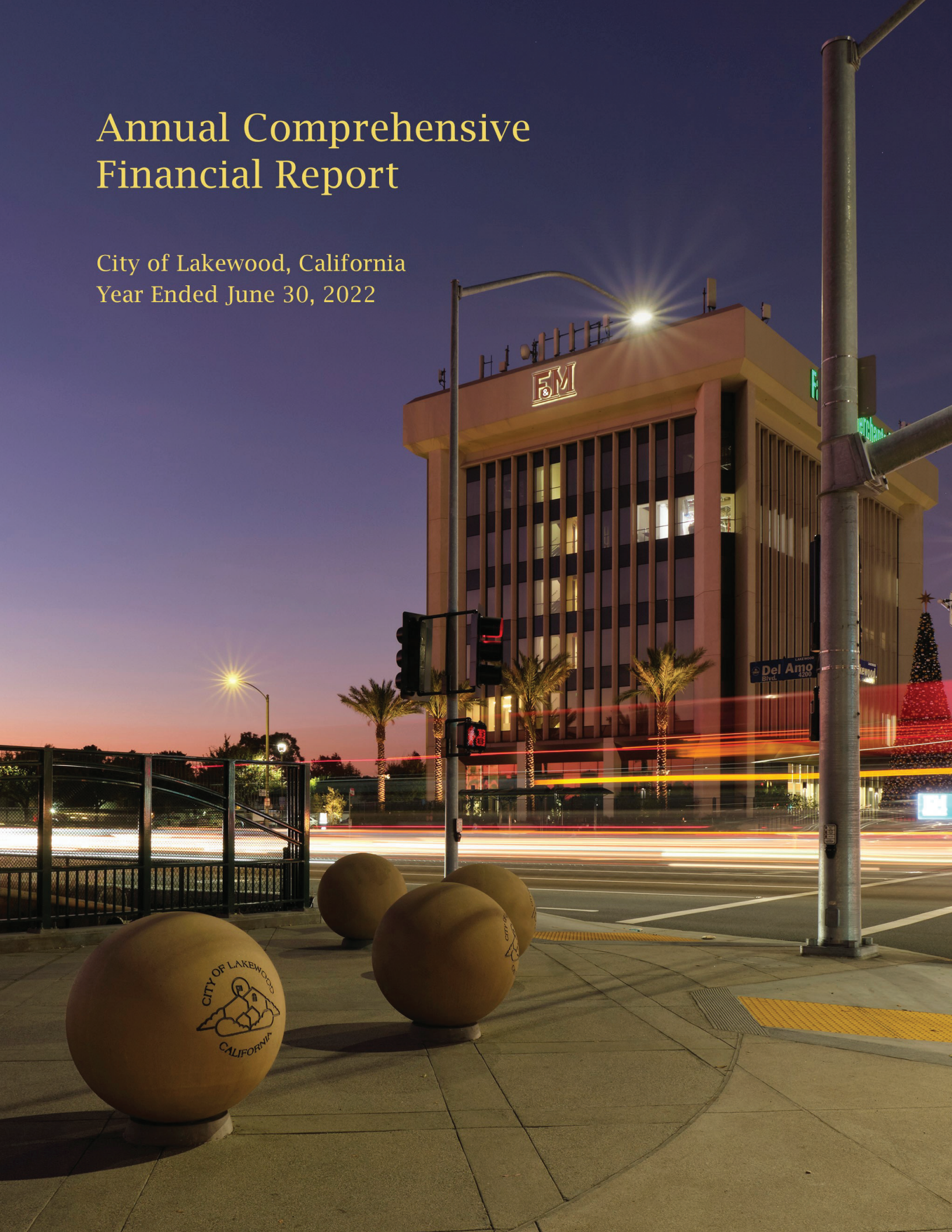


Annual Comprehensive Financial Report

City of Lakewood, California
Year Ended June 30, 2022



CITY OF LAKEWOOD, CALIFORNIA

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

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

**FOR THE YEAR ENDED
JUNE 30, 2022**

Prepared by:
Finance and Administrative Services Department

Jose Gomez
Director of Finance and Administrative Services



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Ariel Pe
Vice Mayor

Cassandra Chase
Council Member



Steve Croft
Mayor

Todd Rogers
Council Member

Jeff Wood
Council Member

December 13, 2022

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 Annual Comprehensive Financial Report 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 annual comprehensive financial report of the City of Lakewood for the fiscal year ended June 30, 2022.

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 is to provide reasonable assurance that the financial statements of the City of Lakewood for the fiscal year ended June 30, 2022 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, 2022 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 82,713 as of the 2020 census.

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.

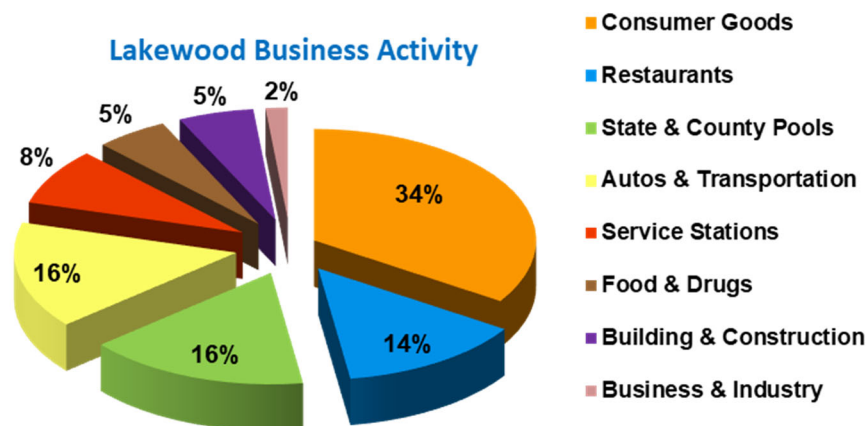
The City of Lakewood provides a full range of services, including police protection, solid waste collection, construction and maintenance of highways, streets and infrastructure, planning and zoning activities, utilities (water), recreational activities, cultural events, housing and general administrative services. As mentioned above, 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 that commences July 1st. The City Manager uses these requests, along with a query of City Council priorities, 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 one of the largest malls 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 essentially "built out," leaving very little of the 9.5 square miles of the City available for new development.



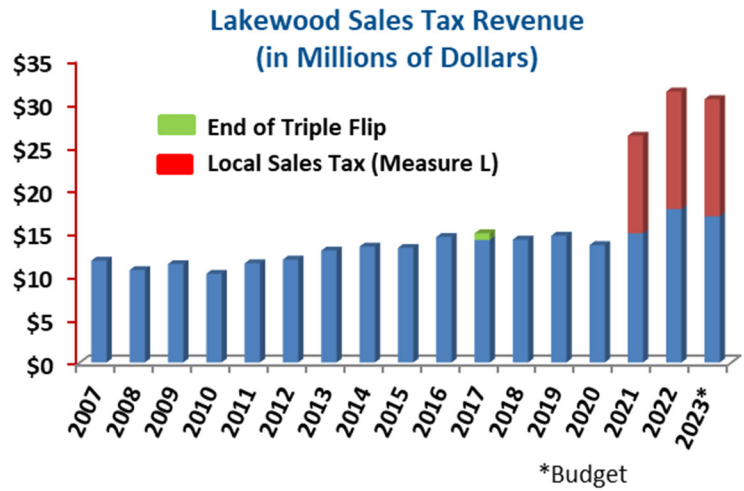
The impact of the COVID-19 pandemic, while subsiding during the year, continued affecting many societal aspects. Restrictions were minimized, but the economic conditions and climate during the fiscal year continued to present a challenge. Locally, in conforming to health mandates, businesses operations were oftentimes reduced. To varying degrees, offices, schools, and churches began to open their doors and/or learned to operate in a remote and virtual environment where every day social interactions were 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 status. Sales tax revenues account for about 47% of all General Fund revenues. There are over 4,000 businesses (including home occupations) located in Lakewood that helped generate over \$17.5 million in "Bradley-Burns" sales tax revenue for the City in Fiscal Year 2021-22. This amount was supplemented by approximately \$13.6 million in sales tax revenue generated by Measure L (the local 0.75% transaction and use tax). More on this below. 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 "Bradley-Burns" sales tax revenues. Undeniably, Lakewood has long benefited from a popular regional shopping center and several smaller commercial plazas. More recently, the City had been experiencing the slowing of sales tax revenue growth. Most of this was stemming from the continued migration of consumers away from traditional brick-and-mortar to online shopping. Restrictions from the COVID-19 pandemic greatly exacerbated this phenomenon starting in March 2020 as many traditional retailers were forced to close their doors and shoppers were reluctant to leave their homes.

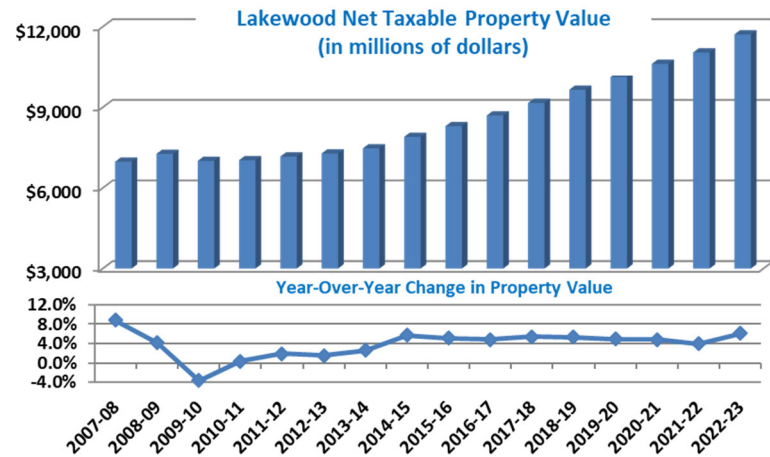
In recent years, state and county pools have provided a greater share of sales tax revenues to the City as online sales have grown and federal tax laws have evolved. This has somewhat offset the loss of brick-and-mortar sales tax revenue to online shopping. Historically, "Bradley-Burns" sales tax collected from online sales had been disbursed to cities through state and county pools based on each city's percent of total brick-and-mortar sales. For Lakewood, this 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 in the spring of 2020.

In March 2020, Lakewood voters passed Measure L allowing for a ¾ cent local sales tax measure which was expected to provide over \$10 million in additional funds per year that benefit the Lakewood community. The tax applies to both brick-and-mortar and online sales transactions. Its importance cannot be overstated as the new revenue allows 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 unforeseen economic collapse from the COVID-19 pandemic, thus offering a needed buffer for the diminished revenue trends that were anticipated ahead. More importantly, the impact from Measure L will be felt for years to come as it provides 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.

Despite the tumultuous environment, economic development in the City added a number of 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 Caruso Mazda, Jersey Mike’s, Dave’s Hot Chicken, Stinkin Crawfish, Legend Hot Chicken.



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 fourth lowest in the County.

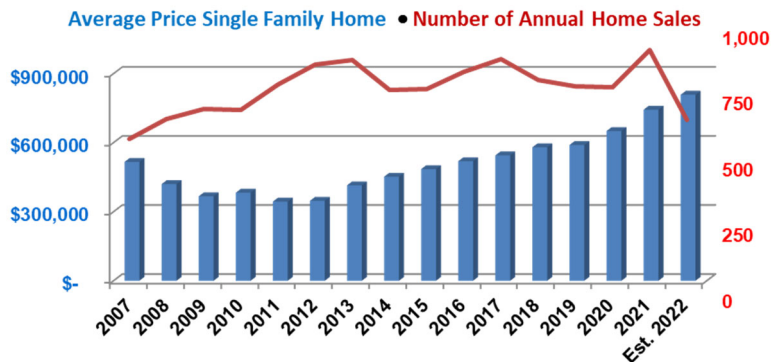


The County Assessor increased property tax assessments by a Consumer Price Index (CPI) of 1.036% from 2020-21 to 2021-22, significantly lower than the 2% maximum allowed by law.

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

Not surprisingly, the number of Prop 8 reductions has steadily decreased in recent years as property values have risen considerably. More so, about \$37 million in Prop 8 values was restored from prior year value reductions throughout the City. Overall, the top two factors (transfer of ownership and a CPI increase of \$100 million), along with the recapture of Prop 8 valuations largely accounted for the overall taxable value increase of more than \$424 million. As in past years, the main driver of the increase was residential properties at \$359 million, followed by commercial/industrial at approximately \$65 million.

The total assessed value of real property in the City was \$11 billion for Fiscal Year 2021-22, a 4.0% increase from the previous year. The growth was greater than the County's rate of 3.6%. With mortgage interest rates dropping to record lows, real estate values soared with the COVID-19 pandemic having no detrimental impact on assessed values. In calendar year 2022, the sales price for a median single family Lakewood home is \$796,000, an 8% increase from 2021 - establishing a new record high. More recently, significant mortgage interest rate increases have caused a sharp decline in the number of homes sold on a nationwide basis. It is anticipated that the fewest homes will be sold in 2022, since 2007.



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 significantly greater residual disbursement (\$436,749) 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 be approximately \$230,000 in Fiscal Year 2022-23 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.

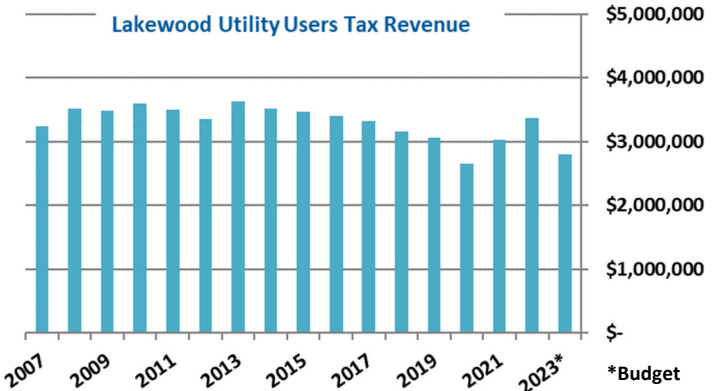


Property tax revenue in Fiscal Year 2021-22 increased by 3.2% over the prior year, exceeded budget expectations by 3.8%, and is expected to have another modest increase in Fiscal Year 2022-23. Overall, property tax revenue accounts for about 10% of General Fund revenues. Since the 2004 passage of Prop 1A, changes in property tax valuation have a greater impact on revenue. Vehicle license

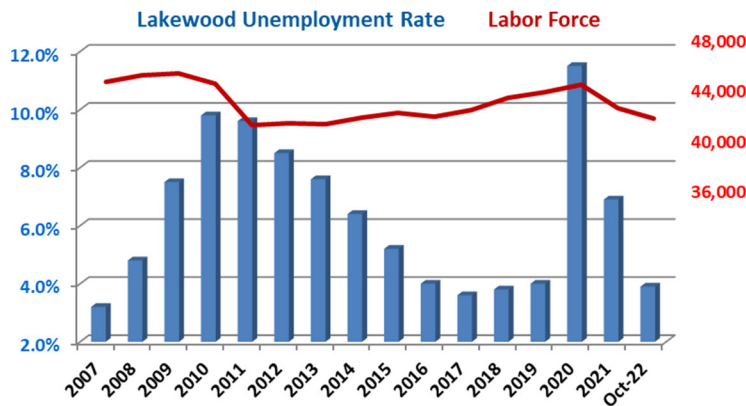
fee revenue growth is tied to property tax growth. Property tax in-lieu of vehicle license fees accounts for an additional 16% of General Fund revenues. The COVID-19 pandemic did not impact either of the above revenues, with most experts forecasting very little long-term effect.

During Fiscal Year 2021-22, over 4,100 construction and remodeling permits were issued, which is the third year in row of increased permits issued and the largest total since Fiscal Year 2015-16. A low interest rate environment, coupled with the construction of accessory dwelling units (ADUs), office/work changes, and focus on home projects seemed to spur building activity during the COVID-19 pandemic restrictions period.

City revenues are also affected by changes in the commodity markets. The City’s assessed utility user’s tax (UUT) revenue totaled \$3.4 million and represents 5.1% of General Fund revenues. The 3% tax is assessed on communications, electricity, natural gas and water use. Fiscal Year 2021-22 revenues increased over \$326,000 across all four utility areas when compared to the prior year. Along with increased commodity prices, it is likely that utility usage increased as more residents stayed home during the pandemic. The vast majority of the UUT increase was from electricity and gas utilities. While the telecommunications UUT revenue is only about one-third of its 2010 peak year, it had a modest increase from the prior year to \$487,364 in Fiscal Year 2021-22.

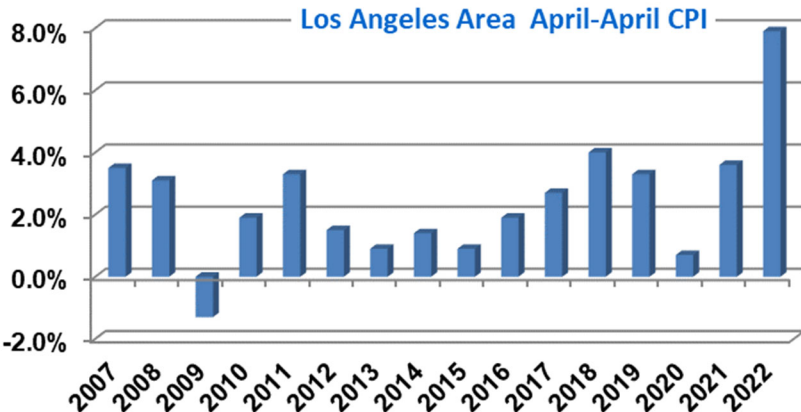


In most years, Lakewood’s employment rate depends largely on the regional job market. The last two years, however, the COVID-19 pandemic has been the key variable largely responsible for a tremendous swing in the unemployment rate unlike any other in decades. The sweeping effect of the COVID-19 pandemic initiated shut-downs in March 2020 that resulted in steep job losses. As the economy recovered from the pandemic and initiated its recovery, a decline in the size of the workforce drove the unemployment rate downward dramatically to 3.9% as of October 2022.



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 7.9% in 2022. After reaching 40-year highs in late spring, the CPI seems to have risen at a notably slower rate. Partly responsible for this decline are lower energy costs, which are typically more volatile than other prices. It is anticipated that the U.S. Federal Reserve, tasked with setting interest rates, will continue increasing rates in an attempt to lower the CPI to a more reasonable level.



Economic Outlook

Beacon Economics provides market insights and forecasts for communities across the western United States. In their recent analysis Beacon states, “California’s economy is on the brink of achieving a significant milestone: recovering all the jobs it lost during the pandemic-driven downturn. While the jobs lost during the outset of the pandemic have recovered nationally, and in many other states, California has yet to reach this threshold, but should in the coming months.”

More specifically regarding the labor market, Beacon states “In March and April 2020, the state’s economy shed approximately 2.7 million jobs following the outbreak of the COVID-19 virus. With an outstanding deficit of 73,000 jobs, compared to pre-pandemic levels, if the state’s economy adds the same number of positions in August that it added in July (around 83,000), it would move California’s job count above water.

Beacon Economics, in partnership with the HdL Companies writes, “Though a new fiscal year commenced in July, many of the economic challenges seen in early 2022 remain prevalent. Inflation will continue to top historical norms into 2023. Despite a fourth interest rate hike, prices on taxable goods show no signs of lessening. More expensive mortgage rates will slow housing sales and cause weakened demand for appliances, furnishings and other related products. Crude oil prices have dipped from extraordinary peaks allowing consumers to budget in other areas of life. The shift back to experiences and services plays a significant role in the forecasted decelerated growth. Overall, consumer’s confidence in the economy is best described as uncertain.”

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 includes set-aside funding for capital projects. 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, stormwater and traffic signal improvements:

- Completed construction of dual left-turn lanes in each direction at one of the busiest intersections at Del Amo Blvd. and Lakewood Blvd.
- Completed construction of dual left-turn lanes on Lakewood Blvd at Hardwick Street, eliminating a traffic backup bottleneck.
- Reconstructed 117 ADA curb ramps to bring them up to current standards.
- Removed and Replaced 1.5 miles of curb & gutter and 4.6 miles of sidewalk, enabling for better movement of pedestrians and run-off water throughout City.
- Trimmed approximately 6,300 trees, removed over 100 trees determined to be in poor condition, and replanted 240 trees throughout the City.
- 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 by the end of 2022. Both 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 demolition project at the Lakewood Equestrian Center was completed, with the removal of multiple dilapidated structures.
- Construction commenced at San Martin Park, with improvements including new picnic shelters, a new tot lot playground, and ADA accessible parking improvements.
- Construction commenced at Rynerson Park, with installation of new picnic shelters and ADA accessible parking improvements.
- In partnership with the Conservation Corp of Long Beach, City staff worked to renovate the Rynerson park restroom buildings, including new ADA accessible restroom improvements to the South restrooms, as well as new roofs, electrical, paint, partitions, fixtures, flooring, and security improvements.
- Pool equipment improvements commenced at McCormick pool, with the installation of a new pool heater.
- Completed improvements at Mayfair Park, including the replacement of roofs at the picnic shelters.

Parks, Sports, Human Services and Special Events

- In the absence of a formal Lakewood Youth Sports (LYS) league, individual skills training and conditioning activities were offered in line with the current Public Health guidelines for youth sports.
- Modernized landscaping at Mayfair Park, focusing on planters around the activity building and swim pavilion.
- Delivered and installed 20 tons of sand at the Mayfair Park tot lot and school age playgrounds.
- Completed Phase III Renovation of The Nature Trail
- Initiated the illegal dumping abatement team during the year, averaging approximately 205 completed requests per month.

- In partnership with multiple agencies, completed the installation of 162 high-efficiency rotary nozzles and the replacement of 2,200 linear feet of potable irrigation water lines along Carson Street and with recycled water lines.
- Longtime annual events such as the Civic Center Block Party, the Pan Am Fiesta, and the Lollipop Lane returned after a multi-year hiatus following budgetary and pandemic cancellations.
- The Project Shepherd program continued to serve residents in need, especially those hit hard by the COVID-19 pandemic. Backpacks with school supplies were given to over 300 school-age children, approximately 1,500 Lakewood residents were provided holiday assistance (including grocery store gift cards, boxes of food and bags of toiletry items for both Thanksgiving and December holidays). Toys were distributed to over 650 children. Utility assistance helped 83 families with over \$8,100 in paid utility fees.
- In response to the Race, Equity, Diversity and Inclusion (REDI) Committee's objective to develop a multicultural event in Lakewood, the Fest-of-All event was held at Lakewood Center in October 2021. The event elements included two entertainment stages, a multicultural food court, a family fun zone, a craft village, a children's cultural booth, and concluded with a laser light show. About 6,000 persons attended the inaugural event.
- Lakewood Youth Sports (LYS) returned to its traditional format. There were approximately 2,000 youth who participated throughout the year in a variety of sports including baseball, softball, flag football, volleyball and basketball. Full seasons consisting of practices and competitive games were facilitated at City parks.
- The Lakewood Youth Hall of Fame celebrated its 40th year, returning after a two year break due to the pandemic. Various athletes from local high schools were honored for their athletic and scholastic achievements.

Public Safety Activities:

The Public Safety Department continues to have a more visible profile with focused efforts 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:

- Implementation of Neighborhood Safety Enhancement Plan, to include dedicated Sheriff's Deputy crime suppression unit, utilization of contracted private security to perform overnight residential patrols, purchase of the latest license plate reader cameras to be deployed citywide and radar trailers with variable message signs, implementation of home security camera and catalytic converter anti-theft device rebate programs and catalytic converter engraving events.
- Held the first Community Emergency Response Team training since the beginning of COVID-19 pandemic.
- Introduction of Senior Safety Seminar, dedicated to teaching personal safety and crime prevention tips specific for the senior population. Three seminars are planned for FY2022-23.
- Continued to provide regular opportunities for residents to meet and interact with members of law enforcement through virtual and in-person 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.
- Continued community outreach and education through the expanded use of social media and other public education platforms. Provided a "behind the scenes" campaign of illegal fireworks enforcement efforts during 4th of July holiday and kicked off a social media series, "Meet the Team Tuesday, introducing and highlighting different members of the Public Safety Department.
- Enhanced Neighborhood Watch Program with increased accessibility for Block Captains and community outreach.

Water system improvements:

- Completed phase one construction of the Well 13A Treatment Plant Project. Phase two construction is expected to be completed by spring 2023, which will include new piping and electrical work. Once completed, the project will provide arsenic treatment for Well 13A.
- Completed Well 28 Equipping project. Well 28 will produce over 2,400 gallons per minute which will increase the City's total pumping capacity and enhance system redundancy to meet peak demand and deliver additional water to neighboring agencies.
- Completed design of Plant 4 Tank 1 and 2 Repairs with tank repair work expected to be completed in spring 2023.
- Completed rehabilitation of Well 15A which included replacement of pump and motor to restore Well 15A pumping performance.
- Continued water distribution system valve exercising program. Water staff identified and replaced inoperable valves in the water system to improve performance.

Commercial Development:

- Timmons Subaru completed the construction of a new \$4 million, 66,705 square-foot car dealership.
- Farmers and Merchants Bank completed a \$1.5 million renovation of their six-story commercial building.
- The City celebrated the grand opening of two new restaurants, Dave's Hot Chicken and Str8Up Tacos.

Residential Programs and Development:

- 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 eight loans and six grants were issued.
- A total of 54 new Accessory Dwelling Unit (ADU) permits were issued. 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.

Public Communication Projects:

- This year, a major element of the City's public communications efforts was the combining of the two main branches of that work (CityTV and the Public Information Office) into a new, unified Communications Department headed by a Director of Communication, formerly the Public Information Officer.
- The new, unified department has resulted in better coordinated efforts and better cross-marketing of all channels of communications. As a result, CityTV videos are now quickly cross-posted into City eMagazines and City social media posts, increasing the viewership of all three channels of communication. For example, the online views of all CityTV products combined grew from approximately 2,000 per month during the previous year to 6,000 per month in the current year.
- The Communications Department stepped up its use of paid "boosts" and advertisements on social media during the year in order to expand the number of views of news articles and to grow the number of ongoing followers of City social media feeds. The followers of the City's Facebook, Twitter and Instagram pages have grown from 9,000 in 2019 to 20,000 in 2022. CityTV's Facebook page has an additional 11,000 followers.

- This year, the department completed a major redesign of the City website, a yearlong process that has resulted in an entirely new website with newer features that are more user-friendly for residents.
- The City continued to provide legendary customer service by receiving and processing over 10,000 service requests through multiple contact methods, including in-person, phone, and mobile apps.
- The City stayed abreast on important legislative issues through efficient advocacy such as housing, public safety, municipal finance, contracting and others that directly affect the quality of life of Lakewood residents.

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 with winding 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 Governmental Activities and the Water Enterprise Fund. More detailed information regarding the City's long-term debt is presented in the notes to the basic financial statements.

The Successor Agency of the former Redevelopment Agency 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 7.15% discount rate and is 88.7% funded as of June 30, 2021, 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 81% funded as of June 30, 2022, 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 90% funded as of June 30, 2022 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. 87, *Leases*. This statement was issued to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It also establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Implementation of this Statement had a significant effect on the City's financial statements for the fiscal year ended June 30, 2022.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre–November 30, 1989 FASB and AICPA Pronouncements, which are superseded by this statement. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. Implementation of this statement did not have a significant effect on the City's financial statements for the fiscal year ended June 30, 2022.

GASB Statement No. 92, *Omnibus 2020*. The primary objectives of this statement are to enhance comparability in accounting and financial reporting and to improve consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Implementation of this statement did not have a significant effect on the City's financial statements for the fiscal year ended June 30, 2022.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*. This statement addresses those and other accounting and financial reporting implications that result from the replacement of London Interbank Offered Rate (IBOR). The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of this

statement are effective for reporting periods beginning after June 15, 2020. Application of this statement did not have a material effect on the City's financial statements for the fiscal year ending June 30, 2021.

GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No.

32. The primary objectives of this statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Implementation of this statement did not have a significant effect on the City's financial statements for the fiscal year ended June 30, 2022.

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 Annual Comprehensive Financial Report (formerly known as the Comprehensive Annual Financial Report) for the fiscal year ended June 30, 2021. This was the 40th 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 Annual Comprehensive Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive 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 Finance and 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 Finance & Administrative Services and Claire Pierson, Senior Accountant deserve special recognition. We also thank the members of the City Council, especially the Audit Committee, for their interest and support in the development of this report.

