	-	-
Investment income, rents and concession	61,818	45,939	-	4,241	21,876
Intergovernmental revenues	-	1,409,006	-	129,180	1,839,042
Total revenues	<u>1,368,671</u>	<u>1,454,945</u>	<u>5,052</u>	<u>133,421</u>	<u>1,860,918</u>
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	223,476	-
Transportation	544,858	74,941	-	-	-
Community development	-	-	-	-	-
Health and sanitation	-	-	-	-	-
Culture and leisure	-	-	-	-	-
Capital outlay:					
Transportation	145,297	1,300	-	-	-
Total expenditures	<u>690,155</u>	<u>76,241</u>	<u>-</u>	<u>223,476</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>678,516</u>	<u>1,378,704</u>	<u>5,052</u>	<u>(90,055)</u>	<u>1,860,918</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	(1,860,918)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,860,918)</u>
NET CHANGES IN FUND BALANCES	<u>678,516</u>	<u>1,378,704</u>	<u>5,052</u>	<u>(90,055)</u>	<u>-</u>
FUND BALANCES (DEFICIT):					
Beginning of year	2,267,994	1,664,256	162,524	245,994	-
End of year	<u>\$ 2,946,510</u>	<u>\$ 3,042,960</u>	<u>\$ 167,576</u>	<u>\$ 155,939</u>	<u>\$ -</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, 2020

	Special Revenue Funds		
	TDA Article Grant	Used Oil Grant	Total
REVENUES:			
Taxes	\$ -	\$ -	\$ 2,889,579
Licenses and permits	-	-	5,052
Investment income, rents and concession	-	-	309,732
Intergovernmental revenues	58,637	4,896	5,982,386
Total revenues	<u>58,637</u>	<u>4,896</u>	<u>9,186,749</u>
EXPENDITURES:			
Current:			
General government	-	-	26,490
Public safety	-	-	314,035
Transportation	-	-	2,553,266
Community development	-	-	171,489
Health and sanitation	-	1,205	10,712
Culture and leisure	-	-	135,573
Capital outlay:			
Transportation	58,637	-	848,609
Total expenditures	<u>58,637</u>	<u>1,205</u>	<u>4,060,174</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>3,691</u>	<u>5,126,575</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	884
Transfers out	-	-	(2,012,118)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(2,011,234)</u>
NET CHANGES IN FUND BALANCES	-	3,691	3,115,341
FUND BALANCES (DEFICIT):			
Beginning of year	-	22,114	10,590,721
End of year	<u>\$ -</u>	<u>\$ 25,805</u>	<u>\$ 13,706,062</u>

(Concluded)

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, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment income	\$ 7,500	\$ 7,500	\$ 10,269	\$ 2,769
Intergovernmental revenues	100,000	100,000	101,074	1,074
Total revenues	<u>107,500</u>	<u>107,500</u>	<u>111,343</u>	<u>3,843</u>
EXPENDITURES:				
Current:				
Transportation	10,000	10,000	10,000	-
Capital outlay:				
General government	-	56,000	-	56,000
Total expenditures	<u>10,000</u>	<u>66,000</u>	<u>10,000</u>	<u>56,000</u>
NET CHANGES IN FUND BALANCE	<u>\$ 97,500</u>	<u>\$ 41,500</u>	101,343	<u>\$ 59,843</u>
FUND BALANCE:				
Beginning of year			<u>388,699</u>	
End of year			<u>\$ 490,042</u>	

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, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment income	\$ 3,000	\$ 3,000	\$ 3,958	\$ 958
Intergovernmental revenues	-	-	9,815	9,815
Total revenues	<u>3,000</u>	<u>3,000</u>	<u>13,773</u>	<u>10,773</u>
EXPENDITURES:				
Current:				
Health and sanitation	-	20,341	9,507	10,834
Total expenditures	<u>-</u>	<u>20,341</u>	<u>9,507</u>	<u>10,834</u>
NET CHANGES IN FUND BALANCE	<u>\$ 3,000</u>	<u>\$ (17,341)</u>	4,266	<u>\$ 21,607</u>
FUND BALANCE:				
Beginning of year			151,297	
End of year			<u>\$ 155,563</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, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental revenues	\$ 510,700	\$ 510,700	\$ 229,397	\$ (281,303)
Total revenues	<u>510,700</u>	<u>510,700</u>	<u>229,397</u>	<u>(281,303)</u>
EXPENDITURES:				
Current:				
General government	12,373	12,373	1,211	11,162
Community development	223,097	223,097	164,317	58,780
Culture and leisure	37,500	37,500	106,428	(68,928)
Total expenditures	<u>272,970</u>	<u>272,970</u>	<u>271,956</u>	<u>1,014</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>237,730</u>	<u>237,730</u>	<u>(42,559)</u>	<u>(280,289)</u>
OTHER FINANCING SOURCES:				
Transfers out	-	-	(151,200)	(151,200)
Total other financing sources	<u>-</u>	<u>-</u>	<u>(151,200)</u>	<u>(151,200)</u>
NET CHANGES IN FUND BALANCE	<u>\$ 237,730</u>	<u>\$ 237,730</u>	<u>(193,759)</u>	<u>\$ (431,489)</u>
FUND BALANCE (DEFICIT):				
Beginning of year			(132,362)	
End of year			<u>\$ (326,121)</u>	

