

2020 2021



City of Lakewood, California
Year Ended June 30, 2021

Annual Comprehensive Financial Report

CITY OF LAKEWOOD, CALIFORNIA

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

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

**FOR THE YEAR ENDED
JUNE 30, 2021**

Prepared by:
Finance and Administrative Services Department

Jose Gomez
Director of Finance and Administrative Services



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Steve Croft
Vice Mayor

Todd Rogers
Council Member



Jeff Wood
Mayor

Vicki L. Stuckey
Council Member

Ariel Pe
Council Member

December 8, 2021

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

TRANSMITTAL LETTER

It is with great pleasure that we present to you 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, 2021.

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, 2021 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, 2021 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.

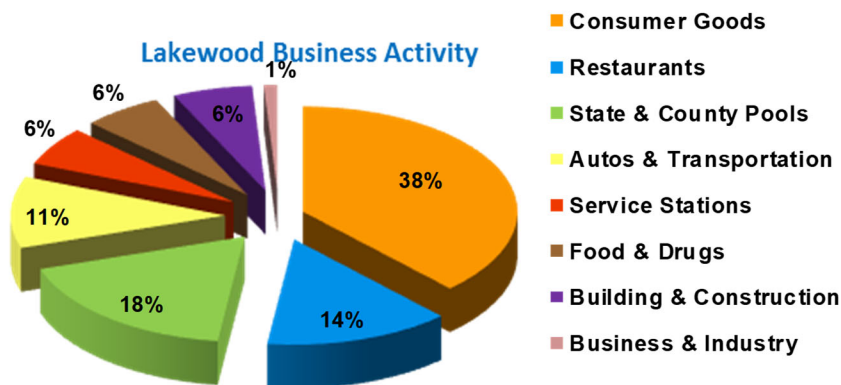
The City of Lakewood provides a full range of services, including police protection, solid waste collection, construction and maintenance of highways, streets and infrastructure, planning and zoning activities, utilities (water), recreational activities, cultural events, housing and general administrative 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 the twentieth largest mall in the United States with about 2.1 million square feet of retail space, which is strategically located in the center of the City. By the end of the 1990's, Lakewood was essentially "built out," leaving very little of the 9.5 square miles of the City available for new development.



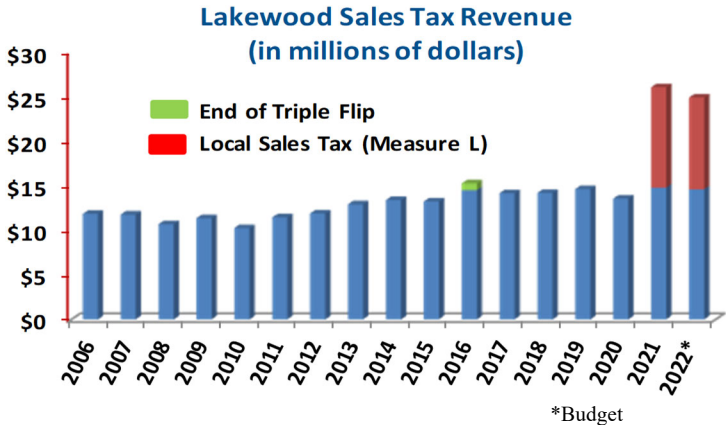
The economic conditions and climate during the fiscal year were unprecedented as the worldwide impact of the COVID-19 pandemic affected virtually every aspect of our society and how people lead their daily lives. The City of Lakewood was no exception. In conforming with health mandates, many businesses in the City were forced to shut down or greatly reduce their operations. Offices, schools, and churches closed 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 situation. Sales tax revenues account for about 42% of all General Fund revenues. There are over 4,000 businesses (including home occupations) located in Lakewood that helped generate approximately \$14.8 million in "Bradley-Burns" sales tax revenue for the City in Fiscal Year 2020-21. This amount was supplemented by almost \$11.3 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 56% 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.

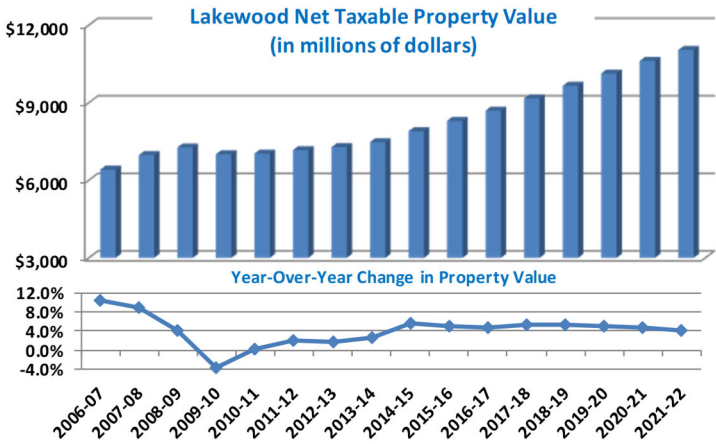
In recent years, state and county pools have provided a greater share of sales tax revenues to the City as online sales have grown and federal tax laws have evolved. This has somewhat offset the loss of brick-and-mortar sales tax revenue to online shopping. Historically, "Bradley-Burns" sales tax collected 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 last year.

In March 2020, Lakewood voters passed Measure L allowing for a ¾ cent local sales tax measure which provides 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. Lastly, 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 several retailers in the past year. It allowed for expanded shopping and dining opportunities, as well as adding jobs from over 100 new businesses in Lakewood including home occupation businesses. This built on the more than 5,000 jobs that new businesses brought to Lakewood over the past decade. Among the new businesses opening during the year were Timmons Subaru, Sola Salon, Luna Grill, George’s Greek, Nutrishop, Anvive Lifescience Industries, Syncopated Brewing, Charter Spectrum, Sephora, Paramount Shopping Center, KC Designs and AW Collision.



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



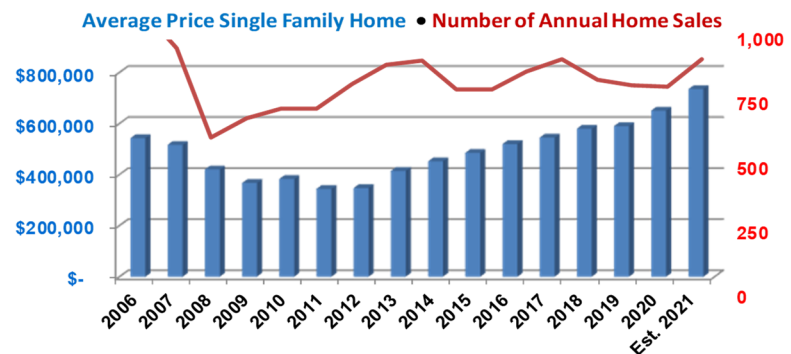
The County Assessor increased property tax assessments by a Consumer Price Index (CPI) of 2% from 2019-20 to 2020-21

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.

Prop 8 reductions slightly offset the year-over-year increase by reducing the assessed valuation by \$61 million on parcels

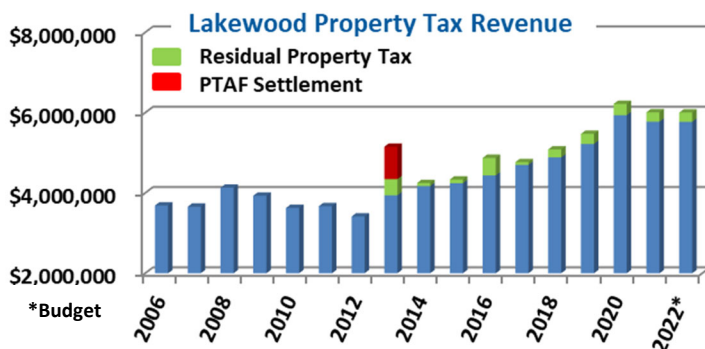
throughout the City. The number of Prop 8 parcels has steadily decreased as property values have consistently risen. The top two factors, transfer of ownership and a CPI increase of \$181 million, along with the recapture of Prop 8 valuations largely accounted for the overall taxable value increase of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

The total assessed value of real property in the City was \$10.6 billion for Fiscal Year 2020-21, a 4.8% increase from the previous year. The growth was outpaced by the County's rate which increased by 6.1%. The COVID-19 pandemic did not impact assessed values as real estate values soared. In calendar year 2021, the median single family Lakewood home is selling for \$735,000, a 17% increase from 2020 - establishing a new record high. Consistent with regional trends, the number of homes sold saw a sharp rise and emerged as one of the few sectors unaffected by the COVID-19 pandemic.



In Fiscal Year 2012-13, the City began to receive residual property tax from the dissolution of the Lakewood Redevelopment Agency (LRA). In that year, all property tax increment held by the LRA was shifted to the County and disbursed to local taxing agencies - the City's share of this disbursement was \$404,967. The \$436,749 residual disbursement received in Fiscal Year 2015-16 was primarily the City's share of the \$9.4 million payment made that year to the County by the Successor Agency of the former Lakewood Redevelopment Agency. Annual residual property tax is expected to approach \$250,000 in Fiscal Year 2021-22 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.