Respectfully submitted,



Thaddeus McCormack
City Manager



Jose Gomez
Director of Finance & Admin. Services

CITY COUNCIL

STEVE CROFT
Mayor

ARIEL PE
Vice Mayor

CASSANDRA CHASE
Council Member

TODD ROGERS
Council Member

JEFF WOOD
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

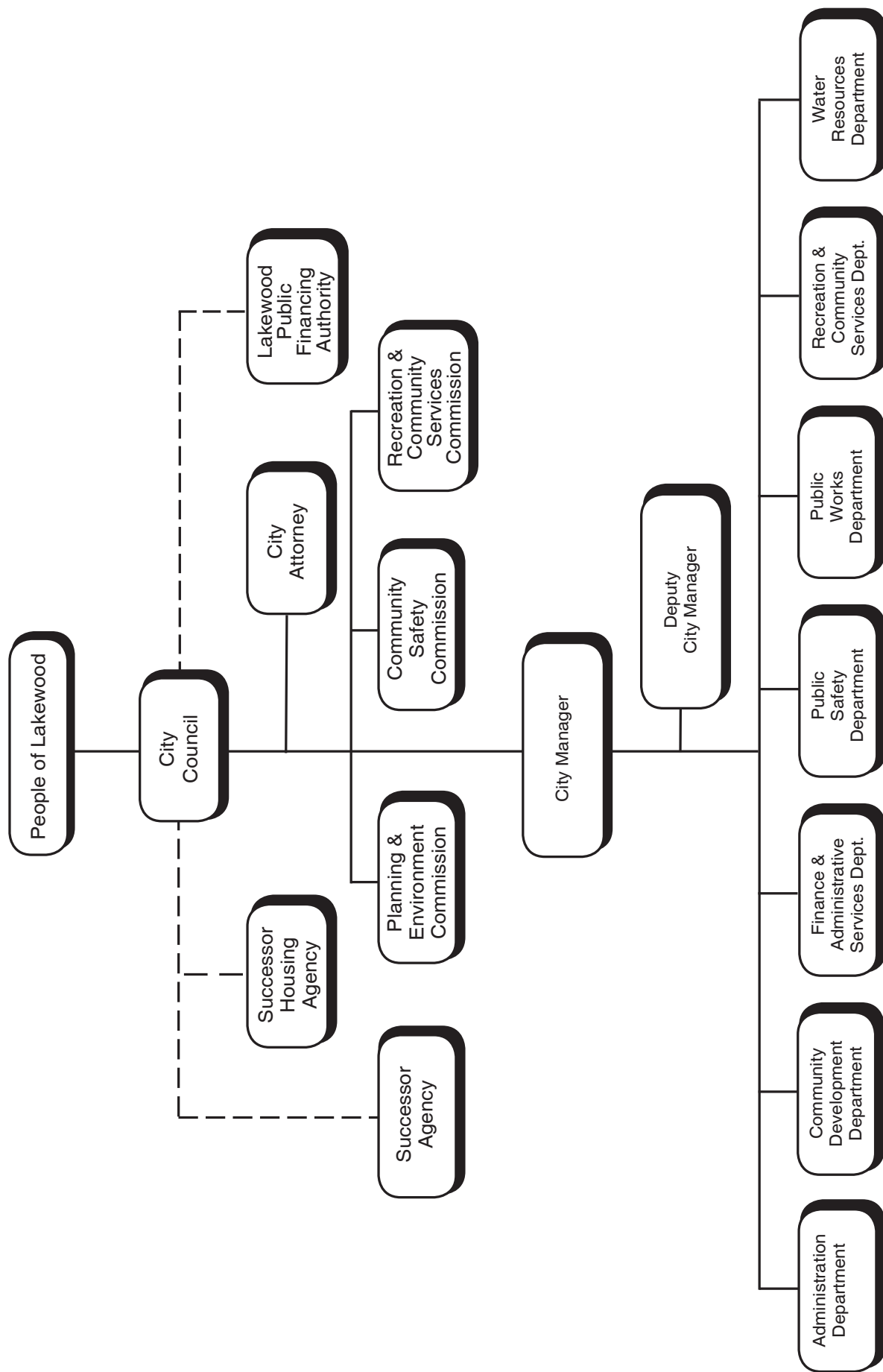
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Director of Finance and Administrative Services

BILL GRADY
Director of Communications

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Director of Water Resources

KELLI PICKLER
Director of Public Works

JOSHUA YORDT
Director of Public Safety





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**City of Lakewood
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morrell

Executive Director/CEO

**INDEPENDENT AUDITORS' REPORT**www.pungroup.cpa

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

Report on the Audit of the Financial Statements***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lakewood, California (the "City"), as of and for the year ended June 30, 2022, 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.

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, 2022, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter***Change in Accounting Principle - Implementation of GASB 87***

As discussed in Note 2 to the basic financial statements, the City adopted new accounting guidance, Governmental Accounting Standards Board ("GASB") Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory and Statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

To the Honorable Mayor and the Members of the City Council
of the City of Lakewood
Lakewood, California
Page 4

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2022, 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 City's internal control over financial reporting and compliance.

The PwC Group, LLP

Santa Ana, California
December 5, 2022

City of Lakewood
Management's Discussion and Analysis (Continued)
For The Year Ended June 30, 2022

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, 2022. 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, 2022, by \$236,269,814. Of this amount, \$51,943,199 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 \$21,327,860. The governmental activities increased by \$20,827,669 and business-type activities by \$500,191 at the end of fiscal year June 30, 2022.
- **Long Term Debt:** The City of Lakewood's total debt decreased by \$1,041,184. This was attributable to normal scheduled debt service payments.
- **Governmental Funds:** As of June 30, 2022, the City's governmental funds reported a combined ending fund balance of \$101,720,605. Approximately 53.9 percent of the ending fund balance, \$54,888,361, 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, 2022, committed, assigned and unassigned fund balance of the general fund was \$53,806,723. All but \$2,535,221 of these funds are committed or assigned for specific purposes in accordance with City policies and budgetary guidelines.

Government-wide financial statements.

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

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

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net positions are reported as soon as the underlying event giving rise to the change occurs, *regardless of timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

City of Lakewood
Management's Discussion and Analysis (Continued)
For The Year Ended June 30, 2022

Both of the government-wide financial statements distinguish functions of the City of Lakewood that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Lakewood include general government, public safety, transportation, community development, health and sanitation, and culture and leisure.

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

The government-wide financial statements can be found on pages 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 four governmental funds comprised of four major and twenty 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 twenty 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 appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget in the required supplementary information. Budgetary comparisons for other funds are provided in the supplementary information of this report.

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

City of Lakewood
Management's Discussion and Analysis (Continued)
For The Year Ended June 30, 2022

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 33 - 39 of this report.

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

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 45 - 99 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Lakewood's General Fund budgetary comparison schedule, pension and changes in net pension liabilities and related ratio schedules, pension contribution schedules, and other post-employment funding progress schedule. Required supplementary information can be found on pages 101-115 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 123-157 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 \$236,269,814 at the close of the most recent fiscal year.

City of Lakewood
Management's Discussion and Analysis (Continued)
For The Year Ended June 30, 2022

| City of Lakewood Net Position | | | | | | |
|-----------------------------------|-------------------------|----------------|--------------------------|---------------|----------------|----------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Current and other assets | \$ 124,550,392 | \$ 103,229,319 | \$ 21,863,878 | \$ 20,438,986 | \$ 146,414,270 | \$ 123,668,305 |
| Capital assets | 119,313,536 | 116,500,000 | 34,738,228 | 34,962,052 | 154,051,764 | 151,462,052 |
| Total Assets | 243,863,928 | 219,729,319 | 56,602,106 | 55,401,038 | 300,466,034 | 275,130,357 |
| Deferred Outflow of Resources | 8,722,263 | 6,907,484 | 936,770 | 767,499 | 9,659,033 | 7,674,983 |
| Long-term liabilities outstanding | 22,672,211 | 36,765,920 | 8,508,925 | 10,942,873 | 31,181,136 | 47,708,793 |
| Other liabilities | 19,146,219 | 13,468,402 | 3,867,309 | 2,879,605 | 23,013,528 | 16,348,007 |
| Total Liabilities | 41,818,430 | 50,234,322 | 12,376,234 | 13,822,478 | 54,194,664 | 64,056,800 |
| Deferred Inflow of Resources | 16,963,539 | 3,425,928 | 2,697,050 | 380,658 | 19,660,589 | 3,806,586 |
| Net positions: | | | | | | |
| Net Investment in Capital Assets | 118,073,852 | 115,207,736 | 27,686,379 | 27,173,204 | 145,760,231 | 142,380,940 |
| Restricted | 38,566,384 | 36,051,636 | - | - | 38,566,384 | 36,051,636 |
| Unrestricted | 37,163,986 | 21,717,181 | 14,779,213 | 14,792,197 | 51,943,199 | 36,509,378 |
| Total Net Position | \$ 193,804,222 | \$ 172,976,553 | \$ 42,465,592 | \$ 41,965,401 | \$ 236,269,814 | \$ 214,941,954 |

By far, the largest portion of the City of Lakewood's net positions, 61.7 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, 16.3 percent, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$51,943,199 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, 65.3 percent of the City of Lakewood's business-type activities' net position were invested in capital assets.

City of Lakewood
Management's Discussion and Analysis (Continued)
For The Year Ended June 30, 2022

| City of Lakewood Changes in Net Position | | | | | | |
|--|-------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 11,968,030 | \$ 11,237,846 | \$ 13,787,798 | \$ 13,965,629 | \$ 25,755,828 | \$ 25,203,475 |
| Operating grants and contributions | 13,575,994 | 13,234,375 | | | 13,575,994 | 13,234,375 |
| Capital grants and contributions | 2,957,680 | 10,424,134 | | | 2,957,680 | 10,424,134 |
| General revenues: | | | | | | |
| Sales taxes | 31,256,373 | 26,182,543 | | | 31,256,373 | 26,182,543 |
| Property taxes | 16,945,351 | 15,783,601 | | | 16,945,351 | 15,783,601 |
| Franchise taxes | 1,582,709 | 1,535,167 | | | 1,582,709 | 1,535,167 |
| Business operation taxes | 578,867 | 1,213,169 | | | 578,867 | 1,213,169 |
| Utility user taxes | 3,361,075 | 3,034,416 | | | 3,361,075 | 3,034,416 |
| Other taxes | 582,151 | 541,524 | | | 582,151 | 541,524 |
| Investment income (loss) | (2,028,209) | 182,662 | (10,565) | 135,094 | (2,038,774) | 317,756 |
| Transfer in | 1,795,700 | 1,795,700 | - | - | 1,795,700 | 1,795,700 |
| Total revenues | <u>82,575,721</u> | <u>85,165,137</u> | <u>13,777,233</u> | <u>14,100,723</u> | <u>96,352,954</u> | <u>99,265,860</u> |
| Expenses: | | | | | | |
| General government | 9,982,626 | 11,542,122 | | | 9,982,626 | 11,542,122 |
| Public safety | 17,505,002 | 16,955,188 | | | 17,505,002 | 16,955,188 |
| Transportation | 6,503,537 | 6,520,916 | | | 6,503,537 | 6,520,916 |
| Community development | 5,291,189 | 6,018,023 | | | 5,291,189 | 6,018,023 |
| Health and sanitation | 6,083,718 | 5,705,507 | | | 6,083,718 | 5,705,507 |
| Culture and leisure | 13,651,705 | 14,479,564 | | | 13,651,705 | 14,479,564 |
| Unallocated infrastructure depreciation | 2,723,750 | 2,772,636 | | | 2,723,750 | 2,772,636 |
| Interest and fiscal charges | 6,525 | 25,131 | | | 6,525 | 25,131 |
| Water | - | - | 11,481,342 | 10,534,148 | 11,481,342 | 10,534,148 |
| Transfer out | - | - | 1,795,700 | 1,795,700 | 1,795,700 | 1,795,700 |
| Total expenses | <u>61,748,052</u> | <u>64,019,087</u> | <u>13,277,042</u> | <u>12,329,848</u> | <u>75,025,094</u> | <u>76,348,935</u> |
| Changes in net position | <u>20,827,669</u> | <u>21,146,050</u> | <u>500,191</u> | <u>1,770,875</u> | <u>21,327,860</u> | <u>22,916,925</u> |
| Net position at beginning of year, as restated | <u>172,976,553</u> | <u>151,830,503</u> | <u>41,965,401</u> | <u>40,194,526</u> | <u>214,941,954</u> | <u>192,025,029</u> |
| Net position at end of year | <u>\$ 193,804,222</u> | <u>\$ 172,976,553</u> | <u>\$ 42,465,592</u> | <u>\$ 41,965,401</u> | <u>\$ 236,269,814</u> | <u>\$ 214,941,954</u> |

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 \$2,589,416 or 3.0 percent and expenditures decreased by \$2,271,035 or 3.5 percent from prior year. Key elements of the change are as follows:

- The Sales and Property tax revenues increased by a combined total of \$6,235,580. Sales tax went up by \$5,078,092. Property taxes went up by \$1,161,750 mainly due to the higher property tax valuation experienced in FY 2021-22 compared to the previous fiscal year.
- Charges for services increased by \$730,184. Charges for services includes building and safety permits, culture and leisure programs and facilities, and rents and concessions. This is attributable to the uptick in the demand to use city's programs and services as the impact of the COVID-19 pandemic subsides.

City of Lakewood
Management's Discussion and Analysis (Continued)
For The Year Ended June 30, 2022

- The increases in revenue were offset by the decrease in Capital grants and contributions by \$7,466,454. The decrease was mainly due to two projects that were majorly funded in FY 2020-21 compared to FY 2021-22. The Mayfair Watercapture project was completed in FY 20-21 and had a funding of \$4,477,247. The Del Amo/Lakewood Bl Intersection Improvement's bulk expense decreased by \$3,554,082 in FY 2021-22 compared to the last fiscal year.
- General Government expense decreased by \$1,559,496. The decrease is mainly due to the GASB 34 conversion that required pension cost totaling \$1,081,311 to be allocated to different functions. The decrease is also due to a one-time COVID-19 grant provided to qualified businesses in FY 2020-21 totaling \$540,000. Furthermore, the City was utilizing the City's fund in FY 2020-21 to purchase COVID-19 related supplies for a total of \$146,435 whereas in FY 2021-22, the City was using the ARPA fund.
- Public safety's expense increased by \$549,814 due the following reasons. It increased by \$335,755 for salary & benefits due to the Crossing Guards being back in full swing in FY 2021-22. An increase of \$90,516 occurred for contracts because a private security company was hired to patrol the streets at night to prevent catalytic converter thefts around the City. The Sheriff's services increased by \$329,656 in FY 2021-22 due to inflation. Lastly, there was a decrease of \$104,567 for non-capital equipment purchase between FY 2020-21 and FY 2021-22.
- Community Development's expense decreased by \$726,834 due to the Media Production division being transferred to the Culture and Leisure section.
- The Infrastructure depreciation expense decreased by \$48,886 due to the normal straight line depreciation schedule.
- The Water Fund transferred \$1,795,700 into the General Fund to defray the Water Fund's use of General Fund's staff, resources, facilities, and infrastructures.
- The City of Lakewood received ARPA funding in FY 2020-21 and the second half in FY 2021-22 for a total of \$11.3 million. Out of that amount, the City has spent \$753,000 thru June 30, 2022. The City has plans to spend the full fund within the deadline of December 31, 2026.

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, which includes water operation, water treatment and water production and distribution. An slight decrease in the water sales of \$177,831 was attributed to the overall reduction in demand and consumption of water due to statewide drought conservation efforts. For the year ended June 30, 2022, the City's business-type activities' change in net position was \$500,191, a decrease of 71.8 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 and administration of the utility and infrastructure improvements. Major improvements on the horizon include \$1.1 million for Water Main Construction project, \$1.1 million for Plant 4 Upgrade project, \$546,000 for Plant 13 Tanks Upgrade project, \$530,000 for Plant 22 Booster Upgrade project and \$464,000 for Reservoir 22 Rehabilitation project.

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.

City of Lakewood
Management's Discussion and Analysis (Continued)
For The Year Ended June 30, 2022

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 \$101,720,605, an increase of \$14,261,513 in comparison with the prior year. As noted in the Governmental Activities section, the increase was primarily due to the newly implemented local tax measure that added much needed boost to the city's revenue. The increase was also attributed to the advance funding of some operating grant revenue in relation to the COVID-19 pandemic, as well as the reimbursement to the city of the hot spot capital project. Of the City's governmental funds ending fund balances, \$54,888,361 or 53.9 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, \$46,832,244, 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 \$15,381,347 a slight decrease of \$28,949 from the prior year. These funds will be used to fund water operations and planned capital improvements. Other factors concerning the finance of this fund have already been addressed in the discussion of the City of Lakewood's business-type activities.

General Fund Financial Highlights

The General Fund is the chief operating fund of the City of Lakewood. At the end of the current fiscal year, committed, assigned and unassigned fund balance of the general fund was \$53,806,723, while total fund balance was \$64,368,818. The general fund's ending fund balance increased by \$11,505,510 in comparison with the prior year. As a measure of the General Fund's liquidity, it may be useful to compare only the committed, assigned and unassigned fund balance to total fund expenditures. Committed, assigned and unassigned fund balance represents 91.94 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) increased year-over-year by \$4,999,770. Tax-related revenue increased by \$5,736,472. Current service charges and Other revenue increased by \$609,931 and \$1,029,891, respectively, and was off-set by the decrease in Intergovernmental revenues by \$804,640 and Investment income, rents, and concession by \$1,867,116. Overall expenditures (including other financing uses) increased by \$3,605,381. Public Safety increased by \$1,064,687 due to reasons mentioned above in the Governmental Activities section. Culture and Leisure increased by \$1,710,379 due to increase in salary and benefits, uptick in programs expenditures in relation to increase in program enrollments, and bringing back of signature civic events such as the Block Party and Tree Lighting, as well as the creation of a new event Fest-Of-All.

General Fund Budgetary Highlights

For the fiscal year ended June 30, 2022, the General Fund's final amended expenditure budget increased over the original budget by \$6,825,478 and actual expenditures were \$7,690,336 lower than the final amended budget. These can be briefly summarized as follows:

City of Lakewood
Management's Discussion and Analysis (Continued)
For The Year Ended June 30, 2022

- Capital projects that either started in FY 2021-22 or rolled over from previous fiscal years were not completed by the end of FY 2021-22. There were multi-year projects that rolled from FY 2021-22 into FY 2022-23 for a total of \$4,631,806. Some of these projects are as follows: San Martin Park Improvement project for \$1.2 million, the HVAC replacement in multiple locations for \$679,000, the electrical panel and feeder replacement for \$608,000 and Rynerson Park Improvements for \$506,000.
- The City experienced an overall increase of \$2,564,207 in operating expenditures. This is attributed to a sign of the city's transition to providing operations and services to normal levels pre-pandemic.

Capital Asset and Debt Administration

Capital assets. The City of Lakewood's net investment in capital assets for its governmental and business-type activities as of June 30, 2022, amounts to \$154,051,764 an increase of \$2,424,361 or 1.6 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 | | |
| | 2022 | 2021* | 2022 | 2021 | 2022 | 2021* | |
| Land | \$ 17,041,023 | \$ 17,041,023 | \$ 100,000 | \$ 100,000 | \$ 17,141,023 | \$ 17,141,023 | |
| Water rights | - | - | 1,834,586 | 1,834,586 | 1,834,586 | 1,834,586 | |
| Construction in progress | 43,089,201 | 36,716,255 | 3,499,642 | 2,315,068 | 46,588,843 | 39,031,323 | |
| Infrastructure | 35,603,550 | 38,268,761 | - | - | 35,603,550 | 38,268,761 | |
| Structures and improvements | 22,284,164 | 23,355,337 | 15,641,756 | 16,824,700 | 37,925,920 | 40,180,037 | |
| Equipment | 1,138,591 | 1,118,624 | 13,662,244 | 13,887,698 | 14,800,835 | 15,006,322 | |
| Lease assets | 157,007 | 165,351 | - | - | 157,007 | 165,351 | |
| Total | \$ 119,313,536 | \$ 116,665,351 | \$ 34,738,228 | \$ 34,962,052 | \$ 154,051,764 | \$ 151,627,403 | |

*re-stated due to GASB 87 implementation

Additional information on the City of Lakewood's capital assets can be found in Note 9 to the basic financial statements.

Long-term debt. At the end of the current fiscal year, the City of Lakewood's total long-term debt outstanding decreased by \$1,041,184 totaling \$7,420,122. This was attributable to normal scheduled debt service payments.

| City of Lakewood Summary of Outstanding Debt | | | | | | |
|---|-------------------------|------------|--------------------------|--------------|--------------|--------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2022 | 2021* | 2022 | 2021* | 2022 | 2021* |
| Loan Payable | - | 47,139 | 271,127 | 535,538 | 271,127 | 582,677 |
| Loan Payable-MELPA | | | 6,688,530 | 7,253,310 | 6,688,530 | 7,253,310 |
| ADA Financing Program | 309,075 | 459,968 | - | - | 309,075 | 459,968 |
| Lease Payable | 151,390 | 165,351 | - | - | 151,390 | 165,351 |
| Total | \$ 460,465 | \$ 672,458 | \$ 6,959,657 | \$ 7,788,848 | \$ 7,420,122 | \$ 8,461,306 |

*re-stated due to GASB 87 implementation

Additional information on the City of Lakewood's long-term debt can be found in Note 10 to the basic financial statements.

City of Lakewood
Management's Discussion and Analysis (Continued)
For The Year Ended June 30, 2022

Economic Factors and Next Year's Budgets and Rates

The City prudently anticipates and conservatively budgets for General Fund revenues to gradually increase as the economy transitions and recovers from the effects of the COVID-19 pandemic. The City's sales tax revenues have shown a slow but continuous increase and the local sales and use tax (Measure L) has provided a cushion from the diminished revenue from other revenue sources. The passage provided a timely and much-needed stabilizing effect for the city. Other anticipated increase includes a slight increase in property tax revenues, a very conservative growth in current service charges, and gradual recovery in building permits as the impact of COVID-19 subsides. Interest earnings are expected to remain below historical levels, and gas tax and fines are both expected to remain flat through 2025.

The City's general fund operational expenditures are also expected to increase annually over the next five years; in Fiscal Year 2021-22 General Fund expenditures increased by 6.6 percent. Employee services costs increased by 6.9 percent in Fiscal Year 2021-22 over that of the prior year. The City is a contract-city where 40.1 percent of the cost of operations is employee service-related. In Fiscal Year 2021-22 contract services made up 44.8 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 7.9 percent in 2022. Overall, General Fund contract services increased by 2.6 percent in Fiscal Year 2021-22. 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 we all enjoy. Further detail regarding the impact of other factors on the City's budget and finances can be read in the Transmittal Letter.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of 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, 2022

| | Primary Government | | |
|--|----------------------------|-----------------------------|--------------------|
| | Governmental Activities | Business-Type Activities | Total |
| ASSETS | | | |
| Current assets: | | | |
| Cash and investments | \$ 89,947,449 | \$ 18,481,140 | \$ 108,428,589 |
| Receivables: | | | |
| Accounts | 9,831,916 | 1,732,903 | 11,564,819 |
| Accrued revenue | - | 1,104,829 | 1,104,829 |
| Leases receivables | 386,631 | 44,490 | 431,121 |
| Internal balances | 602,134 | (602,134) | - |
| Prepaid items | 19,781 | - | 19,781 |
| Inventories | 176,292 | 84,513 | 260,805 |
| Total current assets | 100,964,203 | 20,845,741 | 121,809,944 |
| Noncurrent assets: | | | |
| Restricted cash and investments: | | | |
| Cash in escrow | 577,569 | - | 577,569 |
| Held by City | - | 33,063 | 33,063 |
| Notes receivable | 2,370,230 | - | 2,370,230 |
| Leases receivable | 1,292,650 | 985,074 | 2,277,724 |
| Receivable from Successor Agency | 16,385,438 | - | 16,385,438 |
| Land held for resale | 2,960,302 | - | 2,960,302 |
| Capital assets: | | | |
| Nondepreciable | 60,130,224 | 5,434,228 | 65,564,452 |
| Depreciable, net | 59,183,312 | 29,304,000 | 88,487,312 |
| Total capital assets | 119,313,536 | 34,738,228 | 154,051,764 |
| Total noncurrent assets | 142,899,725 | 35,756,365 | 178,656,090 |
| Total assets | 243,863,928 | 56,602,106 | 300,466,034 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred outflows of resources related to pensions | 6,071,061 | 674,563 | 6,745,624 |
| Deferred outflows of resources related to OPEB | 2,651,202 | 262,207 | 2,913,409 |
| Total deferred outflows of resources | 8,722,263 | 936,770 | 9,659,033 |

City of Lakewood
Statement of Net Position (Continued)
June 30, 2022

| | Primary Government | | |
|---|----------------------------|-----------------------------|-----------------------|
| | Governmental Activities | Business-Type Activities | Total |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable | 6,002,015 | 2,529,599 | 8,531,614 |
| Retention payable | 779,219 | 92,192 | 871,411 |
| Accrued liabilities | 542,493 | 42,808 | 585,301 |
| Accrued interest payable | 2,112 | 14,254 | 16,366 |
| Unearned revenues | 10,688,490 | 233,676 | 10,922,166 |
| Long-term liabilities - due within one year | 1,131,890 | 954,780 | 2,086,670 |
| Total current liabilities | 19,146,219 | 3,867,309 | 23,013,528 |
| Noncurrent liabilities: | | | |
| Liabilities payable from restricted assets: | | | |
| Customer deposits | 958,112 | 33,063 | 991,175 |
| Long-term liabilities - due in more than one year | 1,189,873 | 6,208,138 | 7,398,011 |
| Aggregate net pension liability | 19,480,422 | 2,164,491 | 21,644,913 |
| Net OPEB liability | 1,043,804 | 103,233 | 1,147,037 |
| Total noncurrent liabilities | 22,672,211 | 8,508,925 | 31,181,136 |
| Total liabilities | 41,818,430 | 12,376,234 | 54,194,664 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred inflows of resources related to pensions | 13,202,122 | 1,466,903 | 14,669,025 |
| Deferred inflows of resources related to OPEB | 2,088,995 | 206,604 | 2,295,599 |
| Deferred inflows of resources related to leases | 1,672,422 | 1,023,543 | 2,695,965 |
| Total deferred inflows of resources | 16,963,539 | 2,697,050 | 19,660,589 |
| NET POSITION | | | |
| Net investment in capital assets | 118,073,852 | 27,686,379 | 145,760,231 |
| Restricted for: | | | |
| Transportation | 23,124,781 | - | 23,124,781 |
| Public safety | 23,417 | - | 23,417 |
| Community development | 13,150,306 | - | 13,150,306 |
| Health and sanitation | 301,719 | - | 301,719 |
| Culture and leisure | 1,966,161 | - | 1,966,161 |
| Unrestricted | 37,163,986 | 14,779,213 | 51,943,199 |
| Total net position | \$ 193,804,222 | \$ 42,465,592 | \$ 236,269,814 |

City of Lakewood
Statement of Activities
For the Year Ended June 30, 2022

| Functions/Programs | Expenses | Program Revenues | | |
|---|----------------------|----------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Governmental Activities: | | | | |
| General government | \$ 9,982,626 | \$ 1,450,370 | \$ 2,021,246 | \$ - |
| Public safety | 17,505,002 | 838,925 | 1,110,789 | - |
| Transportation | 6,503,537 | - | 10,234,861 | 2,394,011 |
| Community development | 5,291,189 | 1,962,283 | 97,585 | 90,546 |
| Health and sanitation | 6,083,718 | 6,483,492 | 23,797 | - |
| Culture and leisure | 13,651,705 | 1,232,960 | 87,716 | 473,123 |
| Unallocated infrastructure depreciation | 2,723,750 | - | - | - |
| Interest and fiscal charges | 6,525 | - | - | - |
| Total governmental activities | 61,748,052 | 11,968,030 | 13,575,994 | 2,957,680 |
| Business-type Activities: | | | | |
| Water | 11,481,342 | 13,787,798 | - | - |
| Total business-type activities | 11,481,342 | 13,787,798 | - | - |
| Total primary government | \$ 73,229,394 | \$ 25,755,828 | \$ 13,575,994 | \$ 2,957,680 |

City of Lakewood
Statement of Activities (Continued)
For the Year Ended June 30, 2022

| Functions/Programs | Net (Expense) Revenue and Changes in Net Position | | |
|---|--|-----------------------------|-----------------------|
| | Governmental Activities | Business-Type Activities | Total |
| Governmental Activities: | | | |
| General government | \$ (6,511,010) | \$ - | \$ (6,511,010) |
| Public safety | (15,555,288) | - | (15,555,288) |
| Transportation | 6,125,335 | - | 6,125,335 |
| Community development | (3,140,775) | - | (3,140,775) |
| Health and sanitation | 423,571 | - | 423,571 |
| Culture and leisure | (11,857,906) | - | (11,857,906) |
| Unallocated infrastructure depreciation | (2,723,750) | - | (2,723,750) |
| Interest and fiscal charges | (6,525) | - | (6,525) |
| Total governmental activities | (33,246,348) | - | (33,246,348) |
| Business-type Activities: | | | |
| Water | - | 2,306,456 | 2,306,456 |
| Total business-type activities | - | 2,306,456 | 2,306,456 |
| Total primary government | (33,246,348) | 2,306,456 | (30,939,892) |
| General revenues: | | | |
| Taxes: | | | |
| Sales taxes - Bradley Burns | 31,256,373 | - | 31,256,373 |
| Property taxes | 16,945,351 | - | 16,945,351 |
| Franchise taxes | 1,582,709 | - | 1,582,709 |
| Business operation taxes | 578,867 | - | 578,867 |
| Utility user taxes | 3,361,075 | - | 3,361,075 |
| Other taxes | 582,151 | - | 582,151 |
| Total taxes | 54,306,526 | - | 54,306,526 |
| Investment income (loss) | (2,028,209) | (10,565) | (2,038,774) |
| Transfers | 1,795,700 | (1,795,700) | - |
| Total general revenues | 54,074,017 | (1,806,265) | 52,267,752 |
| Changes in net position | 20,827,669 | 500,191 | 21,327,860 |
| Net position - beginning of year | 172,976,553 | 41,965,401 | 214,941,954 |
| Net position - end of year | \$ 193,804,222 | \$ 42,465,592 | \$ 236,269,814 |



FUND FINANCIAL STATEMENTS



GOVERNMENTAL FUND FINANCIAL STATEMENTS

City of Lakewood
Balance Sheet
Governmental Funds
June 30, 2022

| | Major Funds | | | |
|--|----------------------|---|---|---|
| | General Fund | American Rescue Plan Act Special Revenue Fund | Housing Admin and Program Capital Projects Fund | Lakewood Capital Improvements Capital Projects Fund |
| ASSETS | | | | |
| Cash and investments | \$ 50,984,986 | \$ 10,520,205 | \$ 1,821,853 | \$ 2,488,755 |
| Restricted cash and investments: | | | | |
| Cash in escrow | 577,569 | - | - | - |
| Accounts receivable | 7,873,239 | - | - | 564,243 |
| Prepaid items | 19,781 | - | - | - |
| Inventories | 57,408 | - | - | - |
| Due from other funds | 1,095,641 | - | - | - |
| Receivable from Successor Agency | 10,484,906 | - | 5,900,532 | - |
| Notes receivable | - | - | 1,857,676 | - |
| Leases receivable | 1,679,281 | - | - | - |
| Land held for resale | - | - | 2,960,302 | - |
| Total assets | \$ 72,772,811 | \$ 10,520,205 | \$ 12,540,363 | \$ 3,052,998 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 3,816,925 | \$ 105,305 | \$ 88,453 | \$ 1,123,920 |
| Accrued liabilities | 531,699 | - | - | - |
| Retention payable | 627,661 | - | - | 59,595 |
| Deposit payable | 957,203 | - | 909 | - |
| Due to other funds | - | - | - | - |
| Unearned revenue | 148,412 | 10,414,900 | - | - |
| Total liabilities | 6,081,900 | 10,520,205 | 89,362 | 1,183,515 |
| Deferred inflows of resources: | | | | |
| Unavailable revenue | 649,671 | - | - | 423,986 |
| Deferred inflows of resources related to leases | 1,672,422 | - | - | - |
| Total deferred inflows of resources | 2,322,093 | - | - | 423,986 |
| Fund balances: | | | | |
| Nonspendable | | | | |
| Prepaid items | 19,781 | - | - | - |
| Inventories | 57,408 | - | - | - |
| Receivables from Successor Agency | 10,484,906 | - | - | - |
| Restricted | | | | |
| Public safety | - | - | - | - |
| Transportation projects and street maintenance | - | - | - | - |
| Community development | - | - | 12,451,001 | - |
| Health and sanitation | - | - | - | - |
| Culture and leisure | - | - | - | - |
| Committed | | | | |
| Self insurance | 4,000,000 | - | - | - |
| Pension and personnel obligations | 6,566,205 | - | - | - |
| Capital projects | 4,604,740 | - | - | 1,445,497 |
| Refuse stabilization | 1,964,966 | - | - | - |
| Economic uncertainties | 13,777,605 | - | - | - |
| Assigned | | | | |
| Infrastructure replacement | 3,000,000 | - | - | - |
| Measure L CIP reserve | 3,886,801 | - | - | - |
| Equipment replacement | 1,111,026 | - | - | - |
| Contract emergency services | 2,160,159 | - | - | - |
| Measure L long-term reserve | 10,200,000 | - | - | - |
| Unassigned (deficit) | 2,535,221 | - | - | - |
| Total fund balances | 64,368,818 | - | 12,451,001 | 1,445,497 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 72,772,811 | \$ 10,520,205 | \$ 12,540,363 | \$ 3,052,998 |

See accompanying Notes to the Basic Financial Statements.