City of Lakewood
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
JAG Grant Special Revenue Fund
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental revenues	\$ 16,124	\$ 91,579	\$ 90,559	\$ (1,020)
Total revenues	<u>16,124</u>	<u>91,579</u>	<u>90,559</u>	<u>(1,020)</u>
EXPENDITURES:				
Current:				
Public safety	16,124	91,579	90,559	1,020
Total expenditures	<u>16,124</u>	<u>91,579</u>	<u>90,559</u>	<u>1,020</u>
NET CHANGES IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</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
LA County Measure M Special Revenue Fund
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment income	\$ 10,000	\$ 10,000	\$ 57,349	\$ 47,349
Intergovernmental revenues	1,093,939	1,093,939	1,102,898	8,959
Total revenues	<u>1,103,939</u>	<u>1,103,939</u>	<u>1,160,247</u>	<u>56,308</u>
EXPENDITURES:				
Current:				
Transportation	200,000	200,000	156,589	43,411
Capital outlay:				
Transportation	-	900,000	-	900,000
Total expenditures	<u>200,000</u>	<u>1,100,000</u>	<u>156,589</u>	<u>943,411</u>
NET CHANGES IN FUND BALANCE	<u>\$ 903,939</u>	<u>\$ 3,939</u>	1,003,658	<u>\$ 999,719</u>
FUND BALANCE:				
Beginning of year			<u>1,813,577</u>	
End of year			<u>\$ 2,817,235</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, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment income	\$ 60,000	\$ 60,000	\$ 73,730	\$ 13,730
Intergovernmental revenues	965,261	965,261	978,737	13,476
Total revenues	<u>1,025,261</u>	<u>1,025,261</u>	<u>1,052,467</u>	<u>27,206</u>
EXPENDITURES:				
Current:				
Transportation	12,755	333,755	304,417	29,338
Capital outlay:				
Transportation	-	1,885,407	643,375	1,242,032
Total expenditures	<u>12,755</u>	<u>2,219,162</u>	<u>947,792</u>	<u>1,271,370</u>
NET CHANGES IN FUND BALANCES	<u>\$ 1,012,506</u>	<u>\$ (1,193,901)</u>	104,675	<u>\$ 1,298,576</u>
FUND BALANCE:				
Beginning of year			<u>3,084,879</u>	
End of year			<u>\$ 3,189,554</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, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment income	\$ 700	\$ 700	\$ -	\$ (700)
Intergovernmental revenues	50,000	50,000	29,145	(20,855)
Total revenues	<u>50,700</u>	<u>50,700</u>	<u>29,145</u>	<u>(21,555)</u>
EXPENDITURES:				
Current:				
Culture and leisure	44,843	44,843	29,145	15,698
Total expenditures	<u>44,843</u>	<u>44,843</u>	<u>29,145</u>	<u>15,698</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>5,857</u>	<u>5,857</u>	<u>-</u>	<u>(5,857)</u>
OTHER FINANCING SOURCES:				
Transfers in	-	-	884	884
Total other financing sources	<u>-</u>	<u>-</u>	<u>884</u>	<u>884</u>
NET CHANGES IN FUND BALANCE	<u>\$ 5,857</u>	<u>\$ 5,857</u>	<u>884</u>	<u>\$ (4,973)</u>
FUND BALANCE:				
Beginning of year			(30,029)	
End of year			<u>\$ (29,145)</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, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes	\$ 1,551,571	\$ 1,551,571	\$ 1,575,466	\$ 23,895
Investment income	13,000	13,000	30,552	17,552
Total revenues	<u>1,564,571</u>	<u>1,564,571</u>	<u>1,606,018</u>	<u>41,447</u>
EXPENDITURES:				
Current:				
General government	31,417	31,417	25,279	6,138
Transportation	1,311,289	1,311,289	1,243,161	68,128
Community development	75,516	75,516	7,172	68,344
Total expenditures	<u>1,418,222</u>	<u>1,418,222</u>	<u>1,275,612</u>	<u>142,610</u>
NET CHANGES IN FUND BALANCE	<u>\$ 146,349</u>	<u>\$ 146,349</u>	330,406	<u>\$ 184,057</u>
FUND BALANCE:				
Beginning of year			<u>850,347</u>	
End of year			<u>\$ 1,180,753</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, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes	\$ 1,286,988	\$ 1,286,988	\$ 1,306,853	\$ 19,865
Investment income	25,000	25,000	61,818	36,818
Total revenues	<u>1,311,988</u>	<u>1,311,988</u>	<u>1,368,671</u>	<u>56,683</u>
EXPENDITURES:				
Current:				
Transportation	751,305	761,305	544,858	216,447
Capital outlay:				
Transportation	-	145,297	145,297	-
Total expenditures	<u>751,305</u>	<u>906,602</u>	<u>690,155</u>	<u>216,447</u>
NET CHANGES IN FUND BALANCE	<u>\$ 560,683</u>	<u>\$ 405,386</u>	678,516	<u>\$ 273,130</u>
FUND BALANCE:				
Beginning of year			<u>2,267,994</u>	
End of year			<u>\$ 2,946,510</u>	

City of Lakewood
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Road Maintenance and Rehab Account Special Revenue Fund
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment income	\$ 12,000	\$ 12,000	\$ 45,939	\$ 33,939
Intergovernmental revenues	1,420,282	1,420,282	1,409,006	(11,276)
Total revenues	<u>1,432,282</u>	<u>1,432,282</u>	<u>1,454,945</u>	<u>22,663</u>
EXPENDITURES:				
Current:				
Transportation	200,000	221,000	74,941	146,059
Capital outlay:				
Transportation	-	1,291,940	1,300	1,290,640
Total expenditures	<u>200,000</u>	<u>1,512,940</u>	<u>76,241</u>	<u>1,436,699</u>
NET CHANGES IN FUND BALANCES	<u>\$ 1,232,282</u>	<u>\$ (80,658)</u>	1,378,704	<u>\$ 1,459,362</u>
FUND BALANCE:				
Beginning of year			<u>1,664,256</u>	
End of year			<u>\$ 3,042,960</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, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment income	\$ 4,500	\$ 4,500	\$ 4,241	\$ (259)
Intergovernmental revenues	245,000	245,000	129,180	(115,820)
Total revenues	<u>249,500</u>	<u>249,500</u>	<u>133,421</u>	<u>(116,079)</u>
EXPENDITURES:				
Current:				
Public safety	312,822	312,822	223,476	89,346
Total expenditures	<u>312,822</u>	<u>312,822</u>	<u>223,476</u>	<u>89,346</u>
NET CHANGES IN FUND BALANCE	<u>\$ (63,322)</u>	<u>\$ (63,322)</u>	(90,055)	<u>\$ (26,733)</u>
FUND BALANCE:				
Beginning of year			245,994	
End of year			<u>\$ 155,939</u>	

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, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment income	\$ 10,200	\$ 10,200	\$ 21,876	\$ 11,676
Intergovernmental revenues	2,017,258	2,017,258	1,839,042	(178,216)
Total revenues	<u>2,027,458</u>	<u>2,027,458</u>	<u>1,860,918</u>	<u>(166,540)</u>
OTHER FINANCING USES:				
Transfers out	(2,017,357)	(2,017,357)	(1,860,918)	156,439
Total other financing uses	<u>(2,017,357)</u>	<u>(2,017,357)</u>	<u>(1,860,918)</u>	<u>156,439</u>
NET CHANGES IN FUND BALANCE	<u>\$ 10,101</u>	<u>\$ 10,101</u>	-	<u>\$ (10,101)</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
TDA Article Grant Special Revenue Fund
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental revenues	\$ 53,738	\$ 58,637	\$ 58,637	\$ -
Total revenues	<u>53,738</u>	<u>58,637</u>	<u>58,637</u>	<u>-</u>
EXPENDITURES:				
Capital outlay:				
Transportation	54,000	58,637	58,637	-
Total expenditures	<u>54,000</u>	<u>58,637</u>	<u>58,637</u>	<u>-</u>
NET CHANGES IN FUND BALANCE	<u>\$ (262)</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</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, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental revenues	\$ 21,457	\$ 21,457	\$ 4,896	\$ (16,561)
Total revenues	<u>21,457</u>	<u>21,457</u>	<u>4,896</u>	<u>(16,561)</u>
EXPENDITURES:				
Current:				
Health and sanitation	23,000	45,362	1,205	44,157
Total expenditures	<u>23,000</u>	<u>45,362</u>	<u>1,205</u>	<u>44,157</u>
NET CHANGES IN FUND BALANCE	<u>\$ (1,543)</u>	<u>\$ (23,905)</u>	3,691	<u>\$ 27,596</u>
FUND BALANCE:				
Beginning of year			<u>22,114</u>	
End of year			<u>\$ 25,805</u>	



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, 2020

	Central Garage	Print Shop	Total
ASSETS			
Current Assets:			
Inventories	\$ 57,451	\$ 1,512	\$ 58,963
Total current assets	<u>57,451</u>	<u>1,512</u>	<u>58,963</u>
Noncurrent assets:			
Capital assets:			
Capital assets, being depreciated:			
Equipment	1,293,138	-	1,293,138
Less: accumulated depreciation	<u>(1,230,937)</u>	<u>-</u>	<u>(1,230,937)</u>
Total capital assets, net	<u>62,201</u>	<u>-</u>	<u>62,201</u>
Total noncurrent assets	<u>62,201</u>	<u>-</u>	<u>62,201</u>
Total assets	<u>119,652</u>	<u>1,512</u>	<u>121,164</u>
LIABILITIES			
Current liabilities:			
Accounts payable	22,862	9,654	32,516
Accrued liabilities	<u>18,215</u>	<u>9,356</u>	<u>27,571</u>
Total current liabilities	<u>41,077</u>	<u>19,010</u>	<u>60,087</u>
Total liabilities	<u>41,077</u>	<u>19,010</u>	<u>60,087</u>
NET POSITION			
Investment in capital assets	62,201	-	62,201
Unrestricted	<u>16,374</u>	<u>(17,498)</u>	<u>(1,124)</u>
Total net position	<u>\$ 78,575</u>	<u>\$ (17,498)</u>	<u>\$ 61,077</u>