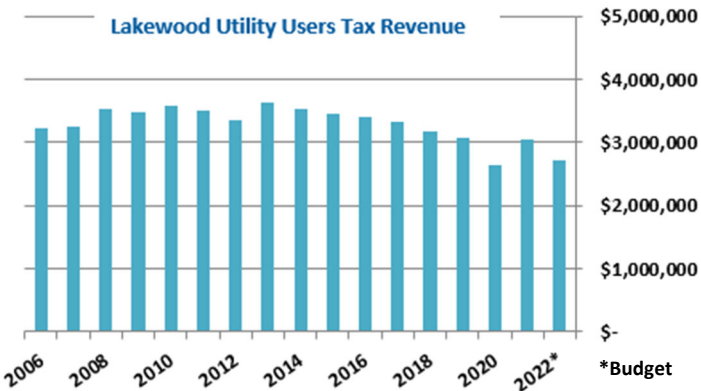


Property tax revenue in Fiscal Year 2020-21 increased by 3.5% over the prior year, exceeding expectations by 5%, and is expected to have a modest increase in Fiscal Year 2021-22. Overall, property tax revenue accounts for 10% of General Fund revenues. Since the approval of the 2004 Prop 1A, changes in property tax valuation have a greater impact. Vehicle license fee revenue growth is tied to property tax growth.

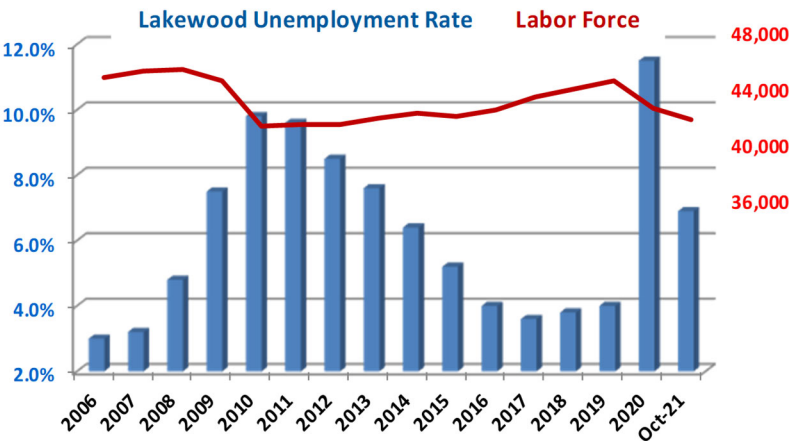
Property tax in-lieu of vehicle license fees accounts for an additional 16% of General Fund revenues. The COVID-19 pandemic did not impact either of the above revenues, with most experts forecasting very little long-term effect.

The number of building permits issued by the City is 33% below the peak reached in Fiscal Year 2004-05, but is 13% above last year. During Fiscal Year 2020-21, 3,853 construction and remodeling permits were issued, which is the first annual increase after a five year downward trend in building activity. The total activity was better than originally anticipated when factoring the many COVID-19 pandemic closures and economic conditions.

City revenues are also affected by changes in the commodity markets. The City’s assessed utility user’s tax (UUT) revenue totaled \$3.03 million and represents 4.9% of General Fund revenues. The 3% tax is assessed on communications, electricity, natural gas and water use. Fiscal Year 2020-21 revenues increased \$384,390 combined across all four utility areas when compared to the prior year. Given the City’s sizable residential population, it is likely that the stay at home orders due to the pandemic led to greater utilities usage. This was slightly offset by a continued drop in the telecommunications UUT revenue due to: alternative forms of cellular communication replacing the traditional phone plan, increased competition, and the commoditization of services in the telecom industry sector.



In most years, Lakewood’s employment rate depends largely on the regional job market. This year, the sweeping effect of the COVID-19 pandemic on employment overshadowed all other factors. Nationwide, employment rates were at or near historic high levels prior to the pandemic. Soon after, the



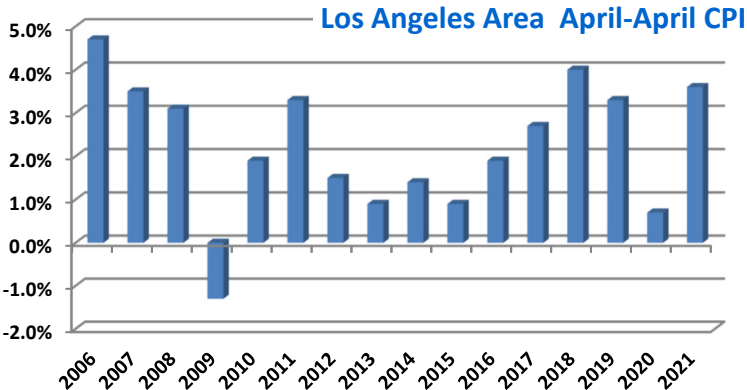
closures that followed the Los Angeles County stay-at-home order gave way to jobs being lost at a pace and scale not seen in the last century. Even with a partial reopening, the unemployment rate in the City of Lakewood during October 2021 stood at 6.9%.

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 3.6% in 2021. The CPI for the nation, as well as for the region, is expected to remain relatively low in the coming years.

Economic Outlook

Beacon Economics provides market insights and forecasts for communities across the western United States. In their recent analysis Beacon states, “Many parts of California’s economy have recovered to their pre-pandemic levels and, in some cases, have returned to their pre-pandemic trend. By the first quarter of 2021 economic output in the state had recovered to within 1% of pre-pandemic levels. It’s safe to assume that California’s economy is now producing as much output as it did prior to the pandemic.”



Regarding the labor market, Beacon states “There are still 1.2 million fewer people employed in California compared to pre-pandemic levels or around 8% fewer jobs. With approximately a half million fewer workers in the state’s labor force today than prior to the crisis, supply-side factors are an important factor behind the labor market’s slower recovery.”

Christopher Thornberg, Founding Partner of Beacon Economics writes, “While aggregate output has recovered, this is not the same economy it was a year and a half ago, structurally, financially, or demographically. Structurally, parts of the economy that were materially impacted by the pandemic have yet to fully recover. Consumer spending on services including healthcare, recreation, travel, and hospitality is still 3% below where it was pre- pandemic. Business investment in non-residential structures also remains depressed, as are U.S. exports, a result of the global economy catching up on vaccination.

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:

- Significant work was completed in the construction on the Lakewood/Del Amo street intersection improvement project.
- Trimmed approximately 8,155 trees and removed 269 trees that were determined to be in poor condition, with the replanting of 240 trees throughout the City.
- Removed and repaired 4.4 miles of sidewalk and .9 of a mile curb gutter enabling for better movement of pedestrians and run-off water 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 2021. 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:

- Upgraded the phone system to a hybrid cloud model that provided staff greater communication flexibility and the ability to manage calls from home during the COVID-19 pandemic.
- Numerous Americans with Disabilities Act (ADA) compliant parking, door, and restroom improvements were completed at the Civic Center and multiple park facilities.
- Two electronic vehicle charging stations were replaced at City Hall. The new stations allow the City to recover the cost of charging electric vehicles.
- Staff made numerous facility modifications in response to the COVID-19 pandemic, including new protective partitions at counters and desks, and relocated work spaces to allow for social distancing.
- Demolition of several dilapidated structures at the Lakewood Equestrian Center including an office, hay barn, single-room restroom building, a miniature golf course, a modular trailer, and a residential house were completed.
- In partnership the Conservation Corps of Long Beach, City staff worked together to build a new hay barn at the Lakewood Equestrian Center. Purchased and installed new shade structures and new fencing for Pony Time.

Human Services and Marketing

- Due to the COVID-19 pandemic, the Human Services Association congregate dining program was converted into a drive through program.
- The Project Shepherd program adapted in response to the hardships of Lakewood residents during the COVID-19 pandemic. It provided gift cards to local grocery stores, Christmas trees, scholarships for recreation programs, and augmented utility bill assistance. Registration of families in the Project Shepherd program increased by 41% during the fiscal year.

Parks, Sports, 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.
- Children had the opportunity to talk with Santa Claus via Zoom and share their holiday wish list in a ten minute video conference session. Recreation staff created a festive background and played the part of Santa. Parents registered in advance by visiting the City's website and selecting a specific time slot.
- Due to the pandemic and restrictions on in-person events, RCS offered a series of drive-in movies at Lakewood Center. Starting in August 2020 through June of 2021, 14 movies were offered to residents. Almost all movies sold out with 100 cars per event.

Public Safety Activities:

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

- Staffing was enhanced with the addition of three full-time and three part-time positions allowing the department to reorganize and provide improved service delivery to residents and establish stronger lines of supervisions.
- A new identity and logo for the department was branded and implemented to provide the community with a better understanding of the roles and responsibilities of the department.
- New staff vehicles were deployed with necessary equipment to properly complete their job duties. The vehicles feature the new department logo so they are easily identifiable as Lakewood Public Safety Vehicles.
- Continued to provide regular opportunities for residents to meet and interact with members of law enforcement through virtual City events and programs.
- Worked closely with Lakewood Sheriff's Station personnel at all levels to ensure timely and quality law enforcement services for the Lakewood community.
- Increased community outreach and education through participation in City events and the expanded use of social media and other public education platforms.
- Enhanced Neighborhood Watch Program with increased accessibility for Block Captains and community outreach.

Water system improvements:

- Commenced the equipping of a new well and the associated site construction project. Its completion is expected by January 2022. The new well will produce over 2,400 gallons per minute, providing an increase in both capacity and redundancy to meet peak demand as well as deliver water to other agencies.

- Completed pilot program and design of the water treatment system for Well 13A. The treatment filters have been manufactured and are ready for delivery. Construction of the treatment plant is expected to be completed before summer 2022 to bring the Well 13A back into service.
- Continued the ongoing well and pumping plant maintenance program. Staff performed a minor rehabilitation project for Well 17 installed two new variable frequency drives at Plant 4 Booster; completed minor repairs for two steel tanks at Plant 4 and installed two ladders to provide safer and improved access to the top of the tanks.
- Completed Water Research Foundation (WRF) project with a \$25,000 grant that assisted in understanding and implementing pressure management to reduce water pipeline breaks, water loss, and improving overall operation efficiency.
- Implemented Specific Energy platform with Southern California Edison grant support (\$80,000) to optimize energy use and asset management. This is a continuation of efforts to utilize various advanced technologies towards a smart water system.