City of Lakewood
Balance Sheet (Continued)
Governmental Funds
June 30, 2022

| | Nonmajor Governmental Funds | Total Governmental Funds |
|--|-----------------------------------|--------------------------------|
| ASSETS | | |
| Cash and investments | \$ 24,131,650 | \$ 89,947,449 |
| Restricted cash and investments: | | |
| Cash in escrow | - | 577,569 |
| Accounts receivable | 1,394,434 | 9,831,916 |
| Prepaid items | - | 19,781 |
| Inventories | - | 57,408 |
| Due from other funds | - | 1,095,641 |
| Receivable from Successor Agency | - | 16,385,438 |
| Notes receivable | 512,554 | 2,370,230 |
| Leases receivable | - | 1,679,281 |
| Land held for resale | - | 2,960,302 |
| Total assets | \$ 26,038,638 | \$ 124,925,015 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | |
| Liabilities: | | |
| Accounts payable | \$ 843,815 | \$ 5,978,418 |
| Accrued liabilities | - | 531,699 |
| Retention payable | 91,963 | 779,219 |
| Deposit payable | - | 958,112 |
| Due to other funds | 1,095,641 | 1,095,641 |
| Unearned revenue | 125,178 | 10,688,490 |
| Total liabilities | 2,156,597 | 20,031,579 |
| Deferred inflows of resources: | | |
| Unavailable revenue | 426,752 | 1,500,409 |
| Deferred inflows of resources related to leases | - | 1,672,422 |
| Total deferred inflows of resources | 426,752 | 3,172,831 |
| Fund balances: | | |
| Nonspendable | | |
| Prepaid items | - | 19,781 |
| Inventories | - | 57,408 |
| Receivables from Successor Agency | - | 10,484,906 |
| Restricted | | |
| Public safety | 23,417 | 23,417 |
| Transportation projects and street maintenance | 20,914,486 | 20,914,486 |
| Community development | 384,367 | 12,835,368 |
| Health and sanitation | 301,719 | 301,719 |
| Culture and leisure | 2,195,159 | 2,195,159 |
| Committed | | |
| Self insurance | - | 4,000,000 |
| Pension and personnel obligations | - | 6,566,205 |
| Capital projects | - | 6,050,237 |
| Refuse stabilization | - | 1,964,966 |
| Economic uncertainties | - | 13,777,605 |
| Assigned | | |
| Infrastructure Uncertainties | - | 3,000,000 |
| Capital Improvement Contingency | - | 3,886,801 |
| Equipment replacement | - | 1,111,026 |
| Contract emergency services | - | 2,160,159 |
| Long-term obligations | - | 10,200,000 |
| Unassigned (deficit) | (363,859) | 2,171,362 |
| Total fund balances | 23,455,289 | 101,720,605 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 26,038,638 | \$ 124,925,015 |

See accompanying Notes to the Basic Financial Statements.



City of Lakewood
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2022

Total Fund Balances - Total Governmental Funds \$ 101,720,605

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 \$ 60,130,224

Depreciable assets 59,183,312

Less: Amount reported in Internal Service Fund

Depreciable assets (116,449) 119,197,087

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. 1,500,409

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 \$602,134 reported in Business-type activities. 803,076

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 (460,465)

Interest payable (2,112)

Compensated absences (1,861,298)

Pensions:

Deferred outflows of resources related to pensions 6,071,061

Aggregate net pension liabilities (19,480,422)

Deferred inflows of resources related to pensions (13,202,122)

Other postemployment benefits:

Deferred outflows of resources related to OPEB 2,651,202

Net OPEB liabilities (1,043,804)

Deferred inflows of resources related to OPEB (2,088,995)

Net position of governmental activities \$ 193,804,222

City of Lakewood
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2022

| | Major Funds | | | |
|---|-------------------|---|---|---|
| | General Fund | American Rescue Plan Act Special Revenue Fund | Housing Admin and Program Capital Projects Fund | Lakewood Capital Improvements Capital Projects Fund |
| REVENUES: | | | | |
| Taxes | \$ 43,827,648 | \$ - | \$ - | \$ - |
| Licenses and permits | 1,454,144 | - | - | - |
| Fines and forfeitures | 743,167 | - | - | - |
| Investment income (loss), rents, and concessions | (1,255,156) | - | 76,525 | - |
| Intergovernmental revenues | 10,756,568 | 753,486 | - | 1,108,659 |
| Current service charges | 8,686,921 | - | - | - |
| Other | 1,928,284 | - | 144,100 | - |
| Total revenues | 66,141,576 | 753,486 | 220,625 | 1,108,659 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | 10,744,286 | 161,204 | - | - |
| Public safety | 17,448,602 | 21,413 | - | - |
| Transportation | 3,134,384 | - | - | - |
| Community development | 5,124,425 | 42,515 | 165,275 | - |
| Health and sanitation | 6,038,031 | - | - | - |
| Culture and leisure | 14,043,593 | 55,558 | - | - |
| Capital outlay: | | | | |
| General government | 1,598 | 358,390 | - | - |
| Public safety | 14,400 | - | - | - |
| Transportation | 1,197 | - | - | 2,103,028 |
| Community development | - | 30,960 | - | - |
| Culture and leisure | 1,711,622 | 69,490 | - | - |
| Debt service: | | | | |
| Principal retirement | 243,609 | - | - | - |
| Interest payment | 16,757 | - | - | - |
| Total expenditures | 58,522,504 | 739,530 | 165,275 | 2,103,028 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 7,619,072 | 13,956 | 55,350 | (994,369) |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 3,854,822 | - | - | - |
| Transfers out | - | - | (200,000) | (449) |
| Proceeds from lease issuance | 31,616 | - | - | - |
| Total other financing sources (uses) | 3,886,438 | - | (200,000) | (449) |
| NET CHANGES IN FUND BALANCES | 11,505,510 | 13,956 | (144,650) | (994,818) |
| FUND BALANCES: | | | | |
| Beginning of year, | 52,863,308 | (13,956) | 12,595,651 | 2,440,315 |
| End of year | \$ 64,368,818 | \$ - | \$ 12,451,001 | \$ 1,445,497 |

(Continued)

City of Lakewood
Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Governmental Funds
For the Year Ended June 30, 2022

| | Nonmajor Governmental Funds | Total Governmental Funds |
|---|-----------------------------------|--------------------------------|
| REVENUES: | | |
| Taxes | \$ 3,709,738 | \$ 47,537,386 |
| Licenses and permits | 686 | 1,454,830 |
| Fines and forfeitures | - | 743,167 |
| Investment income (loss), rents, and concessions | (26,181) | (1,204,812) |
| Intergovernmental revenues | 8,824,407 | 21,443,120 |
| Current service charges | - | 8,686,921 |
| Other | 589,226 | 2,661,610 |
| Total revenues | 13,097,876 | 81,322,222 |
| EXPENDITURES: | | |
| Current: | | |
| General government | 34,939 | 10,940,429 |
| Public safety | 270,937 | 17,740,952 |
| Transportation | 4,021,044 | 7,155,428 |
| Community development | 251,771 | 5,583,986 |
| Health and sanitation | 61,036 | 6,099,067 |
| Culture and leisure | 150,622 | 14,249,773 |
| Capital outlay: | | |
| General government | 143,300 | 503,288 |
| Public safety | - | 14,400 |
| Transportation | 1,764,210 | 3,868,435 |
| Community development | 174,243 | 205,203 |
| Culture and leisure | 485,586 | 2,266,698 |
| Debt service: | | |
| Principal retirement | - | 243,609 |
| Interest payment | - | 16,757 |
| Total expenditures | 7,357,688 | 68,888,025 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 5,740,188 | 12,434,197 |
| OTHER FINANCING SOURCES (USES): | | |
| Transfers in | - | 3,854,822 |
| Transfers out | (1,858,673) | (2,059,122) |
| Proceeds from lease issuance | - | 31,616 |
| Total other financing sources (uses) | (1,858,673) | 1,827,316 |
| NET CHANGES IN FUND BALANCES | 3,881,515 | 14,261,513 |
| FUND BALANCES: | | |
| Beginning of year, | 19,573,774 | 87,459,092 |
| End of year | \$ 23,455,289 | \$ 101,720,605 |

(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, 2022

Net changes in fund balances - total governmental funds: \$ 14,261,513

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, \$81,364 reported in Internal Service Funds | \$ 6,858,024 | |
| Depreciation and amortization expense, net of \$31,690 reported in Internal Service Funds | <u>(4,259,513)</u> | 2,598,511 |

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. (542,201)

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:

| | | |
|---|--|-----------|
| Issuance of lease payable | | (31,616) |
| Lease, loan and ADA financing payment | | 243,609 |
| Interest | | 10,232 |
| Change in compensated absences | | 169,738 |
| Pension expense of CalPERS Plan, net of pension contribution made after measurement date in the amount of \$3,694,665 | | 3,675,451 |
| Pension expense of PARS Plan, net of pension contribution made during the measurement period in the amount of \$832,656 | | 288,481 |
| OPEB expense, net of OPEB contribution made during the measurement period in the amount of \$533,260 | | 38,284 |

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 \$15,965 allocated to business-type activities). 115,667

Change in net position of governmental activities \$ 20,827,669

PROPRIETARY FUND FINANCIAL STATEMENTS

City of Lakewood
Statement of Net Position
Proprietary Funds
June 30, 2022

| | Business-Type Activities - Water Enterprise Fund | Governmental Activities - Internal Service Funds |
|--|---|---|
| ASSETS | | |
| Current assets: | | |
| Cash and investments | \$ 18,481,140 | \$ - |
| Restricted cash and investments: | | |
| Customer deposits | 33,063 | - |
| Accounts receivable | 1,732,903 | - |
| Accrued revenue | 1,104,829 | - |
| Inventories | 84,513 | 118,884 |
| Leases receivable | 44,490 | - |
| Total current assets | 21,480,938 | 118,884 |
| Noncurrent assets: | | |
| Leases receivable | 985,074 | - |
| Capital assets: | | |
| Capital assets, not being depreciated: | | |
| Land | 100,000 | - |
| Water rights | 1,834,586 | - |
| Construction in progress | 3,499,642 | - |
| Capital assets, being depreciated: | | |
| Source of supply | 6,878,096 | - |
| Pumping plant | 996,284 | - |
| Water treatment | 4,852,172 | - |
| Transmission/distribution | 34,548,038 | - |
| General plant | 5,884,600 | - |
| Equipment | 15,587,209 | 1,387,500 |
| Less: accumulated depreciation | (39,442,399) | (1,271,051) |
| Total capital assets | 34,738,228 | 116,449 |
| Total noncurrent assets | 35,723,302 | 116,449 |
| Total assets | 57,204,240 | 235,333 |
| DEFERRED OUTFLOWS OF RESOURCES: | | |
| Deferred outflows of resources related to pensions | 674,563 | - |
| Deferred outflows of resources related to OPEB | 262,207 | - |
| Total deferred outflows of resources | 936,770 | - |

(Continued)

City of Lakewood
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2022

| | Business-Type Activities - Water Enterprise Fund | Governmental Activities - Internal Service Funds |
|---|---|---|
| LIABILITIES | | |
| Current liabilities: | | |
| Accounts payable | \$ 2,529,599 | \$ 23,597 |
| Retention payable | 92,192 | - |
| Accrued liabilities | 42,808 | 10,794 |
| Accrued interest payable | 14,254 | - |
| Customer deposit | 33,063 | - |
| Unearned revenues | 233,676 | - |
| Compensated absences, due within one year | 101,630 | - |
| Lease payable, due within one year | 853,150 | - |
| Total current liabilities | 3,900,372 | 34,391 |
| Noncurrent liabilities: | | |
| Compensated absences, due in more than one year | 101,631 | - |
| Lease payable, due in more than one year | 6,106,507 | - |
| Aggregate net pension liability | 2,164,491 | - |
| Net OPEB liability | 103,233 | - |
| Total noncurrent liabilities | 8,475,862 | - |
| Total liabilities | 12,376,234 | 34,391 |
| DEFERRED INFLOWS OF RESOURCES | | |
| Deferred inflows of resources related to pensions | 1,466,903 | - |
| Deferred inflows of resources related to OPEB | 206,604 | - |
| Deferred inflows of resources related to leases | 1,023,543 | - |
| Total deferred inflows of resources | 2,697,050 | - |
| NET POSITION | | |
| Net investment in capital assets | 27,686,379 | 116,449 |
| Unrestricted | 15,381,347 | 84,493 |
| Total net position | 43,067,726 | \$ 200,942 |
| Adjustment to reflect the consolidation of internal service fund activities to the water enterprise fund | (602,134) | |
| Net position of business-type activities | \$ 42,465,592 | |

(Concluded)



City of Lakewood
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2022

| | Business-Type Activities - Water Enterprise Fund | Governmental Activities - Internal Service Funds |
|---|---|---|
| OPERATING REVENUES: | | |
| Metered water sales | \$ 11,830,358 | \$ - |
| Reclaimed water sales | 511,741 | - |
| Fire protection | 191,489 | - |
| Service initiation and restoration charges | 40,725 | - |
| Billing to departments | - | 1,488,161 |
| Other revenues | 1,213,485 | - |
| Total operating revenues | 13,787,798 | 1,488,161 |
| OPERATING EXPENSES: | | |
| Operations: | | |
| Supply, transmission and distribution | 7,906,623 | - |
| Customer service | 183,387 | - |
| Administration | 1,195,294 | - |
| Operating expenses | - | 1,324,839 |
| Depreciation | 1,984,743 | 31,690 |
| Total operating expenses | 11,270,047 | 1,356,529 |
| OPERATING INCOME | 2,517,751 | 131,632 |
| NONOPERATING REVENUES (EXPENSES): | | |
| Investment income | (10,565) | - |
| Interest expense | (227,260) | - |
| Total nonoperating revenues (expenses) | (237,825) | - |
| NET INCOME BEFORE TRANSFERS | 2,279,926 | 131,632 |
| TRANSFERS: | | |
| Transfers out | (1,795,700) | - |
| Total Transfers | (1,795,700) | - |
| CHANGES IN NET POSITION | 484,226 | 131,632 |
| NET POSITION: | | |
| Beginning of the year | 42,583,500 | 69,310 |
| End of the year | <u>\$ 43,067,726</u> | <u>\$ 200,942</u> |
| Changes in net position - Business-type activities | \$ 484,226 | |
| Adjustment to reflect the consolidation of the internal service fund activities related to the Water Enterprise Fund | 15,965 | |
| Changes in net position of business-type activities | <u>\$ 500,191</u> | |

City of Lakewood
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2022

| | Business-Type Activities- Water Enterprise Fund | Governmental Activities - Internal Service Fund |
|---|--|--|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Receipts from customers | \$ 14,162,178 | \$ - |
| Receipts from interfund services provided | - | 1,488,161 |
| Payments to suppliers | (6,106,938) | (1,418,726) |
| Payments to employees | (2,813,525) | - |
| Net cash provided by operating activities | 5,241,715 | 69,435 |
| CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES: | | |
| Transfers in/(out) | (1,795,700) | - |
| Due to/(from) other funds | 523 | - |
| Net cash (used in) noncapital financing activities | (1,795,177) | - |
| CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES: | | |
| Acquisition of capital assets | (1,690,263) | (81,364) |
| Principal paid on leases and loan | (829,191) | - |
| Interest paid on revenue bonds | (228,960) | - |
| Net cash (used in) capital and related financing activities | (2,748,414) | (81,364) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Investment income (loss) | (10,565) | - |
| Net cash (used in) investing activities | (10,565) | - |
| Net increase (decrease) in cash and cash equivalents | 687,559 | (11,929) |
| CASH AND CASH EQUIVALENTS: | | |
| Beginning of year | 17,826,644 | 11,929 |
| End of year | <u>\$ 18,514,203</u> | <u>\$ -</u> |
| CASH AND CASH EQUIVALENTS: | | |
| Cash and investments | \$ 18,481,140 | \$ - |
| Customer deposit | 33,063 | - |
| Total cash and cash equivalents | <u>\$ 18,514,203</u> | <u>\$ -</u> |

(Continued)

City of Lakewood
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2022

| | Business-Type Activities- Water Enterprise Fund | Governmental Activities - Internal Service Fund |
|--|--|--|
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES: | | |
| Operating income | \$ 2,517,751 | \$ 131,632 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | |
| Depreciation | 1,984,743 | 31,690 |
| Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources: | | |
| (Increase) decrease in accounts receivable | 33,114 | - |
| (Increase) decrease in accrued revenue | 240,465 | - |
| (Increase) decrease in prepaids | 25,667 | - |
| (Increase) decrease in inventories | 8,427 | (44,490) |
| (Increase) decrease in lease receivable | 45,151 | - |
| (Increase) decrease in deferred outflows of resources related to pensions | 14,396 | - |
| Increase (decrease) in accounts payable | 893,964 | (20,470) |
| Increase (decrease) in accrued liabilities | (87,028) | (28,927) |
| Increase (decrease) in customer deposits | (126,854) | - |
| Increase (decrease) in unearned revenues | 233,676 | - |
| Increase (decrease) in compensated absences | (25,619) | - |
| Increase (decrease) in net pension liability | (1,674,639) | - |
| Increase (decrease) in net OPEB liability | (83,176) | - |
| Increase (decrease) in deferred inflows of resources related to pensions | 1,219,807 | - |
| Increase (decrease) in deferred inflows of resources related to OPEB | 73,042 | - |
| Increase (decrease) in deferred inflows of resources related to leases | (51,172) | - |
| Total adjustments | 2,723,964 | (62,197) |
| Net cash provided by operating activities | \$ 5,241,715 | \$ 69,435 |

(Concluded)



FIDUCIARY FUND FINANCIAL STATEMENTS



City of Lakewood
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2022

| | Successor Agency to the City of Lakewood Redevelopment Agency Private Purpose Trust Fund | Water Fiduciary Custodial Fund |
|-------------------------------------|--|---|
| ASSETS: | | |
| Cash and investments | \$ 1,357,007 | \$ - |
| Total assets | <u>1,357,007</u> | <u>-</u> |
| LIABILITIES: | | |
| Accounts payable | - | - |
| Unearned revenues | - | - |
| Due to the City of Lakewood | 16,385,438 | - |
| Total liabilities | <u>16,385,438</u> | <u>-</u> |
| NET POSITION (DEFICIT): | | |
| Restricted for: | | |
| Held in trust | (15,028,431) | - |
| Total net position (deficit) | <u>\$ (15,028,431)</u> | <u>\$ -</u> |

City of Lakewood
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2022

| | Successor Agency to the City of Lakewood Redevelopment Agency Private Purpose Trust Fund | Water Fiduciary Custodial Fund |
|---------------------------------------|--|---|
| ADDITIONS: | | |
| Redevelopment property tax trust fund | \$ 1,287,559 | \$ - |
| Investment loss | (382,030) | - |
| Collections | - | 170,974 |
| Total additions | 905,529 | 170,974 |
| DEDUCTIONS: | | |
| Legal expenses | - | 170,974 |
| Overhead | 759,787 | - |
| Total deductions | 759,787 | 170,974 |
| CHANGE IN NET POSITION | 145,742 | - |
| NET POSITION (DEFICIT): | | |
| Beginning of year | (15,174,173) | - |
| End of year | <u><u>\$ (15,028,431)</u></u> | <u><u>\$ -</u></u> |

NOTES TO THE BASIC FINANCIAL STATEMENTS



City of Lakewood
Index to the Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

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City of Lakewood
Notes to the Basic Financial Statements
For the Year Ended June 30, 2022

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, 2022

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, 2022

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 **American Rescue Plan Act Special Revenue Fund** is used to account for revenues and activities for American Rescue Plan Act funding which was provided to fund additional relief for individuals and businesses affected by the coronavirus pandemic.

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, 2022

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 custodial 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 **Water Custodial Fund** accounts for resources held by the City in custodian capacity for legal proceedings against water JPA with other cities. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The fund was closed during the year ended June 30, 2022.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

C. Cash, Cash Equivalents, and Investments

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

Highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available. The City reported its investments at fair value and the unrealized loss on investments amounted to \$(2,529,285) for the fiscal year ended June 30, 2022.

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, 2022

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. Leases

Lessee

The City has a policy to recognize a lease liability and a right-to-use asset (lease asset) in the financial statements with an initial, individual value of \$5,000 or more with a lease term greater than one year. Variable payments based on future performance or usage of the underlying assets are not included in the measurement of the lease liability.

At the commencement of a lease, the lease liability is measured at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

K. Leases (Continued)

Lessee (Continued)

Lease assets are recorded at the amount of the initial measurement of the lease liabilities and modified by any lease payments made to the lessor at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term along with any initial direct costs that are ancillary charges necessary to place the lease assets into service. Lease assets are amortized using the straight-line method over the shorter of the lease term or the useful life of the underlying asset, unless the lease contains a purchase option that the State has determined is reasonably certain of being exercised. In this case, the lease asset is amortized over the useful life of the underlying asset.

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

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease, plus any option periods that are reasonably certain to be exercised.
- Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise. The City monitors changes in circumstances that would require a remeasurement of a lease and will remeasure any lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported as right-to-use along with other capital assets and lease liabilities are reported on the statement of net position.

Lessor

The City is a lessor for leases of buildings and land and recognizes leases receivable and deferred inflows of resources in the financial statements. Variable payments based on future performance or usage of the underlying asset are not included in the measurement of the lease receivable.

At the commencement of a lease, the lease receivable is measured at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflows of resources are initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflows of resources are recognized as revenue over the life of the lease term in a systematic and rational method.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses the average of the LAIF rate and the incremental borrowing rate (IBR) provided by our financial institution at July 1, 2021 for existing leases or the current rate at the time a new lease is executed.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

K. Leases (Continued)

Lessor (Continued)

- The lease term includes the noncancelable period of the lease plus any option periods that are likely to be exercised.
- Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

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

L. 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.

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.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

M. 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.

N. 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, 2020 |
| Measurement Date | June 30, 2021 |
| Measurement Period | July 1, 2020 to June 30, 2021 |

PARS

| | |
|--------------------|-------------------------------|
| Valuation Date | July 1, 2021 |
| Measurement Date | June 30, 2022 |
| Measurement Period | July 1, 2021 to June 30, 2022 |

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.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

O. 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, 2021 |
| Measurement Date | June 30, 2022 |
| Measurement Period | July 1, 2021 to June 30, 2022 |

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.

P. 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, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

Q. Claims and Judgments

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.

R. 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 a consumption of net assets that applies to future periods.

Deferred Inflows of Resources represent an acquisition of net assets that applies to future periods.

S. 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, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

T. 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. The description of each fund balance category is listed in the City's adopted Governmental Fund Balance Policy.

U. 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, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

U. 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.

V. 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.

W. Implementation of New GASB Pronouncements

GASB Statement No. 87 – In June 2017, GASB issued Statement No. 87, *Leases* (GASB Statement No. 87), to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It also establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Implementation of this Statement had a significant effect on the City's financial statements for the fiscal year ended June 30, 2022.

GASB Statement No. 89 – In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. Implementation of this Statement did not have a significant effect on the City's financial statements for the fiscal year ended June 30, 2022.

GASB Statement No. 92 – In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Implementation of this Statement did not have a significant effect on the City's financial statements for the fiscal year ended June 30, 2022.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

W. Implementation of New GASB Pronouncements (Continued)

GASB Statement No. 93 – In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. Implementation of this Statement did not have a significant effect on the City's financial statements for the fiscal year ended June 30, 2022.

GASB Statement No. 97 – In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Implementation of this Statement did not have a significant effect on the City's financial statements for the fiscal year ended June 30, 2022.

Note 3 – Cash and Investments

At June 30, 2022, 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 | \$ 108,428,589 | \$ 1,357,007 | \$ 109,785,596 |
| Restricted assets: | | | |
| Cash in escrow | 577,569 | - | 577,569 |
| Cash and investments | 33,063 | - | 33,063 |
| Total cash and investments | \$ 109,039,221 | \$ 1,357,007 | \$ 110,396,228 |

At June 30, 2022, cash and investments consisted of the following:

| | |
|-------------------------------------|-----------------------|
| Deposits with financial institution | \$ 5,297,463 |
| Petty cash | 2,700 |
| Investments | 105,096,065 |
| Total cash and investments | \$ 110,396,228 |

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 3 – Cash and Investments (Continued)

A. Demand Deposits

The carrying amount of the City's cash deposits were \$5,297,463 at June 30, 2022. Bank balances before reconciling items were \$5,848,572 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% | None |
| 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, 2022

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 | \$ 64,950,269 | \$ - | \$ - | \$ - | \$ - | \$ 64,950,269 |
| United States treasury notes | 725,876 | 6,514,763 | 2,500,738 | 4,728,974 | 3,944,960 | 18,415,311 |
| United States government-sponsored agency securities | - | 802,536 | 1,927,922 | 537,750 | - | 3,268,208 |
| Municipal bonds | - | 668,880 | 867,269 | 381,614 | 105,366 | 2,023,129 |
| Supra-national agency notes | 660,521 | 539,745 | 363,833 | - | - | 1,564,099 |
| CAMP cash reserve portfolio | 2,417,588 | - | - | - | - | 2,417,588 |
| Corporate medium-term notes | 805,435 | 3,372,665 | 4,732,584 | 1,332,705 | 2,214,072 | 12,457,461 |
| Total | \$ 69,559,689 | \$ 11,898,589 | \$ 10,392,346 | \$ 6,981,043 | \$ 6,264,398 | \$ 105,096,065 |

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

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, 2022 for each investment type:

| Investment Type | Fair Value as of June 30, 2022 | Minimum Legal Rating | AAA | AA | A | Not Rated |
|---|--------------------------------------|----------------------------|---------------------|----------------------|---------------------|----------------------|
| Local Agency Investment Fund | \$ 64,950,269 | N/A | \$ - | \$ - | \$ - | \$ 64,950,269 |
| United States treasury notes | 18,415,311 | N/A | - | 18,415,311 | - | - |
| United States government-sponsored agency securities | 3,268,208 | N/A | - | 3,268,208 | - | - |
| Municipal bonds | 2,023,129 | AA | 670,522 | 1,352,607 | - | - |
| Supra-national agency notes | 1,564,099 | AA | 1,564,099 | - | - | - |
| CAMP cash reserve portfolio | 2,417,588 | A | 2,417,588 | - | - | - |
| Corporate medium-term notes | 12,457,461 | A or A-* | 2,806,300 | 1,313,759 | 8,337,402 | - |
| Total | \$ 105,096,065 | | \$ 7,458,509 | \$ 24,349,885 | \$ 8,337,402 | \$ 64,950,269 |

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, 2022.

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, 2022

Note 3 – Cash and Investments (Continued)

E. Fair Value Measurement Disclosure

At June 30, 2022, 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, 2022:

| 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 | \$ - | \$ - | \$ 64,950,269 | \$ 64,950,269 |
| United States treasury notes | 18,415,311 | - | - | 18,415,311 |
| United States government-sponsored agency securities | - | 3,268,208 ⁽¹⁾ | - | 3,268,208 |
| Municipal bonds | - | 2,023,129 ⁽¹⁾ | - | 2,023,129 |
| Supra-national agency notes | - | 1,564,099 ⁽¹⁾ | - | 1,564,099 |
| CAMP cash reserve portfolio | - | - | 2,417,588 | 2,417,588 |
| Corporate medium-term notes | - | 12,457,461 ⁽¹⁾ | - | 12,457,461 |
| Total | \$ 18,415,311 | \$ 19,312,897 | \$ 67,367,857 | \$ 105,096,065 |

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

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, 2022 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, 2022, the City had \$64,950,269 invested in LAIF, which had invested 1.88% 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, 2022

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, 2022, notes receivable consisted of the following:

| | |
|-------------------------------|--|
| | Government-Wide Financial Statements |
| | <u>Governmental Activities</u> |
| Home Improvement Loan Program | \$ 2,370,230 |
| Total notes receivable | <u><u>\$ 2,370,230</u></u> |

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 \$1,857,676 at June 30, 2022.

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, 2022 was \$512,554.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 5 – Leases Receivable and Lease-Related Deferred Inflows of Resources

The City leases various types of property including land and buildings. Leases receivable consist of agreements with other entities for the “right-to-use” the underlying assets at various locations owned by the City. The remaining terms of the agreements range from 2 to 36 years. The interest rates used calculated the net present value of the lease receivable ranged from 1% to 1.5%.

For the fiscal year ended June 30, 2022, the City recognized \$426,097 in lease revenue and \$12,881 in interest revenue, and the outstanding net present value of the lease receivable amount is \$2,708,845.