City of Lakewood
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2020

	Central Garage	Print Shop	Total
OPERATING REVENUES:			
Billing to departments	\$ 907,556	\$ 308,724	\$ 1,216,280
Total operating revenues	<u>907,556</u>	<u>308,724</u>	<u>1,216,280</u>
OPERATING EXPENSES:			
Operating expenses	952,906	308,254	1,261,160
Depreciation	27,781	-	27,781
Total operating expenses	<u>980,687</u>	<u>308,254</u>	<u>1,288,941</u>
OPERATING INCOME (LOSS)	<u>(73,131)</u>	<u>470</u>	<u>(72,661)</u>
CHANGE IN NET POSITION	(73,131)	470	(72,661)
NET POSITION:			
Beginning of the year	151,706	(17,968)	133,738
End of the year	<u>\$ 78,575</u>	<u>\$ (17,498)</u>	<u>\$ 61,077</u>

City of Lakewood
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2020

	Central Garage	Print Shop	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from interfund services provided	\$ 907,513	\$ 308,724	\$ 1,216,237
Payments to suppliers for goods and services	(907,513)	(308,724)	(1,216,237)
Net cash provided by (used in) operating activities	<u>-</u>	<u>-</u>	<u>-</u>
Changes in cash and cash equivalents	-	-	-
CASH AND CASH EQUIVALENTS:			
Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
End of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:			
Operating income (loss)	\$ (73,131)	\$ 470	\$ (72,661)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	27,781	-	27,781
Change in assets and liabilities:			
(Increase) decrease in inventories	47,386	(402)	46,984
Increase (decrease) in accounts payable	(490)	(589)	(1,079)
Increase (decrease) in accrued liabilities	(1,503)	521	(982)
Increase (decrease) in due to other funds	(43)	-	(43)
Total adjustment	<u>73,131</u>	<u>(470)</u>	<u>72,661</u>
Net cash provided by (used in) operating activities	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></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.

Water Fiduciary Fund - To account for fund activities of a joint powers authority whose purpose is to maintain and manage the quality, quantity, and storage of groundwater for the benefit of local interest.



City of Lakewood
Combining Statement of Fiduciary Assets and Liabilities
All Agency Funds
June 30, 2020

	Deposits	Housing Rehabilitation	Water Fiduciary Fund	Total
ASSETS:				
Cash and investments	\$ 551,743	\$ 308,544	\$ -	\$ 860,287
Accounts receivable	-	-	16,875	16,875
Loans receivable	-	598,323	-	598,323
Total assets	<u>\$ 551,743</u>	<u>\$ 906,867</u>	<u>\$ 16,875</u>	<u>\$ 1,475,485</u>
LIABILITIES:				
Accounts payable	\$ 239	\$ 8,235	\$ 16,875	\$ 25,349
Accrued liabilities	-	1,280	-	1,280
Deposits	551,504	131,715	-	683,219
Due to HUD	-	765,637	-	765,637
Total liabilities	<u>\$ 551,743</u>	<u>\$ 906,867</u>	<u>\$ 16,875</u>	<u>\$ 1,475,485</u>

City of Lakewood
Statement of Changes in Fiduciary Assets and Liabilities
All Agency Funds
For the Year Ended June 30, 2020

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
<u>Deposits</u>				
ASSETS:				
Cash and investments	\$ 504,979	\$ 121,951	\$ (75,187)	\$ 551,743
Total assets	<u>\$ 504,979</u>	<u>\$ 121,951</u>	<u>\$ (75,187)</u>	<u>\$ 551,743</u>
LIABILITIES:				
Accounts payable	\$ 591	\$ 48,260	\$ (48,612)	\$ 239
Deposits	504,388	73,691	(26,575)	551,504
Total liabilities	<u>\$ 504,979</u>	<u>\$ 121,951</u>	<u>\$ (75,187)</u>	<u>\$ 551,743</u>
<u>Housing Rehabilitation</u>				
ASSETS:				
Cash and investments	\$ 349,363	\$ 179,618	\$ (220,437)	\$ 308,544
Loans receivable	654,052	-	(55,729)	598,323
Total assets	<u>\$ 1,003,415</u>	<u>\$ 179,618</u>	<u>\$ (276,166)</u>	<u>\$ 906,867</u>
LIABILITIES:				
Accounts payable	\$ 23,823	\$ 97,946	\$ (113,534)	\$ 8,235
Accrued liabilities	1,266	1,281	(1,267)	1,280
Deposits	198,511	96,411	(163,207)	131,715
Due to HUD	779,815	(16,020)	1,842	765,637
Total liabilities	<u>\$ 1,003,415</u>	<u>\$ 179,618</u>	<u>\$ (276,166)</u>	<u>\$ 906,867</u>
<u>Water Fiduciary Fund</u>				
ASSETS:				
Cash and investments	\$ -	\$ 137,429	\$ (137,429)	\$ -
Accounts receivable	-	118,079	(101,204)	16,875
Total assets	<u>\$ -</u>	<u>\$ 118,079</u>	<u>\$ (101,204)</u>	<u>\$ 16,875</u>
LIABILITIES:				
Accounts payable	\$ -	\$ 384,367	\$ (367,492)	\$ 16,875
Total liabilities	<u>\$ -</u>	<u>\$ 384,367</u>	<u>\$ (367,492)</u>	<u>\$ 16,875</u>

City of Lakewood
Statement of Changes in Fiduciary Assets and Liabilities (Continued)
All Agency Funds
For the Year Ended June 30, 2020

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
<u>Total - All Agency Funds</u>				
ASSETS:				
Cash and investments	\$ 854,342	\$ 301,569	\$ (295,624)	\$ 860,287
Accounts receivable	-	118,079	(101,204)	16,875
Loans receivable	654,052	-	(55,729)	598,323
Total assets	\$ 1,508,394	\$ 419,648	\$ (452,557)	\$ 1,475,485
LIABILITIES:				
Accounts payable	\$ 24,414	\$ 530,573	\$ (529,638)	\$ 25,349
Accrued liabilities	1,266	1,281	(1,267)	1,280
Deposits	702,899	170,102	(189,782)	683,219
Due to HUD	779,815	(16,020)	1,842	765,637
Total liabilities	\$ 1,508,394	\$ 685,936	\$ (718,845)	\$ 1,475,485



STATISTICAL SECTION



City of Lakewood
Description of Statistical Section Contents
June 30, 2020

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 - 165
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				
	2011	2012	2013	2014*	2015
Government activities:					
Net investment in capital assets	\$ 88,276,871	\$ 89,515,476	\$ 90,407,845	\$ 89,075,037	\$ 88,511,175
Restricted	14,470,603	18,104,141	12,213,220	3,994,605	15,464,118
Unrestricted	40,166,581	77,688,090	52,582,291	39,712,067	26,918,679
Total governmental activities net position	<u>\$ 142,914,055</u>	<u>\$ 185,307,707</u>	<u>\$ 155,203,356</u>	<u>\$ 132,781,709</u>	<u>\$ 130,893,972</u>
Business-type activities:					
Net investment in capital assets	\$ 23,324,720	\$ 24,189,811	\$ 24,816,486	\$ 24,587,382	\$ 27,408,545
Restricted	-	-	-	-	-
Unrestricted	8,450,077	8,063,991	8,568,199	7,988,528	6,004,051
Total business-type activities net position	<u>\$ 31,774,797</u>	<u>\$ 32,253,802</u>	<u>\$ 33,384,685</u>	<u>\$ 32,575,910</u>	<u>\$ 33,412,596</u>
Primary government:					
Net investment in capital assets	\$ 111,601,591	\$ 113,705,287	\$ 115,224,331	\$ 113,662,419	\$ 115,919,720
Restricted	14,470,603	18,104,141	12,213,220	3,994,605	15,464,118
Unrestricted	48,616,658	85,752,081	61,150,490	47,700,595	32,922,730
Total primary government net position	<u>\$ 174,688,852</u>	<u>\$ 217,561,509</u>	<u>\$ 188,588,041</u>	<u>\$ 165,357,619</u>	<u>\$ 164,306,568</u>