Residential housing projects:

- The City maintained the Home Improvement Loans and Fix Up / Paint Up Programs. The Home Improvement Loan Program provides up to \$18,000 to eligible homeowners for home improvements. The Fix Up / Paint Up Program assists eligible low-income homeowners by providing grants of approximately \$3,000 for exterior repairs. Many of the participants are elderly and disabled residents who cannot cope with property upkeep. In the past year a total of ten loans and six grants were issued.
- Elaine Apartments, a three-story 24-unit apartment complex located on Elaine Avenue was completed. This development provides quality family apartments in east Lakewood.
- A total of 38 new Accessory Dwelling Units (ADUs) were approved for development. ADUs are small units built within an existing residential property, and can either be new construction or a conversion of an existing space, such as a garage.

Administration and Public Information:

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

- The City stepped up its public communications markedly during the year, especially with information to residents related to COVID and racial equity, diversity and inclusion topics. The City's once-a-week eMagazines to 38,000 residents grew to two or three per week on many occasions. The City's award-winning video team expanded their work and produced weekly mayoral video updates, for the first time, on the COVID situation during most of the year.
- The City created a "community dialogue" process to engage residents on topics related to racial equity, diversity and inclusion. Online town halls were held and resident opinions were solicited in a variety of ways. Based on the feedback, in January 2021, the City Council adopted an 11-point Action Plan designed to build on all the good in Lakewood and make the City the safest and most welcoming community it could be, for everyone.
- The City expanded its social media activities as well, doubling the number of posts, with more material on COVID, recreation, public safety and racial equity topics.

- The City also embarked on a major redesign of its website, a nearly yearlong process that will result in an entirely new website that will have newer features and be even more user-friendly for 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 Water Enterprise and the Successor Agency of the former Redevelopment Agency. More detailed information regarding the City's and Agency's long-term debt is presented in the notes to the basic financial statements.

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

Pension and Other Post Employment Benefit Liabilities:

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

- California Public Employee Retirement System (CalPERS) is a 2% at 55 pension plan for "classic" CalPERS members, and 2% at 62 pension plan for new members as defined by the Public Employees Pension Reform Act (PEPRA), who are employees that have never been a member of CalPERS or who had a break in service of six months or greater. CalPERS currently utilizes a 7% discount rate (6.8% to be effective in Fiscal Year 2023-24) and is 75.1% funded as of June 30, 2020, 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 88% funded as of June 30, 2021, 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 99.8% funded as of June 30, 2021 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. 84 *Fiduciary Activities*. This statement establishes standards relating accounting and financial reporting for identifying and financial reporting of fiduciary activities. Those provisions are effective for reporting periods beginning after December 15, 2019, as amended by GASB Statement No. 95. Application of this statement was effective starting in fiscal year ending June 30, 2021. See Note 19 for details.

GASB Statement No. 90, *Majority Equity Interests*. This statement defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. Those provisions are effective for reporting periods beginning after December 15, 2019. 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. 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. 98, *The Annual Comprehensive Financial Report*. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. Those provision are effective for fiscal years ending after December 15, 2021. The City has elected early implementation. Application of this statement did not have a material effect on the City's financial statements for the fiscal year ending June 30, 2021.

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, 2020. This was the 39th 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 Administrative Services; Claire Pierson, Senior Accountant, and Elisa Todd, Administrative Secretary deserve special recognition. We also thank the members of the City Council, especially the Audit Committee, for their interest and support in the development of this report.

Respectfully submitted,



Thaddeus McCormack
City Manager



Jose Gomez
Director of Finance & Admin. Services

CITY COUNCIL

JEFF WOOD
Mayor

STEVE CROFT
Vice Mayor

ARIEL PE
Council Member

TODD ROGERS
Council Member

VICKI STUCKEY
Council Member

ADMINISTRATION AND DEPARTMENT DIRECTORS

THADDEUS McCORMACK
City Manager

IVY M. TSAI
City Attorney

PAOLO BELTRAN
Deputy City Manager

ABEL AVALOS
Director of Community Development

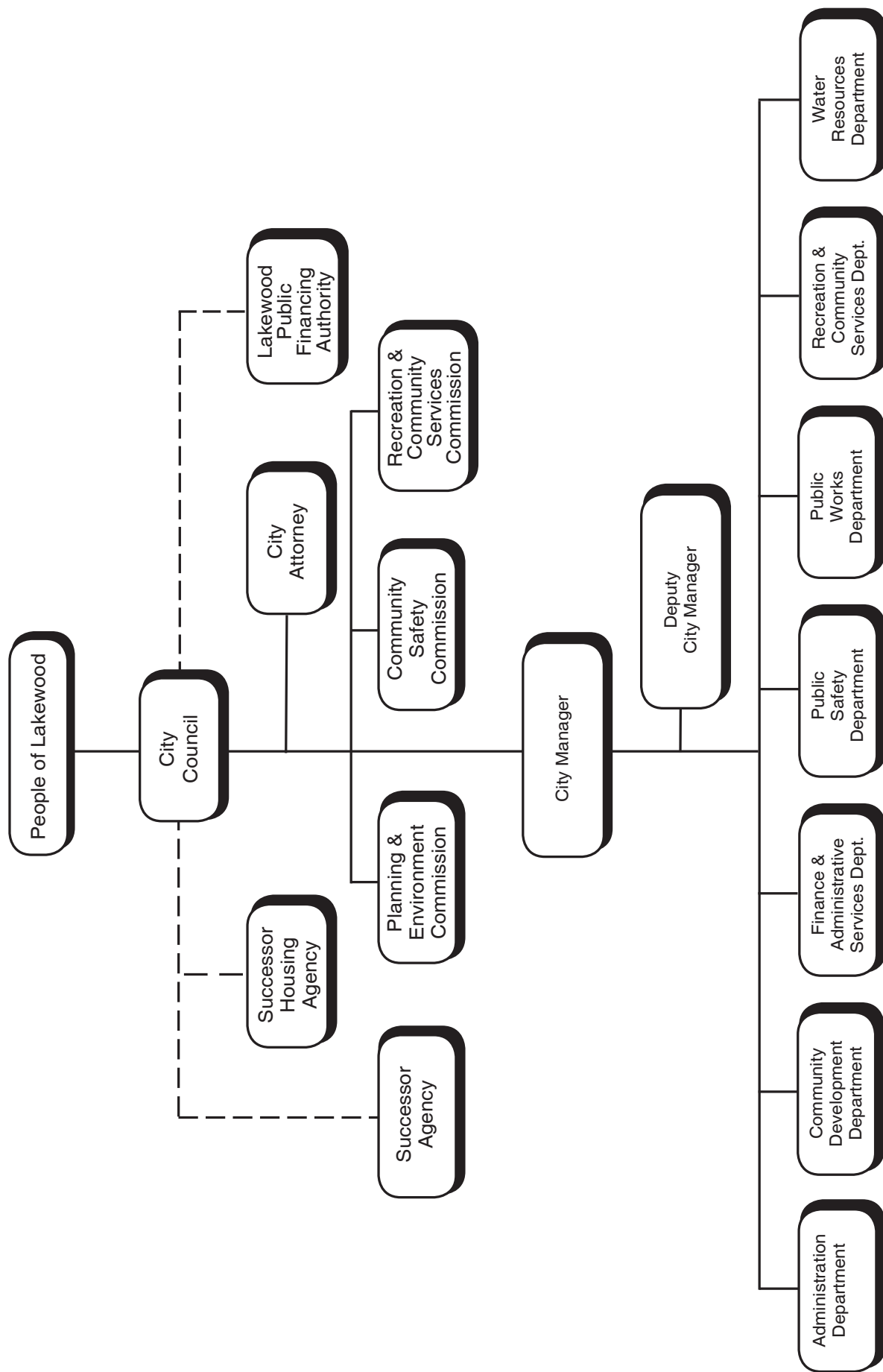
VALARIE FROST
Director of Recreation and Community Services

JOSE GOMEZ
Director of Finance and Administrative Services

LISA A. RAPP
Director of Public Works

JASON WEN
Director of Water Resources

JOSHUA YORDT
Director of Public Safety





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**City of Lakewood
California**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morrell

Executive Director/CEO

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Lakewood, California (the "City") as of and for the year ended June 30, 2021, and the related notes to the basic financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2021, 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.

Emphasis of Matter

Implementation of GASB 84

As discussed in Note 2V to the basic financial statements, the City implemented Governmental Accounting Standards Board (“GASB”) Statement No. 84, *Fiduciary Activities*. The adoption of the standard resulted in the custodial funds reporting beginning fiduciary net deficit in the amount of \$1,914, and governmental activities and governmental funds reporting net position prior period adjustment of \$185,315. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis, the Budgetary Comparison Schedule – General Fund, Budgetary Information, the Schedules of Changes in Net Pension Liability and Related Ratios, the Schedules of Contributions – Pensions, the Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios, and the Schedule of Contributions – Other Postemployment Benefits on pages 5 to 13 and 97 to 109 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City’s basic financial statements. The Introductory Section, the Combining and Individual Nonmajor Fund Financial Statements, and the Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining and Individual Nonmajor Fund Financial Statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining and Individual Nonmajor Fund Financial Statements and the Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2021 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

The PwC Group, LLP

Santa Ana, California
December 8, 2021



City of Lakewood

Management's Discussion and Analysis

For the Year Ended June 30, 2021

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, 2021. 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, 2021, by \$214,941,954. Of this amount, \$36,509,378 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 \$22,916,925. The governmental activities increased by \$21,146,050 and business-type activities by \$1,770,875 at the end of fiscal year June 30, 2021.
- **Long Term Debt:** The City of Lakewood's total debt decreased by \$997,408. This was attributable to normal scheduled debt service payments.
- **Governmental Funds:** As of June 30, 2021, the City's governmental funds reported a combined ending fund balance of \$87,459,092, an increase of \$20,438,573 in comparison with the prior year due to a funding arrangement of capital projects that initially required the use of City's fund and subsequent reimbursement by State grants. Approximately 51.8 percent of the ending fund balance, \$44,757,762, 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, 2021, committed, assigned and unassigned fund balance of the general fund was \$42,529,364. All but \$1,895,845 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, 2021

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 thirty seven governmental funds comprised of eighteen major and nineteen 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 nineteen 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 26 - 32 of this report.