A. Governmental Activities

A summary of changes in lease receivable for the governmental activities for the year ended June 30, 2022 is as follows:

| Balance July 1, 2021 (as restated) | Addition | Reductions | Balance June 30, 2022 | Amounts due within one year | Amounts due in more than one year |
|--|----------|--------------|--------------------------|-----------------------------------|---|
| \$ 2,060,227 | \$ - | \$ (380,946) | \$ 1,679,281 | \$ 386,631 | \$ 1,292,650 |

At June 30, 2022, the required payments for these leases, including interest, are:

| | NPV leases receivables | Interest | Total lease payments |
|-----------|---------------------------|------------------|-------------------------|
| 2023 | \$ 386,631 | \$ 15,027 | \$ 401,658 |
| 2024 | 291,885 | 11,336 | 303,221 |
| 2025 | 151,614 | 9,297 | 160,911 |
| 2026 | 130,531 | 7,895 | 138,426 |
| 2027 | 131,842 | 6,584 | 138,426 |
| 2028-2032 | 586,778 | 13,068 | 599,846 |
| Total | <u>\$1,679,281</u> | <u>\$ 63,207</u> | <u>\$1,742,488</u> |

At June 30, 2022, the amounts reported as deferred inflows of resources related to leases will be recognized as lease revenue as follows:

| Year Ending June 30, | Amount |
|-------------------------|---------------------|
| 2023 | \$ 387,806 |
| 2024 | 298,315 |
| 2025 | 150,909 |
| 2026 | 130,191 |
| 2027 | 130,191 |
| 2028-2032 | 575,010 |
| Total | <u>\$ 1,672,422</u> |

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 5 – Leases Receivable and Lease-Related Deferred Inflows of Resources (Continued)

B. Business-Type Activities

A summary of changes in lease receivable for the business-type activities for the year ended June 30, 2022 is as follows:

| Balance July 1, 2021 (as restated) | Addition | Reductions | Balance June 30, 2022 | Amounts due within one year | Amounts due in more than one year |
|--|----------|-------------|--------------------------|-----------------------------------|---|
| \$ 1,074,715 | \$ - | \$ (45,151) | \$ 1,029,564 | \$ 44,490 | \$ 985,074 |

At June 30, 2022, the required payments for these leases, including interest, are:

| | NPV leases receivables | Interest | Total lease payments |
|-----------|---------------------------|-------------------|-------------------------|
| 2023 | \$ 44,490 | \$ 15,139 | \$ 59,629 |
| 2024 | 45,123 | 14,506 | 59,629 |
| 2025 | 45,843 | 13,786 | 59,629 |
| 2026 | 46,536 | 13,093 | 59,629 |
| 2027 | 47,239 | 12,390 | 59,629 |
| 2028-2032 | 247,056 | 51,089 | 298,145 |
| 2033-2037 | 129,801 | 36,117 | 165,918 |
| 2038-2042 | 89,912 | 28,504 | 118,416 |
| 2043-2047 | 96,913 | 21,503 | 118,416 |
| 2048-2052 | 104,453 | 13,962 | 118,415 |
| 2053-2057 | 112,597 | 5,819 | 118,416 |
| 2058 | 19,601 | 160 | 19,761 |
| Total | <u>\$1,029,564</u> | <u>\$ 226,068</u> | <u>\$1,255,632</u> |

At June 30, 2022, the amounts reported as deferred inflows of resources related to leases will be recognized as lease revenue as follows:

| Year Ending June 30, | Amount |
|-------------------------|---------------------|
| 2023 | \$ 51,175 |
| 2024 | 51,175.00 |
| 2025 | 51,175.00 |
| 2026 | 51,175.00 |
| 2027 | 51,175.00 |
| 2028-2032 | 255,875.00 |
| 2033-2037 | 132,486.00 |
| 2038-2042 | 91,034.00 |
| 2043-2047 | 91,034.00 |
| 2048-2052 | 91,034.00 |
| 2053-2057 | 91,034.00 |
| 2058 | 15,171.00 |
| Total | <u>\$ 1,023,543</u> |

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 6 – Interfund Transactions

A. Due From and To Other Funds

At June 30, 2022, the City has the following due from and to other funds:

| | | Due To Other Funds |
|----------------------------|----|--------------------------------|
| | | Nonmajor Governmental Funds |
| Due From Other Funds | | |
| Governmental Funds: | | |
| General Fund | \$ | 1,095,641 |
| | | |

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

B. Transfers In and Out

During the year ended June 30, 2022, the City had the following transfers in and transfers out:

| | | Transfers In |
|-------------------------------|----|-----------------------|
| | | Governmental Funds |
| Transfers Out | | General Fund |
| Governmental Funds: | | |
| Capital Projects Fund | \$ | 200,000 |
| Lakewood Capital Improvements | | |
| Capital Projects Fund | | 449 |
| Nonmajor Governmental Funds | | 1,858,673 |
| Enterprise Fund: | | |
| Water | | 1,795,700 |
| | \$ | 3,854,822 |
| | | |

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

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 7 – Land Held for Resale

At June 30, 2022, 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 | |

Note 8 – Receivable from Successor Agency

At June 30, 2022, the receivables from Successor Agency are as follows:

| | General Fund | Housing Admin and Program Capital Projects Fund | Total |
|------------------------|----------------------|--|----------------------|
| Inter-Agency Loan | \$ 10,484,906 | \$ 2,621,228 | \$ 13,106,134 |
| 10-Year Interfund Loan | | 90,491 | 90,491 |
| 5-Year Loan | - | 2,103,503 | 2,103,503 |
| Housing Set-Aside Fund | - | 1,085,310 | 1,085,310 |
| | \$ 10,484,906 | \$ 5,900,532 | \$ 16,385,438 |

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. During the year ended June 30, 2022, the *initial* City Loan was paid off. 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.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 8 – Receivable from Successor Agency (Continued)

At June 30, 2022, the total principal and interest due to the City General Fund and Housing Admin & Program Capital Projects Fund were in the amount of \$10,484,906 and \$2,621,228, 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, 2022 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, 2022 was \$2,103,503. The liability side of this loan was transferred to the Successor Agency and the asset side was transferred to the Housing Admin & Program Capital Projects Fund as of the date of the dissolution of the Agency in accordance with Assembly Bill 1X26.

California Health and Safety Code Section 33334.6 requires that Redevelopment Agencies set aside 20% of the annual tax increment proceeds for the benefit of low- and moderate-income housing. However, an Agency may defer the set-aside of 20% if it determines that the tax increment required to be deposited is necessary for the orderly and timely completion of programs approved by the Agency prior to January 1, 1986. The Agency made such a determination to defer the deposit of \$1,383,310 of tax increment into the Housing Set-Aside Fund. The Agency has adopted a plan for repayment of this Housing Set-Aside Fund deficit. The Agency did not make a payment towards this deficit 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.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 9 – Capital Assets

A. Governmental Activities

A summary of changes in capital assets of the governmental activities for the year ended June 30, 2022 is as follows:

| | Balance July 1, 2021 (As Restated) | Additions | Deletions | Reclassification | Balance June 30, 2022 |
|---|--|---------------------|-----------------|------------------|--------------------------|
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 17,041,023 | \$ - | \$ - | \$ - | \$ 17,041,023 |
| Construction in progress | 36,716,255 | 6,469,485 | - | (96,539) | 43,089,201 |
| Total capital assets, not being depreciated | 53,757,278 | 6,469,485 | - | (96,539) | 60,130,224 |
| Capital assets, being depreciated: | | | | | |
| Structures and improvements | 51,425,631 | - | - | 38,000 | 51,463,631 |
| Equipment | 9,030,084 | 438,287 | (51,170) | - | 9,417,201 |
| Infrastructure | 155,589,146 | - | - | 58,539 | 155,647,685 |
| Total capital assets, being depreciated | 216,044,861 | 438,287 | (51,170) | 96,539 | 216,528,517 |
| Less accumulated depreciation for: | | | | | |
| Structures and improvements | (28,070,294) | (1,109,173) | - | - | (29,179,467) |
| Equipment | (7,911,460) | (418,320) | 51,170 | - | (8,278,610) |
| Infrastructure | (117,320,385) | (2,723,750) | - | - | (120,044,135) |
| Total accumulated depreciation | (153,302,139) | (4,251,243) | 51,170 | - | (157,502,212) |
| Lease assets: | | | | | |
| Infrastructure | 165,351 | 31,616 | - | - | 196,967 |
| Total lease assets | 165,351 | 31,616 | - | - | 196,967 |
| Less accumulated amortization for: | | | | | |
| Infrastructure | - | (39,960) | - | - | (39,960) |
| Total accumulated amortization | - | (39,960) | - | - | (39,960) |
| Total capital assets, lease assets, being depreciated, net | 62,908,073 | (3,821,300) | - | 96,539 | 59,183,312 |
| Governmental activities capital assets, net | \$ 116,665,351 | \$ 2,648,185 | \$ - | \$ - | \$ 119,313,536 |

Depreciation and amortization expenses were charged to City functions/programs as follows:

| | |
|--|---------------------|
| General government | \$ 194,475 |
| Public safety | 56,787 |
| Transportation | 90,683 |
| Community development | 113,571 |
| Culture and leisure | 1,040,287 |
| Unallocated depreciation for infrastructure | 2,723,750 |
| Internal service funds depreciation charged to programs | 31,690 |
| Lease assets amortization | 39,960 |
| Total depreciation/amortization expense - governmental activities | \$ 4,291,203 |

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 9 – 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, 2022 is as follows:

| | Balance July 1, 2021 | Additions | Deletions | Reclassification | Balance June 30, 2022 |
|---|-------------------------|---------------------|-------------|------------------|--------------------------|
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 100,000 | \$ - | \$ - | \$ - | \$ 100,000 |
| Water rights | 1,834,586 | - | - | - | 1,834,586 |
| Construction in progress | 2,315,068 | 1,536,813 | - | (352,239) | 3,499,642 |
| Total capital assets, not being depreciated | 4,249,654 | 1,536,813 | - | (352,239) | 5,434,228 |
| Capital assets, being depreciated: | | | | | |
| Source of supply | 6,789,257 | 88,839 | - | - | 6,878,096 |
| Pumping plant | 996,284 | - | - | - | 996,284 |
| Water treatment | 4,852,172 | - | - | - | 4,852,172 |
| Transmission/distribution | 34,548,038 | - | - | - | 34,548,038 |
| General plant and equipment | 20,984,303 | 135,267 | - | 352,239 | 21,471,809 |
| Total capital assets, being depreciated | 68,170,054 | 224,106 | - | 352,239 | 68,746,399 |
| Less accumulated depreciation for: | | | | | |
| Source of supply | (3,697,655) | (148,013) | - | - | (3,845,668) |
| Pumping plant | (643,175) | (22,475) | - | - | (665,650) |
| Water treatment | (3,727,716) | (228,571) | - | - | (3,956,287) |
| Transmission/distribution | (21,939,396) | (895,199) | - | - | (22,834,595) |
| General plant and equipment | (7,449,714) | (690,485) | - | - | (8,140,199) |
| Total accumulated depreciation | (37,457,656) | (1,984,743) | - | - | (39,442,399) |
| Total capital assets, being depreciated, net | 30,712,398 | (1,760,637) | - | 352,239 | 29,304,000 |
| Business-type activities capital assets, net | \$ 34,962,052 | \$ (223,824) | \$ - | \$ - | \$ 34,738,228 |

Depreciation expense was charged to the Water Enterprise Fund in the amount of \$1,984,743 for the year ended June 30, 2022.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 10 – Long-Term Liabilities

A. Governmental Activities

A summary of changes in long-term liabilities for governmental activities for the year ended June 30, 2022 is as follows:

| | Balance July 1, 2021 (As Restated) | Additions | Deletions | Balance June 30, 2022 | Due within One Year | Due in More Than One Year |
|--------------------------------------|--|-------------------|-----------------------|--------------------------|------------------------|------------------------------|
| Governmental Activities: | | | | | | |
| Direct Borrowing: | | | | | | |
| Loan payable | \$ 47,139 | \$ - | \$ (47,139) | \$ - | \$ - | \$ - |
| ADA financing program | 459,968 | - | (150,893) | 309,075 | 154,952 | 154,123 |
| Lease payable | 165,351 | 31,616 | (45,577) | 151,390 | 46,289 | 105,101 |
| Compensated absences | 2,031,036 | 783,758 | (953,496) | 1,861,298 | 930,649 | 930,649 |
| Total governmental activities | \$ 2,703,494 | \$ 815,374 | \$ (1,197,105) | \$ 2,321,763 | \$ 1,131,890 | \$ 1,189,873 |

Loan Payable

The City has a lease agreement for the acquisition of a helicopter. Total equipment acquired through finance purchase amounted to \$278,121. The lease was paid off during the year ended June 30, 2022.

The asset acquired through finance purchase is as follows:

| Assets | Governmental Activities |
|--------------------------------|----------------------------|
| Equipment | \$ 278,121 |
| Less: accumulated depreciation | (258,255) |
| Total | <u>\$ 19,866</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.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 10 – Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

ADA Financing Program (Continued)

The debt service requirements to maturity are as follows:

| Year Ending June 30 | Principal | Interest | Total |
|------------------------|-------------------|------------------|-------------------|
| 2023 | \$ 154,952 | \$ 8,449 | \$ 163,401 |
| 2024 | 154,123 | 4,278 | 158,401 |
| Total | <u>\$ 309,075</u> | <u>\$ 12,727</u> | <u>\$ 321,802</u> |

Lease Payable

The City has entered leases for the right of way leases. The terms of the agreements are 60 months. The calculated interest rate used was 1% at June 30, 2022, the outstanding balance of the leases is \$151,390.

Principal and interest payments to maturity at June 30, 2022 are as follows:

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------|-------------------|-----------------|-------------------|
| 2023 | \$ 46,289 | \$ 3,661 | \$ 49,950 |
| 2024 | 48,186 | 1,051 | 49,237 |
| 2025 | 50,143 | 571 | 50,714 |
| 2026 | 6,772 | 68 | 6,840 |
| Total | <u>\$ 151,390</u> | <u>\$ 5,351</u> | <u>\$ 156,741</u> |

Compensated Absences

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

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 10 – Long-Term Liabilities (Continued)

A. Business-Type Activities

Summary of changes in long-term liabilities for business-type activities for the year ended June 30, 2022 is as follows:

| | Balance July 1, 2021 | Additions | Deletions | Balance June 30, 2022 | Due within One Year | Due in More Than One Year |
|---|-------------------------|------------------|---------------------|--------------------------|------------------------|------------------------------|
| Business-type Activities: | | | | | | |
| Direct Borrowing: | | | | | | |
| 2015 Photovoltaic system lease and sublease agreements | \$ 535,538 | \$ - | \$ (264,411) | \$ 271,127 | \$ 271,127 | \$ - |
| 2017 Master equipment lease/ purchase agreement | 7,253,310 | - | (564,780) | 6,688,530 | 582,023 | 6,106,507 |
| Compensated absences | 228,880 | 96,734 | (122,353) | 203,261 | 101,630 | 101,631 |
| Total business-type activities | \$ 8,017,728 | \$ 96,734 | \$ (951,544) | \$ 7,162,918 | \$ 954,780 | \$ 6,208,138 |

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, 2022, are as follows:

| Year Ending June 30 | Principal | Interest | Total |
|------------------------|------------|----------|------------|
| 2023 | \$ 271,127 | \$ 6,887 | \$ 278,014 |

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 10 – Long-Term Liabilities (Continued)

B. Business-Type Activities (Continued)

2017 Master Equipment Lease/Purchase Agreement

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

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

The future annual required lease payments at June 30, 2022, are as follows:

| Year Ending June 30 | Principal | Interest | Total |
|------------------------|---------------------|---------------------|---------------------|
| 2023 | \$ 582,023 | \$ 198,286 | \$ 780,309 |
| 2024 | 599,791 | 198,286 | 798,077 |
| 2025 | 618,103 | 162,207 | 780,310 |
| 2026 | 636,973 | 143,336 | 780,309 |
| 2027 | 656,420 | 123,890 | 780,310 |
| 2028-2032 | 3,595,220 | 306,326 | 3,901,546 |
| Total | <u>\$ 6,688,530</u> | <u>\$ 1,132,331</u> | <u>\$ 7,820,861</u> |

Note 11 – 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 84 employees covered by the plan for the year ended June 30, 2022. 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, 2022, there were 72 employees covered by the plan and the employer contributions totaled \$102,877.

The City also provides a tax qualified retirement savings plan under Section 401(a) of the Internal Revenue Code to all full-time employees. This plan is administered by VOYA. Employer contributions are for pay-offs for administrative leave, compensation pay, gatekeeper pay, and sick leave. Bonus pay (if any) will be contributed into the plan as well. Longevity pay are contributed into the plan based on the employees' tier and year of service with the City. The last contribution is the vacation conversion which is the amount of vacation above the employees' maximum hours. For the year ended June 30, 2022, there were 162 employees covered by the plan and the employer contributions totaled \$384,131.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 12 – 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, 2022 are as follows:

| Governmental Activities | Governmental Activities | Business-Type Activities | Total |
|---|--------------------------------|---------------------------------|----------------------|
| Deferred outflows of resources: | | | |
| Pension contribution after measurement date: | | | |
| CalPERS | \$ 3,964,665 | \$ 440,518 | \$ 4,405,183 |
| Change in assumptions: | | | |
| PARS | 122,335 | 13,593 | 135,928 |
| Difference between expected and actual experience | | | |
| CalPERS | 639,004 | 71,001 | 710,005 |
| Difference in projected and actual earnings on pension investments: | | | |
| PARS | 1,345,057 | 149,451 | 1,494,508 |
| Total deferred outflows of resources | \$ 6,071,061 | \$ 674,563 | \$ 6,745,624 |
| Net pension liabilities: | | | |
| CalPERS | \$ 15,460,573 | \$ 1,717,841 | \$ 17,178,414 |
| PARS | 4,019,849 | 446,650 | 4,466,499 |
| Total net pension liabilities | \$ 19,480,422 | \$ 2,164,491 | \$ 21,644,913 |
| Deferred inflows of resources: | | | |
| Difference between expected and actual experience | | | |
| CalPERS | \$ 595,615 | \$ 66,180 | \$ 661,795 |
| PARS | 1,299,765 | 144,418 | 1,444,183 |
| Difference in projected and actual earnings on pension investments: | | | |
| CalPERS | 11,306,742 | 1,256,305 | 12,563,047 |
| Total deferred inflows of resources | \$ 13,202,122 | \$ 1,466,903 | \$ 14,669,025 |
| Pension Expense: | | | |
| CalPERS | \$ 289,214 | \$ 32,135 | \$ 321,349 |
| PARS | 544,175 | 60,464 | 604,639 |
| Total pension expense | \$ 833,389 | \$ 92,599 | \$ 925,988 |

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 12 – 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 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 benefit 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, 2022

Note 12 – Defined Benefit Pension Plan (Continued)

A. CalPERS Plan (Continued)

General Information about the Pension Plan (Continued)

Employees Covered by Benefit Terms

At June 30, 2020, the valuation date, the following employees were covered by the benefit terms:

| | |
|--------------------------------------|-----|
| Active employees | 264 |
| Transferred and terminated employees | 379 |
| Retired employees and beneficiaries | 279 |
| Total | 922 |

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, 2022, the classic active employee contribution rates was 7% of annual pay, the PEPR active employee contribution rate was 6.75% of annual pay, and the required employer contribution rates were 8.97% of the annual payroll.

Net Pension Liability

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The June 30, 2020 valuation was rolled forward to determine the June 30, 2021 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, 2022

Note 12 – 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 expected real rates of return by asset class are as follows:

| 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, 2022

Note 12 – Defined Benefit Pension Plan (Continued)

A. CalPERS Plan (Continued)

Subsequent Events

On July 12, 2021, CalPERS reported a preliminary 21.3% net return on investments for fiscal year 2020-21. Based on the thresholds specified in CalPERS Funding Risk Mitigation policy, the excess return of 14.3% prescribes a reduction in investment volatility that corresponds to a reduction in the discount rate used for funding purposes of 0.20%, from 7.00% to 6.80%. Since CalPERS was in the final stages of the four-year Asset Liability Management (ALM) cycle, the board elected to defer any changes to the asset allocation until the ALM process concluded, and the board could make its final decision on the asset allocation in November 2021.

On November 17, 2021, the board adopted a new strategic asset allocation. The new asset allocation along with the new capital market assumptions, economic assumptions and administrative expense assumption support a discount rate of 6.90% (net of investment expense but without a reduction for administrative expense) for financial reporting purposes. This includes a reduction in the price inflation assumption from 2.50% to 2.30% as recommended in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study also recommended modifications to retirement rates, termination rates, mortality rates and rates of salary increases that were adopted by the board. These new assumptions will be reflected in the GASB 68 accounting valuation reports for the June 30, 2022, measurement date.

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 (“EARSLS”) 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.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 12 – Defined Benefit Pension Plan (Continued)

A. CalPERS Plan (Continued)

Changes in the Net Pension Liability

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

| | Increase (Decrease) | | |
|---|--|--|--|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (c) = (a) - (b) |
| Balance at June 30, 2020 (Valuation Date) | \$ 148,476,038 | \$ 112,984,385 | \$ 35,491,653 |
| Changes Recognized for the Measurement Period: | | | |
| Service Cost | 2,546,101 | - | 2,546,101 |
| Interest on the total pension liability | 10,347,723 | - | 10,347,723 |
| Difference between expected and actual experience | (949,532) | - | (949,532) |
| Contributions from the employer | - | 3,879,340 | (3,879,340) |
| Contributions from employees | - | 1,183,929 | (1,183,929) |
| Net investment income | - | 25,307,127 | (25,307,127) |
| Benefit payments, including refunds of employee contributions | (8,152,296) | (8,152,296) | - |
| Administrative expense | - | (112,865) | 112,865 |
| Net changes during July 1, 2020 to June 30, 2021 | 3,791,996 | 22,105,235 | (18,313,239) |
| Balance at June 30, 2021 (Measurement Date) | \$ 152,268,034 | \$ 135,089,620 | \$ 17,178,414 |

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

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

| Plan's Net Pension Liability/(Asset) | | |
|---|--|---------------------------------------|
| Discount Rate - 1% (6.15%) | Current Discount Rate (7.15%) | Discount Rate + 1% (8.15%) |
| \$ 36,292,399 | \$ 17,178,414 | \$ 1,303,044 |

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, 2021, the City incurred a pension expense of \$321,349.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 12 – Defined Benefit Pension Plan (Continued)

A. CalPERS Plan (Continued)

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

As of measurement date of June 30, 2021, 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 | \$ 4,405,183 | \$ - |
| Difference between expected and actual experience | 710,005 | (661,795) |
| Net difference between projected and actual earning on pension plan investments | - | (12,563,047) |
| Total | <u>\$ 5,115,188</u> | <u>\$ (13,224,842)</u> |

The amounts above are net of outflows and inflows recognized in the 2020-2021 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, 2021 is 3.3 years, which was obtained by dividing the total service years of 3,021 (the sum of remaining service lifetimes of the active employees) by 922 (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.

The \$4,405,183 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, 2022 will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. 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 |
|------------------------|---|
| | Miscellaneous Plan |
| 2023 | \$ (2,839,342) |
| 2024 | (3,109,087) |
| 2025 | (3,094,152) |
| 2026 | (3,472,256) |
| 2027 | - |
| Thereafter | - |
| Total | <u>\$ (12,514,837)</u> |

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 12 – Defined Benefit Pension Plan (Continued)

B. Retirement Enhancement Plan

General Information about the Pension Plan

Plan Description

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

Benefit Provided

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

Final average compensation is equal to the highest year of compensation with the City, including CalPERS employer paid member contributions (salary plus 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, 2021, the valuation date, the following employees were covered by the benefit terms:

| | |
|-------------------------------------|------------|
| Active employees | 85 |
| Terminated employees | 26 |
| Retired employees and beneficiaries | 83 |
| Total | <u>194</u> |

Contributions

Employees contribute 3.00% of compensation of which the City picks-up 0.13%. The employer contributed \$925,173 during the year ended June 30, 2022.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 12 – Defined Benefit Pension Plan (Continued)

B. Retirement Enhancement Plan (Continued)

Net Pension Liability

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The June 30, 2021 valuation was rolled forward to determine the June 30, 2022 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% |
| Payroll Growth | 2.75% |
| Cost of Living Adjustment | 2.00% compounded annually |
| Withdrawal/Disability | Consistent with the Non-Industrial Rates used to value the CalPERS Miscellaneous Public Agency Pension Plans after June 30, 2017. |
| Mortality | Pre-retirement: Consistent with the Non-Industrial rates used to value the CalPERS Miscellaneous Public Agency Pension Plans after June 30, 2017. Post-retirement: Consistent with the Non-Industrial rates used to value the CalPERS Miscellaneous Public Agency Pension Plans after June 30, 2017. |
| Retirement | Ranges from 3.65% 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 |

Change of Assumptions

There were no changes in actuarial assumptions and methods July 1, 2019 valuation to July 1, 2021 valuation.

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, 2022

Note 12 – 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 | 5.30% | 0.21% | 0.20% |
| US Core Fixed Income | Bloomberg Barclays Aggregate | 46.95% | 1.95% | 1.84% |
| US Equity Market | Russell 3000 | 38.13% | 5.70% | 4.10% |
| Foreign Developed Equity | MSCI EAFE NR | 4.76% | 6.99% | 5.25% |
| Emerging Market Equities | MSCI EM NR | 3.07% | 9.44% | 5.97% |
| US REITs | FTSE NAREIT Equity REIT | 1.79% | 6.27% | 4.11% |
| | | <u>100.00%</u> | | |
| Assumed Inflation - Mean | | | 2.35% | 2.35% |
| Assumed Inflation - Standard Deviation | | | 1.25% | 1.25% |
| Portfolio Real Mean Return | | | 3.83% | 3.43% |
| Portfolio Nominal Mean Return | | | 6.19% | 5.87% |
| Portfolio Standard Deviation | | | | 8.31% |
| 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, 2021 | \$ 24,067,614 | \$ 21,167,961 | \$ 2,899,653 |
| Changes Recognized for the Measurement Period: | | | |
| Service cost | 364,553 | - | 364,553 |
| Interest on the total pension liability | 1,319,474 | - | 1,319,474 |
| Effect of economic/demographic gains or losses | (1,804,110) | - | (1,804,110) |
| Effect of assumptions changes or inputs | - | - | - |
| Benefit payments | (895,425) | (895,425) | - |
| Employer contributions | - | 925,173 | (925,173) |
| Member contributions | - | 221,400 | (221,400) |
| Net investment income | - | (2,755,385) | 2,755,385 |
| Administrative expense | - | (78,117) | 78,117 |
| Net changes during July 1, 2021 to June 30, 2022 | (1,015,508) | (2,582,354) | 1,566,846 |
| Balance at June 30, 2022 (Measurement Date) | \$ 23,052,106 | \$ 18,585,607 | \$ 4,466,499 |

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 12 – 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 | \$ 7,514,051 | \$ 4,466,499 | \$ 1,922,068 |

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, 2022, the City incurred a pension expense of \$604,639.

As of measurement date of June 30, 2022, 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 | \$ - | \$ (1,444,183) |
| Changes of assumptions | 135,928 | - |
| Net difference between projected and actual earning on pension plan investments | 1,494,508 | - |
| Total | \$ 1,630,436 | \$ (1,444,183) |

The amounts above are net of outflows and inflows recognized in the 2021-2022 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 |
|------------------------|---|
| 2023 | \$ (102,104) |
| 2024 | (179,246) |
| 2025 | (231,349) |
| 2026 | 698,952 |
| 2027 | - |
| Thereafter | - |
| Total | \$ 186,253 |

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 13 – Other Postemployment Benefits (“OPEB”)

At June 30, 2022, 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 | \$ 504,058 | \$ 49,852 | \$ 553,910 |
| Difference between expected and actual experience | 292,433 | 28,922 | 321,355 |
| Net difference between projected and actual earnings on OPEB plan investment | 1,854,711 | 183,433 | 2,038,144 |
| Total deferred outflows of resources | \$ 2,651,202 | \$ 262,207 | \$ 2,913,409 |
| Net OPEB liabilities: | \$ 1,043,804 | \$ 103,233 | \$ 1,147,037 |
| Deferred inflows of resources: | | | |
| Difference between expected and actual experience | 1,183,674 | 117,067 | 1,300,741 |
| Net difference between projected and actual earnings on OPEB plan investment | 905,321 | 89,537 | 994,858 |
| Total deferred inflows of resources | \$ 2,088,995 | \$ 206,604 | \$ 2,295,599 |
| OPEB Expense (Credit) | \$ 494,976 | \$ 48,954 | \$ 543,930 |

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 (\$149 and \$143 per month in calendar year 2022 and 2021, respectively). Furthermore, the City will make additional contributions towards certain eligible retirees' premiums for a given number of months after retirement equal to the employees' months of service with the City before retirement. This program is known as the "Career Employees Medical Retirement Benefit", and is also available to non-PEMHCA retirees in the form of quarterly reimbursements upon proper verification of authorized healthcare costs.

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

- (1) Later of age 55 and 20 years of service 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, 2022

Note 13 – 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.

Employees Covered by Benefit Terms

At July 1, 2021, the date of the latest actuarial valuation, membership in the plan consisted of the following:

| | |
|---|------------|
| Inactive plan members or beneficiaries currently receiving benefit payments | 89 |
| Active plan members | 178 |
| Total | <u>267</u> |

Contributions

The City’s required contribution is based on projected pay-as-you-go financing requirements. The City has an irrevocable OPEB trust with the Public Agency Retirement Services (PARS). Contributions to the benefits paid outside of trust and implicit benefits paid were \$443,610 and \$148,738, respectively.

Net OPEB Liability

The City’s net OPEB liability was measured as of June 30, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2021. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 13 – Other Postemployment Benefits (“OPEB”) (Continued)

Net OPEB Liability (Continued)

Actuarial Assumptions

The total OPEB liability in the July 1, 2021 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|----------------------------|---|
| Inflation rate | 2.50% |
| Salary increases | 3.00% |
| Discount rate | 6.00% |
| Investment rate of return | 6.00%, net of OPEB plan investment expense |
| Healthcare cost trend rate | 5.20 percent for 2022 through 2034; 5.00 percent for 2035 through 2049; 4.50 percent for 2050 through 2064; 4.00 percent for 2065 and later years |

Mortality rates were based on the most recent CalPERS experience study. The actuarial assumptions used in the July 1, 2021 valuation were based on an actuarial experience study and a review of plan experience during the period July 1, 2019 to June 30, 2021.

Discount Rate

GASB 75 requires the use of a discount rate that considers the availability of the OPEB plan’s fiduciary net position associated with the OPEB of current active and inactive employees and the investment horizon of those resources.

OPEB plans with irrevocable trust accounts can utilize a discount rate equal to the long-term expected rate of return to the extent that the OPEB plan’s fiduciary net position is projected to be sufficient to make projected benefit payments and the OPEB plan assets are expected to be invested using a strategy to achieve that return.

To determine if the OPEB plan assets are sufficient, a calculation of the projected fiduciary net position and the amount of projected benefit payments is compared in each period. When OPEB plan assets are determined to not be sufficient, a blended rate is calculated.