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

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

	Fiscal Year				
	2016	2017**	2018	2019	2020
Government activities:					
Net investment in capital assets	\$ 90,100,125	\$ 94,918,550	\$ 100,416,548	\$ 108,108,047	\$ 111,479,193
Restricted	10,805,986	15,160,381	21,751,112	24,069,839	27,088,588
Unrestricted	31,932,235	25,186,231	17,346,009	16,446,872	13,077,407
Total governmental activities net position	<u>\$ 132,838,346</u>	<u>\$ 135,265,162</u>	<u>\$ 139,513,669</u>	<u>\$ 148,624,758</u>	<u>\$ 151,645,188</u>
Business-type activities:					
Net investment in capital assets	\$ 28,527,530	\$ 27,587,388	\$ 26,543,189	\$ 26,327,391	\$ 27,211,808
Restricted	-	-	-	-	-
Unrestricted	6,287,737	9,848,943	11,954,770	13,057,126	12,982,718
Total business-type activities net position	<u>\$ 34,815,267</u>	<u>\$ 37,436,331</u>	<u>\$ 38,497,959</u>	<u>\$ 39,384,517</u>	<u>\$ 40,194,526</u>
Primary government:					
Net investment in capital assets	\$ 118,627,655	\$ 122,505,938	\$ 126,959,737	\$ 134,435,438	\$ 138,691,001
Restricted	10,805,986	15,160,381	21,751,112	24,069,839	27,088,588
Unrestricted	38,219,972	35,035,174	29,300,779	29,503,998	26,060,125
Total primary government net position	<u>\$ 167,653,613</u>	<u>\$ 172,701,493</u>	<u>\$ 178,011,628</u>	<u>\$ 188,009,275</u>	<u>\$ 191,839,714</u>

** 2017 unrestricted net positions are restated as result of implementation of GASB Statement No. 75.

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

	Fiscal Year				
	2011	2012	2013	2014	2015
Expenses:					
Governmental Activities:					
General government	\$ 7,202,986	\$ 7,333,030	\$ 7,527,025	\$ 7,412,703	\$ 10,354,630
Public Safety	12,715,680	12,277,420	12,450,911	12,983,054	13,525,219
Transportation	5,247,578	6,068,549	6,137,250	4,587,061	4,772,202
Community development	11,240,548	6,973,684	4,548,531	4,967,510	4,622,036
Health and sanitation	4,451,021	4,612,935	4,692,717	4,925,697	4,888,091
Culture and leisure	10,037,245	9,548,824	10,205,926	11,386,411	12,090,213
Unallocated infrastructure depreciation	2,325,713	2,492,155	2,606,851	2,676,442	2,695,986
Interest on long-term debt	454,054	650,838	-	-	-
Total governmental activities expenses	53,674,825	49,957,435	48,169,211	48,938,878	52,948,377
Business-type activities:					
Water	8,113,079	8,703,206	9,358,616	9,990,086	9,554,985
Total primary government expenses	\$ 61,787,904	\$ 58,660,641	\$ 57,527,827	\$ 58,928,964	\$ 62,503,362
Program revenues:					
Governmental activities:					
Charges for services:					
General government	\$ 1,077,906	\$ 1,177,789	\$ 1,500,664	\$ 1,753,540	\$ 1,679,199
Public safety	954,298	904,654	827,333	863,286	866,028
Community development	1,066,061	787,552	887,126	1,199,667	1,647,432
Health and sanitation	4,752,505	4,838,762	4,965,890	5,111,702	5,242,204
Culture and leisure	1,479,616	1,512,728	1,522,022	1,562,310	1,577,319
Operating grants and contributions	8,037,655	3,238,589	3,553,814	4,810,026	4,176,696
Capital grants and contributions	2,760,832	3,077,293	1,538,183	866,959	1,726,390
Total governmental activities program revenues	20,128,873	15,537,367	14,795,032	16,167,490	16,915,268
Business-type activities:					
Charges for services:					
Water	8,124,574	9,096,414	10,573,733	11,711,839	10,311,109
Total primary government program revenues	\$ 28,253,447	\$ 24,633,781	\$ 25,368,765	\$ 27,879,329	\$ 27,226,377
Net revenues (expenses):					
Governmental activities	\$ (33,545,952)	\$ (34,420,068)	\$ (33,374,179)	\$ (32,771,388)	\$ (36,033,109)
Business-type activities	11,495	393,208	1,215,117	1,721,753	756,124
Total net revenues (expenses)	\$ (33,534,457)	\$ (34,026,860)	\$ (32,159,062)	\$ (31,049,635)	\$ (35,276,985)

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

	Fiscal Year				
	2016	2017	2018	2019	2020
Expenses:					
Governmental Activities:					
General government	\$ 7,187,053	\$ 7,618,899	\$ 8,414,207	\$ 8,623,397	\$ 9,633,988
Public Safety	14,271,008	14,266,703	14,934,025	15,587,612	15,847,990
Transportation	4,740,336	4,915,779	5,319,350	5,618,743	6,191,543
Community development	4,759,414	5,216,400	5,602,768	5,755,708	5,965,959
Health and sanitation	4,901,125	5,066,047	5,173,751	5,440,069	5,488,139
Culture and leisure	11,770,595	12,757,229	13,919,102	14,023,325	14,317,749
Unallocated infrastructure depreciation	2,721,461	2,732,259	2,680,800	2,610,286	2,472,242
Interest on long-term debt	15,143	14,308	12,246	10,065	24,865
Total governmental activities expenses	50,366,135	52,587,624	56,056,249	57,669,205	59,942,475
Business-type activities:					
Water	9,628,369	9,316,642	12,124,940	12,722,577	12,340,848
Total primary government expenses	\$ 59,994,504	\$ 61,904,266	\$ 68,181,189	\$ 70,391,782	\$ 72,283,323
Program revenues:					
Governmental activities:					
Charges for services:					
General government	\$ 1,790,751	\$ 1,961,794	\$ 1,701,064	\$ 1,842,865	\$ 1,723,330
Public safety	912,841	828,408	799,898	824,844	739,734
Community development	1,754,359	1,687,297	1,644,380	1,831,695	1,647,529
Health and sanitation	5,309,601	5,430,005	5,493,200	5,736,770	6,017,870
Culture and leisure	1,543,688	1,591,984	1,505,685	1,627,965	1,050,990
Operating grants and contributions	3,585,692	6,100,046	8,633,736	9,751,629	8,862,665
Capital grants and contributions	3,365,208	8,542,663	6,315,712	8,315,163	6,378,745
Total governmental activities program revenues	18,262,140	26,142,197	26,093,675	29,930,931	26,420,863
Business-type activities:					
Charges for services:					
Water	10,930,852	10,873,311	13,003,840	13,354,770	12,869,000
Total primary government program revenues	\$ 29,192,992	\$ 37,015,508	\$ 39,097,515	\$ 43,285,701	\$ 39,289,863
Net revenues (expenses):					
Governmental activities	\$ (32,103,995)	\$ (26,445,427)	\$ (29,962,574)	\$ (27,738,274)	\$ (33,521,612)
Business-type activities	1,302,483	1,556,669	878,900	632,193	528,152
Total net revenues (expenses)	\$ (30,801,512)	\$ (24,888,758)	\$ (29,083,674)	\$ (27,106,081)	\$ (32,993,460)