City of Lakewood
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2021

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water Utility operations. The Internal Service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The proprietary fund financial statements can be found on pages 34 - 39 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City of Lakewood's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The fiduciary fund financial statement can be found on pages 43 - 44 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 49 - 93 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Lakewood's General Fund budgetary comparison schedule, pension and changes in net pension liabilities and related ratio schedules, pension contribution schedules, and other post-employment funding progress schedule. Required supplementary information can be found on pages 97 - 109 of this report.

The combining statements referred to earlier in connection with other governmental funds and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 114 - 145 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 \$214,941,954 at the close of the most recent fiscal year.

City of Lakewood
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2021

City of Lakewood Net Position						
	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 103,229,319	\$ 77,220,260	\$ 20,438,986	\$ 17,698,099	\$ 123,668,305	\$ 94,918,359
Capital assets	116,500,000	112,734,997	34,962,052	35,806,566	151,462,052	148,541,563
Total Assets	219,729,319	189,955,257	55,401,038	53,504,665	275,130,357	243,459,922
Deferred Outflow of Resources	6,907,484	8,051,701	767,499	973,725	7,674,983	9,025,426
Long-term liabilities outstanding	36,765,920	37,620,542	10,942,873	12,314,166	47,708,793	49,934,708
Other liabilities	13,468,402	7,593,675	2,879,605	1,828,628	16,348,007	9,422,303
Total Liabilities	50,234,322	45,214,217	13,822,478	14,142,794	64,056,800	59,357,011
Deferred Inflow of Resources	3,425,928	1,147,553	380,658	141,070	3,806,586	1,288,623
Net positions:						
Net Investment in Capital Assets	115,207,736	111,479,193	27,173,204	27,211,808	142,380,940	138,691,001
Restricted	36,051,636	27,088,588	-	-	36,051,636	27,088,588
Unrestricted	21,717,181	13,077,407	14,792,197	12,982,718	36,509,378	26,060,125
Total Net Position	\$ 172,976,553	\$ 151,645,188	\$ 41,965,401	\$ 40,194,526	\$ 214,941,954	\$ 191,839,714

By far, the largest portion of the City of Lakewood's net positions, 66.2 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, 16.8 percent, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$36,509,378 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, 64.8 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, 2021

City of Lakewood Changes in Net Position						
	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 11,237,846	\$ 11,245,724	\$ 13,965,629	\$ 12,869,000	\$ 25,203,475	\$ 24,114,724
Operating grants and contributions	13,234,375	8,862,665	-	-	13,234,375	8,862,665
Capital grants and contributions	10,424,134	6,378,745	-	-	10,424,134	6,378,745
General revenues:						
Sales taxes-Bradley Burns	26,182,543	13,555,147	-	-	26,182,543	13,555,147
Property taxes	15,783,601	15,657,307	-	-	15,783,601	15,657,307
Franchise taxes	1,535,167	1,519,485	-	-	1,535,167	1,519,485
Business operation taxes	1,213,169	462,677	-	-	1,213,169	462,677
Utility user taxes	3,034,416	2,650,026	-	-	3,034,416	2,650,026
Other taxes	541,524	469,328	-	-	541,524	469,328
Investment Income	182,662	2,228,072	135,094	281,857	317,756	2,509,929
Total Revenues	<u>83,369,437</u>	<u>63,029,176</u>	<u>14,100,723</u>	<u>13,150,857</u>	<u>97,470,160</u>	<u>76,180,033</u>
Expenses:						
General government/transfers in	9,746,422	9,633,988	-	-	9,746,422	9,633,988
Public safety	16,955,188	15,847,990	-	-	16,955,188	15,847,990
Transportation	6,520,916	6,191,543	-	-	6,520,916	6,191,543
Community development	6,018,023	5,993,774	-	-	6,018,023	5,993,774
Health and sanitation	5,705,507	5,488,139	-	-	5,705,507	5,488,139
Culture and leisure	14,479,564	14,317,749	-	-	14,479,564	14,317,749
Unallocated infrastructure depreciation	2,772,636	2,472,242	-	-	2,772,636	2,472,242
Interest and fiscal charges	25,131	24,865	-	-	25,131	24,865
Water/transfers out	-	-	12,329,848	12,340,848	12,329,848	12,340,848
Total expenses	<u>62,223,387</u>	<u>59,970,290</u>	<u>12,329,848</u>	<u>12,340,848</u>	<u>74,553,235</u>	<u>72,311,138</u>
Changes in Net Position	21,146,050	3,058,886	1,770,875	810,009	22,916,925	3,868,895
Net position at beginning of year, as restated	<u>151,830,503</u>	<u>148,771,617</u>	<u>40,194,526</u>	<u>39,384,517</u>	<u>192,025,029</u>	<u>188,156,134</u>
Net position at end of year	<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>

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

Governmental activities. Overall, governmental revenues increased by \$20,340,261, excluding transfers in, or 32.3 percent and expenditures increased by \$2,253,097, or 3.8 percent from prior year. Key elements of the change are as follows:

- The majority of the governmental revenue increase came from Bradley Burns and local Measure L sales tax sources totaling \$12,627,396. The Bradley Burns portion increased by \$1,363,873 and the newly implemented Measure L tax added \$11,263,523 to the revenue.
- Operating grant revenue increased by \$4,371,710 due to the City receiving a one-time CARES-Act fund of \$986,770 and CDBG-CV fund for \$151,200. The City also started receiving the L.A. County Measure W in FY 20/21 for a total of \$1,821,476. The other notable increase in the operating grant revenue is that the City received \$245,917 as a LRA reimbursement of overhead.

City of Lakewood
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2021

- Capital grant revenue increased by \$4,045,389 primarily due to the City exchanging \$1,546,988 of the City's STPL fund with L.A. METRO and due to the City being reimbursed by L.A. METRO for the 'hot spot' project. The 'hot spot' project had an increase of \$4,254,295 compared to FY 19/20.
- Public safety's expense increased by \$1,107,198 due the following reasons. It increased by \$275,859 for salary & benefits due to reallocating the City Manager and Admin Secretary's payroll allocation into the Public Safety Department plus hiring a full-time staff. Furthermore, due to the height of COVID-19 in later part of FY 19/20, the Crossing Guards were not working but they were back on in FY 20/21; thus, part-time salary increased in FY 20/21 compared to FY 19/20. There were increase in protests thus the Sheriff's services needed more than the prior fiscal year. Furthermore, the helicopter maintenance increased due to the planned bi-yearly maintenance of it. Lastly, equipment purchased in FY 20/21 increased by \$103,239 compared to FY 19/20.
- Transportation's expense increased by \$329,373 due to inflation in contract price and repair due to road accidents.
- The Infrastructure depreciation expense increased by \$300,394 due to the normal straight line depreciation schedule.

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 increase in the overall water sales of \$1,096,629 was attributed to the combination of the increase in overall demand and consumption of water and the gradual easing of the State and local mandates in response to the COVID-19 pandemic. For the year ended June 30, 2021, the City's business-type activities' change in net position was \$1,770,875, an increase of 118.6 percent compared to last year. During the year, the water fixed and consumption rates were adjusted to help defray increases in cost of pumping and distributing water and administration of the utility and infrastructure improvements. Major improvements on the horizon include \$1.6 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.

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 \$87,459,092, an increase of \$20,438,573 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, \$44,757,762 or 51.2 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, \$42,701,330, is either nonspendable or restricted for purposes imposed by creditors, grantors, contributors, laws or regulations of other governments or through enabling legislation.

City of Lakewood
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2021

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 \$15,410,296, an increase of \$1,809,698 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 \$42,529,364, while total fund balance was \$52,863,308. The general fund's ending fund balance increased by \$10,111,121 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 80.5 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 \$14,516,392 and expenditures (including other financing uses) increased by \$2,780,354. Tax-related revenue increased by \$13,295,777. Intergovernmental revenues and current service charges revenue increased by \$1,848,457 and \$287,466, respectively, and was off-set by the decrease in Investment income, rents, and concession by \$2,392,319. General Government expenditures increased by \$733,796 (net of transfers in from Water Enterprise Fund of \$1,795,700) due to increase in salary and benefits. Public Safety increased by \$1,114,188 due to reasons mentioned above in the Governmental Activities section. Lastly, Culture and Leisure increased by \$582,562 due to increase in salary and benefits, the purchase of two equipment for the Equestrian Center, an increase on the tree maintenance contract and fireworks expense in FY 20/21 that didn't happen in FY 19/20.