For OPEB plans that do not have irrevocable trust accounts, GASB 75 requires a discount rate equal to the yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

The City has an irrevocable trust account for prefunding OPEB liabilities. Plan assets are expected to be sufficient. The discount rate used to measure the total OPEB liability is equal to the 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 best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The table below provides the long-term expected real rates of return by asset class:

| 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, 2022

Note 13 – Other Postemployment Benefits (“OPEB”) (Continued)

Net OPEB Liability (Continued)

Investment Rate of Return

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 the PARS Moderate HighMark PLUS. The dual goals of the Moderate Strategy are growth of principal and income. The asset allocation ranges for this objective are listed below:

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

For the year ended on the measurement date, the annual money-weighted rate of return on investments, net of investment expense, was -12.95 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

Change in the Net OPEB Liability

| | Increase (Decrease) | | |
|---|---|--|---|
| | Total OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net OPEB Liability/(Asset) (c) = (a) - (b) |
| Balance at July 1, 2021 | \$ 12,501,003 | \$ 12,473,585 | \$ 27,418 |
| Changes Recognized for the Measurement Period: | | | |
| Service cost | 395,666 | - | 395,666 |
| Interest on the total OPEB liability | 693,385 | - | 693,385 |
| Changes of benefit terms | - | - | - |
| Changes of assumptions | 401,856 | - | 401,856 |
| Difference between expected and actual experience | (1,450,251) | - | (1,450,251) |
| Contributions from the employer | - | 592,348 | (592,348) |
| Contributions from employees | - | - | - |
| Net investment income | - | (1,607,601) | 1,607,601 |
| Benefit payments, including refunds of employee contributions | (592,348) | (592,348) | - |
| Administrative expense | - | (63,710) | 63,710 |
| Net Changes during July 1, 2021 to June 30, 2022 | (551,692) | (1,671,311) | 1,119,619 |
| Balance at June 30, 2022 (Measurement Date) | \$ 11,949,311 | \$ 10,802,274 | \$ 1,147,037 |

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 13 – Other Postemployment Benefits (“OPEB”) (Continued)

Change in the Net OPEB Liability (Continued)

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

The following presents the net OPEB liability of the City, as well as what the City’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current discount rate:

| Plan's Net OPEB Liability/(Asset) | | |
|-----------------------------------|----------------------------------|-------------------------------|
| Discount Rate - 1% (5.00%) | Current Discount Rate (6.00%) | Discount Rate + 1% (7.00%) |
| \$ 2,733,455 | \$ 1,147,037 | \$ (180,570) |

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

The following presents the net OPEB liability of the City, as well as what the City’s net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentagepoint higher than the current healthcare cost trend rates:

| Plan's Net OPEB Liability/(Asset) | | |
|---|---|--|
| Healthcare Cost | | |
| 1% Decrease (4.20% current, 3.00% ultimate) | Trend Rates (5.80% current, 5.00% ultimate) | Trend Rate + 1% (6.20 current, 5.00% ultimate) |
| \$ (174,874) | \$ 1,147,037 | \$ 2,747,475 |

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

For the year ended June 30, 2022, the City' recognized OPEB expense of \$543,930. At June 30, 2022, 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 | \$ 553,910 | \$ - |
| Difference between expected and actual experience | 321,355 | (1,300,741) |
| Net difference between projected and actual earnings on pension plan investments | 2,038,144 | (994,858) |
| Total | \$ 2,913,409 | \$ (2,295,599) |

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.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 13 – Other Postemployment Benefits (“OPEB”) (Continued)

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

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

| Year Ending June 30 | Deferred Outflows/(Inflows) of Resources OPEB Plan |
|------------------------|---|
| 2023 | \$ 206,215 |
| 2024 | 215,546 |
| 2025 | 164,365 |
| 2026 | 492,871 |
| 2027 | (61,284) |
| Thereafter | (399,903) |
| Total | \$ 617,810 |

Note 14 – 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, 2022

Note 15 – Liabilities, Property, and Workers’ Compensation Protection

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

The City of Lakewood, California is a member of the California Joint Powers Insurance Authority (“Authority”). The Authority is composed of 124 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The California JPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

B. 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 \$100,000 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 \$100,000 to \$500,000 for each occurrence and is evaluated as a percentage of the pool’s total incurred costs within the second layer. (4) Incurred costs from \$500,000 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 also have a \$50 million per occurrence limit. The coverage structure is composed of a combination of pooled self-insurance, reinsurance, and excess insurance. Additional information concerning the coverage structure is available on the Authority’s 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 \$75,000 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 \$75,000 to \$200,000 for each occurrence and is evaluated as a percentage of the pool’s total incurred costs within the second layer. (4) Incurred costs from \$200,000 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, 2022

Note 15 – Liabilities, Property, and Workers’ Compensation Protection (Continued)

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

Primary Workers' Compensation Program (Continued)

For 2021-22 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 \$250,000 deductible. The Authority has an aggregate limit of \$20 million.

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 \$97,937,818. 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.

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. The term of this agreement is from July 1, 2019 through June 30, 2024 and agreement may be renewed or extended for successive years. The total premium paid during the fiscal year ended June 30, 2022 was \$1,116,377.

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 2021-22.

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, 2022

Note 16 – 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. 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, 2022, the City paid \$61,128 per month for the maintenance contract. The contract expires in April 2023.

C. 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, 2022, the Agency's outstanding deferral balance is \$756,943.

Note 17 – Individual Fund Disclosures

Funds with a deficit fund balance/net position at June 30, 2022, are as follows:

Governmental Funds:

| | |
|--|-------------|
| Prop A Recreation Special Revenue Fund | \$ (57,242) |
| LEAP Grant Special Revenue Fund | (111,239) |
| SB2 Housing Grant Special Revenue Fund | (21,343) |
| San Martin Park Improvement Special Revenue Fund | (174,035) |

Fiduciary Fund:

| | |
|---|--------------|
| Successor Agency Private Purpose Trust Fund | (15,028,431) |
|---|--------------|

Proprietary Funds:

| | |
|----------------------------------|---------|
| Print Shop Internal Service Fund | (4,325) |
|----------------------------------|---------|

The Governmental Funds' deficits are primarily the result of unavailability revenue at June 30, 2022 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.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

Note 18 – Net Investment in Capital Assets

The following is the calculation of net investment in capital assets at June 30, 2022:

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> |
|--|------------------------------------|-------------------------------------|
| Capital assets, net of accumulated depreciation | \$ 119,313,536 | \$ 34,738,228 |
| Less: outstanding principal on capital related debts | (460,465) | (6,959,657) |
| Less: retention payable | (779,219) | (92,192) |
| Net investment in capital assets | <u>\$ 118,073,852</u> | <u>\$ 27,686,379</u> |

Note 19 – 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 December 2022.



**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**



City of Lakewood
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2022

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|---|---------------------|---------------------|----------------------|-------------------------------|
| REVENUES: | | | | |
| Taxes | \$ 36,229,000 | \$ 41,211,700 | \$ 43,827,648 | \$ 2,615,948 |
| Licenses and permits | 1,148,098 | 1,284,300 | 1,454,144 | 169,844 |
| Fines and forfeitures | 781,100 | 765,600 | 743,167 | (22,433) |
| Investment income, rents and concession | 1,168,795 | 562,773 | (1,255,156) | (1,817,929) |
| Intergovernmental revenues | 10,483,000 | 10,509,100 | 10,756,568 | 247,468 |
| Current service charges | 8,311,841 | 8,283,559 | 8,686,921 | 403,362 |
| Other | 1,067,700 | 1,905,000 | 1,928,284 | 23,284 |
| Total revenues | 59,189,534 | 64,522,032 | 66,141,576 | 1,619,544 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | 11,395,111 | 11,373,044 | 10,744,286 | 628,758 |
| Public safety | 17,544,041 | 17,883,001 | 17,448,602 | 434,399 |
| Transportation | 3,317,781 | 3,343,236 | 3,134,384 | 208,852 |
| Community development | 5,498,304 | 5,578,513 | 5,124,425 | 454,088 |
| Health and sanitation | 6,167,613 | 6,303,621 | 6,038,031 | 265,590 |
| Culture and leisure | 14,930,815 | 14,616,113 | 14,043,593 | 572,520 |
| Capital outlay: | | | | |
| General government | 7,000 | 39,729 | 1,598 | 38,131 |
| Public safety | - | 157,650 | 14,400 | 143,250 |
| Transportation | 2,500 | 360,550 | 1,197 | 359,353 |
| Culture and leisure | 310,241 | 6,343,428 | 1,711,622 | 4,631,806 |
| Debt service: | | | | |
| Principal retirement | 197,199 | 197,198 | 243,609 | (46,411) |
| Interest and fiscal charges | 16,757 | 16,757 | 16,757 | - |
| Total expenditures | 59,387,362 | 66,212,840 | 58,522,504 | 7,690,336 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (197,828) | (1,690,808) | 7,619,072 | 9,309,880 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 3,918,988 | 4,109,366 | 3,854,822 | (254,544) |
| Issuance of long-term debt | - | - | 31,616 | 31,616 |
| Total other financing sources (use) | 3,918,988 | 4,109,366 | 3,886,438 | (222,928) |
| NET CHANGES IN FUND BALANCE | \$ 3,721,160 | \$ 2,418,558 | 11,505,510 | \$ 9,086,952 |
| FUND BALANCE: | | | | |
| Beginning of Year | | | 52,863,308 | |
| End of Year | | | <u>\$ 64,368,818</u> | |

City of Lakewood
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule - American Rescue Plan Act Special Revenue Fund
For the Year Ended June 30, 2022

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|------------------------------------|--------------------|-------------------|----------------|-------------------------------|
| REVENUES: | | | | |
| Intergovernmental revenues | \$ - | \$ 1,643,571 | \$ 753,486 | \$ (890,085) |
| Total revenues | <u>-</u> | <u>1,643,571</u> | <u>753,486</u> | <u>(890,085)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | - | 256,305 | 161,204 | 95,101 |
| Public safety | - | 39,375 | 21,413 | 17,962 |
| Transportation | - | - | - | - |
| Community development | - | 44,417 | 42,515 | 1,902 |
| Health and sanitation | - | - | - | - |
| Culture and leisure | - | 55,955 | 55,558 | 397 |
| Capital outlay: | | | | |
| General government | - | 1,000,660 | 358,390 | 642,270 |
| Transportation | - | - | - | - |
| Community development | - | 36,200 | 30,960 | 5,240 |
| Culture and leisure | - | 70,000 | 69,490 | 510 |
| Total expenditures | <u>-</u> | <u>1,502,912</u> | <u>739,530</u> | <u>763,382</u> |
| NET CHANGES IN FUND BALANCE | <u>\$ -</u> | <u>\$ 140,659</u> | 13,956 | <u>\$ (126,703)</u> |
| FUND BALANCE: | | | | |
| Beginning of Year | | | (13,956) | |
| End of Year | | | <u>\$ -</u> | |

City of Lakewood
Required Supplementary Information (Unaudited)
Notes to the Budgetary Comparison Schedule
For the Year Ended June 30, 2022

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 American Rescue Plan Act Special Revenue Fund since no budget was adopted for this fund. 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, 2021, 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, 2022

Last Ten Fiscal Years

California Public Employees' Retirement System Defined Benefit Plan

| Measurement period | 2013-14 | 2014-15 | 2015-16 | 2016-17 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| Total pension liability | | | | |
| Service cost | \$ 2,144,455 | \$ 2,028,208 | \$ 2,109,082 | \$ 2,355,437 |
| Interest | 8,019,215 | 8,236,636 | 8,472,508 | 8,766,071 |
| Changes of benefit terms | - | - | - | - |
| Changes of assumptions | - | (1,943,097) | - | 7,049,669 |
| Differences between expected and actual experience | - | (2,731,071) | (2,102,094) | (581,254) |
| Benefit payments, including refunds of employee contributions | (4,389,897) | (4,981,710) | (5,258,099) | (5,386,901) |
| Net change in total pension liability | 5,773,773 | 608,966 | 3,221,397 | 12,203,022 |
| Total pension liability - beginning | 108,045,583 | 113,819,356 | 114,428,322 | 117,649,719 |
| Total pension liability - ending (a) | \$ 113,819,356 | \$ 114,428,322 | \$ 117,649,719 | \$ 129,852,741 |
| Pension fiduciary net position | | | | |
| Net plan to plan resource movement | \$ - | \$ - | \$ - | \$ - |
| Contributions - employer | 1,873,372 | 1,871,751 | 2,717,060 | 2,344,596 |
| Contributions - employee | 1,012,408 | 939,852 | 1,051,966 | 1,098,583 |
| Net investment income | 14,100,175 | 2,111,030 | 554,532 | 10,269,191 |
| Benefit payments, including refunds of employee contributions | (4,389,897) | (4,981,710) | (5,258,099) | (5,386,901) |
| Administrative expense | - | (105,557) | (57,099) | (136,863) |
| Other Miscellaneous Income/(Expense) ² | - | - | - | - |
| Net change in plan fiduciary net position | 12,596,058 | (164,634) | (991,640) | 8,188,606 |
| Plan fiduciary net position - beginning | 81,258,902 | 93,854,960 | 93,690,326 | 92,698,686 |
| Plan fiduciary net position - ending (b)³ | \$ 93,854,960 | \$ 93,690,326 | \$ 92,698,686 | \$ 100,887,292 |
| Plan net pension liability - ending (a) - (b) | \$ 19,964,396 | \$ 20,737,996 | \$ 24,951,033 | \$ 28,965,449 |
| Plan fiduciary net position as a percentage of the total pension liability | 82.46% | 81.88% | 78.79% | 77.69% |
| Covered payroll⁴ | \$ 15,265,197 | \$ 15,213,079 | \$ 16,033,770 | \$ 16,036,475 |
| Plan net pension liability as a percentage of covered payroll | 130.78% | 136.32% | 155.62% | 180.62% |

¹ Historical information is presented only for measurement periods after GASB 68 implementation in 2013-14. Additional years of 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. Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68).

³ Includes any beginning of year adjustment.

⁴ 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 generally include any liability impact that may have resulted from voluntary benefit changes that occurred on or before the Measurement Date. However, offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes) that occurred after the Valuation Date are not included in the figures above, unless the liability impact is deemed to be material by the plan actuary.

Changes of Assumptions: None in 2019, 2020 or 2021. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Assumptions December 2017. There were no changes in the discount rate. In 2017, the discount rate was 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, 2022

Last Ten Fiscal Years

California Public Employees' Retirement System Defined Benefit Plan

| Measurement period | 2017-18 | 2018-19 | 2019-20 | 2020-21 ¹ |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| Total pension liability | | | | |
| Service cost | \$ 2,527,432 | \$ 2,573,466 | \$ 2,616,888 | \$ 2,546,101 |
| Interest | 9,163,433 | 9,686,135 | 10,069,685 | 10,347,723 |
| Changes of benefit terms | - | - | - | - |
| Changes of assumptions | (603,969) | - | - | - |
| Differences between expected and actual experience | 738,883 | 2,203,972 | 335,690 | (949,532) |
| Benefit payments, including refunds of employee contributions | (6,182,947) | (7,031,685) | (7,473,686) | (8,152,296) |
| Net change in total pension liability | 5,642,832 | 7,431,888 | 5,548,577 | 3,791,996 |
| Total pension liability - beginning | 129,852,741 | 135,495,573 | 142,927,461 | 148,476,038 |
| Total pension liability - ending (a) | \$ 135,495,573 | \$ 142,927,461 | \$ 148,476,038 | \$ 152,268,034 |
| Pension fiduciary net position | | | | |
| Net plan to plan resource movement | \$ (248) | \$ - | \$ - | \$ - |
| Contributions - employer | 2,573,441 | 2,938,083 | 3,476,806 | 3,879,340 |
| Contributions - employee | 1,161,949 | 1,045,867 | 1,304,659 | 1,183,929 |
| Net investment income | 8,596,094 | 6,920,916 | 5,455,014 | 25,307,127 |
| Benefit payments, including refunds of employee contributions | (6,182,947) | (7,031,685) | (7,473,686) | (8,152,296) |
| Administrative expense | (157,210) | (76,058) | (155,605) | (112,865) |
| Other Miscellaneous Income/(Expense) ² | (298,545) | 248 | - | - |
| Net change in plan fiduciary net position | 5,692,534 | 3,797,371 | 2,607,188 | 22,105,235 |
| Plan fiduciary net position - beginning | 100,887,292 | 106,579,826 | 110,377,197 | 112,984,385 |
| Plan fiduciary net position - ending (b)³ | \$ 106,579,826 | \$ 110,377,197 | \$ 112,984,385 | \$ 135,089,620 |
| Plan net pension liability - ending (a) - (b) | \$ 28,915,747 | \$ 32,550,264 | \$ 35,491,653 | \$ 17,178,414 |
| Plan fiduciary net position as a percentage of the total pension liability | 78.66% | 77.23% | 76.10% | 88.72% |
| Covered payroll⁴ | \$ 16,673,912 | \$ 16,911,782 | \$ 17,025,948 | \$ 16,695,742 |
| Plan net pension liability as a percentage of covered payroll | 173.42% | 192.47% | 208.46% | 102.89% |

City of Lakewood
Required Supplementary Information (Unaudited)
Schedule of Changes in Net Pension Liability and Related Ratios (Continued)
For the Year Ended June 30, 2022

Last Ten Fiscal Years

Public Agency Retirement System Defined Benefit Plan

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

¹ Historical information is presented only for measurement periods after GASB 68 implementation in 2013-14. Additional years of information will be displayed as it becomes available.

City of Lakewood
Required Supplementary Information (Unaudited)
Schedule of Changes in Net Pension Liability and Related Ratios (Continued)
For the Year Ended June 30, 2022

Last Ten Fiscal Years

Public Agency Retirement System Defined Benefit Plan

| Measurement period | 2018-19 | 2019-20 | 2020-21 | 2021-22 ¹ |
|---|----------------------|----------------------|----------------------|----------------------|
| Total pension liability | | | | |
| Service cost | \$ 513,290 | \$ 410,916 | \$ 422,216 | \$ 364,553 |
| Interest | 1,184,779 | 1,231,314 | 1,275,638 | 1,319,474 |
| Changes of benefit terms | - | - | - | - |
| Differences between expected and actual experience | - | (134,572) | - | (1,804,110) |
| Changes of assumptions | - | 55,742 | - | - |
| Benefit payments, including refunds of employee contributions | (753,088) | (746,009) | (792,274) | (895,425) |
| Net change in total pension liability | 944,981 | 817,391 | 905,580 | (1,015,508) |
| Total pension liability - beginning | 21,399,662 | 22,344,643 | 23,162,034 | 24,067,614 |
| Total pension liability - ending (a) | \$ 22,344,643 | \$ 23,162,034 | \$ 24,067,614 | \$ 23,052,106 |
| Pension fiduciary net position | | | | |
| Contributions - employer | \$ 644,970 | \$ 708,372 | \$ 828,452 | \$ 925,173 |
| Contributions - employee | 224,569 | 221,930 | 214,864 | 221,400 |
| Net investment income, net of investment expenses | 954,443 | 575,483 | 3,871,904 | (2,755,385) |
| Benefit payments, including refunds of employee contributions | (753,088) | (746,009) | (792,274) | (895,425) |
| Administrative expenses | (25,249) | (30,561) | (72,882) | (78,117) |
| Net change in plan fiduciary net position | 1,045,645 | 729,215 | 4,050,064 | (2,582,354) |
| Plan fiduciary net position - beginning | 15,343,037 | 16,388,682 | 17,117,897 | 21,167,961 |
| Plan fiduciary net position - ending (b) | \$ 16,388,682 | \$ 17,117,897 | \$ 21,167,961 | \$ 18,585,607 |
| Plan net pension liability - ending (a) - (b) | \$ 5,955,961 | \$ 6,044,137 | \$ 2,899,653 | \$ 4,466,499 |
| Plan fiduciary net position as a percentage of the total pension liability | 73.35% | 73.90% | 87.95% | 80.62% |
| Covered payroll | \$ 8,214,154 | \$ 8,440,043 | \$ 7,789,532 | \$ 7,789,532 |
| Net pension liability as a percentage of covered payroll | 72.51% | 71.61% | 37.22% | 57.34% |

City of Lakewood
Required Supplementary Information (Unaudited)
Schedule of Contributions - Pensions
For the Year Ended June 30, 2022

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 | \$ 16,673,112 |
| 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 after GASB 68 implementation in 2013-14. Additional years of 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% payroll growth assumption for fiscal years ended June 30, 2018-21; 3.00% 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 |
| Amortization method | Level percentage of payroll |
| Asset valuation method | Fair Value of Assets. |
| Inflation | 2.625% |
| Salary increases | Varies by entry age and service |
| Payroll Growth | 2.750% |
| Investment rate of return | 7.25% 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 2015. |
| Mortality | 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. |

City of Lakewood
Required Supplementary Information (Unaudited)
Schedule of Contributions - Pensions (Continued)
For the Year Ended June 30, 2022

Last Ten Fiscal Years

California Public Employees' Retirement System Defined Benefit Plan

| | 2018-19 | 2019-20 | 2020-21 | 2021-22 |
|---|---------------|---------------|---------------|---------------|
| Actuarially determined contribution | \$ 2,938,083 | \$ 3,476,806 | \$ 3,879,340 | \$ 4,405,183 |
| Contributions in relation to the actuarially determined contribution ² | (2,938,083) | (3,476,806) | (3,879,340) | (4,405,183) |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - |
| Covered payroll ³ | \$ 16,911,782 | \$ 17,025,948 | \$ 16,695,742 | \$ 17,154,875 |
| Contributions as a percentage of covered payroll ³ | 17.37% | 20.42% | 23.24% | 25.68% |

City of Lakewood
Required Supplementary Information (Unaudited)
Schedule of Contributions - Pensions (Continued)
For the Year Ended June 30, 2022

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 |
| Inflation | 2.50% |
| Payroll growth | 2.75% |
| Investment rate of return | 5.50% |
| Salary increases | Consistent with the rates used to value the CalPERS Miscellaneous Public Agency pension plans (Entry Age 20). Annual increase from 11.3% to 3.6% at 22+ year of service. |
| Cost of Living Adjustment | 2.00% |
| Withdraw/Disability | Consistent with the Non-Industrial Rates used to value the CalPERS Miscellaneous Public Agency Pension Plans after June 30, 2017. |
| Mortality | Pre-retirement: Consistent with the Non-Industrial rates used to value the CalPERS Miscellaneous Public Agency Pension Plans after June 30, 2017. Post-retirement: Consistent with the Non-Industrial rates used to value the CalPERS Miscellaneous Public Agency Pension Plans after June 30, 2017. |
| Retirement age | Rates are based on CalPERS rates for 20 years of service retirement for Miscellaneous Public Agency "2.5% at 55" Pension Plans, with increased rates of 30% at ages 60 and 62 and 50% at age 65. Rates are one-half the CalPERS rates for ages 55-59 for the deferred retirement benefit. 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, 2022

Last Ten Fiscal Years

Public Agency Retirement System Defined Benefit Plan

| | <u>2018-19</u> | <u>2019-20</u> | <u>2020-21</u> | <u>2021-22</u> |
|---|-------------------|--------------------|--------------------|---------------------|
| Actuarially determined contribution | \$ 814,859 | \$ 660,417 | \$ 816,996 | \$ 754,027 |
| Contributions in relation to the actuarially determined contribution | <u>(644,970)</u> | <u>(708,372)</u> | <u>(828,452)</u> | <u>(925,173)</u> |
| Contribution deficiency (excess) | <u>\$ 169,889</u> | <u>\$ (47,955)</u> | <u>\$ (11,456)</u> | <u>\$ (171,146)</u> |
| Covered payroll | \$ 8,214,154 | \$ 8,440,043 | \$ 7,789,532 | \$ 8,003,744 |
| Contributions as a percentage of covered payroll | 7.85% | 8.39% | 10.64% | 11.56% |

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, 2022

Last Ten Fiscal Years

Other Postemployment Benefits Plan

| Measurement period | 2017-18 ¹ | 2018-19 | 2019-20 | 2020-21 | 2021-22 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| Total OPEB liability | | | | | |
| Service cost | \$ 320,972 | \$ 330,601 | \$ 299,960 | \$ 308,959 | \$ 395,666 |
| Interest | 573,684 | 599,131 | 693,671 | 722,666 | 693,385 |
| Changes of benefit terms | - | - | - | - | - |
| Differences between expected and actual experience | - | - | 540,463 | - | (1,450,251) |
| Changes of assumptions | - | - | 325,404 | - | 401,856 |
| Benefit payments, including refunds of employee contributions | (417,410) | (525,242) | (514,369) | (524,546) | (592,348) |
| Net change in total OPEB liability | 477,246 | 404,490 | 1,345,129 | 507,079 | (551,692) |
| Total OPEB liability - beginning | 9,767,059 | 10,244,305 | 10,648,795 | 11,993,924 | 12,501,003 |
| Total OPEB liability - ending (a) | \$ 10,244,305 | \$ 10,648,795 | \$ 11,993,924 | \$ 12,501,003 | \$ 11,949,311 |
| Plan fiduciary net position | | | | | |
| Contributions - employer | \$ 417,410 | \$ 525,242 | \$ 514,369 | \$ 524,546 | \$ 592,348 |
| Net investment income | 575,333 | 652,234 | 390,793 | 2,315,064 | (1,607,601) |
| Benefit payments, including refunds of employee contributions | (417,410) | (525,242) | (514,369) | (524,546) | (592,348) |
| Administrative expense | (48,048) | (48,909) | (53,841) | (59,444) | (63,710) |
| Net change in plan fiduciary net position | 527,285 | 603,325 | 336,952 | 2,255,620 | (1,671,311) |
| Plan fiduciary net position - beginning | 8,750,403 | 9,277,688 | 9,881,013 | 10,217,965 | 12,473,585 |
| Plan fiduciary net position - ending (b) | \$ 9,277,688 | \$ 9,881,013 | \$ 10,217,965 | \$ 12,473,585 | \$ 10,802,274 |
| Plan net OPEB liability - ending (a) - (b) | \$ 966,617 | \$ 767,782 | \$ 1,775,959 | \$ 27,418 | \$ 1,147,037 |
| Plan fiduciary net position as a percentage of the total OPEB liability | 90.56% | 92.79% | 85.19% | 99.78% | 90.40% |
| Covered payroll | \$ 12,097,503 | \$ 13,157,503 | \$ 12,916,288 | \$ 14,121,769 | \$ 13,948,556 |
| Plan net OPEB liability as a percentage of covered payroll | 7.99% | 5.84% | 13.75% | 0.19% | 8.22% |

¹ Historical information is presented only for measurement periods after GASB 75 implementation in 2017-18. Additional years of 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, 2022

Last Ten Fiscal Years

Other Postemployment Benefits Plan

| Fiscal year | 2017-18 ¹ | 2018-19 | 2019-20 | 2020-21 | 2021-22 |
|---|----------------------|---------------------|---------------------|---------------------|---------------------|
| Actuarially determined contribution | \$ 373,794 | \$ 385,009 | \$ 402,839 | \$ 414,924 | \$ 364,789 |
| Contributions in relation to the actuarially determined contribution | (417,410) | (525,242) | (514,369) | (524,546) | (592,348) |
| Contribution deficiency (excess) | <u>\$ (43,616)</u> | <u>\$ (140,233)</u> | <u>\$ (111,530)</u> | <u>\$ (109,622)</u> | <u>\$ (227,559)</u> |
| Covered payroll | \$ 12,097,503 | \$ 13,157,503 | \$ 12,916,288 | \$ 14,121,769 | \$ 13,948,556 |
| Contributions as a percentage of covered payroll | 3.45% | 3.99% | 3.98% | 3.71% | 4.25% |

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, 2021 |
| Reporting period | July 1, 2021 to June 30, 2022 |
| Measurement period | July 1, 2021 to June 30, 2022 |
| Actuarial cost method | Entry age |
| Amortization method | Level percentage of payroll, closed |
| Amortization period | 30 years |
| Asset valuation method | Market value |
| Inflation | 2.50% |
| Healthcare cost trend rates | 5.20 percent for 2022 through 2034; 5.00 percent for 2035 through 2049; 4.50 percent for 2050 through 2064; 4.00 percent for 2065 and later years |
| Salary increases | 3.00% |
| Investment rate of return | 6.00 %, net of OPEB plan investment expense |
| Healthcare cost trend rate | 4.00 percent for age 55 to 57; 7.00 percent for age 58; 9.00 percent for age 59; 15.00 percent for age 60; 20.00 percent for age 61; 25.00 percent for age 62; 30.00 percent for age 63; 40.00 percent for age 64; 100.00 percent for age 65 |
| Mortality | CalPERS Public Agency Miscellaneous Mortality, with fully generational mortality improvement using 80% of MP-2020 (most recent CalPERS Experience Study). |



SUPPLEMENTARY INFORMATION



City of Lakewood
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Housing Admin and Program Capital Projects Fund
For the Year Ended June 30, 2022

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|---|---------------------|---------------------|----------------------|-------------------------------|
| REVENUES: | | | | |
| Investment income | \$ 5,300 | \$ 150 | \$ 76,525 | \$ 76,375 |
| Other income | 180,000 | 180,000 | 144,100 | (35,900) |
| Total revenues | 185,300 | 180,150 | 220,625 | 40,475 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Community development | 208,000 | 209,800 | 165,275 | 44,525 |
| Total expenditures | 208,000 | 209,800 | 165,275 | 44,525 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (22,700) | (29,650) | 55,350 | (4,050) |
| OTHER FINANCING USES: | | | | |
| Transfers out | (200,000) | (200,000) | (200,000) | - |
| Total other financing uses | (200,000) | (200,000) | (200,000) | - |
| NET CHANGES IN FUND BALANCES | \$ (222,700) | \$ (229,650) | (144,650) | \$ (4,050) |
| FUND BALANCE: | | | | |
| Beginning of year | | | 12,595,651 | |
| End of year | | | <u>\$ 12,451,001</u> | |

City of Lakewood
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Lakewood Capital Improvements Capital Projects Fund
For the Year Ended June 30, 2022

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|---|---------------------|-----------------------|---------------------|-------------------------------|
| REVENUES: | | | | |
| Intergovernmental revenues | \$ 3,329,000 | \$ 3,349,031 | \$ 1,108,659 | \$ (2,240,372) |
| Total revenues | <u>3,329,000</u> | <u>3,349,031</u> | <u>1,108,659</u> | <u>(2,240,372)</u> |
| EXPENDITURES: | | | | |
| Capital outlay: | | | | |
| Transportation | - | 4,631,482 | 2,103,028 | 2,528,454 |
| Total expenditures | <u>-</u> | <u>4,631,482</u> | <u>2,103,028</u> | <u>2,528,454</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | <u>3,329,000</u> | <u>(1,282,451)</u> | <u>(994,369)</u> | <u>288,082</u> |
| OTHER FINANCING USES: | | | | |
| Transfers out | - | (450) | (449) | 1 |
| Total other financing uses | <u>-</u> | <u>(450)</u> | <u>(449)</u> | <u>1</u> |
| NET CHANGES IN FUND BALANCES | <u>\$ 3,329,000</u> | <u>\$ (1,282,901)</u> | <u>(994,818)</u> | <u>\$ 288,083</u> |
| FUND BALANCE (DEFICIT): | | | | |
| Beginning of year | | | 2,440,315 | |
| End of year | | | <u>\$ 1,445,497</u> | |

NONMAJOR GOVERNMENTAL FUNDS

Nonmajor Special Revenue Funds:

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

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.