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

	Fiscal Year				
	2011	2012	2013	2014	2015
General revenues and other changes in net position:					
Governmental activities:					
Taxes:					
Sales taxes	\$ 11,262,520	\$ 14,217,422	\$ 15,461,092	\$ 15,792,115	\$ 15,890,678
Property taxes	19,062,606	14,444,518	12,030,119	11,310,210	11,831,561
Franchise taxes	1,455,300	1,538,068	1,607,535	1,697,405	1,757,264
Business operation taxes	469,595	546,279	508,100	542,110	565,441
Utility user taxes	3,508,512	3,360,149	3,626,639	3,520,414	3,464,047
Other taxes	246,165	260,456	308,522	322,834	372,276
Unrestricted, motor vehicle in lieu	383,059	41,395	42,894	35,499	-
Grants and contributions not restricted to specific programs	1,147,814	1,026,041	893,110	-	-
Gain on sale of property	-	-	108,469	-	-
Investment income	566,427	699,751	137,346	377,099	264,105
Total governmental activities	<u>38,101,998</u>	<u>36,134,079</u>	<u>34,723,826</u>	<u>33,597,686</u>	<u>34,145,372</u>
Business-type activities:					
Gain on sale of capital assets	-	-	-	-	-
Investment income	171,015	85,797	59,279	60,664	80,562
Total business-type activities	<u>171,015</u>	<u>85,797</u>	<u>59,279</u>	<u>60,664</u>	<u>80,562</u>
Total primary government	<u>\$ 38,273,013</u>	<u>\$ 36,219,876</u>	<u>\$ 34,783,105</u>	<u>\$ 33,658,350</u>	<u>\$ 34,225,934</u>
Changes in net position, before special and extraordinary item					
Governmental activities	\$ 4,556,046	\$ 1,714,011	\$ 1,349,647	\$ 808,298	\$ (1,887,737)
Business-type activities	182,510	479,005	1,274,396	1,782,417	836,686
Special item	-	-	-	-	-
Extraordinary item	-	40,679,641	(31,453,996)	-	-
Changes in net position					
Governmental activities	\$ 4,556,046	\$ 42,393,652	\$ (30,104,349)	\$ 808,298	\$ (1,887,737)
Business-type activities	182,510	479,005	1,274,396	1,782,417	836,686
Total primary government	<u>\$ 4,738,556</u>	<u>\$ 42,872,657</u>	<u>\$ (28,829,953)</u>	<u>\$ 2,590,715</u>	<u>\$ (1,051,051)</u>

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

	Fiscal Year				
	2016	2017	2018	2019	2020
General revenues and other changes in net position:					
Governmental activities:					
Taxes:					
Sales taxes	\$ 15,961,352	\$ 14,133,828	\$ 14,303,519	\$ 14,635,987	\$ 13,555,147
Property taxes	12,747,876	13,039,739	13,795,722	14,637,510	15,657,307
Franchise taxes	1,699,343	1,430,601	1,598,487	1,543,020	1,519,485
Business operation taxes	1,016,140	674,880	650,728	651,364	462,677
Utility user taxes	3,398,962	3,314,095	3,163,738	3,061,021	2,650,026
Other taxes	378,213	442,393	424,144	409,432	469,328
Unrestricted, motor vehicle in lieu	-	-	-		
Grants and contributions not restricted to specific programs	-	-	-		
Gain on sale of property	-	114,000	-	77,715	-
Investment income	482,676	459,477	274,743	1,833,314	2,228,072
Total governmental activities	35,684,562	33,609,013	34,211,081	36,849,363	36,542,042
Business-type activities:					
Gain on sale of capital assets	-	1,035,021	-	-	-
Investment income	100,188	131,040	182,728	254,365	281,857
Total business-type activities	100,188	1,166,061	182,728	254,365	281,857
Total primary government	\$ 35,784,750	\$ 34,775,074	\$ 34,393,809	\$ 37,103,728	\$ 36,823,899
Changes in net position, before special and extraordinary item					
Governmental activities	\$ 3,580,567	\$ 7,163,586	\$ 4,248,507	\$ 9,111,089	\$ 3,020,430
Business-type activities	1,402,671	2,722,730	1,061,628	886,558	810,009
Special item	(1,636,193)	-	-	-	-
Extraordinary item	-	-	-	-	-
Changes in net position					
Governmental activities	\$ 1,944,374	\$ 7,163,586	\$ 4,248,507	\$ 9,111,089	\$ 3,020,430
Business-type activities	1,402,671	2,722,730	1,061,628	886,558	810,009
Total primary government	\$ 3,347,045	\$ 9,886,316	\$ 5,310,135	\$ 9,997,647	\$ 3,830,439

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

	Fiscal Year				
	2011 ^(a)	2012	2013	2014	2015
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	\$ 17,679,908	\$ 17,874,837	\$ 4,173,679	\$ 2,670,747	\$ 3,334,102
Restricted	-	-	-	-	-
Committed	28,402,628	30,036,038	29,066,342	32,456,408	28,993,127
Assigned	7,774,015	8,349,193	8,589,044	8,738,457	8,784,875
Unassigned	1,258,266	2,564,755	3,796,234	3,640,285	4,737,497
Total general fund	<u>\$ 55,114,817</u>	<u>\$ 58,824,823</u>	<u>\$ 45,625,299</u>	<u>\$ 47,505,897</u>	<u>\$ 45,849,601</u>
All other governmental funds:					
Nonspendable	\$ 7,526,041	\$ 8,014,163	\$ 8,536,583	\$ 8,537,919	\$ 10,614,864
Restricted	11,739,494	6,955,242	3,679,754	4,256,020	4,807,418
Unassigned	(33,387,970)	(98,847)	(626,208)	(1,408,079)	(834,768)
Total all other governmental funds	<u>\$ (14,122,435)</u>	<u>\$ 14,870,558</u>	<u>\$ 11,590,129</u>	<u>\$ 11,385,860</u>	<u>\$ 14,587,514</u>

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

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

	Fiscal Year				
	2016	2017	2018	2019	2020
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	\$ 9,007,179	\$ 9,242,133	\$ 9,614,693	\$ 9,887,493	\$ 10,088,435
Restricted	-	-	-	617,122	62,478
Committed	22,470,125	24,641,778	25,016,682	24,952,465	26,389,437
Assigned	9,060,489	7,941,985	4,573,815	4,941,360	4,905,102
Unassigned	<u>2,545,033</u>	<u>1,388,222</u>	<u>1,721,244</u>	<u>2,182,964</u>	<u>1,306,735</u>
Total general fund	<u>\$ 43,082,826</u>	<u>\$ 43,214,118</u>	<u>\$ 40,926,434</u>	<u>\$ 42,581,404</u>	<u>\$ 42,752,187</u>
All other governmental funds:					
Nonspendable	\$ 7,216,652	\$ 7,293,057	\$ -	\$ -	\$ -
Restricted	10,304,699	11,811,420	21,385,895	23,637,463	27,025,084
Unassigned	<u>(657,720)</u>	<u>(3,223,534)</u>	<u>(2,000,042)</u>	<u>(2,813,850)</u>	<u>(2,942,067)</u>
Total all other governmental funds	<u>\$ 16,863,631</u>	<u>\$ 15,880,943</u>	<u>\$ 19,385,853</u>	<u>\$ 20,823,613</u>	<u>\$ 24,083,017</u>