General Fund Budgetary Highlights

For the fiscal year ended June 30, 2021, the General Fund's final amended expenditure budget increased over the original budget by \$4,922,893 and actual expenditures were \$5,230,704 lower than the final amended budget. These can be briefly summarized as follows:

- Numerous capital projects were started in FY 2020-2021. With multi-year capital projects, it is bound to happen that some will not be completed in the same fiscal year that it started on. There were 26 multi-year projects that rolled from FY 2020-2021 into FY 2021-2022 for a total of \$4,045,991. Some of those projects are as follows: San Martin Park Improvement project for \$983,672, the HVAC replacement in multiple locations for \$709,887, the electrical panel and feeder replacement for \$634,750 plus 23 more projects that rolled forward for a total of \$1,717,682.
- The City experienced a decrease of \$649,271 in the Culture and Leisure due to COVID-19 pandemic. The pandemic caused many classes and gathering to be cancelled thus reducing the Parks and Recreation Department's part-time staff's hours and overhead cost.

City of Lakewood
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2021

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, 2021, amounts to \$151,462,052 an increase of \$2,920,489 or 2.0 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	
	2021	2020	2021	2020	2021	2020
Land	\$ 17,041,023	\$ 17,041,023	\$ 100,000	\$ 100,000	\$ 17,141,023	\$ 17,141,023
Construction in progress	36,716,255	29,202,193	2,315,068	1,515,539	39,031,323	30,717,732
Water rights	-	-	1,834,586	1,834,586	1,834,586	1,834,586
Infrastructure	38,268,761	40,981,994	-	-	38,268,761	40,981,994
Structures and improvements	23,355,337	24,363,435	16,824,700	18,002,690	40,180,037	42,366,125
Equipment	1,118,624	1,146,352	13,887,698	14,353,751	15,006,322	15,500,103
Total	<u>\$ 116,500,000</u>	<u>\$ 112,734,997</u>	<u>\$ 34,962,052</u>	<u>\$ 35,806,566</u>	<u>\$ 151,462,052</u>	<u>\$ 148,541,563</u>

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

Long-Term debt. At the end of the current fiscal year, the City of Lakewood's total long-term debt outstanding amount to \$8,295,955, a decreased of \$997,408 or 10.7 percent of total long-term debt outstanding over prior year outstanding. This was attributable to normal scheduled debt service payments.

City of Lakewood						
Summary of Outstanding Debt						
	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenue bonds	\$ -	\$ -	\$ 535,538	\$ 793,399	\$ 535,538	\$ 793,399
Loan Payable	-	-	-	-	-	-
Loan Payable-MELPA	-	-	7,253,310	7,801,359	7,253,310	7,801,359
ADA Financing Program	459,968	606,909	-	-	459,968	606,909
Lease Payable	47,139	91,696	-	-	47,139	91,696
Total	<u>\$ 507,107</u>	<u>\$ 698,605</u>	<u>\$ 7,788,848</u>	<u>\$ 8,594,758</u>	<u>\$ 8,295,955</u>	<u>\$ 9,293,363</u>

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

Economic Factors and Next Year's Budgets and Rates

The City prudently anticipates and conservatively budgets for General Fund revenues to gradually increase as the economy recovers from the effects of the COVID-19 pandemic. The City anticipates sales tax revenues to gradually recover, and the passage of Measure L will provide over \$10 million in additional funds per year that benefit the Lakewood community. 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. Interest earnings are expected to remain below historical levels, and gas tax and fines are both expected to remain flat through 2025.

City of Lakewood
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2021

The City's general fund operational expenditures are also expected to increase annually over the next five years; in Fiscal Year 2020-2021 General Fund expenditures increased by 9.1 percent. Employee services costs increased by 5.8 percent in Fiscal Year 2020-2021 over that of the prior year. We expect employee service costs to increase closer to an average of two to three percent per year through 2025. The City is a contract-city where only 39.4 percent of the cost of operations is employee service-related. In Fiscal Year 2020-2021 contract services made up 45.3 percent of the City's General Fund operational costs. The April to April Consumer Price Index (CPI) for the Los Angeles, Riverside, and Orange County region, which is the basis for many of the City's contract increases, was 2.0 percent in 2020. Overall, contract services increased by 6.2 percent in Fiscal Year 2020-2021. The CPI is expected to remain relatively low over the coming years. The City's water, refuse and building and safety fees also include the local CPI as a factor in determining rate increases.

The City weathered the Great Recession, the prolonged sluggish multi-year recovery, and now trying to withstand the lasting effects of the COVID-19 pandemic by adhering to its philosophy to stay focused on what is truly important – the core functions of operating a city – resulting in a healthy community for residents and business. By keeping this focus, the City has built a large capital base that includes the entire inventory of City assets: streets, sidewalks, water system, trees, parks, community facilities and goodwill. The City's goodwill, cultivated through recreation, community services, public safety and economic development programs, creates the neighborly sense of community 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, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 69,551,147	\$ 17,799,740	\$ 87,350,887
Receivables:			
Accounts	9,571,901	1,766,017	11,337,918
Accrued revenue	-	1,345,294	1,345,294
Internal balances	617,576	(617,576)	-
Prepaid items	66,003	25,667	91,670
Inventories	124,853	92,940	217,793
Total current assets	79,931,480	20,412,082	100,343,562
Noncurrent assets:			
Restricted cash and investments:			
Cash in escrow	990,474	-	990,474
Held by City	-	26,904	26,904
Notes receivable	2,380,606	-	2,380,606
Receivable from Successor Agency	16,966,457	-	16,966,457
Land held for resale	2,960,302	-	2,960,302
Capital assets:			
Nondepreciable	53,757,278	4,249,654	58,006,932
Depreciable, net	62,742,722	30,712,398	93,455,120
Total capital assets	116,500,000	34,962,052	151,462,052
Total noncurrent assets	139,797,839	34,988,956	174,786,795
Total assets	219,729,319	55,401,038	275,130,357
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	6,200,632	688,959	6,889,591
Deferred outflows of resources related to OPEB	706,852	78,540	785,392
Total deferred outflows of resources	6,907,484	767,499	7,674,983

City of Lakewood
Statement of Net Position (Continued)
June 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	4,807,861	1,657,171	6,465,032
Retention payable	772,813	-	772,813
Accrued liabilities	998,001	129,836	1,127,837
Accrued interest payable	12,344	15,954	28,298
Unearned revenues	5,663,833	133,013	5,796,846
Long-term liabilities - due within one year	1,213,550	943,631	2,157,181
Total current liabilities	13,468,402	2,879,605	16,348,007
Noncurrent liabilities:			
Liabilities payable from restricted assets:			
Customer deposits	864,475	26,904	891,379
Long-term liabilities - due in more than one year	1,324,593	7,074,097	8,398,690
Aggregate net pension liability	34,552,176	3,839,130	38,391,306
Net OPEB liability	24,676	2,742	27,418
Total noncurrent liabilities	36,765,920	10,942,873	47,708,793
Total liabilities	50,234,322	13,822,478	64,056,800
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	2,223,871	247,096	2,470,967
Deferred inflows of resources related to OPEB	1,202,057	133,562	1,335,619
Total deferred inflows of resources	3,425,928	380,658	3,806,586
NET POSITION			
Net investment in capital assets	115,207,736	27,173,204	142,380,940
Restricted for:			
Transportation	20,233,852	-	20,233,852
Public safety	77,186	-	77,186
Community development	12,775,211	-	12,775,211
Health and sanitation	364,433	-	364,433
Culture and leisure	2,600,954	-	2,600,954
Unrestricted	21,717,181	14,792,197	36,509,378
Total net position	\$ 172,976,553	\$ 41,965,401	\$ 214,941,954

City of Lakewood
Statement of Activities
For the Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General government	\$ 11,542,122	\$ 1,713,914	\$ 2,676,094	\$ -
Public safety	16,955,188	721,881	210,465	-
Transportation	6,520,916	-	9,454,146	10,424,134
Community development	6,018,023	1,890,846	867,007	-
Health and sanitation	5,705,507	6,332,537	25,020	-
Culture and leisure	14,479,564	578,668	1,643	-
Unallocated infrastructure depreciation	2,772,636	-	-	-
Interest and fiscal charges	25,131	-	-	-
Total governmental activities	64,019,087	11,237,846	13,234,375	10,424,134
Business-type Activities:				
Water	10,534,148	13,965,629	-	-
Total business-type activities	10,534,148	13,965,629	-	-
Total primary government	\$ 74,553,235	\$ 25,203,475	\$ 13,234,375	\$ 10,424,134

City of Lakewood
Statement of Activities (Continued)
For the Year Ended June 30, 2021

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
Governmental Activities:			
General government	\$ (7,152,114)	\$ -	\$ (7,152,114)
Public safety	(16,022,842)	-	(16,022,842)
Transportation	13,357,364	-	13,357,364
Community development	(3,260,170)	-	(3,260,170)
Health and sanitation	652,050	-	652,050
Culture and leisure	(13,899,253)	-	(13,899,253)
Unallocated infrastructure depreciation	(2,772,636)	-	(2,772,636)
Interest and fiscal charges	(25,131)	-	(25,131)
Total governmental activities	(29,122,732)	-	(29,122,732)
Business-type Activities:			
Water	-	3,431,481	3,431,481
Total business-type activities	-	3,431,481	3,431,481
Total primary government	(29,122,732)	3,431,481	(25,691,251)
General revenues:			
Taxes:			
Sales taxes - Bradley Burns	26,182,543	-	26,182,543
Property taxes	15,783,601	-	15,783,601
Franchise taxes	1,535,167	-	1,535,167
Business operation taxes	1,213,169	-	1,213,169
Utility user taxes	3,034,416	-	3,034,416
Other taxes	541,524	-	541,524
Total taxes	48,290,420	-	48,290,420
Investment income	182,662	135,094	317,756
Transfers	1,795,700	(1,795,700)	-
Total general revenues	50,268,782	(1,660,606)	48,608,176
Changes in net position	21,146,050	1,770,875	22,916,925
Net position - beginning of year, as restated (Note 18)	151,830,503	40,194,526	192,025,029
Net position - end of year	\$ 172,976,553	\$ 41,965,401	\$ 214,941,954