Local Early Action Planning (LEAP) Grant Fund - To account for LEAP grant fund to assist the preparation and adoption of planning documents, and process improvements that accelerate housing production and facilitate compliance to implement the sixth-cycle Regional Housing Needs Assessment.

SB2 Housing Grant Fund - To account for the Building Homes and Jobs Act funds to be used for updating planning documents and zoning ordinances in order to streamline and encouraging housing production, and to fund HCD to provide technical assistance in updating planning documents.

CA Natural Resources Agency Grant Fund – To account for the San Martin Park Improvement Project for a new Tot Lot Playground and two new picnic shelters.

City of Lakewood
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2022

| | Special Revenue Funds | | | | |
|---|-------------------------------|-------------------|-------------------|------------------|------------------------|
| | Beverage Container Recycle | | CDBG | JAG Grant | LA County Measure M |
| | AB 2766 | Grant | | | |
| ASSETS | | | | | |
| Cash and investments | \$ 376,670 | \$ 130,310 | \$ 212,531 | \$ - | \$ 5,012,660 |
| Accounts receivables | 26,383 | - | 48,489 | 19,680 | - |
| Notes receivable | - | - | 512,554 | - | - |
| Total assets | \$ 403,053 | \$ 130,310 | \$ 773,574 | \$ 19,680 | \$ 5,012,660 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ - | \$ 848 | \$ 7,702 | \$ - | \$ 340,695 |
| Retention payable | - | - | - | - | 21,500 |
| Due to other funds | - | - | 381,505 | 19,680 | - |
| Unearned revenue | - | - | - | - | - |
| Total liabilities | - | 848 | 389,207 | 19,680 | 362,195 |
| Deferred Inflows of Resources: | | | | | |
| Unavailable revenues | 26,383 | - | - | - | - |
| Total deferred inflows of resources | 26,383 | - | - | - | - |
| Fund Balances (Deficit): | | | | | |
| Restricted for: | | | | | |
| Public safety | - | - | - | - | - |
| Transportation | 376,670 | - | - | - | 4,650,465 |
| Community development | - | - | 384,367 | - | - |
| Health and sanitation | - | 129,462 | - | - | - |
| Culture and leisure | - | - | - | - | - |
| Unassigned (deficit) | - | - | - | - | - |
| Total fund balances (deficit) | 376,670 | 129,462 | 384,367 | - | 4,650,465 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 403,053 | \$ 130,310 | \$ 773,574 | \$ 19,680 | \$ 5,012,660 |

(Continued)

City of Lakewood
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2022

| | Special Revenue Funds | | | | |
|---|-----------------------|---------------------|--------------------|----------------------|---------------------|
| | Measure R | Measure W | Park Dedication | Prop A Recreation | Prop A Transit |
| ASSETS | | | | | |
| Cash and investments | \$ 4,523,800 | \$ 2,077,691 | \$ 139,381 | \$ - | \$ 1,550,122 |
| Accounts receivables | - | - | - | 118,504 | - |
| Notes receivable | - | - | - | - | - |
| Total assets | \$ 4,523,800 | \$ 2,077,691 | \$ 139,381 | \$ 118,504 | \$ 1,550,122 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 361,000 | \$ 21,913 | \$ - | \$ - | \$ 5,207 |
| Retention payable | 40,500 | - | - | - | - |
| Due to other funds | - | - | - | 57,242 | - |
| Unearned revenue | - | - | - | - | - |
| Total liabilities | 401,500 | 21,913 | - | 57,242 | 5,207 |
| Deferred Inflows of Resources: | | | | | |
| Unavailable revenues | - | - | - | 118,504 | - |
| Total deferred inflows of resources | - | - | - | 118,504 | - |
| Fund Balances (Deficit): | | | | | |
| Restricted for: | | | | | |
| Public safety | - | - | - | - | - |
| Transportation | 4,122,300 | - | - | - | 1,544,915 |
| Community development | - | - | - | - | - |
| Health and sanitation | - | - | - | - | - |
| Culture and leisure | - | 2,055,778 | 139,381 | - | - |
| Unassigned (deficit) | - | - | - | (57,242) | - |
| Total fund balances (deficit) | 4,122,300 | 2,055,778 | 139,381 | (57,242) | 1,544,915 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 4,523,800 | \$ 2,077,691 | \$ 139,381 | \$ 118,504 | \$ 1,550,122 |

(Continued)

City of Lakewood
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2022

| | Special Revenue Funds | | | | |
|---|--------------------------|--|-------------------------|------------------------|--------------------------|
| | Prop C Transportation | Road Maintenance and Rehab Account | Sewer Reconstruction | State COPS Grant | State Gasoline Tax |
| ASSETS | | | | | |
| Cash and investments | \$ 4,460,669 | \$ 5,326,987 | \$ 172,612 | \$ 61,794 | \$ 44,021 |
| Accounts receivables | - | 286,465 | - | - | 152,413 |
| Notes receivable | - | - | - | - | - |
| Total assets | \$ 4,460,669 | \$ 5,613,452 | \$ 172,612 | \$ 61,794 | \$ 196,434 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 7,494 | \$ 25,425 | \$ 26,160 | \$ 38,377 | \$ - |
| Retention payable | 17,500 | - | - | - | - |
| Due to other funds | - | - | - | - | - |
| Unearned revenue | - | - | - | - | - |
| Total liabilities | 24,994 | 25,425 | 26,160 | 38,377 | - |
| Deferred Inflows of Resources: | | | | | |
| Unavailable revenues | - | - | - | - | - |
| Total deferred inflows of resources | - | - | - | - | - |
| Fund Balances (Deficit): | | | | | |
| Restricted for: | | | | | |
| Public safety | - | - | - | 23,417 | - |
| Transportation | 4,435,675 | 5,588,027 | - | - | 196,434 |
| Community development | - | - | - | - | - |
| Health and sanitation | - | - | 146,452 | - | - |
| Culture and leisure | - | - | - | - | - |
| Unassigned (deficit) | - | - | - | - | - |
| Total fund balances (deficit) | 4,435,675 | 5,588,027 | 146,452 | 23,417 | 196,434 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 4,460,669 | \$ 5,613,452 | \$ 172,612 | \$ 61,794 | \$ 196,434 |

(Continued)

City of Lakewood
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2022

| | Special Revenue Funds | | | | |
|---|-------------------------|----------------------|-------------------|----------------------|---|
| | TDA Article Grant | Used Oil Grant | LEAP Grant | SB2 Housing Grant | CA Natural Resources Agency Grant |
| ASSETS | | | | | |
| Cash and investments | \$ - | \$ 42,402 | \$ - | \$ - | \$ - |
| Accounts receivables | 58,539 | - | 210,838 | - | 473,123 |
| Notes receivable | - | - | - | - | - |
| Total assets | \$ 58,539 | \$ 42,402 | \$ 210,838 | \$ - | \$ 473,123 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ - | \$ 5,499 | \$ 3,495 | \$ - | \$ - |
| Retention payable | - | - | - | - | 12,463 |
| Due to other funds | 58,539 | - | 84,209 | 21,343 | 473,123 |
| Unearned revenue | - | 11,098 | 114,080 | - | - |
| Total liabilities | 58,539 | 16,597 | 201,784 | 21,343 | 485,586 |
| Deferred Inflows of Resources: | | | | | |
| Unavailable revenues | - | - | 120,293 | - | 161,572 |
| Total deferred inflows of resources | - | - | 120,293 | - | 161,572 |
| Fund Balances (Deficit): | | | | | |
| Restricted for: | | | | | |
| Public safety | - | - | - | - | - |
| Transportation | - | - | - | - | - |
| Community development | - | - | - | - | - |
| Health and sanitation | - | 25,805 | - | - | - |
| Culture and leisure | - | - | - | - | - |
| Unassigned (deficit) | - | - | (111,239) | (21,343) | (174,035) |
| Total fund balances (deficit) | - | 25,805 | (111,239) | (21,343) | (174,035) |
| Total liabilities, deferred inflows of resources and fund balances | \$ 58,539 | \$ 42,402 | \$ 210,838 | \$ - | \$ 473,123 |

City of Lakewood
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2022

| | <u>Total</u> |
|---|---------------------------------|
| ASSETS | |
| Cash and investments | \$ 24,131,650 |
| Accounts receivables | 1,394,434 |
| Notes receivable | 512,554 |
| Total assets | <u><u>\$ 26,038,638</u></u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | |
| Liabilities: | |
| Accounts payable | \$ 843,815 |
| Retention payable | 91,963 |
| Due to other funds | 1,095,641 |
| Unearned revenue | 125,178 |
| Total liabilities | <u>2,156,597</u> |
| Deferred Inflows of Resources: | |
| Unavailable revenues | 426,752 |
| Total deferred inflows of resources | <u>426,752</u> |
| Fund Balances (Deficit): | |
| Restricted for: | |
| Public safety | 23,417 |
| Transportation | 20,914,486 |
| Community development | 384,367 |
| Health and sanitation | 301,719 |
| Culture and leisure | 2,195,159 |
| Unassigned (deficit) | (363,859) |
| Total fund balances (deficit) | <u>23,455,289</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u><u>\$ 26,038,638</u></u> |

(Concluded)

City of Lakewood
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2022

| | Special Revenue Funds | | | | |
|---|-----------------------|---|-------------------|---------------|------------------------|
| | AB2766 | Beverage Container Recycle Grant | CDBG | JAG Grants | LA County Measure M |
| REVENUES: | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | - | - |
| Investment income (loss), rents and concession | 69 | (13) | 4,585 | - | (4,919) |
| Intergovernmental revenues | 75,196 | 20,119 | 275,080 | 19,680 | 1,420,557 |
| Other | 4,250 | - | 538,589 | - | - |
| Total revenues | 79,515 | 20,106 | 818,254 | 19,680 | 1,415,638 |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| General government | - | - | 4,798 | - | - |
| Public safety | - | - | - | 19,680 | - |
| Transportation | 10,000 | - | - | - | 149,620 |
| Community development | - | - | 236,566 | - | - |
| Health and sanitation | - | 57,346 | - | - | - |
| Culture and leisure | - | - | 90,987 | - | - |
| Capital outlay: | | | | | |
| General government | 143,300 | - | - | - | - |
| Transportation | - | - | - | - | 430,000 |
| Community development | - | - | 35,555 | - | - |
| Culture and leisure | - | - | - | - | - |
| Total expenditures | 153,300 | 57,346 | 367,906 | 19,680 | 579,620 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (73,785) | (37,240) | 450,348 | - | 836,018 |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers in | - | - | - | - | - |
| Transfers out | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - |
| NET CHANGES IN FUND BALANCES | (73,785) | (37,240) | 450,348 | - | 836,018 |
| FUND BALANCES (DEFICIT): | | | | | |
| Beginning of year | 450,455 | 166,702 | (65,981) | - | 3,814,447 |
| End of year | <u>\$ 376,670</u> | <u>\$ 129,462</u> | <u>\$ 384,367</u> | <u>\$ -</u> | <u>\$ 4,650,465</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, 2022

| | Special Revenue Funds | | | | |
|---|-----------------------|---------------------|--------------------|----------------------|---------------------|
| | Measure R | Measure W | Park Dedication | Prop A Recreation | Prop A Transit |
| REVENUES: | | | | | |
| Taxes | \$ - | \$ - | \$ 17,490 | \$ - | \$ 2,018,196 |
| Licenses and permits | - | - | - | - | - |
| Investment income (loss), rents and concession | (2,502) | (7,704) | - | - | (2,919) |
| Intergovernmental revenues | 1,255,336 | 1,550,195 | - | 38,440 | - |
| Other | - | - | - | - | 46,387 |
| Total revenues | 1,252,834 | 1,542,491 | 17,490 | 38,440 | 2,061,664 |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| General government | - | - | - | - | 30,141 |
| Public safety | - | - | - | - | - |
| Transportation | 250,205 | 517,275 | - | - | 2,172,557 |
| Community development | - | - | - | - | 6,608 |
| Health and sanitation | - | - | - | - | - |
| Culture and leisure | - | 23,886 | - | 35,749 | - |
| Capital outlay: | | | | | |
| General government | - | - | - | - | - |
| Transportation | 843,189 | - | - | - | - |
| Community development | - | - | - | - | - |
| Culture and leisure | - | - | - | - | - |
| Total expenditures | 1,093,394 | 541,161 | - | 35,749 | 2,209,306 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 159,440 | 1,001,330 | 17,490 | 2,691 | (147,642) |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers in | - | - | - | - | - |
| Transfers out | - | - | - | (29,955) | - |
| Total other financing sources (uses) | - | - | - | (29,955) | - |
| NET CHANGES IN FUND BALANCES | 159,440 | 1,001,330 | 17,490 | (27,264) | (147,642) |
| FUND BALANCES (DEFICIT): | | | | | |
| Beginning of year | 3,962,860 | 1,054,448 | 121,891 | (29,978) | 1,692,557 |
| End of year | <u>\$ 4,122,300</u> | <u>\$ 2,055,778</u> | <u>\$ 139,381</u> | <u>\$ (57,242)</u> | <u>\$ 1,544,915</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, 2022

| | Special Revenue Funds | | | | |
|---|--------------------------|--|-------------------------|-------------------------|--------------------------|
| | Prop C Transportation | Road Maintenance and Rehab Account | Sewer Reconstruction | State COPS Grants | State Gasoline Tax |
| REVENUES: | | | | | |
| Taxes | \$ 1,674,052 | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | 686 | - | - |
| Investment income (loss), rents and concession | (2,966) | (4,965) | - | 195 | (5,042) |
| Intergovernmental revenues | - | 1,626,764 | - | 197,293 | 1,881,422 |
| Other | - | - | - | - | - |
| Total revenues | 1,671,086 | 1,621,799 | 686 | 197,488 | 1,876,380 |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| General government | - | - | - | - | - |
| Public safety | - | - | - | 251,257 | - |
| Transportation | 683,387 | 238,000 | - | - | - |
| Community development | - | - | - | - | - |
| Health and sanitation | - | - | - | - | - |
| Culture and leisure | - | - | - | - | - |
| Capital outlay: | | | | | |
| General government | - | - | - | - | - |
| Transportation | 350,000 | 82,482 | - | - | - |
| Community development | - | - | 26,160 | - | - |
| Culture and leisure | - | - | - | - | - |
| Total expenditures | 1,033,387 | 320,482 | 26,160 | 251,257 | - |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 637,699 | 1,301,317 | (25,474) | (53,769) | 1,876,380 |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers in | - | - | - | - | - |
| Transfers out | - | - | - | - | (1,828,718) |
| Total other financing sources (uses) | - | - | - | - | (1,828,718) |
| NET CHANGES IN FUND BALANCES | 637,699 | 1,301,317 | (25,474) | (53,769) | 47,662 |
| FUND BALANCES (DEFICIT): | | | | | |
| Beginning of year | 3,797,976 | 4,286,710 | 171,926 | 77,186 | 148,772 |
| End of year | <u>\$ 4,435,675</u> | <u>\$ 5,588,027</u> | <u>\$ 146,452</u> | <u>\$ 23,417</u> | <u>\$ 196,434</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, 2022

| | Special Revenue Funds | | | | |
|---|-------------------------|----------------------|---------------------|-------------------------|---|
| | TDA Article Grant | Used Oil Grant | LEAP Grant | SB2 Housing Grant | CA Natural Resources Agency Grant |
| REVENUES: | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | - | - |
| Investment income (loss), rents and concession | - | - | - | - | - |
| Intergovernmental revenues | 58,539 | 3,690 | 90,545 | - | 311,551 |
| Other | - | - | - | - | - |
| Total revenues | <u>58,539</u> | <u>3,690</u> | <u>90,545</u> | <u>-</u> | <u>311,551</u> |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| General government | - | - | - | - | - |
| Public safety | - | - | - | - | - |
| Transportation | - | - | - | - | - |
| Community development | - | - | - | 8,597 | - |
| Health and sanitation | - | 3,690 | - | - | - |
| Culture and leisure | - | - | - | - | - |
| Capital outlay: | | | | | |
| General government | - | - | - | - | - |
| Transportation | 58,539 | - | - | - | - |
| Community development | - | - | 111,238 | 1,290 | - |
| Culture and leisure | - | - | - | - | 485,586 |
| Total expenditures | <u>58,539</u> | <u>3,690</u> | <u>111,238</u> | <u>9,887</u> | <u>485,586</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | <u>-</u> | <u>-</u> | <u>(20,693)</u> | <u>(9,887)</u> | <u>(174,035)</u> |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers in | - | - | - | - | - |
| Transfers out | - | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| NET CHANGES IN FUND BALANCES | <u>-</u> | <u>-</u> | <u>(20,693)</u> | <u>(9,887)</u> | <u>(174,035)</u> |
| FUND BALANCES (DEFICIT): | | | | | |
| Beginning of year | - | 25,805 | (90,546) | (11,456) | - |
| End of year | <u>\$ -</u> | <u>\$ 25,805</u> | <u>\$ (111,239)</u> | <u>\$ (21,343)</u> | <u>\$ (174,035)</u> |

City of Lakewood
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2022

| | Total |
|---|----------------------|
| REVENUES: | |
| Taxes | \$ 3,709,738 |
| Licenses and permits | 686 |
| Investment income (loss), rents and concession | (26,181) |
| Intergovernmental revenues | 8,824,407 |
| Other | 589,226 |
| Total revenues | <u>13,097,876</u> |
| EXPENDITURES: | |
| Current: | |
| General government | 34,939 |
| Public safety | 270,937 |
| Transportation | 4,021,044 |
| Community development | 251,771 |
| Health and sanitation | 61,036 |
| Culture and leisure | 150,622 |
| Capital outlay: | |
| General government | 143,300 |
| Transportation | 1,764,210 |
| Community development | 174,243 |
| Culture and leisure | 485,586 |
| Total expenditures | <u>7,357,688</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | <u>5,740,188</u> |
| OTHER FINANCING SOURCES (USES): | |
| Transfers in | - |
| Transfers out | (1,858,673) |
| Total other financing sources (uses) | <u>(1,858,673)</u> |
| NET CHANGES IN FUND BALANCES | 3,881,515 |
| FUND BALANCES (DEFICIT): | |
| Beginning of year | 19,573,774 |
| End of year | <u>\$ 23,455,289</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, 2022

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|------------------------------------|--------------------|--------------------|-------------------|-------------------------------|
| REVENUES: | | | | |
| Investment income | \$ 5,000 | \$ 3,000 | \$ 69 | \$ (2,931) |
| Intergovernmental revenues | 100,000 | 100,000 | 75,196 | (24,804) |
| Other | - | 1,000 | 4,250 | 3,250 |
| Total revenues | <u>105,000</u> | <u>104,000</u> | <u>79,515</u> | <u>(24,485)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Transportation | 10,000 | 10,000 | 10,000 | - |
| Capital outlay: | | | | |
| General government | 36,000 | 180,500 | 143,300 | 37,200 |
| Total expenditures | <u>46,000</u> | <u>190,500</u> | <u>153,300</u> | <u>37,200</u> |
| NET CHANGES IN FUND BALANCE | <u>\$ 59,000</u> | <u>\$ (86,500)</u> | <u>(73,785)</u> | <u>\$ 12,715</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | 450,455 | |
| End of year | | | <u>\$ 376,670</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, 2022

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|------------------------------------|--------------------|--------------------|-------------------|-------------------------------|
| REVENUES: | | | | |
| Investment income | \$ 3,000 | \$ 1,500 | \$ (13) | \$ (1,513) |
| Intergovernmental revenues | 17,041 | 17,041 | 20,119 | 3,078 |
| Total revenues | <u>20,041</u> | <u>18,541</u> | <u>20,106</u> | <u>1,565</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Health and sanitation | 20,341 | 45,765 | 57,346 | (11,581) |
| Total expenditures | <u>20,341</u> | <u>45,765</u> | <u>57,346</u> | <u>(11,581)</u> |
| NET CHANGES IN FUND BALANCE | <u>\$ (300)</u> | <u>\$ (27,224)</u> | <u>(37,240)</u> | <u>\$ (10,016)</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | 166,702 | |
| End of year | | | <u>\$ 129,462</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, 2022

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|------------------------------------|--------------------|---------------------|-------------------|-------------------------------|
| REVENUES: | | | | |
| Investment income | \$ 5,000 | \$ 5,000 | \$ 4,585 | \$ (415) |
| Intergovernmental revenues | 1,036,444 | 1,035,108 | 275,080 | (760,028) |
| Other | - | - | 538,589 | 538,589 |
| Total revenues | <u>1,041,444</u> | <u>1,040,108</u> | <u>818,254</u> | <u>(221,854)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | 6,913 | 6,607 | 4,798 | 1,809 |
| Community development | 267,984 | 264,838 | 236,566 | 28,272 |
| Culture and leisure | 116,857 | 133,421 | 90,987 | 42,434 |
| Capital outlay: | | | | |
| Community development | 1,770 | 1,155,029 | 35,555 | 1,119,474 |
| Total expenditures | <u>393,524</u> | <u>1,559,895</u> | <u>367,906</u> | <u>1,191,989</u> |
| NET CHANGES IN FUND BALANCE | <u>\$ 647,920</u> | <u>\$ (519,787)</u> | 450,348 | <u>\$ 970,135</u> |
| FUND BALANCE (DEFICIT): | | | | |
| Beginning of year | | | (65,981) | |
| End of year | | | <u>\$ 384,367</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, 2022

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|------------------------------------|--------------------|-------------------|---------------|-------------------------------|
| REVENUES: | | | | |
| Intergovernmental revenues | \$ - | \$ 19,680 | \$ 19,680 | \$ - |
| Total revenues | <u>-</u> | <u>19,680</u> | <u>19,680</u> | <u>-</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public safety | 1,542 | 21,831 | 19,680 | 2,151 |
| Total expenditures | <u>1,542</u> | <u>21,831</u> | <u>19,680</u> | <u>2,151</u> |
| NET CHANGES IN FUND BALANCE | <u>\$ (1,542)</u> | <u>\$ (2,151)</u> | - | <u>\$ 2,151</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, 2022

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|------------------------------------|--------------------|------------------|---------------------|-------------------------------|
| REVENUES: | | | | |
| Investment income | \$ 30,000 | \$ 30,000 | \$ (4,919) | \$ (34,919) |
| Intergovernmental revenues | 1,137,901 | 1,137,901 | 1,420,557 | 282,656 |
| Total revenues | <u>1,167,901</u> | <u>1,167,901</u> | <u>1,415,638</u> | <u>247,737</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Transportation | 200,000 | 200,000 | 149,620 | 50,380 |
| Capital outlay: | | | | |
| Transportation | - | 900,000 | 430,000 | 470,000 |
| Total expenditures | <u>200,000</u> | <u>1,100,000</u> | <u>579,620</u> | <u>520,380</u> |
| NET CHANGES IN FUND BALANCE | <u>\$ 967,901</u> | <u>\$ 67,901</u> | 836,018 | <u>\$ 768,117</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | <u>3,814,447</u> | |
| End of year | | | <u>\$ 4,650,465</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, 2022

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|------------------------------------|--------------------|---------------------|---------------------|-------------------------------|
| REVENUES: | | | | |
| Investment income | \$ 60,000 | \$ 30,000 | \$ (2,502) | \$ (32,502) |
| Intergovernmental revenues | 1,004,030 | 1,004,030 | 1,255,336 | 251,306 |
| Total revenues | <u>1,064,030</u> | <u>1,034,030</u> | <u>1,252,834</u> | <u>218,804</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Transportation | 348,745 | 328,621 | 250,205 | 78,416 |
| Capital outlay: | | | | |
| Transportation | - | 1,239,826 | 843,189 | 396,637 |
| Total expenditures | <u>348,745</u> | <u>1,568,447</u> | <u>1,093,394</u> | <u>475,053</u> |
| NET CHANGES IN FUND BALANCE | <u>\$ 715,285</u> | <u>\$ (534,417)</u> | 159,440 | <u>\$ 693,857</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | 3,962,860 | |
| End of year | | | <u>\$ 4,122,300</u> | |

City of Lakewood
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Measure W Special Revenue Fund
For the Year Ended June 30, 2022

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|-------------------------------------|--------------------|-------------------|---------------------|-------------------------------|
| REVENUES: | | | | |
| Investment income | \$ - | \$ 5,000 | \$ (7,704) | \$ (12,704) |
| Intergovernmental revenues | 800,000 | 1,098,745 | 1,550,195 | 451,450 |
| Total revenues | <u>800,000</u> | <u>1,103,745</u> | <u>1,542,491</u> | <u>438,746</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Transportation | 363,853 | 522,915 | 517,275 | 5,640 |
| Culture and leisure | 33,693 | 24,489 | 23,886 | 603 |
| Total expenditures | <u>397,546</u> | <u>547,404</u> | <u>541,161</u> | <u>6,243</u> |
| NET CHANGES IN FUND BALANCES | <u>\$ 402,454</u> | <u>\$ 556,341</u> | 1,001,330 | <u>\$ 444,989</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | <u>1,054,448</u> | |
| End of year | | | <u>\$ 2,055,778</u> | |

City of Lakewood
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Park Dedication Special Revenue Fund
For the Year Ended June 30, 2022

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|------------------------------------|----------------------------|-------------------------|--------------------------|---------------------------------------|
| REVENUES: | | | | |
| Taxes | <u>\$ 6,500</u> | <u>\$ 13,200</u> | <u>\$ 17,490</u> | <u>\$ 4,290</u> |
| Total revenues | <u>6,500</u> | <u>13,200</u> | <u>17,490</u> | <u>4,290</u> |
| NET CHANGES IN FUND BALANCE | <u><u>\$ 6,500</u></u> | <u><u>\$ 13,200</u></u> | <u>17,490</u> | <u><u>\$ 4,290</u></u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | <u>121,891</u> | |
| End of year | | | <u><u>\$ 139,381</u></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, 2022

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|---|--------------------|--------------------|--------------------|-------------------------------|
| REVENUES: | | | | |
| Intergovernmental revenues | \$ 29,200 | \$ 38,440 | \$ 38,440 | \$ - |
| Total revenues | <u>29,200</u> | <u>38,440</u> | <u>38,440</u> | <u>-</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Culture and leisure | 35,543 | 34,619 | 35,749 | (1,130) |
| Total expenditures | <u>35,543</u> | <u>34,619</u> | <u>35,749</u> | <u>(1,130)</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | <u>(6,343)</u> | <u>3,821</u> | <u>2,691</u> | <u>(1,130)</u> |
| OTHER FINANCING USES: | | | | |
| Transfers out | - | (29,955) | (29,955) | - |
| Total other financing uses | <u>-</u> | <u>(29,955)</u> | <u>(29,955)</u> | <u>-</u> |
| NET CHANGES IN FUND BALANCE | <u>\$ (6,343)</u> | <u>\$ (26,134)</u> | <u>(27,264)</u> | <u>\$ (1,130)</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | (29,978) | |
| End of year | | | <u>\$ (57,242)</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, 2022

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|------------------------------------|--------------------|---------------------|---------------------|-------------------------------|
| REVENUES: | | | | |
| Taxes | \$ 1,613,923 | \$ 1,613,923 | \$ 2,018,196 | \$ 404,273 |
| Investment income | 20,000 | 6,000 | (2,919) | (8,919) |
| Other | - | 46,387 | 46,387 | - |
| Total revenues | <u>1,633,923</u> | <u>1,666,310</u> | <u>2,061,664</u> | <u>395,354</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | 28,778 | 28,895 | 30,141 | (1,246) |
| Transportation | 1,288,076 | 2,213,088 | 2,172,557 | 40,531 |
| Community development | 44,662 | 29,950 | 6,608 | 23,342 |
| Total expenditures | <u>1,361,516</u> | <u>2,271,933</u> | <u>2,209,306</u> | <u>62,627</u> |
| NET CHANGES IN FUND BALANCE | <u>\$ 272,407</u> | <u>\$ (605,623)</u> | <u>(147,642)</u> | <u>\$ 457,981</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | <u>1,692,557</u> | |
| End of year | | | <u>\$ 1,544,915</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, 2022

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|------------------------------------|--------------------|---------------------|---------------------|-------------------------------|
| REVENUES: | | | | |
| Taxes | \$ 1,338,707 | \$ 1,338,707 | \$ 1,674,052 | \$ 335,345 |
| Investment income | 45,000 | 25,000 | (2,966) | (27,966) |
| Total revenues | <u>1,383,707</u> | <u>1,363,707</u> | <u>1,671,086</u> | <u>307,379</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Transportation | 814,417 | 771,640 | 683,387 | 88,253 |
| Capital outlay: | | | | |
| Transportation | - | 1,100,000 | 350,000 | 750,000 |
| Total expenditures | <u>814,417</u> | <u>1,871,640</u> | <u>1,033,387</u> | <u>838,253</u> |
| NET CHANGES IN FUND BALANCE | <u>\$ 569,290</u> | <u>\$ (507,933)</u> | 637,699 | <u>\$ 1,145,632</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | <u>3,797,976</u> | |
| End of year | | | <u>\$ 4,435,675</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, 2022

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|------------------------------------|---------------------|---------------------|---------------------|-------------------------------|
| REVENUES: | | | | |
| Investment income | \$ 30,000 | \$ 30,000 | \$ (4,965) | \$ (34,965) |
| Intergovernmental revenues | 1,537,746 | 1,661,515 | 1,626,764 | (34,751) |
| Total revenues | <u>1,567,746</u> | <u>1,691,515</u> | <u>1,621,799</u> | <u>(69,716)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Transportation | 238,000 | 238,000 | 238,000 | - |
| Capital outlay: | | | | |
| Transportation | - | 2,159,276 | 82,482 | 2,076,794 |
| Total expenditures | <u>238,000</u> | <u>2,397,276</u> | <u>320,482</u> | <u>2,076,794</u> |
| NET CHANGES IN FUND BALANCE | <u>\$ 1,329,746</u> | <u>\$ (705,761)</u> | 1,301,317 | <u>\$ 2,007,078</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | <u>4,286,710</u> | |
| End of year | | | <u>\$ 5,588,027</u> | |

City of Lakewood
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Sewer Reconstruction Special Revenue Fund
For the Year Ended June 30, 2022