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

	Fiscal Year				
	2011	2012	2013	2014	2015
Revenues:					
Taxes	\$ 31,649,661	\$ 27,467,122	\$ 26,411,985	\$ 26,076,260	\$ 26,285,474
Licenses and permits	770,650	635,098	882,983	860,267	1,236,029
Fines and forfeitures	881,450	817,092	782,011	794,905	800,988
Investment income, rents and concessions	5,450,149	3,635,549	1,015,685	1,229,344	1,348,984
From other agencies	15,618,323	13,998,687	11,734,813	11,732,076	12,262,584
Current service charges	7,746,660	8,015,864	8,416,888	7,354,833	7,603,770
Other	1,168,393	138,664	250,038	1,209,438	3,883,093
Total revenues	63,285,286	54,708,076	49,494,403	49,257,123	53,420,922
Expenditures:					
Current:					
General government	6,859,346	6,975,939	7,080,629	7,198,445	10,121,711
Public safety	12,671,881	12,217,707	12,374,488	12,622,353	13,279,510
Transportation	5,230,678	6,018,040	6,108,720	4,454,458	4,529,295
Community Development	10,491,644	5,873,608	4,358,375	4,822,302	4,550,855
Health and sanitation	4,449,913	4,612,804	4,690,837	4,789,347	4,884,931
Culture and leisure	9,346,305	8,813,262	9,440,235	11,057,389	11,029,303
Capital outlay:					
General government	-	33,803	4,054	-	43,032
Public safety	71,053	41,530	543,434	-	-
Transportation	4,946,347	3,909,593	3,061,913	1,412,843	605,487
Community Development	72,347	-	-	-	55,238
Culture and leisure	1,301,069	933,986	1,653,418	1,194,657	2,776,202
Debt service:					
Owner participation agreement payments	764,882	-	-	-	-
Principal retirement	1,000,000	1,040,000	-	-	-
Interest and fiscal charges	4,558,769	3,876,203	-	-	-
Total expenditures	61,764,234	54,346,475	49,316,103	47,551,794	51,875,564
Excess of revenues over (under) expenditures	1,521,052	361,601	178,300	1,705,329	1,545,358
Other financing sources (uses):					
Issuance of lease payable	-	-	-	-	-
Transfers in	5,940,999	3,309,912	2,457,077	2,597,281	2,107,215
Transfers out	(5,940,999)	(3,309,912)	(2,457,077)	(2,597,281)	(2,107,215)
Sale of capital assets	-	-	511,875	-	-
Total other financing sources (uses)	-	-	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	1,521,052	(565,114)	690,175	1,705,329	1,545,358
EXTRAORDINARY ITEM:					
Gain (loss) on dissolution of Redevelopment Agency	-	33,268,113	(17,199,128)	-	-
Net change in fund balances	\$ 1,521,052	\$ 32,702,999	\$ (16,508,953)	\$ 1,705,329	\$ 1,545,358
Debt service as a percentage of noncapital expenditures	10.04%	10.04%	0.00%	0.00%	0.00%

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

	Fiscal Year				
	2016	2017	2018	2019	2020
Revenues:					
Taxes	\$ 28,512,153	\$ 27,428,381	\$ 27,840,342	\$ 28,653,388	\$ 27,684,978
Licenses and permits	1,305,394	1,271,711	1,213,898	1,356,208	1,311,229
Fines and forfeitures	792,042	726,158	803,671	877,832	734,643
Investment income, rents and concessions	1,579,999	1,628,636	1,549,043	3,172,061	3,392,410
From other agencies	13,040,289	16,801,522	21,529,691	22,305,483	21,703,390
Current service charges	7,820,247	7,676,870	7,727,896	8,102,123	7,789,524
Other	1,319,267	1,332,492	1,296,960	1,369,123	1,066,017
Total revenues	54,369,391	56,865,770	61,961,501	65,836,218	63,682,191
Expenditures:					
Current:					
General government	7,469,038	7,598,738	7,775,703	7,928,367	8,241,505
Public safety	14,035,382	13,957,135	14,643,744	15,297,771	15,583,762
Transportation	4,848,633	4,794,659	4,938,424	4,994,979	5,279,004
Community Development	4,877,917	5,266,588	5,448,344	5,576,834	5,544,163
Health and sanitation	4,908,103	5,064,902	5,173,879	5,406,156	5,477,528
Culture and leisure	11,356,886	11,845,756	12,296,334	12,275,314	11,886,225
Capital outlay:					
General government	60,392	71,163	125,383	201,076	-
Public safety	894,527	-	-	-	-
Transportation	2,474,885	7,838,438	6,122,168	9,821,988	7,137,458
Community Development	85,996	30,256	7,116	24,532	7,414
Culture and leisure	2,443,762	1,313,659	4,163,308	1,994,314	881,672
Debt service:					
Owner participation agreement payments	-	-	-	-	-
Principal retirement	31,313	35,564	37,626	39,807	185,206
Interest and fiscal charges	15,143	14,308	12,246	10,065	28,067
Total expenditures	53,501,977	57,831,166	60,744,275	63,571,203	60,252,004
Excess of revenues over (under) expenditures	867,414	(965,396)	1,217,226	2,265,015	3,430,187
Other financing sources (uses):					
Issuance of lease payable	278,121	-	-	750,000	-
Transfers in	1,771,504	1,564,966	1,808,209	1,571,741	2,213,002
Transfers out	(1,771,504)	(1,564,966)	(1,808,209)	(1,571,741)	(2,213,002)
Sale of capital assets	-	114,000	-	77,715	-
Total other financing sources (uses)	278,121	114,000	-	827,715	-
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	(490,658)	(851,396)	1,217,226	3,092,730	3,430,187
EXTRAORDINARY ITEM:					
Gain (loss) on dissolution of Redevelopment Agency	-	-	-	-	-
Net change in fund balances	\$ (490,658)	\$ (851,396)	\$ 1,217,226	\$ 3,092,730	\$ 3,430,187
Debt service as a percentage of noncapital expenditures	0.10%	0.10%	0.10%	0.10%	0.41%

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

Fiscal Year Ended June 30	Sales Taxes	Property Taxes	Franchise Taxes	Business Operation Taxes	Utility User Taxes	Other Taxes	Total
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
2019	14,635,987	14,637,510	1,543,020	662,914	3,061,021	409,432	34,949,884
2020	13,555,147	15,657,307	1,519,485	462,677	2,650,026	469,328	34,313,970

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

2020		2011	
Business Name	Business Category	Business Name	Business Category
Arco	Service Stations	76 Station	Service Stations
Arco AM PM	Service Stations	Arco AM PM	Service Stations
Best Buy	Electronics/Appliance Stores	Bed Bath & Beyond	Home Furnishings
Big Lots	Variety Stores	Best Buy	Electronics/Appliance Stores
Burlington	Family Apparel	Caruso Ford Lincoln	New Motor Vehicle Dealers
Caruso Ford	New Motor Vehicle Dealers	CostCo	Discount Dept Stores
Chevron	Service Stations	CVS Pharmacy	Drug Stores
Costco	Discount Dept Stores	Del Amo Mobil	Service Stations
CVS Pharmacy	Drug Stores	Forever 21	Women's Apparel
Foot Locker	Shoe Stores	Harbor Chevrolet/Hyundai	New Motor Vehicle Dealers
Harbor Chevrolet Harbor	New Motor Vehicle Dealers	Home Depot	Building Materials
Home Depot	Building Materials	JC Penney	Department Stores
JC Penney	Department Stores	Kohls	Department Stores
Kohls	Department Stores	Lakewood Arco	Service Stations
Macys	Department Stores	Lakewood Chevron	Service Stations
McDonalds	Quick-Service Restaurants	Macys	Department Stores
Raising Cane's	Quick-Service Restaurants	McDonalds	Quick-Service Restaurants
Russell Sigler	Contractors	Nordstrom Rack	Department Stores
Target	Discount Dept Stores	Pacific Ford	New Motor Vehicle Dealers
United Oil	Service Stations	Rapid Gas	Service Stations
Victoria's Secret	Women's Apparel	Ross	Family Apparel
Vons	Grocery Stores	Target	Discount Dept Stores
Vons Fuel	Service Stations	Vons	Grocery Stores
Walmart Supercenter	Discount Dept Stores	Vons Fuel	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
Taxables Sales by Category
Last Ten Calendar Years
(in thousands of dollars)