FUND FINANCIAL STATEMENTS



GOVERNMENTAL FUND FINANCIAL STATEMENTS

City of Lakewood
Balance Sheet
Governmental Funds
June 30, 2021

	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	\$ 39,883,955	\$ 5,795,182	\$ 1,237,778	\$ 2,753,118
Restricted cash and investments:				
Cash in escrow	989,335	-	1,139	-
Accounts receivable	7,994,690	-	-	1,105,870
Prepaid items	66,003	-	-	-
Inventories	50,459	-	-	-
Due from other funds	570,288	-	-	-
Receivable from Successor Agency	10,217,482	-	6,748,975	-
Notes receivable	-	-	1,842,017	-
Land held for resale	-	-	2,960,302	-
Total assets	\$ 59,772,212	\$ 5,795,182	\$ 12,790,211	\$ 3,858,988
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 3,515,800	\$ 13,956	\$ 36,050	\$ 992,032
Accrued liabilities	958,280	-	-	-
Retention payable	772,813	-	-	-
Deposit payable	863,336	-	1,139	-
Due to other funds	-	140,659	-	-
Unearned revenue	-	5,654,523	-	-
Total liabilities	6,110,229	5,809,138	37,189	992,032
Deferred inflows of resources:				
Unavailable revenue	798,675	-	157,371	426,641
Total deferred inflows of resources	798,675	-	157,371	426,641
Fund balances:				
Nonspendable				
Prepaid items	66,003	-	-	-
Inventories	50,459	-	-	-
Receivables from Successor Agency	10,217,482	-	-	-
Restricted				
Public safety	-	-	-	-
Transportation projects and street maintenance	-	-	-	-
Community development	-	-	12,595,651	-
Health and sanitation	-	-	-	-
Culture and leisure	-	-	-	-
Committed				
Self insurance	4,000,000	-	-	-
Pension and personnel obligations	6,696,641	-	-	-
Capital projects	5,422,018	-	-	-
Refuse stabilization	1,964,966	-	-	-
Economic uncertainties	10,983,266	-	-	-
Assigned				
Infrastructure Uncertainties	3,000,000	-	-	-
Capital Improvement Contingency	1,500,000	-	-	-
Equipment replacement	1,048,712	-	-	-
Contract emergency services	2,017,916	-	-	-
Long-term obligations	4,000,000	-	-	-
Unassigned (deficit)	1,895,845	(13,956)	-	2,440,315
Total fund balances	52,863,308	(13,956)	12,595,651	2,440,315
Total liabilities, deferred inflows of resources, and fund balances	\$ 59,772,212	\$ 5,795,182	\$ 12,790,211	\$ 3,858,988

(Continued)

City of Lakewood
Balance Sheet (Continued)
Governmental Funds
June 30, 2021

	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS		
Cash and investments	\$ 19,869,185	\$ 69,539,218
Restricted cash and investments:		
Cash in escrow	-	990,474
Accounts receivable	471,341	9,571,901
Prepaid items	-	66,003
Inventories	-	50,459
Due from other funds	-	570,288
Receivable from Successor Agency	-	16,966,457
Notes receivable	538,589	2,380,606
Land held for resale	-	2,960,302
Total assets	\$ 20,879,115	\$ 103,095,708
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 205,956	\$ 4,763,794
Accrued liabilities	-	958,280
Retention payable	-	772,813
Deposit payable	-	864,475
Due to other funds	430,152	570,811
Unearned revenue	9,310	5,663,833
Total liabilities	645,418	13,594,006
Deferred inflows of resources:		
Unavailable revenue	659,923	2,042,610
Total deferred inflows of resources	659,923	2,042,610
Fund balances:		
Nonspendable		
Prepaid items	-	66,003
Inventories	-	50,459
Receivables from Successor Agency	-	10,217,482
Restricted		
Public safety	77,186	77,186
Transportation projects and street maintenance	18,153,777	18,153,777
Community development	-	12,595,651
Health and sanitation	364,433	364,433
Culture and leisure	1,176,339	1,176,339
Committed		
Self insurance	-	4,000,000
Pension and personnel obligations	-	6,696,641
Capital projects	-	5,422,018
Refuse stabilization	-	1,964,966
Economic uncertainties	-	10,983,266
Assigned		
Infrastructure Uncertainties	-	3,000,000
Capital Improvement Contingency	-	1,500,000
Equipment replacement	-	1,048,712
Contract emergency services	-	2,017,916
Long-term obligations	-	4,000,000
Unassigned (deficit)	(197,961)	4,124,243
Total fund balances	19,573,774	87,459,092
Total liabilities, deferred inflows of resources, and fund balances	\$ 20,879,115	\$ 103,095,708

(Concluded)



City of Lakewood
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2021

Total Fund Balances - Total Governmental Funds	\$ 87,459,092
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Amounts reported for governmental activities in the statement of net position are different because:

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

Amount reported in government-wide statement of position:

Nondepreciable assets	\$	53,757,278	
Depreciable assets, net of \$153,302,139 accumulated depreciation		62,742,722	
Less: Amount reported in Internal Service Fund			
Depreciable assets, net of \$1,239,361 accumulated depreciation		(66,775)	116,433,225

Some of the City's receivables for operating and capital grant reimbursements, and taxes will be collected after year end, but are not available soon enough to pay for current-period expenditures, and therefore, are reported with an offset to unavailable revenues in the funds.	2,042,610
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Internal service funds are used by the City to charge the cost of materials and supplies, maintenance and repair of vehicles and equipment and printing services provided to the various departments of the City. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position. Internal Service funds net position, net of the deficit in the amount of \$618,099 reported in Business-type activities.	687,409
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Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly are not reported as fund liabilities. All liabilities, both current and long-term and related deferred outflows and inflows of resources are reported in the Statement of Net Position:

Long-term debt	(507,107)
Interest payable	(12,344)
Compensated absences	(2,031,036)
Pensions:	
Deferred outflows of resources related to pensions	6,200,632
Aggregate net pension liabilities	(34,552,176)
Deferred inflows of resources related to pensions	(2,223,871)
Other postemployment benefits:	
Deferred outflows of resources related to OPEB	706,852
Net OPEB liabilities	(24,676)
Deferred inflows of resources related to OPEB	(1,202,057)

Net position of governmental activities	\$ 172,976,553
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City of Lakewood
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

	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	\$ 38,091,176	\$ -	\$ -	\$ -
Licenses and permits	1,446,988	-	-	-
Fines and forfeitures	748,656	-	-	-
Investment income, rents, and concessions	611,960	-	78,297	-
Intergovernmental revenues	11,561,208	-	-	11,335,736
Current service charges	8,076,990	-	-	-
Other	898,393	-	162,000	-
Total revenues	61,435,371	-	240,297	11,335,736
EXPENDITURES:				
Current:				
General government	10,744,511	-	-	-
Public safety	16,383,915	-	-	-
Transportation	3,092,472	-	-	-
Community development	5,260,623	-	207,102	-
Health and sanitation	5,692,525	-	-	-
Culture and leisure	12,333,214	-	-	-
Capital outlay:				
General government	6,680	-	-	-
Public safety	103,239	-	-	-
Transportation	14,634	-	-	6,527,920
Community development	3,554	13,956	-	-
Culture and leisure	1,067,691	-	-	-
Debt service:				
Principal retirement	191,498	-	-	-
Interest payment	21,775	-	-	-
Total expenditures	54,916,331	13,956	207,102	6,527,920
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	6,519,040	(13,956)	33,195	4,807,816
OTHER FINANCING SOURCES (USES):				
Transfers in	3,592,873	-	-	-
Transfers out	(792)	-	(200,000)	-
Total other financing sources (uses)	3,592,081	-	(200,000)	-
NET CHANGES IN FUND BALANCES	10,111,121	(13,956)	(166,805)	4,807,816
FUND BALANCES:				
Beginning of year, as restated (See Note 18)	42,752,187	-	12,762,456	(2,367,501)
End of year	\$ 52,863,308	\$ (13,956)	\$ 12,595,651	\$ 2,440,315

(Continued)

City of Lakewood
Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Governmental Funds
For the Year Ended June 30, 2021

	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:		
Taxes	\$ 3,007,687	\$ 41,098,863
Licenses and permits	4,350	1,451,338
Fines and forfeitures	-	748,656
Investment income, rents, and concessions	233,752	924,009
Intergovernmental revenues	8,122,087	31,019,031
Current service charges	-	8,076,990
Other	35,690	1,096,083
Total revenues	11,403,566	84,414,970
EXPENDITURES:		
Current:		
General government	96,955	10,841,466
Public safety	289,218	16,673,133
Transportation	2,915,924	6,008,396
Community development	304,450	5,772,175
Health and sanitation	13,881	5,706,406
Culture and leisure	208,780	12,541,994
Capital outlay:		
General government	139,745	146,425
Public safety	-	103,239
Transportation	133,297	6,675,851
Community development	4,538	22,048
Culture and leisure	-	1,067,691
Debt service:		
Principal retirement	-	191,498
Interest payment	-	21,775
Total expenditures	4,106,788	65,772,097
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	7,296,778	18,642,873
OTHER FINANCING SOURCES (USES):		
Transfers in	792	3,593,665
Transfers out	(1,597,173)	(1,797,965)
Total other financing sources (uses)	(1,596,381)	1,795,700
NET CHANGES IN FUND BALANCES	5,700,397	20,438,573
FUND BALANCES:		
Beginning of year, as restated (See Note 18)	13,873,377	67,020,519
End of year	\$ 19,573,774	\$ 87,459,092