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|------------------------------------|--------------------|--------------------|-------------------|-------------------------------|
| REVENUES: | | | | |
| License and permits | \$ 3,000 | \$ 3,000 | \$ 686 | \$ (2,314) |
| Total revenues | <u>3,000</u> | <u>3,000</u> | <u>686</u> | <u>(2,314)</u> |
| EXPENDITURES: | | | | |
| Capital outlay: | | | | |
| Community development | - | 61,300 | 26,160 | 35,140 |
| Total expenditures | <u>-</u> | <u>61,300</u> | <u>26,160</u> | <u>35,140</u> |
| NET CHANGES IN FUND BALANCE | <u>\$ 3,000</u> | <u>\$ (58,300)</u> | (25,474) | <u>\$ 32,826</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | 171,926 | |
| End of year | | | <u>\$ 146,452</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, 2022

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|------------------------------------|---------------------|--------------------|------------------|-------------------------------|
| REVENUES: | | | | |
| Investment income | \$ 4,500 | \$ 700 | \$ 195 | \$ (505) |
| Intergovernmental revenues | 175,000 | 200,000 | 197,293 | (2,707) |
| Total revenues | <u>179,500</u> | <u>200,700</u> | <u>197,488</u> | <u>(3,212)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public safety | 368,110 | 254,232 | 251,257 | 2,975 |
| Total expenditures | <u>368,110</u> | <u>254,232</u> | <u>251,257</u> | <u>2,975</u> |
| NET CHANGES IN FUND BALANCE | <u>\$ (188,610)</u> | <u>\$ (53,532)</u> | (53,769) | <u>\$ (237)</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | 77,186 | |
| End of year | | | <u>\$ 23,417</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, 2022

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|------------------------------------|--------------------|--------------------|--------------------|-------------------------------|
| REVENUES: | | | | |
| Investment income | \$ 12,000 | \$ 6,000 | \$ (5,042) | \$ (11,042) |
| Intergovernmental revenues | 1,911,288 | 2,077,211 | 1,881,422 | (195,789) |
| Total revenues | <u>1,923,288</u> | <u>2,083,211</u> | <u>1,876,380</u> | <u>(206,831)</u> |
| OTHER FINANCING USES: | | | | |
| Transfers out | <u>(1,923,288)</u> | <u>(2,083,211)</u> | <u>(1,828,718)</u> | <u>254,493</u> |
| Total other financing uses | <u>(1,923,288)</u> | <u>(2,083,211)</u> | <u>(1,828,718)</u> | <u>254,493</u> |
| NET CHANGES IN FUND BALANCE | <u>\$ -</u> | <u>\$ -</u> | 47,662 | <u>\$ 47,662</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | <u>148,772</u> | |
| End of year | | | <u>\$ 196,434</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, 2022

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|------------------------------------|--------------------|-----------------|---------------|-------------------------------|
| REVENUES: | | | | |
| Intergovernmental revenues | \$ 58,539 | \$ 58,539 | \$ 58,539 | \$ - |
| Total revenues | <u>58,539</u> | <u>58,539</u> | <u>58,539</u> | <u>-</u> |
| EXPENDITURES: | | | | |
| Capital outlay: | | | | |
| Transportation | 62,945 | 58,539 | 58,539 | - |
| Total expenditures | <u>62,945</u> | <u>58,539</u> | <u>58,539</u> | <u>-</u> |
| NET CHANGES IN FUND BALANCE | <u>\$ (4,406)</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, 2022

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|------------------------------------|--------------------|-----------------|------------------|-------------------------------|
| REVENUES: | | | | |
| Intergovernmental revenues | \$ 9,310 | \$ 9,310 | \$ 3,690 | \$ (5,620) |
| Total revenues | <u>9,310</u> | <u>9,310</u> | <u>3,690</u> | <u>(5,620)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Health and sanitation | <u>9,310</u> | <u>9,310</u> | <u>3,690</u> | <u>5,620</u> |
| Total expenditures | <u>9,310</u> | <u>9,310</u> | <u>3,690</u> | <u>5,620</u> |
| NET CHANGES IN FUND BALANCE | <u>\$ -</u> | <u>\$ -</u> | - | <u>\$ -</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | <u>25,805</u> | |
| End of year | | | <u>\$ 25,805</u> | |

City of Lakewood
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
LEAP Grant Special Revenue Fund
For the Year Ended June 30, 2022

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|------------------------------------|--------------------|---------------------|---------------------|-------------------------------|
| REVENUES: | | | | |
| Intergovernmental revenues | \$ 300,000 | \$ 67,000 | \$ 90,545 | \$ 23,545 |
| Total revenues | <u>300,000</u> | <u>67,000</u> | <u>90,545</u> | <u>23,545</u> |
| EXPENDITURES: | | | | |
| Capital outlay: | | | | |
| Community development | 250,000 | 209,455 | 111,238 | 98,217 |
| Total expenditures | <u>250,000</u> | <u>209,455</u> | <u>111,238</u> | <u>98,217</u> |
| NET CHANGES IN FUND BALANCE | <u>\$ 50,000</u> | <u>\$ (142,455)</u> | (20,693) | <u>\$ 121,762</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | <u>(90,546)</u> | |
| End of year | | | <u>\$ (111,239)</u> | |

City of Lakewood
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
SB2 Housing Grant Special Revenue Fund
For the Year Ended June 30, 2022

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|------------------------------------|--------------------|------------------|--------------------|-------------------------------|
| REVENUES: | | | | |
| Intergovernmental revenues | \$ 310,000 | \$ 310,000 | \$ - | \$ (310,000) |
| Total revenues | <u>310,000</u> | <u>310,000</u> | <u>-</u> | <u>(310,000)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Community development | 3,100 | 3,100 | 8,597 | (5,497) |
| Capital outlay: | | | | |
| Community development | - | 285,445 | 1,290 | 284,155 |
| Total expenditures | <u>3,100</u> | <u>288,545</u> | <u>9,887</u> | <u>278,658</u> |
| NET CHANGES IN FUND BALANCE | <u>\$ 306,900</u> | <u>\$ 21,455</u> | (9,887) | <u>\$ (31,342)</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | (11,456) | |
| End of year | | | <u>\$ (21,343)</u> | |

City of Lakewood
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
CA Natural Resources Agency Grant Special Revenue Fund
For the Year Ended June 30, 2022

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|------------------------------------|--------------------|-----------------|---------------------|-------------------------------|
| REVENUES: | | | | |
| Intergovernmental revenues | \$ 490,000 | \$ 490,000 | \$ 311,551 | \$ (178,449) |
| Total revenues | <u>490,000</u> | <u>490,000</u> | <u>311,551</u> | <u>(178,449)</u> |
| EXPENDITURES: | | | | |
| Capital outlay: | | | | |
| Culture and leisure | - | 490,000 | 485,586 | 4,414 |
| Total expenditures | <u>-</u> | <u>490,000</u> | <u>485,586</u> | <u>4,414</u> |
| NET CHANGES IN FUND BALANCE | <u>\$ 490,000</u> | <u>\$ -</u> | (174,035) | <u>\$ (174,035)</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | - | |
| End of year | | | <u>\$ (174,035)</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, 2022

| | Central Garage | Print Shop | Total |
|------------------------------------|--------------------|-------------------|--------------------|
| ASSETS | | | |
| Current Assets: | | | |
| Cash and investments | \$ - | \$ - | \$ - |
| Inventories | 110,876 | 8,008 | 118,884 |
| Total current assets | <u>110,876</u> | <u>8,008</u> | <u>118,884</u> |
| Noncurrent assets: | | | |
| Capital assets: | | | |
| Capital assets, being depreciated: | | | |
| Equipment | 1,387,500 | - | 1,387,500 |
| Less: accumulated depreciation | <u>(1,271,051)</u> | <u>-</u> | <u>(1,271,051)</u> |
| Total capital assets, net | <u>116,449</u> | <u>-</u> | <u>116,449</u> |
| Total noncurrent assets | <u>116,449</u> | <u>-</u> | <u>116,449</u> |
| Total assets | <u>227,325</u> | <u>8,008</u> | <u>235,333</u> |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable | 14,864 | 8,733 | 23,597 |
| Accrued liabilities | <u>7,194</u> | <u>3,600</u> | <u>10,794</u> |
| Total current liabilities | <u>22,058</u> | <u>12,333</u> | <u>34,391</u> |
| Total liabilities | <u>22,058</u> | <u>12,333</u> | <u>34,391</u> |
| NET POSITION | | | |
| Investment in capital assets | 116,449 | - | 116,449 |
| Unrestricted (deficit) | <u>88,818</u> | <u>(4,325)</u> | <u>84,493</u> |
| Total net position | <u>\$ 205,267</u> | <u>\$ (4,325)</u> | <u>\$ 200,942</u> |

City of Lakewood
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2022

| | Central Garage | Print Shop | Total |
|---------------------------------|-------------------|-------------------|-------------------|
| OPERATING REVENUES: | | | |
| Billing to departments | \$ 1,206,463 | \$ 281,698 | \$ 1,488,161 |
| Total operating revenues | <u>1,206,463</u> | <u>281,698</u> | <u>1,488,161</u> |
| OPERATING EXPENSES: | | | |
| Operating expenses | 1,046,014 | 278,825 | 1,324,839 |
| Depreciation | 31,690 | - | 31,690 |
| Total operating expenses | <u>1,077,704</u> | <u>278,825</u> | <u>1,356,529</u> |
| OPERATING INCOME (LOSS) | <u>128,759</u> | <u>2,873</u> | <u>131,632</u> |
| CHANGE IN NET POSITION | 128,759 | 2,873 | 131,632 |
| NET POSITION: | | | |
| Beginning of the year | 76,508 | (7,198) | 69,310 |
| End of the year | <u>\$ 205,267</u> | <u>\$ (4,325)</u> | <u>\$ 200,942</u> |

City of Lakewood
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2022

| | Central Garage | Print Shop | Total |
|--|-------------------|--------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Receipts from interfund services provided | \$ 1,206,463 | \$ 281,698 | \$ 1,488,161 |
| Payments to suppliers for goods and services | (1,125,099) | (293,627) | (1,418,726) |
| Net cash provided by operating activities | <u>81,364</u> | <u>(11,929)</u> | <u>69,435</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | |
| Acquisition of capital assets | (81,364) | - | (81,364) |
| Net cash (used in) capital and related financing activities | <u>(81,364)</u> | <u>-</u> | <u>(81,364)</u> |
| Changes in cash and cash equivalents | - | (11,929) | (11,929) |
| CASH AND CASH EQUIVALENTS: | | | |
| Beginning of year | - | 11,929 | 11,929 |
| End of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES: | | | |
| Operating income | \$ 128,759 | \$ 2,873 | \$ 131,632 |
| Adjustments to reconcile operating income to net cash provided by (used in) operating activities: | | | |
| Depreciation | 31,690 | - | 31,690 |
| Change in assets and liabilities: | | | |
| (Increase) decrease in inventories | (37,490) | (7,000) | (44,490) |
| Increase (decrease) in accounts payable | (22,566) | 2,096 | (20,470) |
| Increase (decrease) in accrued liabilities | (19,029) | (9,898) | (28,927) |
| Total adjustment | <u>(47,395)</u> | <u>(14,802)</u> | <u>(62,197)</u> |
| Net cash provided by operating activities | <u>\$ 81,364</u> | <u>\$ (11,929)</u> | <u>\$ 69,435</u> |



STATISTICAL SECTION



City of Lakewood
Description of Statistical Section Contents
June 30, 2022

This part of the City of Lakewood's annual comprehensive 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. | 162-171 |
| Revenue Capacity - These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax. | 172-181 |
| 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. | 182-189 |
| 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. | 190 |
| 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. | 191-195 |

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

| | Fiscal Year | | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2013 | 2014* | 2015 | 2016 | 2017** |
| Government activities: | | | | | |
| Net investment in capital assets | \$ 90,407,845 | \$ 89,075,037 | \$ 88,511,175 | \$ 90,100,125 | \$ 94,918,550 |
| Restricted | 12,213,220 | 3,994,605 | 15,464,118 | 10,805,986 | 15,160,381 |
| Unrestricted | 52,582,291 | 39,712,067 | 26,918,679 | 31,932,235 | 25,186,231 |
| Total governmental activities net position | <u>\$ 155,203,356</u> | <u>\$ 132,781,709</u> | <u>\$ 130,893,972</u> | <u>\$ 132,838,346</u> | <u>\$ 135,265,162</u> |
| Business-type activities: | | | | | |
| Net investment in capital assets | \$ 24,816,486 | \$ 24,587,382 | \$ 27,408,545 | \$ 28,527,530 | \$ 27,587,388 |
| Restricted | - | - | - | - | - |
| Unrestricted | 8,568,199 | 7,988,528 | 6,004,051 | 6,287,737 | 9,848,943 |
| Total business-type activities net position | <u>\$ 33,384,685</u> | <u>\$ 32,575,910</u> | <u>\$ 33,412,596</u> | <u>\$ 34,815,267</u> | <u>\$ 37,436,331</u> |
| Primary government: | | | | | |
| Net investment in capital assets | \$ 115,224,331 | \$ 113,662,419 | \$ 115,919,720 | \$ 118,627,655 | \$ 122,505,938 |
| Restricted | 12,213,220 | 3,994,605 | 15,464,118 | 10,805,986 | 15,160,381 |
| Unrestricted | 61,150,490 | 47,700,595 | 32,922,730 | 38,219,972 | 35,035,174 |
| Total primary government net position | <u>\$ 188,588,041</u> | <u>\$ 165,357,619</u> | <u>\$ 164,306,568</u> | <u>\$ 167,653,613</u> | <u>\$ 172,701,493</u> |

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

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

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

| | Fiscal Year | | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2018 | 2019 | 2020 | 2021 | 2022 |
| Government activities: | | | | | |
| Net investment in capital assets | \$ 100,416,548 | \$ 108,108,047 | \$ 111,479,193 | \$ 115,207,736 | \$ 118,073,852 |
| Restricted | 21,751,112 | 24,069,839 | 27,088,588 | 36,051,636 | 38,566,384 |
| Unrestricted | 17,346,009 | 16,446,872 | 13,077,407 | 21,717,181 | 37,163,986 |
| Total governmental activities net position | <u>\$ 139,513,669</u> | <u>\$ 148,624,758</u> | <u>\$ 151,645,188</u> | <u>\$ 172,976,553</u> | <u>\$ 193,804,222</u> |
| Business-type activities: | | | | | |
| Net investment in capital assets | \$ 26,543,189 | \$ 26,327,391 | \$ 27,211,808 | \$ 27,173,204 | \$ 27,686,379 |
| Restricted | - | - | - | - | - |
| Unrestricted | 11,954,770 | 13,057,126 | 12,982,718 | 14,792,197 | 14,779,213 |
| Total business-type activities net position | <u>\$ 38,497,959</u> | <u>\$ 39,384,517</u> | <u>\$ 40,194,526</u> | <u>\$ 41,965,401</u> | <u>\$ 42,465,592</u> |
| Primary government: | | | | | |
| Net investment in capital assets | \$ 126,959,737 | \$ 134,435,438 | \$ 138,691,001 | \$ 142,380,940 | \$ 145,760,231 |
| Restricted | 21,751,112 | 24,069,839 | 27,088,588 | 36,051,636 | 38,566,384 |
| Unrestricted | 29,300,779 | 29,503,998 | 26,060,125 | 36,509,378 | 51,943,199 |
| Total primary government net position | <u>\$ 178,011,628</u> | <u>\$ 188,009,275</u> | <u>\$ 191,839,714</u> | <u>\$ 214,941,954</u> | <u>\$ 236,269,814</u> |

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

| | Fiscal Year | | | | |
|--|--------------------|-----------------|-----------------|-----------------|-----------------|
| | 2013 | 2014 | 2015 | 2016 | 2017 |
| Expenses: | | | | | |
| Governmental Activities: | | | | | |
| General government | \$ 7,527,025 | \$ 7,412,703 | \$ 10,354,630 | \$ 7,187,053 | \$ 7,618,899 |
| Public Safety | 12,450,911 | 12,983,054 | 13,525,219 | 14,271,008 | 14,266,703 |
| Transportation | 6,137,250 | 4,587,061 | 4,772,202 | 4,740,336 | 4,915,779 |
| Community development | 4,548,531 | 4,967,510 | 4,622,036 | 4,759,414 | 5,216,400 |
| Health and sanitation | 4,692,717 | 4,925,697 | 4,888,091 | 4,901,125 | 5,066,047 |
| Culture and leisure | 10,205,926 | 11,386,411 | 12,090,213 | 11,770,595 | 12,757,229 |
| Unallocated infrastructure depreciation | 2,606,851 | 2,676,442 | 2,695,986 | 2,721,461 | 2,732,259 |
| Interest on long-term debt | - | - | - | 15,143 | 14,308 |
| Total governmental activities expenses | 48,169,211 | 48,938,878 | 52,948,377 | 50,366,135 | 52,587,624 |
| Business-type activities: | | | | | |
| Water | 9,358,616 | 9,990,086 | 9,554,985 | 9,628,369 | 9,316,642 |
| Total primary government expenses | \$ 57,527,827 | \$ 58,928,964 | \$ 62,503,362 | \$ 59,994,504 | \$ 61,904,266 |
| Program revenues: | | | | | |
| Governmental activities: | | | | | |
| Charges for services: | | | | | |
| General government | \$ 1,500,664 | \$ 1,753,540 | \$ 1,679,199 | \$ 1,790,751 | \$ 1,961,794 |
| Public safety | 827,333 | 863,286 | 866,028 | 912,841 | 828,408 |
| Community development | 887,126 | 1,199,667 | 1,647,432 | 1,754,359 | 1,687,297 |
| Health and sanitation | 4,965,890 | 5,111,702 | 5,242,204 | 5,309,601 | 5,430,005 |
| Culture and leisure | 1,522,022 | 1,562,310 | 1,577,319 | 1,543,688 | 1,591,984 |
| Operating grants and contributions | 3,553,814 | 4,810,026 | 4,176,696 | 3,585,692 | 6,100,046 |
| Capital grants and contributions | 1,538,183 | 866,959 | 1,726,390 | 3,365,208 | 8,542,663 |
| Total governmental activities program revenues | 14,795,032 | 16,167,490 | 16,915,268 | 18,262,140 | 26,142,197 |
| Business-type activities: | | | | | |
| Charges for services: | | | | | |
| Water | 10,573,733 | 11,711,839 | 10,311,109 | 10,930,852 | 10,873,311 |
| Total primary government program revenues | \$ 25,368,765 | \$ 27,879,329 | \$ 27,226,377 | \$ 29,192,992 | \$ 37,015,508 |
| Net revenues (expenses): | | | | | |
| Governmental activities | \$ (33,374,179) | \$ (32,771,388) | \$ (36,033,109) | \$ (32,103,995) | \$ (26,445,427) |
| Business-type activities | 1,215,117 | 1,721,753 | 756,124 | 1,302,483 | 1,556,669 |
| Total net revenues (expenses) | \$ (32,159,062) | \$ (31,049,635) | \$ (35,276,985) | \$ (30,801,512) | \$ (24,888,758) |

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

| | Fiscal Year | | | | |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 2018 | 2019 | 2020 | 2021 | 2022 |
| Expenses: | | | | | |
| Governmental Activities: | | | | | |
| General government | \$ 8,414,207 | \$ 8,623,397 | \$ 9,633,988 | \$ 11,542,121 | \$ 9,982,626 |
| Public Safety | 14,934,025 | 15,587,612 | 15,847,990 | 16,955,187 | 17,505,002 |
| Transportation | 5,319,350 | 5,618,743 | 6,191,543 | 6,551,094 | 6,503,537 |
| Community development | 5,602,768 | 5,755,708 | 5,965,959 | 6,018,023 | 5,291,189 |
| Health and sanitation | 5,173,751 | 5,440,069 | 5,488,139 | 5,705,506 | 6,083,718 |
| Culture and leisure | 13,919,102 | 14,023,325 | 14,317,749 | 14,449,389 | 13,651,705 |
| Unallocated infrastructure depreciation | 2,680,800 | 2,610,286 | 2,472,242 | 2,772,636 | 2,723,750 |
| Interest on long-term debt | 12,246 | 10,065 | 24,865 | 25,131 | 6,525 |
| Total governmental activities expenses | 56,056,249 | 57,669,205 | 59,942,475 | 64,019,087 | 61,748,052 |
| Business-type activities: | | | | | |
| Water | 12,124,940 | 12,722,577 | 12,340,848 | 10,534,148 | 11,481,342 |
| Total primary government expenses | \$ 68,181,189 | \$ 70,391,782 | \$ 72,283,323 | \$ 74,553,235 | \$ 73,229,394 |
| Program revenues: | | | | | |
| Governmental activities: | | | | | |
| Charges for services: | | | | | |
| General government | \$ 1,701,064 | \$ 1,842,865 | \$ 1,723,330 | \$ 1,549,999 | \$ 1,450,370 |
| Public safety | 799,898 | 824,844 | 739,734 | 721,881 | 838,925 |
| Community development | 1,644,380 | 1,831,695 | 1,647,529 | 1,890,846 | 1,962,283 |
| Health and sanitation | 5,493,200 | 5,736,770 | 6,017,870 | 6,332,537 | 6,483,492 |
| Culture and leisure | 1,505,685 | 1,627,965 | 1,050,990 | 578,668 | 1,232,960 |
| Operating grants and contributions | 8,633,736 | 9,751,629 | 8,862,665 | 13,234,375 | 13,575,994 |
| Capital grants and contributions | 6,315,712 | 8,315,163 | 6,378,745 | 10,424,134 | 2,957,680 |
| Total governmental activities program revenues | 26,093,675 | 29,930,931 | 26,420,863 | 34,732,440 | 28,501,704 |
| Business-type activities: | | | | | |
| Charges for services: | | | | | |
| Water | 13,003,840 | 13,354,770 | 12,869,000 | 13,965,629 | 13,787,798 |
| Total primary government program revenues | \$ 39,097,515 | \$ 43,285,701 | \$ 39,289,863 | \$ 48,698,069 | \$ 42,289,502 |
| Net revenues (expenses): | | | | | |
| Governmental activities | \$ (29,962,574) | \$ (27,738,274) | \$ (33,521,612) | \$ (29,286,647) | \$ (33,246,348) |
| Business-type activities | 878,900 | 632,193 | 528,152 | 3,431,481 | 2,306,456 |
| Total net revenues (expenses) | \$ (29,083,674) | \$ (27,106,081) | \$ (32,993,460) | \$ (25,855,166) | \$ (30,939,892) |

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

| | Fiscal Year | | | | |
|--|------------------------|----------------------|----------------------|-----------------------|----------------------|
| | 2013 | 2014 | 2015 | 2016 | 2017 |
| General revenues and other changes in net position: | | | | | |
| Governmental activities: | | | | | |
| Taxes: | | | | | |
| Sales taxes | \$ 15,461,092 | \$ 15,792,115 | \$ 15,890,678 | \$ 15,961,352 | \$ 14,133,828 |
| Property taxes | 12,030,119 | 11,310,210 | 11,831,561 | 12,747,876 | 13,039,739 |
| Franchise taxes | 1,607,535 | 1,697,405 | 1,757,264 | 1,699,343 | 1,430,601 |
| Business operation taxes | 508,100 | 542,110 | 565,441 | 1,016,140 | 674,880 |
| Utility user taxes | 3,626,639 | 3,520,414 | 3,464,047 | 3,398,962 | 3,314,095 |
| Other taxes | 308,522 | 322,834 | 372,276 | 378,213 | 442,393 |
| Unrestricted, motor vehicle in lieu | 42,894 | 35,499 | - | - | - |
| Grants and contributions not restricted to specific programs | 893,110 | - | - | - | - |
| Gain on sale of property | 108,469 | - | - | - | 114,000 |
| Transfers in | | | | | |
| Investment income (loss) | 137,346 | 377,099 | 264,105 | 482,676 | 459,477 |
| Total governmental activities | <u>34,723,826</u> | <u>33,597,686</u> | <u>34,145,372</u> | <u>35,684,562</u> | <u>33,609,013</u> |
| Business-type activities: | | | | | |
| Gain on sale of capital assets | - | - | - | - | 1,035,021 |
| Transfers out | | | | | |
| Investment income | 59,279 | 60,664 | 80,562 | 100,188 | 131,040 |
| Total business-type activities | <u>59,279</u> | <u>60,664</u> | <u>80,562</u> | <u>100,188</u> | <u>1,166,061</u> |
| Total primary government | <u>\$ 34,783,105</u> | <u>\$ 33,658,350</u> | <u>\$ 34,225,934</u> | <u>\$ 35,784,750</u> | <u>\$ 34,775,074</u> |
| Changes in net position, before special and extraordinary item | | | | | |
| Governmental activities | \$ 1,349,647 | \$ 808,298 | \$ 1,373,984 | \$ (348,547) | \$ 1,505,018 |
| Business-type activities | 1,274,396 | 1,782,417 | 1,802,315 | 856,312 | 2,468,544 |
| Special item | - | - | - | (1,636,193) | - |
| Extraordinary item | (31,453,996) | - | - | - | - |
| Changes in net position | | | | | |
| Governmental activities | \$ (30,104,349) | \$ 808,298 | \$ 1,373,984 | \$ (1,984,740) | \$ 1,505,018 |
| Business-type activities | 1,274,396 | 1,782,417 | 1,802,315 | 856,312 | 2,468,544 |
| Total primary government | <u>\$ (28,829,953)</u> | <u>\$ 2,590,715</u> | <u>\$ 3,176,299</u> | <u>\$ (1,128,428)</u> | <u>\$ 3,973,562</u> |

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

| | Fiscal Year | | | | |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2018 | 2019 | 2020 | 2021 | 2022 |
| General revenues and other changes in net position: | | | | | |
| Governmental activities: | | | | | |
| Taxes: | | | | | |
| Sales taxes | \$ 14,303,519 | \$ 14,635,987 | \$ 13,555,147 | \$ 26,182,543 | \$ 31,256,373 |
| Property taxes | 13,795,722 | 14,637,510 | 15,657,307 | 16,600,433 | 16,945,351 |
| Franchise taxes | 1,598,487 | 1,543,020 | 1,519,485 | 1,535,167 | 1,582,709 |
| Business operation taxes | 650,728 | 651,364 | 462,677 | 560,252 | 578,867 |
| Utility user taxes | 3,163,738 | 3,061,021 | 2,650,026 | 3,034,416 | 3,361,075 |
| Other taxes | 424,144 | 409,432 | 469,328 | 541,524 | 582,151 |
| Unrestricted, motor vehicle in lieu | - | - | - | - | - |
| Grants and contributions not restricted to specific programs | - | - | - | - | - |
| Gain on sale of property | - | 77,715 | - | - | - |
| Transfers in | | | | 1,795,700 | 1,795,700 |
| Investment income (loss) | 274,743 | 1,833,314 | 2,228,072 | 182,662 | (2,028,209) |
| Total governmental activities | <u>34,211,081</u> | <u>36,849,363</u> | <u>36,542,042</u> | <u>50,432,697</u> | <u>54,074,017</u> |
| Business-type activities: | | | | | |
| Gain on sale of capital assets | - | - | - | - | - |
| Transfers out | | | | (1,795,700) | (1,795,700) |
| Investment income | 182,728 | 254,365 | 281,857 | 135,094 | (10,565) |
| Total business-type activities | <u>182,728</u> | <u>254,365</u> | <u>281,857</u> | <u>(1,660,606)</u> | <u>(1,806,265)</u> |
| Total primary government | <u>\$ 34,393,809</u> | <u>\$ 37,103,728</u> | <u>\$ 36,823,899</u> | <u>\$ 48,772,091</u> | <u>\$ 52,267,752</u> |
| Changes in net position, before special and extraordinary item | | | | | |
| Governmental activities | \$ 7,765,654 | \$ 6,886,789 | \$ 8,803,768 | \$ 16,911,085 | \$ 20,827,669 |
| Business-type activities | 1,739,397 | 1,133,265 | 914,050 | (1,132,454) | 500,191 |
| Special item | - | - | - | - | - |
| Extraordinary item | - | - | - | - | - |
| Changes in net position | | | | | |
| Governmental activities | \$ 7,765,654 | \$ 6,886,789 | \$ 8,803,768 | \$ 16,911,085 | \$ 20,827,669 |
| Business-type activities | 1,739,397 | 1,133,265 | 914,050 | (1,132,454) | 500,191 |
| Total primary government | <u>\$ 9,505,051</u> | <u>\$ 8,020,054</u> | <u>\$ 9,717,818</u> | <u>\$ 15,778,631</u> | <u>\$ 21,327,860</u> |

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

| | Fiscal Year | | | | |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2013 | 2014 | 2015 | 2016 | 2017 |
| General fund: | | | | | |
| Nonspendable | \$ 4,173,679 | \$ 2,670,747 | \$ 3,334,102 | \$ 9,007,179 | \$ 9,242,133 |
| Restricted | - | - | - | - | - |
| Committed | 29,066,342 | 32,456,408 | 28,993,127 | 22,470,125 | 24,641,778 |
| Assigned | 8,589,044 | 8,738,457 | 8,784,875 | 9,060,489 | 7,941,985 |
| Unassigned | 3,796,234 | 3,640,285 | 4,737,497 | 2,545,033 | 1,388,222 |
| Total general fund | <u>\$ 45,625,299</u> | <u>\$ 47,505,897</u> | <u>\$ 45,849,601</u> | <u>\$ 43,082,826</u> | <u>\$ 43,214,118</u> |
| All other governmental funds: | | | | | |
| Nonspendable | \$ 8,536,583 | \$ 8,537,919 | \$ 10,614,864 | \$ 7,216,652 | \$ 7,293,057 |
| Restricted | 3,679,754 | 4,256,020 | 4,807,418 | 10,304,699 | 11,811,420 |
| Unassigned | <u>(626,208)</u> | <u>(1,408,079)</u> | <u>(834,768)</u> | <u>(657,720)</u> | <u>(3,223,534)</u> |
| Total all other governmental funds | <u>\$ 11,590,129</u> | <u>\$ 11,385,860</u> | <u>\$ 14,587,514</u> | <u>\$ 16,863,631</u> | <u>\$ 15,880,943</u> |