	Fiscal Years				
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Apparel Stores	\$ 91,080	\$ 90,540	\$ 91,821	\$ 94,682	\$ 100,090
General Merchandise	280,026	306,949	322,971	329,626	339,237
Food Stores	32,776	35,780	41,353	44,442	46,198
Eating and Drinking Places	139,487	147,412	157,219	167,347	176,455
Building Materials	52,489	55,154	58,739	63,714	66,480
Auto Dealers and Supplies	100,609	113,960	114,821	100,940	113,843
Service Stations	110,969	129,070	134,787	128,494	123,183
Other Retail Stores	164,822	163,435	177,164	178,010	185,630
All Other Outlets	138,306	150,988	157,199	174,803	188,879
	<u>\$ 1,110,564</u>	<u>\$ 1,193,288</u>	<u>\$ 1,256,074</u>	<u>\$ 1,282,058</u>	<u>\$ 1,339,995</u>

Source: HDL

City of Lakewood
Taxables Sales by Category (Continued)
Last Ten Calendar Years
(in thousands of dollars)

	Fiscal Years				
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Apparel Stores	\$ 104,262	\$ 108,777	\$ 107,971	\$ 111,925	\$ 111,451
General Merchandise	335,292	326,877	332,043	319,083	324,131
Food Stores	47,494	47,845	46,073	46,429	47,825
Eating and Drinking Places	189,057	197,497	204,971	208,381	215,395
Building Materials	67,557	73,781	78,690	91,179	75,681
Auto Dealers and Supplies	133,160	154,323	161,696	130,424	129,173
Service Stations	100,673	86,673	93,554	107,480	102,185
Other Retail Stores	190,440	191,145	195,787	196,820	194,360
All Other Outlets	192,439	209,133	220,039	221,375	244,317
	<u>\$ 1,360,374</u>	<u>\$ 1,396,051</u>	<u>\$ 1,440,824</u>	<u>\$ 1,433,096</u>	<u>\$ 1,444,518</u>

Source: HDL

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

	Fiscal Years									
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
City Sales Tax rate	8.750%	8.750%	9.000%	9.000%	9.000%	9.000%	8.750%	9.500%	9.500%	9.500%

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
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%
2019	9,513,618	225	141,465	9,655,308	0.060%
2020	9,983,645	226	145,044	10,128,915	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>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
City Direct Rates:										
City basic rate	\$ 0.1799	\$ 0.1811	\$ 0.1855	\$ 0.0607	\$ 0.0606	\$ 0.0604	\$ 0.0603	\$ 0.0602	\$ 0.0602	\$ 0.0601
Overlapping Rates:										
Los Angeles County	-	-	-	-	-	-	-	-	-	-
School Districts	0.2686	0.2830	0.3200	0.3039	0.3681	0.3066	0.3980	0.5239	0.5198	0.6274
Sanitation and Water	-	-	-	-	-	-	-	-	-	-
Water Districts	0.0037	0.0037	0.0035	0.0035	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>\$ 1.4522</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>	<u>\$ 1.5835</u>	<u>\$ 1.6909</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

	2020		2011	
	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	\$ 365,107,542	3.60%	\$ 272,250,273	3.87%
Lakewood Manor Apartments LLC	95,071,715	0.94%	N/A	N/A
Lakewood Regional Medical Center	64,907,928	0.64%	\$ 64,420,275	0.89%
B9 MF 12350 DEL AMO LLC	54,768,406	0.54%	N/A	N/A
Towne Center Fee Owner LLC	46,742,416	0.46%	N/A	N/A
Lakewood Marketplace LLC	41,296,539	0.41%	\$ 35,467,219	0.50%
May Company Department Stores	36,458,365	0.36%	\$ 38,458,614	0.55%
Carwood Center LLC	34,088,942	0.34%	\$ 25,300,000	0.36%
The 5800 Apartment Homes LLC	32,813,075	0.32%	N/A	N/A
Regency Center LLC	32,721,439	0.32%	\$ 26,590,603	0.38%
Total	<u>\$ 803,976,367</u>	<u>7.93%</u>	<u>\$ 462,486,984</u>	<u>6.6%</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 Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
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%
2019	5,235,071	5,104,779	97.51%	130,292	5,235,071	100.00%
2020	5,406,685	5,286,360	97.77%	120,325	5,406,685	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.

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
2011	-	8,447,372	-	8,447,372
2012	-	- ²	-	-
2013	-	- ²	-	-
2014	-	- ²	-	-
2015	-	- ²	-	-
2016	-	- ²	246,808	246,808
2017	-	- ²	211,244	211,244
2018	-	- ²	173,617	173,617
2019	-	- ²	883,811	883,811
2020	-	- ²	698,605	698,605

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.

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 Payable	Total Business-type Activities	Total Primary Government	Percentage of Personal Income ¹	Debt Per Capita ¹
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	10,139,347	10,534,308	10,707,925	0.43%	132
-	197,480	9,378,045	9,575,525	10,459,336	0.41%	129
-	-	8,594,758	8,594,758	9,293,363	0.34%	116

¹ These ratios are calculated using personal income and population for the prior calendar year.

City of Lakewood
Ratio 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		
2011	-	-	-	0.00%	-
2012	-	-	-	0.00%	-
2013	-	-	-	0.00%	-
2014	-	-	-	0.00%	-
2015	-	-	-	0.00%	-
2016	-	-	-	0.00%	-
2017	-	-	-	0.00%	-
2018	-	-	-	0.00%	-
2019	-	-	-	0.00%	-
2020	-	-	-	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, 2020