(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, 2021

Net change in fund balances - total governmental funds: \$ 20,438,573

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

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

Capital outlay expenditures, none reported in Internal Service Funds	\$ 8,015,254	
Depreciation expense, net of \$25,605 reported in Internal Service Funds	<u>(4,254,825)</u>	3,760,429

Certain accrued revenues such as taxes, grants, and City's general billing charges, do not provide current financial resources and therefore, are not reported in the governmental funds as revenues. This is the amount of the net change in these accrued revenue amounts during the current period.	(1,045,533)
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:

Lease and ADA financing payment	191,498
Interest	(3,356)
Change in compensated absences	(169,709)
Pension expense of CalPERS Plan, net of pension contribution made after measurement date in the amount of \$3,491,406.	(2,500,411)
Pension expense of PARS Plan, net of pension contribution made during the measurement period in the amount of \$696,758.	206,834
OPEB expense, net of OPEB contribution made during the measurement period in the amount of \$480,653.	259,273

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 \$219 allocated to business-type activities).	<u>8,452</u>
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Change in net position of governmental activities	<u><u>\$ 21,146,050</u></u>
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PROPRIETARY FUND FINANCIAL STATEMENTS

City of Lakewood
Statement of Net Position
Proprietary Funds
June 30, 2021

	Business-Type Activities - Water Enterprise Fund	Governmental Activities - Internal Service Funds
ASSETS		
Current assets:		
Cash and investments	\$ 17,799,740	\$ 11,929
Restricted cash and investments:		
Customer deposits	26,904	-
Accounts receivable	1,766,017	-
Accrued revenue	1,345,294	-
Prepaid items	25,667	-
Inventories	92,940	74,394
Due from other funds	523	-
Total current assets	21,057,085	86,323
Noncurrent assets:		
Capital assets:		
Capital assets, not being depreciated:		
Land	100,000	-
Water rights	1,834,586	-
Construction in progress	2,315,068	-
Capital assets, being depreciated:		
Source of supply	6,789,257	-
Pumping plant	996,284	-
Water treatment	4,852,172	-
Transmission/distribution	34,548,038	-
General plant	5,397,094	-
Equipment	15,587,209	1,306,136
Less: accumulated depreciation	(37,457,656)	(1,239,361)
Total capital assets	34,962,052	66,775
Total noncurrent assets	34,962,052	66,775
Total assets	56,019,137	153,098
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred outflows of resources related to pensions	688,959	-
Deferred outflows of resources related to OPEB	78,540	-
Total deferred outflows of resources	767,499	-

(Continued)

City of Lakewood
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2021

	Business-Type Activities - Water Enterprise Fund	Governmental Activities - Internal Service Funds
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 1,657,171	\$ 44,067
Accrued liabilities	129,836	39,721
Accrued interest payable	15,954	-
Customer deposit	26,904	-
Unearned revenues	133,013	-
Compensated absences, due within one year	114,440	-
Lease payable, due within one year	829,191	-
Total current liabilities	2,906,509	83,788
Noncurrent liabilities:		
Compensated absences, due in more than one year	114,440	-
Lease payable, due in more than one year	6,959,657	-
Aggregate net pension liability	3,839,130	-
Net OPEB liability	2,742	-
Total noncurrent liabilities	10,915,969	-
Total liabilities	13,822,478	83,788
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to pensions	247,096	-
Deferred inflows of resources related to OPEB	133,562	-
Total deferred inflows of resources	380,658	-
NET POSITION		
Net investment in capital assets	27,173,204	66,775
Unrestricted	15,410,296	2,535
Total net position	42,583,500	\$ 69,310
Adjustment to reflect the consolidation of internal service fund activities to the water enterprise fund	(618,099)	
Net position of business-type activities	\$ 41,965,401	

(Concluded)



City of Lakewood
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2021

	Business-Type Activities- Water Enterprise Fund	Governmental Activities - Internal Service Funds
OPERATING REVENUES:		
Metered water sales	\$ 12,262,824	\$ -
Reclaimed water sales	497,540	-
Fire protection	218,417	-
Service initiation and restoration charges	44,250	-
Billing to departments	-	1,278,555
Other revenues	942,598	-
Total operating revenues	<u>13,965,629</u>	<u>1,278,555</u>
OPERATING EXPENSES:		
Operations:		
Supply, transmission and distribution	6,838,565	-
Customer service	219,789	-
Administration	1,235,748	-
Operating expenses	19,000	1,244,717
Depreciation	1,970,398	25,605
Total operating expenses	<u>10,283,500</u>	<u>1,270,322</u>
OPERATING INCOME (LOSS)	<u>3,682,129</u>	<u>8,233</u>
NONOPERATING REVENUES (EXPENSES):		
Investment income	135,094	-
Interest expense	(250,429)	-
Total nonoperating revenues (expenses)	<u>(115,335)</u>	<u>-</u>
NET INCOME (LOSS) BEFORE TRANSFERS	3,566,794	8,233
TRANSFERS:		
Transfers out	(1,795,700)	-
Total Transfers	<u>(1,795,700)</u>	<u>-</u>
CHANGES IN NET POSITION	1,771,094	8,233
NET POSITION:		
Beginning of the year	40,812,406	61,077
End of the year	<u>\$ 42,583,500</u>	<u>\$ 69,310</u>
Changes in net position - Business-type activities	\$ 1,771,094	
Adjustment to reflect the consolidation of the internal service fund activities related to the Water Enterprise Fund	<u>(219)</u>	
Changes in net position of business-type activities	<u>\$ 1,770,875</u>	

City of Lakewood
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2021

	Business-Type Activities- Water Enterprise Fund	Governmental Activities - Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	\$ 13,559,479	\$ -
Receipts from interfund services provided	-	1,278,555
Payments to suppliers	(5,236,247)	(1,236,447)
Payments to employees	(2,287,471)	-
Net cash provided by operating activities	6,035,761	42,108
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	(1,796,223)	-
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
Acquisition of capital assets	(1,125,884)	(30,179)
Principal paid on leases and loan	(805,910)	-
Interest paid on revenue bonds	(251,891)	-
Net cash (used in) capital and related financing activities	(2,183,685)	(30,179)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income	135,094	-
Net cash provided by investing activities	135,094	-
Net increase in cash and cash equivalents	2,190,947	11,929
CASH AND CASH EQUIVALENTS:		
Beginning of year	15,635,697	-
End of year	\$ 17,826,644	\$ 11,929
CASH AND CASH EQUIVALENTS:		
Cash and investments	\$ 17,799,740	\$ 11,929
Customer deposit	26,904	-
Total cash and cash equivalents	\$ 17,826,644	\$ 11,929

(Continued)

City of Lakewood
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2021

	Business-Type Activities- Water Enterprise Fund	Governmental Activities - Internal Service Fund
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ 3,682,129	\$ 8,233
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	1,970,398	25,605
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:		
(Increase) decrease in accounts receivable	(595,148)	-
(Increase) decrease in accrued revenue	51,424	-
(Increase) decrease in prepaids	(25,667)	-
(Increase) decrease in inventories	19,755	(15,431)
(Increase) decrease in deferred outflows of resources related to pensions	198,944	-
Increase (decrease) in accounts payable	837,859	11,551
Increase (decrease) in accrued liabilities	41,602	12,150
Increase (decrease) in customer deposits	4,561	-
Increase (decrease) in unearned revenues	133,013	-
Increase (decrease) in compensated absences	33,369	-
Increase (decrease) in net pension liability	(406,254)	-
Increase (decrease) in net OPEB liability	(149,812)	-
Increase (decrease) in deferred inflows of resources related to pensions	109,071	-
Increase (decrease) in deferred inflows of resources related to OPEB	130,517	-
Total adjustments	2,353,632	33,875
Net cash provided by operating activities	\$ 6,035,761	\$ 42,108

(Concluded)



FIDUCIARY FUND FINANCIAL STATEMENTS



City of Lakewood
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021

	Successor Agency to the City of Lakewood Redevelopment Agency Private Purpose Trust Fund	Water Fiduciary Custodial Fund
ASSETS:		
Cash and investments	\$ 1,792,284	\$ -
Accounts receivable	-	1,914
Total assets	<u>1,792,284</u>	<u>\$ 1,914</u>
LIABILITIES:		
Accounts payable	-	-
Unearned revenues	-	1,914
Due to the City of Lakewood	16,966,457	-
Total liabilities	<u>16,966,457</u>	<u>\$ 1,914</u>
NET POSITION (DEFICIT):		
Restricted for:		
Individuals, organizations, and other governments	-	-
Held in trust	(15,174,173)	-
Total net position (deficit)	<u>\$ (15,174,173)</u>	<u>\$ -</u>

City of Lakewood
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2021

	Successor Agency to the City of Lakewood Redevelopment Agency Private Purpose Trust Fund	Water Fiduciary Custodial Funds
ADDITIONS:		
Redevelopment property tax trust fund	\$ 462,425	\$ -
Investment income (losses)	(382,030)	-
Collections	-	63,156
Total additions	<u>80,395</u>	<u>63,156</u>
DEDUCTIONS:		
Legal expenses	-	61,242
Overhead	245,918	-
Total deductions	<u>245,918</u>	<u>61,242</u>
CHANGE IN NET POSITION	(165,523)	1,914
NET POSITION (DEFICIT):		
Beginning of year, as restated (Note 18)	(15,008,650)	(1,914)
End of year	<u>\$ (15,174,173)</u>	<u>\$ -</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS



City of Lakewood
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For the Year Ended June 30, 2021

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City of Lakewood
Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

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, 2021

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, 2021

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, 2021

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 **Custodial Funds** account 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.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 2 – Summary of Significant Accounting Policies (Continued)

C. Cash, Cash Equivalents, and Investments

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

Highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available. The City reported its investments at fair value and the unrealized gain on investments amounted to \$746,115 for the fiscal year ended June 30, 2021.