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

| | Fiscal Year | | | | |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2018 | 2019 | 2020 | 2021 | 2022 |
| General fund: | | | | | |
| Nonspendable | \$ 9,614,693 | \$ 9,887,493 | \$ 10,088,435 | \$ 10,333,944 | \$ 10,562,095 |
| Restricted | - | 617,122 | 62,478 | - | - |
| Committed | 25,016,682 | 24,952,465 | 26,389,437 | 27,296,545 | 30,913,516 |
| Assigned | 4,573,815 | 4,941,360 | 4,905,102 | 4,905,102 | 20,357,986 |
| Unassigned | 1,721,244 | 2,182,964 | 1,306,735 | 10,327,717 | 2,535,221 |
| Total general fund | <u>\$ 40,926,434</u> | <u>\$ 42,581,404</u> | <u>\$ 42,752,187</u> | <u>\$ 52,863,308</u> | <u>\$ 64,368,818</u> |
| All other governmental funds: | | | | | |
| Nonspendable | \$ - | \$ - | \$ - | \$ - | \$ - |
| Restricted | 21,385,895 | 23,637,463 | 27,025,084 | 32,367,386 | 37,715,646 |
| Unassigned | (2,000,042) | (2,813,850) | (2,942,067) | 2,228,398 | (363,859) |
| Total all other governmental funds | <u>\$ 19,385,853</u> | <u>\$ 20,823,613</u> | <u>\$ 24,083,017</u> | <u>\$ 34,595,784</u> | <u>\$ 37,351,787</u> |

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

| | Fiscal Year | | | | |
|--|-----------------|---------------|---------------|---------------|---------------|
| | 2013 | 2014 | 2015 | 2016 | 2017 |
| Revenues: | | | | | |
| Taxes | \$ 26,411,985 | \$ 26,076,260 | \$ 26,285,474 | \$ 28,512,153 | \$ 27,428,381 |
| Licenses and permits | 882,983 | 860,267 | 1,236,029 | 1,305,394 | 1,271,711 |
| Fines and forfeitures | 782,011 | 794,905 | 800,988 | 792,042 | 726,158 |
| Investment income, rents and concessions | 1,015,685 | 1,229,344 | 1,348,984 | 1,579,999 | 1,628,636 |
| From other agencies | 11,734,813 | 11,732,076 | 12,262,584 | 13,040,289 | 16,801,522 |
| Current service charges | 8,416,888 | 7,354,833 | 7,603,770 | 7,820,247 | 7,676,870 |
| Other | 250,038 | 1,209,438 | 3,883,093 | 1,319,267 | 1,332,492 |
| Total revenues | 49,494,403 | 49,257,123 | 53,420,922 | 54,369,391 | 56,865,770 |
| Expenditures: | | | | | |
| Current: | | | | | |
| General government | 7,080,629 | 7,198,445 | 10,121,711 | 7,469,038 | 7,598,738 |
| Public safety | 12,374,488 | 12,622,353 | 13,279,510 | 14,035,382 | 13,957,135 |
| Transportation | 6,108,720 | 4,454,458 | 4,529,295 | 4,848,633 | 4,794,659 |
| Community Development | 4,358,375 | 4,822,302 | 4,550,855 | 4,877,917 | 5,266,588 |
| Health and sanitation | 4,690,837 | 4,789,347 | 4,884,931 | 4,908,103 | 5,064,902 |
| Culture and leisure | 9,440,235 | 11,057,389 | 11,029,303 | 11,356,886 | 11,845,756 |
| Capital outlay: | | | | | |
| General government | 4,054 | - | 43,032 | 60,392 | 71,163 |
| Public safety | 543,434 | - | - | 894,527 | - |
| Transportation | 3,061,913 | 1,412,843 | 605,487 | 2,474,885 | 7,838,438 |
| Community Development | - | - | 55,238 | 85,996 | 30,256 |
| Culture and leisure | 1,653,418 | 1,194,657 | 2,776,202 | 2,443,762 | 1,313,659 |
| Debt service: | | | | | |
| Owner participation agreement payments | - | - | - | - | - |
| Principal retirement | - | - | - | 31,313 | 35,564 |
| Interest and fiscal charges | - | - | - | 15,143 | 14,308 |
| Total expenditures | 49,316,103 | 47,551,794 | 51,875,564 | 53,501,977 | 57,831,166 |
| Excess of revenues over (under) expenditures | 178,300 | 1,705,329 | 1,545,358 | 867,414 | (965,396) |
| Other financing sources (uses): | | | | | |
| Issuance of lease payable | - | - | - | 278,121 | - |
| Transfers in | 2,457,077 | 2,597,281 | 2,107,215 | 1,771,504 | 1,564,966 |
| Transfers out | (2,457,077) | (2,597,281) | (2,107,215) | (1,771,504) | (1,564,966) |
| Sale of capital assets | 511,875 | - | - | - | 114,000 |
| Proceeds from lease issuance | - | - | - | - | - |
| Total other financing sources (uses) | 511,875 | - | - | 278,121 | 114,000 |
| SPECIAL ITEMS: | | | | | |
| Transfer to HACoLA | - | - | - | - | - |
| Gain(loss) on interest adjustment on the loans to the Successor Agency | - | - | - | (1,636,193) | - |
| Net change in fund balances, before extraordinary items | 690,175 | 1,705,329 | 1,545,358 | (490,658) | (851,396) |
| EXTRAORDINARY ITEM: | | | | | |
| Gain (loss) on dissolution of Redevelopment Agency | (17,199,128) | - | - | - | - |
| Net change in fund balances | \$ (16,508,953) | \$ 1,705,329 | \$ 1,545,358 | \$ (490,658) | \$ (851,396) |
| Debt service as a percentage of noncapital expenditures | 0.00% | 0.00% | 0.00% | 0.10% | 0.10% |

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

| | Fiscal Year | | | | |
|--|---------------|---------------|---------------|---------------|---------------|
| | 2018 | 2019 | 2020 | 2021 | 2022 |
| Revenues: | | | | | |
| Taxes | \$ 27,840,342 | \$ 28,653,388 | \$ 27,684,978 | \$ 41,098,863 | \$ 47,537,386 |
| Licenses and permits | 1,213,898 | 1,356,208 | 1,311,229 | 1,451,338 | 1,454,830 |
| Fines and forfeitures | 803,671 | 877,832 | 734,643 | 748,656 | 743,167 |
| Investment income, rents and concessions | 1,549,043 | 3,172,061 | 3,392,410 | 924,009 | (1,204,812) |
| From other agencies | 21,529,691 | 22,305,483 | 21,703,390 | 31,019,031 | 21,443,120 |
| Current service charges | 7,727,896 | 8,102,123 | 7,789,524 | 8,076,990 | 8,686,921 |
| Other | 1,296,960 | 1,369,123 | 1,066,017 | 1,096,083 | 2,661,610 |
| Total revenues | 61,961,501 | 65,836,218 | 63,682,191 | 84,414,970 | 81,322,222 |
| Expenditures: | | | | | |
| Current: | | | | | |
| General government | 7,775,703 | 7,928,367 | 8,241,505 | 10,841,466 | 10,940,429 |
| Public safety | 14,643,744 | 15,297,771 | 15,583,762 | 16,673,133 | 17,740,952 |
| Transportation | 4,938,424 | 4,994,979 | 5,279,004 | 6,008,396 | 7,155,428 |
| Community Development | 5,448,344 | 5,576,834 | 5,544,163 | 5,772,175 | 5,583,986 |
| Health and sanitation | 5,173,879 | 5,406,156 | 5,477,528 | 5,706,406 | 6,099,067 |
| Culture and leisure | 12,296,334 | 12,275,314 | 11,886,225 | 12,511,815 | 14,249,773 |
| Capital outlay: | | | | | |
| General government | 125,383 | 201,076 | - | 146,425 | 503,288 |
| Public safety | - | - | - | 103,239 | 14,400 |
| Transportation | 6,122,168 | 9,821,988 | 7,137,458 | 6,675,851 | 3,868,435 |
| Community Development | 7,116 | 24,532 | 7,414 | 22,048 | 205,203 |
| Culture and leisure | 4,163,308 | 1,994,314 | 881,672 | 1,097,870 | 2,266,698 |
| Debt service: | | | | | |
| Owner participation agreement payments | - | - | - | - | - |
| Principal retirement | 37,626 | 39,807 | 185,206 | 191,498 | 243,609 |
| Interest and fiscal charges | 12,246 | 10,065 | 28,067 | 21,775 | 16,757 |
| Total expenditures | 60,744,275 | 63,571,203 | 60,252,004 | 65,772,097 | 68,888,025 |
| Excess of revenues over (under) expenditures | 1,217,226 | 2,265,015 | 3,430,187 | 18,642,873 | 12,434,197 |
| Other financing sources (uses): | | | | | |
| Issuance of lease payable | - | 750,000 | - | - | - |
| Transfers in | 1,808,209 | 1,571,741 | 2,213,002 | 3,593,665 | 3,854,822 |
| Transfers out | (1,808,209) | (1,571,741) | (2,213,002) | (1,797,965) | (2,059,122) |
| Sale of capital assets | - | 77,715 | - | - | - |
| Proceeds from lease issuance | - | - | - | - | 31,616 |
| Total other financing sources (uses) | - | 827,715 | - | 1,795,700 | 1,827,316 |
| SPECIAL ITEMS: | | | | | |
| Transfer to HACoLA | - | - | - | - | - |
| Gain(loss) on interest adjustment on the loans to the Successor Agency | - | - | - | - | - |
| Net change in fund balances, before extraordinary items | 1,217,226 | 3,092,730 | 3,430,187 | 20,438,573 | 14,261,513 |
| EXTRAORDINARY ITEM: | | | | | |
| Gain (loss) on dissolution of Redevelopment Agency | - | - | - | - | - |
| Net change in fund balances | \$ 1,217,226 | \$ 3,092,730 | \$ 3,430,187 | \$ 20,438,573 | \$ 14,261,513 |
| Debt service as a percentage of noncapital expenditures | 0.10% | 0.10% | 0.41% | 0.37% | 0.42% |

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 |
|--------------------------------------|--------------------|---------------------------|----------------------------|---|-------------------------------|--------------------|---------------|
| 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 |
| 2021 | 26,182,543 | 15,783,601 | 1,535,167 | 1,213,169 | 3,034,416 | 541,524 | 48,290,420 |
| 2022 | 31,256,373 | 16,945,351 | 1,582,709 | 578,867 | 3,361,075 | 582,151 | 54,306,526 |

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

| 2022 | | 2013 | |
|---------------------------------|------------------------------|---------------------------------|------------------------------|
| Business Name | Business Category | Business Name | Business Category |
| Arco | Service Stations | Arco AM PM | Service Stations |
| Arco | Service Stations | Arco AM PM | Service Stations |
| Best Buy | Electronics/Appliance Stores | Best Buy | Electronics/Appliance Stores |
| Caruso Ford | New Motor Vehicle Dealers | Caruso Ford | New Motor Vehicle Dealers |
| Chevron | Service Stations | Costco | Discount Dept Stores |
| Costco | Discount Dept Stores | CVS Pharmacy | Drug Stores |
| Ganahl Lumber | Building Materials | Del Amo Mobil | Service Stations |
| Harbor Chevrolet Harbor Hyundai | New Motor Vehicle Dealers | Foot Locker | Shoe Stores |
| Harbor Hyundai | New Motor Vehicle Dealers | Forever 21 | Women's Apparel |
| Hobby Lobby | Specialty Stores | Gamefly | Specialty Stores |
| Home Depot | Building Materials | Harbor Chevrolet Harbor Hyundai | New Motor Vehicle Dealers |
| Home Goods | Home Furnishings | Home Depot | Building Materials |
| JC Penney | Department Stores | JC Penney | Department Stores |
| Kohls | Department Stores | Kohls | Department Stores |
| Macys | Department Stores | Lakewood Arco | Service Stations |
| Macy's | Department Stores | Lakewood Chevron | Service Stations |
| Marshalls | Family Apparel | Macys | Department Stores |
| McDonalds | Quick-Service Restaurants | McDonalds | Quick-Service Restaurants |
| Raising Cane's | Quick-Service Restaurants | Nordstrom Rack | Department Stores |
| Target | Discount Dept Stores | Rapid Gas | Service Stations |
| Timmons Subaru | New Motor Vehicle Dealers | Target | Discount Dept Stores |
| United Oil | Service Stations | Vans | Shoe Stores |
| Vons | Grocery Stores | Vons | Grocery Stores |
| Vons Fuel | Service Stations | Vons Fuel | Service Stations |
| Walmart Supercenter | Discount Dept Stores | Walmart Supercenter | Discount Dept Stores |

Source: HDL

Note: Firms Listed Alphabetically

Period: July 2021 Thru June 2022

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

| | Fiscal Years | | | | |
|----------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> |
| Apparel Stores | \$ 91,821 | \$ 94,682 | \$ 100,090 | \$ 104,262 | \$ 108,777 |
| General Merchandise | 322,971 | 329,626 | 339,237 | 335,292 | 326,877 |
| Food Stores | 41,353 | 44,442 | 46,198 | 47,494 | 47,845 |
| Eating and Drinking Places | 157,219 | 167,347 | 176,455 | 189,057 | 197,497 |
| Building Materials | 58,739 | 63,714 | 66,480 | 67,557 | 73,781 |
| Auto Dealers and Supplies | 114,821 | 100,940 | 113,843 | 133,160 | 154,323 |
| Service Stations | 134,787 | 128,494 | 123,183 | 100,673 | 86,673 |
| Other Retail Stores | 177,164 | 178,010 | 185,630 | 190,440 | 191,145 |
| All Other Outlets | 157,199 | 174,803 | 188,879 | 192,439 | 209,133 |
| | <u>\$ 1,256,074</u> | <u>\$ 1,282,058</u> | <u>\$ 1,339,995</u> | <u>\$ 1,360,374</u> | <u>\$ 1,396,051</u> |

Source: HDL

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

| | Fiscal Years | | | | |
|----------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> |
| Apparel Stores | \$ 107,971 | \$ 111,925 | \$ 111,451 | \$ 69,217 | \$ 120,346 |
| General Merchandise | 332,043 | 319,083 | 324,131 | 285,728 | 346,224 |
| Food Stores | 46,073 | 46,429 | 47,825 | 54,744 | 53,932 |
| Eating and Drinking Places | 204,971 | 208,381 | 215,395 | 166,013 | 206,461 |
| Building Materials | 78,690 | 91,179 | 75,681 | 79,150 | 79,143 |
| Auto Dealers and Supplies | 161,696 | 130,424 | 129,173 | 128,152 | 176,857 |
| Service Stations | 93,554 | 107,480 | 102,185 | 67,688 | 98,487 |
| Other Retail Stores | 195,787 | 196,820 | 194,360 | 162,233 | 209,987 |
| All Other Outlets | <u>220,039</u> | <u>221,375</u> | <u>244,317</u> | <u>313,924</u> | <u>335,951</u> |
| | <u>\$ 1,440,824</u> | <u>\$ 1,433,096</u> | <u>\$ 1,444,518</u> | <u>\$ 1,326,849</u> | <u>\$ 1,627,388</u> |

Source: HDL

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

| | Fiscal Years | | | | | | | | | |
|---------------------|---------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> |
| City Sales Tax rate | 9.000% | 9.000% | 9.000% | 9.000% | 8.750% | 9.500% | 9.500% | 9.500% | 10.250% | 10.250% |

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 |
|--------------------------------------|----------------|-------------------|------------------|-----------------------------------|----------------------------------|
| 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% |
| 2021 | 10,474,857 | 226 | 143,457 | 10,618,540 | 0.060% |
| 2022 | 10,913,386 | 1 | 129,486 | 11,042,873 | 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>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> |
| City Direct Rates: | | | | | | | | | | |
| City basic rate | \$ 0.1855 | \$ 0.0607 | \$ 0.0606 | \$ 0.0604 | \$ 0.0603 | \$ 0.0602 | \$ 0.0602 | \$ 0.0601 | \$ 0.0600 | \$ 0.0600 |
| Overlapping Rates: | | | | | | | | | | |
| Los Angeles County | - | - | - | - | - | - | - | - | - | - |
| School Districts | 0.3200 | 0.3074 | 0.3716 | 0.3101 | 0.4015 | 0.5274 | 0.5233 | 0.6309 | 0.5320 | 0.5346 |
| Sanitation and Water | - | - | - | - | - | - | - | - | - | - |
| Water Districts | 0.0035 | 0.0035 | 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>\$ 1.5090</u> | <u>\$ 1.3681</u> | <u>\$ 1.4357</u> | <u>\$ 1.3706</u> | <u>\$ 1.4619</u> | <u>\$ 1.5876</u> | <u>\$ 1.5870</u> | <u>\$ 1.6944</u> | <u>\$ 1.5955</u> | <u>\$ 1.5981</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

| | 2021 | | 2012 | |
|----------------------------------|------------------------------|--|------------------------------|--|
| | 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 | \$ 393,544,104 | 3.56% | \$ 298,161,469 | 4.09% |
| B9 MF 12350 DEL AMO LLC | 139,450,169 | 1.26% | N/A | N/A |
| Lakewood Manor Apartments LLC | 98,118,363 | 0.89% | \$ 83,414,574 | 1.15% |
| Lakewood Regional Medical Center | 62,688,344 | 0.57% | \$ 55,589,973 | 0.76% |
| IRIS19 LP | 60,391,234 | 0.55% | N/A | N/A |
| Lakewood Marketplace LLC | 42,566,403 | 0.39% | \$ 36,448,941 | 0.50% |
| May Company Department Stores | 37,205,125 | 0.34% | \$ 32,996,544 | 0.45% |
| Douglas Park Associates IV LLC | 36,800,000 | 0.33% | N/A | N/A |
| Carwood Center LLC | 35,130,937 | 0.32% | N/A | N/A |
| The 5800 Apartment Homes LLC | 33,807,342 | 0.31% | N/A | N/A |
| Total | <u>\$ 939,702,021</u> | <u>8.51%</u> | <u>\$ 506,611,501</u> | <u>7.0%</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 |
| 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% |
| 2021 | | 5,716,914 | 5,557,978 | 97.22% | 158,936 | 5,716,914 | 100.00% |
| 2022 | | 5,943,809 | 5,615,340 | 94.47% | 328,469 | 5,943,809 | 100.00% |

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 | Lease Payable | Total Governmental Activities |
| 2013 | - | - | - | - |
| 2014 | - | - | - | - |
| 2015 | - | - | - | - |
| 2016 | - | - | 246,808 | 246,808 |
| 2017 | - | - | 211,244 | 211,244 |
| 2018 | - | - | 173,617 | 173,617 |
| 2019 | - | - | 883,811 | 883,811 |
| 2020 | - | - | 698,605 | 698,605 |
| 2021 | - | - | 507,107 | 507,107 |
| 2022 | - | - | 460,465 | 460,465 |

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

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 |
| 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 |
| - | - | 7,788,848 | 7,788,848 | 8,295,955 | 0.29% | 103 |
| - | - | 6,959,657 | 6,959,657 | 7,420,122 | 0.26% | 92 |

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



City of Lakewood

Direct and Overlapping Debt

As of June 30, 2022

| Total Assessed Valuation | | \$9,677,136,511 | |
|--|------------------------------------|------------------------------|--|
| | Percentage Applicable ¹ | Outstanding Debt 06/30/22 | Estimated Share of Overlapping Debt |
| Overlapping Debt: | | | |
| Metropolitan Water District | 0.668% | \$ 9,835,780 | \$ 65,721 |
| Cerritos Community College District 2004 Series 2012D | 7.250% | 30,896,885 | 2,226,183 |
| Cerritos Community College District 2012 Series 2014A | 7.250% | 73,900,000 | 5,324,644 |
| Cerritos Community College District 2014 Ref Bonds Series A | 7.205% | 72,380,000 | 5,215,124 |
| Cerritos Community College District 2014 Ref Bonds Series E | 7.205% | 5,255,000 | 378,633 |
| Cerritos Community College District 2012 Series 2018B | 7.205% | 52,770,000 | 3,802,185 |
| Cerritos Community College District 2012 Series 2019C | 7.205% | 93,325,000 | 6,724,254 |
| Cerritos Community College District 2020 Series REF BD\$ | 7.205% | 51,350,000 | 3,699,871 |
| Cerritos Community College District 2012 Series 2021E | 7.205% | 75,000,000 | 5,403,901 |
| Compton Community College District 2002 Series 2012C | 2.660% | 6,382,720 | 169,770 |
| Compton Community College District 2012 Refunding Bond | 2.660% | 2,095,000 | 55,724 |
| Compton Community College District 2002 Series 2013E | 2.660% | 149,624 | 3,980 |
| Compton Community College District 2014 REF | 2.660% | 5,770,000 | 153,473 |
| Compton Community College District 2015 REF BONDS | 2.660% | 5,300,000 | 140,972 |
| Compton Community College District 2014 Series A | 2.660% | 16,035,000 | 426,506 |
| Compton Community College District 2002 Series 2018E | 2.660% | 10,145,677 | 269,859 |
| Compton Community College District 2020 REF BD SerA | 2.660% | 79,945,000 | 2,126,411 |
| Long Beach Community College District DS 2002 Series D 2007 | 8.449% | 7,000,081 | 591,452 |
| Long Beach Community College District 2008 Series 2009E | 8.449% | 15,096,105 | 1,275,503 |
| Long Beach Community College District Ref 02 12 Series A | 8.449% | 67,033,695 | 5,663,825 |
| Long Beach Community College District DS Ref Bonds 2014 Series C | 8.449% | 7,055,000 | 596,093 |
| Long Beach Community College District DS Ref Bonds 2015 Series I | 8.449% | 16,735,000 | 1,413,977 |
| Long Beach Community College District DS 2016 Series E | 8.449% | 40,590,000 | 3,429,539 |
| Long Beach Community College District DS Ref 2017 Series C | 8.449% | 73,310,000 | 6,194,124 |
| Long Beach Community College District DS 2016 Series C | 8.449% | 99,090,000 | 8,372,334 |
| Long Beach Community College District DS Ref Bonds 19 S F | 8.449% | 64,535,000 | 5,452,705 |
| Long Beach Community College District DS Ref Bonds 21 S F | 8.449% | 231,845,000 | 19,589,097 |
| ABC Unified School District 2003 Ref Bond Series A | 10.266% | 170,000 | 17,453 |
| ABC Unified School District DS 1997 Series B | 10.266% | 21,102,080 | 2,166,406 |
| ABC Unified School District DS 2018 Series A | 10.266% | 49,310,000 | 5,062,321 |
| Bellflower Unified School District, District 2012 Series A | 28.070% | 34,190,000 | 9,596,963 |
| Bellflower Unified School District, District 2012 Series E | 28.070% | 40,995,000 | 11,507,092 |
| Long Beach Unified School District DS 2008 Refunding Bonds | 8.448% | 15,650,606 | 1,322,097 |
| Long Beach Unified School District DS 2008 Series A | 8.448% | 660,000 | 55,754 |
| Long Beach Unified School District DS 2009 Ref Bonds Series B | 8.448% | 6,420,000 | 542,334 |
| Long Beach Unified School District DS 2010 Ref Bonds Series A | 8.448% | 22,475,000 | 1,898,592 |
| Long Beach Unified School District DS 2008 SR B-1 QSCB | 8.448% | 65,800,000 | 5,558,504 |
| Long Beach Unified School District DS 2011 Refunding Bond | 8.448% | 7,725,686 | 652,633 |
| Long Beach Unified School District DS 2012 Refunding Bond | 8.448% | 79,675,000 | 6,730,605 |
| Long Beach Unified School District DS 2008 Series C | 8.448% | 34,010,000 | 2,873,020 |
| Long Beach Unified School District DS 2008 Series D | 8.448% | 159,330,000 | 13,459,521 |
| Long Beach Unified School District DS 2016 Refunding Bond | 8.448% | 89,998,410 | 7,602,683 |
| Long Beach Unified School District DS 2008 Series E | 8.448% | 97,980,000 | 8,276,934 |
| Long Beach Unified School District DS 2016 Series A | 8.448% | 358,865,000 | 30,315,390 |
| Long Beach Unified School District DS 2008 Series F Meas K | 8.448% | 142,120,000 | 12,005,693 |
| Long Beach Unified School District DS 2016 Series B Meas E | 8.448% | 273,665,000 | 23,118,056 |
| Paramount Unified School District 2006 Series 2011 Bonds | 9.465% | 21,700,770 | 2,053,904 |
| Paramount Unified School District Ref Bond Series 2015 | 9.465% | 22,560,000 | 2,135,227 |
| Paramount Unified School District DS 1998 Series A | 9.465% | 5,878,314 | 556,362 |
| Paramount Unified School District 2016 Series 2017A | 9.465% | 18,515,000 | 1,752,382 |
| Paramount Unified School District 2016 Series 2018E | 9.465% | 26,631,089 | 2,520,542 |
| Paramount Unified School District 2016 Series 2020C | 9.465% | 46,395,000 | 4,391,129 |
| Paramount Unified School District Ref Bond Series 2020 | 9.465% | 66,756,012 | 6,318,229 |
| Total overlapping debt | | \$ 2,921,403,534 | \$ 251,255,686 |
| City Direct Debt: | | | |
| Lease payable | 100.000% | 460,465 | 460,465 |
| Total Direct and Overlapping Debt | | \$ | 251,716,151 |

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

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

City of Lakewood
Legal Debt Margin Information
Last Ten Fiscal Years

| | Fiscal Years | | | | |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
| Assessed valuation (In thousands) | \$ 7,281,614 | \$ 7,474,292 | \$ 7,899,494 | \$ 8,298,427 | \$ 8,698,092 |
| Debt limit percentage | 15% | 15% | 15% | 15% | 15% |
| Debt limit (In thousands) | 1,092,242 | 1,121,144 | 1,184,924 | 1,244,764 | 1,304,714 |
| Total net debt applicable to the limit: | | | | | |
| General obligation bonds (In thousands) | - | - | - | - | - |
| Legal debt margin (In thousands) | <u>\$ 1,092,242</u> | <u>\$ 1,121,144</u> | <u>\$ 1,184,924</u> | <u>\$ 1,244,764</u> | <u>\$ 1,304,714</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>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> |
| Assessed valuation (In thousands) | \$ 9,165,328 | \$ 9,655,309 | \$ 10,128,915 | \$ 10,618,540 | \$ 11,042,873 |
| Debt limit percentage | 15% | 15% | 15% | 15% | 15% |
| Debt limit (In thousands) | 1,374,799 | 1,448,296 | 1,448,296 | 1,592,781 | 1,656,431 |
| Total net debt applicable to the limit: | | | | | |
| General obligation bonds (In thousands) | - | - | - | - | - |
| Legal debt margin (In thousands) | <u>\$ 1,374,799</u> | <u>\$ 1,448,296</u> | <u>\$ 1,448,296</u> | <u>\$ 1,592,781</u> | <u>\$ 1,656,431</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 | |
| 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 |
| 2021 | 13,965 | 8,313 | 5,652 | 257 | 20 | 20.40 |
| 2022 | 13,787 | 9,286 | 4,501 | 271 | 7 | 16.19 |

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 | |
| | | | | |
| 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 | - | - | - | - |
| 2021 | - | - | - | - |
| 2022 | - | - | - | - |

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) |
|--------------------------|-----------------------|---|---|----------------------------------|
| 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% |
| 2020 | 80,218 | 2,836,725 | 35,362 | 12.2% |
| 2021 | 80,876 | 2,909,229 | 35,971 | 8.3% |

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

| <u>Division</u> | <u>Fiscal Years</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> | <u>2021</u> | <u>2022</u> |
| City Administration | 32 | 31 | 30 | 30 | 30 | 29 | 29 | 29 | 13 | 13 |
| Communications | | | | | | | | | 12 | 11 |
| City Clerk | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Administrative Services | 21 | 21 | 20 | 21 | 21 | 20 | 20 | 20 | 23 | 22 |
| Community Development | 15 | 15 | 14 | 14 | 14 | 14 | 14 | 13 | 14 | 14 |
| Public Safety | | | | | | | | | 7 | 7 |
| Public Works | 31 | 31 | 31 | 32 | 32 | 32 | 32 | 32 | 33 | 30 |
| Recreation and Community Services | 59 | 60 | 62 | 62 | 62 | 61 | 61 | 58 | 59 | 58 |
| Water Resources | <u>19</u> | <u>19</u> | <u>19</u> | <u>19</u> | <u>19</u> | <u>17</u> | <u>17</u> | <u>17</u> | <u>17</u> | <u>15</u> |
| Total | <u><u>179</u></u> | <u><u>179</u></u> | <u><u>178</u></u> | <u><u>180</u></u> | <u><u>180</u></u> | <u><u>175</u></u> | <u><u>175</u></u> | <u><u>171</u></u> | <u><u>180</u></u> | <u><u>172</u></u> |

Note: Communications and Public Safety are new departments in FY 20/21. They split from the Administration department.

City of Lakewood
Operating Indicators by Function
Last Ten Fiscal Years

| | Fiscal Years | | | | |
|---|---------------------|--------------------|--------------------|--------------------|--------------------|
| | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
| Public works: | | | | | |
| Street resurfacing (miles) | 6 | 1 | - | 1 | - |
| Recreation and community services: | | | | | |
| Number of recreation classes | 1,786 | 1,812 | 1,615 | 1,931 | 1,711 |
| Number of facility rentals | 7,320 | 7,473 | 8,259 | 7,919 | 5,838 |
| Water | | | | | |
| New connections | 24 | 11 | 6 | 2 | 7 |
| Number of consumers | 20,453 | 20,469 | 20,489 | 20,481 | 20,180 |
| Average daily consumption (thousands of gallons) | 7,330 | 7,549 | 6,857 | 5,887 | 6,262 |
| Community development | | | | | |
| Number of building permits issued * | 2,915 | 3,107 | 3,457 | 4,408 | 4,051 |

*Includes both residential and commercial permits.

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

| | Fiscal Years | | | | |
|---|---------------------|--------------------|--------------------|--------------------|--------------------|
| | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> |
| Public works: | | | | | |
| Street resurfacing (miles) | - | 3 | - | 0.4 | 9.4 |
| Recreation and community services: | | | | | |
| Number of recreation classes | 1,924 | 1,888 | 1,355 | 3,608 | 1,365 |
| Number of facility rentals | 1,577** | 1,715** | 1,446** | 539*** | 1,356 |
| Water | | | | | |
| New connections | 4 | 9 | 7 | 8 | 14 |
| Number of consumers | 20,196 | 20,148 | 20,255 | 20,159 | 20,123 |
| Average daily consumption (thousands of gallons) | 6,050 | 5,954 | 6,014 | 5,988 | 5,986 |
| Community development | | | | | |
| Number of building permits issued * | 3,986 | 3,765 | 3,396 | 3,960 | 4,111 |

*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 faculty rentals from FY 2017 to FY 2018.

*** Went significantly down due to COVID-19 pandemic.

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

| | Fiscal Years | | | | |
|------------------------------------|---------------------|--------------------|--------------------|--------------------|--------------------|
| | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</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 |

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

| | Fiscal Years | | | | |
|------------------------------------|---------------------|--------------------|--------------------|--------------------|--------------------|
| | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</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 |