Total Assessed Valuation		\$8,871,993,746	
	Percentage Applicable ¹	Outstanding Debt 06/30/20	Estimated Share of Overlapping Debt
Overlapping Debt:			
Metropolitan Water District	0.689%	\$ 18,151,752	124,999
Cerritos Community College District 2004 Series 2012D	7.165%	32,727,548	2,345,040
Cerritos Community College District 2012 Series 2014A	7.165%	73,900,000	5,295,186
Cerritos Community College District 2014 Ref Bonds Series A	7.165%	76,720,000	5,497,248
Cerritos Community College District 2014 Ref Bonds Series B	7.165%	9,830,000	704,353
Cerritos Community College District 2012 Series 2018B	7.165%	61,135,000	4,380,530
Cerritos Community College District 2012 Series 2019C	7.165%	152,655,000	10,938,248
Compton Community College District 2002 Series 2012C	2.774%	6,880,568	190,856
Compton Community College District 2012 Refunding Bonds	2.774%	8,010,000	222,185
Compton Community College District 2002 Series 2013D	2.774%	253,405	7,029
Compton Community College District 2014 REF	2.774%	16,245,000	450,610
Compton Community College District 2015 REF BONDS	2.774%	12,330,000	342,015
Compton Community College District 2014 Series A	2.774%	33,500,000	929,237
Compton Community College District 2002 Series 2018E	2.774%	53,645,677	1,488,046
Long Beach Community College District DS 2002 Series D 2007	8.462%	12,690,914	1,073,899
Long Beach Community College District 2008 Series 2009B	8.462%	15,096,105	1,277,426
Long Beach Community College District Ref 02 12 Series A	8.462%	107,883,695	9,129,070
Long Beach Community College District DS Ref Bonds 2014 Series C	8.462%	6,940,000	587,260
Long Beach Community College District DS Ref Bonds 2014 Series E	8.462%	42,430,000	3,590,408
Long Beach Community College District DS Ref Bonds 2015 Series F	8.462%	26,015,000	2,201,378
Long Beach Community College District DS 2016 Series B	8.462%	40,590,000	3,434,708
Long Beach Community College District DS Ref 2017 Series G	8.462%	80,225,000	6,788,604
Long Beach Community College District DS 2016 Series C	8.462%	197,415,000	16,705,169
ABC Unified School District 2003 Ref Bond Series A	10.117%	4,300,000	435,030
ABC Unified School District DS 1997 Series B	10.117%	24,491,818	2,477,834
ABC Unified School District DS 2018 Series A	10.117%	64,500,000	6,525,456
Bellflower Unified School District, District 2012 Series A	28.079%	34,360,000	9,648,029
Bellflower Unified School District, District 2012 Series B	28.079%	41,700,000	11,709,046
Long Beach Unified School District DS 2008 Refunding Bonds	8.460%	17,535,606	1,483,553
Long Beach Unified School District DS 2009 Ref Bonds Series B	8.460%	8,360,000	707,276
Long Beach Unified School District DS 2010 Ref Bonds Series A	8.460%	33,220,000	2,810,490
Long Beach Unified School District DS 2008 SR B-1 QSCB	8.460%	72,406,000	6,125,717
Long Beach Unified School District DS 2011 Refunding Bonds	8.460%	7,725,686	653,611
Long Beach Unified School District DS 2012 Refunding Bonds	8.460%	79,675,000	6,740,691
Long Beach Unified School District DS 2008 Series C	8.460%	34,010,000	2,877,326
Long Beach Unified School District DS 2008 Series D	8.460%	249,328,410	21,093,767
Long Beach Unified School District DS 2016 Refunding Bonds	8.460%	131,005,000	11,083,330
Long Beach Unified School District DS 2008 Series E	8.460%	147,265,000	12,458,964
Long Beach Unified School District DS 2016 Series A	8.460%	243,440,000	20,595,594
Long Beach Unified School District DS 2008 Series F Meas K	8.460%	150,000,000	12,690,351
Long Beach Unified School District DS 2016 Series B Meas E	8.460%	300,000,000	25,380,702
Paramount Unified School District 2006 Series 2011 Bonds	9.749%	33,419,392	3,258,121
Paramount Unified School District 2006 2013 Series C	9.749%	32,052,518	3,124,862
Paramount Unified School District Ref Bond Series 2015	9.749%	27,560,000	2,686,878
Paramount Unified School District DS 1998 Series A	9.749%	7,714,976	752,148
Paramount Unified School District 2016 Series 2017A	9.749%	20,430,000	1,991,760
Paramount Unified School District 2016 Series 2018B	9.749%	29,646,089	2,890,255
Total overlapping debt		\$ 2,879,415,159	\$ 247,904,295
City Direct Debt:			
Lease payable	100.000%	698,605	698,605
Total Direct and Overlapping Debt			\$ 248,602,900

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.

Source: HdL

City of Lakewood
Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Years				
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Assessed valuation (In thousands)	\$ 7,032,248	\$ 7,168,922	\$ 7,281,614	\$ 7,474,292	\$ 7,899,494
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit (In thousands)	1,054,837	1,075,338	1,092,242	1,121,144	1,184,924
Total net debt applicable to the limit:					
General obligation bonds (In thousands)	-	-	-	-	-
Legal debt margin (In thousands)	<u>\$ 1,054,837</u>	<u>\$ 1,075,338</u>	<u>\$ 1,092,242</u>	<u>\$ 1,121,144</u>	<u>\$ 1,184,924</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>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Assessed valuation (In thousands)	\$ 8,298,427	\$ 8,698,092	\$ 9,165,328	\$ 9,655,309	\$ 10,128,915
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit (In thousands)	1,244,764	1,304,714	1,374,799	1,448,296	1,519,337
Total net debt applicable to the limit:					
General obligation bonds (In thousands)	-	-	-	-	-
Legal debt margin (In thousands)	<u>\$ 1,244,764</u>	<u>\$ 1,304,714</u>	<u>\$ 1,374,799</u>	<u>\$ 1,448,296</u>	<u>\$ 1,519,337</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					Coverage
	Water Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service		
				Principal	Interest	
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
2019	13,355	10,473	2,882	245	32	10.40
2020	12,869	10,112	2,757	251	27	9.92

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	
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
2019	-	-	-	-
2020	-	-	-	-

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)
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%
2018	81,352	2,579,207	31,704	4.4%
2019	79,919	2,743,438	34,327	4.1%

City of Lakewood
Principal Employers
Current Year and Nine Years Ago

Employer	2019		2010	
	Number of Employees	Percentage of Total Employment*	Number of Employees	Percent of Total Employment
Long Beach Unified School District	923	2.25%	901	5.40%
Lakewood Regional Medical Center	812	1.98%	N/A	N/A
City of Lakewood	583	1.42%	604	3.62%
Dept. of Children & Family Services	511	1.24%	550	3.29%
Bellflower Unified School District	491	1.19%	418	2.50%
LA County Sheriff's Department	384	0.93%	317	1.90%
ABC Unified School District	376	0.91%	360	2.16%
Wal-Mart	374	0.91%	N/A	N/A
Costco	317	0.77%	N/A	N/A
Albertson's	269	0.65%	500	2.99%
Long Beach Mazda	N/A	N/A	400	2.40%
Piazza McDonald's	N/A	N/A	258	1.55%
Pacific Ford	N/A	N/A	250	1.50%

* Based on updated estimated U.S. Census Bureau's Labor Force count (2019). 2019 data is the most recently available information.



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

<u>Division</u>	Fiscal Years									
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
City Administration	32	32	32	31	30	30	30	29	29	29
City Clerk	2	2	2	2	2	2	2	2	2	2
Administrative Services	21	21	21	21	20	21	21	20	20	20
Community Development	15	15	15	15	14	14	14	14	14	13
Public Works	31	31	31	31	31	32	32	32	32	32
Recreation and Community Services	59	59	59	60	62	62	62	61	61	58
Water Resources	<u>19</u>	<u>19</u>	<u>19</u>	<u>19</u>	<u>19</u>	<u>19</u>	<u>19</u>	<u>17</u>	<u>17</u>	<u>17</u>
Total	<u>179</u>	<u>179</u>	<u>179</u>	<u>179</u>	<u>178</u>	<u>180</u>	<u>180</u>	<u>175</u>	<u>175</u>	<u>171</u>

City of Lakewood
Operating Indicators by Function
Last Ten Fiscal Years

		Fiscal Years				
		<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Public works:						
Street resurfacing (miles)		8	6	6	1	-
Recreation and community services:						
Number of recreation classes		2,230	1,805	1,786	1,812	1,615
Number of facility rentals		5,486	6,871	7,320	7,473	8,259
Water						
New connections		12	27	24	11	6
Number of consumers		20,421	20,440	20,453	20,469	20,489
Average daily consumption (thousands of gallons)		6,920	7,200	7,330	7,549	6,857
Community development						
Number of building permits issued	*	2,889	2,781	2,915	3,107	3,457

*Includes both residential and commercial permits.

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

	Fiscal Years				
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Public works:					
Street resurfacing (miles)	1	-	-	3	-
Recreation and community services:					
Number of recreation classes	1,931	1,711	1,924	1,888	1,355
Number of facility rentals	7,919	5,838	1,577**	1,715**	1,446**
Water					
New connections	2	7	4	9	7
Number of consumers	20,481	20,180	20,196	20,148	20,255
Average daily consumption (thousands of gallons)	5,887	6,262	6,050	5,954	6,014
Community development					
Number of building permits issued	4,408	4,051	3,986	3,765	3,396

*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>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</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>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</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



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Independent Auditors' Report

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

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lakewood, California (the "City") as of and for the year ended June 30, 2020, and the related notes to the basic financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 27, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the basic financial statements, we considered the City's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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 27, 2020