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, 2021

Note 2 – Summary of Significant Accounting Policies (Continued)

F. Receivables

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

G. Inventories

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

H. Prepaid Items

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

I. Interfund Transactions

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

J. Land Held for Resale

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

K. Capital Assets

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

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

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 2 – Summary of Significant Accounting Policies (Continued)

K. Capital Assets (Continued)

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

Buildings	50 years
Building improvements	30 years
Water and sewer lines	50 years
Roads	30 years
Vehicles	7 years
Office equipment	7 years
Computer equipment/software	5 years
Other equipment	7 years

For all infrastructure systems, the City has elected to use the basic approach for infrastructure reporting.

L. Compensated Absences

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

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

M. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

The following timeframes are used for pension reporting:

CalPERS

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

PARS

Valuation Date	July 1, 2019
Measurement Date	June 30, 2021
Measurement Period	July 1, 2020 to June 30, 2021

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 2 – Summary of Significant Accounting Policies (Continued)

M. Pensions (Continued)

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

N. Other Postemployment Benefits (“OPEB”) Plan

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

The following timeframes are reported OPEB reporting:

Valuation Date	July 1, 2019
Measurement Date	June 30, 2021
Measurement Period	July 1, 2020 to June 30, 2021

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

O. Long-Term Debt

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 2 – Summary of Significant Accounting Policies (Continued)

P. 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.

Q. Deferred Outflows of Resources and Deferred Inflows of Resources

The Statement of Net Position reports separate sections for deferred outflows of resources, and deferred inflows of resources, when applicable.

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

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

R. Net Position

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

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

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

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

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

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 2 – Summary of Significant Accounting Policies (Continued)

S. Fund Balances

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

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

Restricted – Restricted fund balances encompass the portion of net fund resources subject to externally enforceable legal restrictions. This includes externally imposed restrictions by creditors, such as through debt covenants, grantors, contributors, laws or regulations of other governments, as well as restrictions imposed by law through constitutional provisions or enabling legislation. The use of proceeds from Housing Admin and Program Capital projects notes receivable is restricted; therefore, it is reported in the restricted fund balance classification.

Committed – Committed fund balances encompass the portion of net fund resources, the use of which is constrained by limitations that the government imposes upon itself at its highest level of decision making, normally the governing body, and that remain binding unless removed in the same manner. The City Council is considered the highest authority for the City. Adoption of a resolution by the City Council is required to commit resources or to rescind the commitment. The amount for economic uncertainties is computed as 20% of the General Fund's annual operating expenditures. Economic uncertainties are held to offset major or unexpected reductions in revenue. Reduction in revenue equal to or greater than 10% would trigger the use of these funds to support core city services.

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

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

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

T. Property Taxes

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

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 2 – Summary of Significant Accounting Policies (Continued)

T. Property Taxes (Continued)

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

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

No allowance for doubtful accounts was considered necessary.

U. Use of Estimates

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

V. Implementation of New GASB Pronouncements

GASB Statement No. 84 *Fiduciary Activities*. This statement establishes standards relating accounting and financial reporting for identifying and financial reporting of fiduciary activities. Those provisions are effective for reporting periods beginning after December 15, 2019, as amended by GASB Statement No. 95. Application of this statement was effective starting in fiscal year ending June 30, 2021. See Note 18 for details.

GASB Statement No. 90, *Majority Equity Interests*. This statement defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. Those provisions are effective for reporting periods beginning after December 15, 2019. 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. 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 (LIBOR). 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. 98, *The Annual Comprehensive Financial Report*. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. Those provision are effective for fiscal years ending after December 15, 2021. The City has elected early implementation of this statement. Application of this statement did not have a material effect on the City's financial statements for the fiscal year ending June 30, 2021.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 3 – Cash and Investments

At June 30, 2021, 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	\$ 87,350,887	\$ 1,792,284	\$ 89,143,171
Restricted assets:			
Cash in escrow	990,474	-	990,474
Cash and investments	26,904	-	26,904
Total cash and investments	\$ 88,368,265	\$ 1,792,284	\$ 90,160,549

At June 30, 2021, cash and investments consisted of the following:

Deposits with financial institution	\$ 7,940,715
Petty cash	2,700
Investments	82,217,134
Total cash and investments	\$ 90,160,549

A. Demand Deposits

The carrying amount of the City's cash deposits were \$7,940,715 at June 30, 2021. Bank balances before reconciling items were \$8,476,776 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.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 3 – Cash and Investments (Continued)

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

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.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 3 – Cash and Investments (Continued)

D. Risk Disclosures (Continued)

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	\$ 40,343,949	\$ -	\$ -	\$ -	\$ -	\$ 40,343,949
United States treasury notes	-	6,219,176	5,989,561	2,683,315	3,787,571	18,679,623
United States government-sponsored agency securities	1,120,350	587,057	1,798,975	2,061,080	577,541	6,145,003
Municipal bonds	-	72,854	632,030	1,023,669	414,817	2,143,370
Supra-national agency notes	-	676,372	558,536	-	-	1,234,908
CAMP cash reserve portfolio	2,411,301	-	-	-	-	2,411,301
Negotiable certificates of deposit	391,110	1,075,444	-	-	-	1,466,554
Corporate medium-term notes	-	689,827	3,082,796	3,875,591	236,148	7,884,362
Asset-backed securities	-	-	605,335	942,603	360,126	1,908,064
Total	\$ 44,266,710	\$ 9,320,730	\$ 12,667,233	\$ 10,586,258	\$ 5,376,203	\$ 82,217,134

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, 2021 for each investment type:

Investment Type	Fair Value as of June 30, 2021	Minimum Legal Rating	AAA	AA	A	Not Rated
Local Agency Investment Fund	\$ 40,343,949	N/A	\$ -	\$ -	\$ -	\$ 40,343,949
United States treasury notes	18,679,623	N/A	-	18,679,623	-	-
United States government-sponsored agency securities	6,145,003	N/A	-	6,145,003	-	-
Municipal bonds	2,143,370	AA	404,068	1,429,775	-	309,527
Supra-national agency notes	1,234,908	AA	1,234,908	-	-	-
CAMP cash reserve portfolio	2,411,301	A	2,411,301	-	-	-
Negotiable certificates of deposit	1,466,554	A	-	389,716	1,076,838	-
Corporate medium-term notes	7,884,362	A or A-*	-	1,152,015	6,732,347	-
Asset-backed securities	1,908,064	AA	1,426,534	-	-	481,530
Total	\$ 82,217,134		\$ 5,476,811	\$ 27,796,132	\$ 7,809,185	\$ 41,135,006

N/A - Not Applicable

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

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 3 – Cash and Investments (Continued)

D. Risk Disclosures (Continued)

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, 2021.

Disclosures Relating to Custodial Credit Risk

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

E. Fair Value Measurement Disclosure

At June 30, 2021, 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, 2021:

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	\$ -	\$ -	\$ 40,343,949	\$ 40,343,949
United States treasury notes	18,679,623	-	-	18,679,623
United States government-sponsored agency securities	-	6,145,003 ⁽¹⁾	-	6,145,003
Municipal bonds	-	2,143,370 ⁽¹⁾	-	2,143,370
Supra-national agency notes	-	1,234,908 ⁽¹⁾	-	1,234,908
CAMP cash reserve portfolio	-	-	2,411,301	2,411,301
Negotiable certificates of deposit	-	1,466,554 ⁽²⁾	-	1,466,554
Corporate medium-term notes	-	7,884,362 ⁽¹⁾	-	7,884,362
Asset-backed securities	-	1,908,064 ⁽¹⁾	-	1,908,064
Total	\$ 18,679,623	\$ 20,782,261	\$ 42,755,250	\$ 82,217,134

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

⁽²⁾ Market prices

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 3 – Cash and Investments (Continued)

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, 2021 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, 2021, the City had \$40,343,949 invested in LAIF, which had invested 2.31% 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.

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, 2021, notes receivable consisted of the following:

	Government-Wide Financial Statements
	Governmental Activities
Home Improvement Loan Program	\$ 2,380,606
Total notes receivable	\$ 2,380,606

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 4 – Notes Receivable (Continued)

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 \$1,842,017 at June 30, 2021.

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, 2021 was \$538,589.

Note 5 – Interfund Transactions

A. Due From and To Other Funds

At June 30, 2021, the City has the following due from and to other funds:

	Due To Other Funds		
	American Rescue Plan Act Special Revenue Fund	Non-major Governmental Funds	Total
Due From Other Funds			
Governmental Funds:			
General Fund	\$ 140,659	\$ 429,629	\$ 570,288
Enterprise Fund:			
Water	-	523	523
	<u>\$ 140,659</u>	<u>\$ 430,152</u>	<u>\$ 570,811</u>

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

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 5 – Interfund Transactions (Continued)

B. Transfers In and Out

During the year ended June 30, 2021, the City had the following transfers in and transfers out:

	Transfers In		
	Governmental Funds		
	Non-major		Total
Transfers Out	General Fund	Governmental Funds	
Governmental Funds:			
General Fund	\$ -	\$ 792	\$ 792
Housing Admin and Program			
Capital Projects Fund	200,000	-	200,000
Nonmajor Governmental Funds	1,597,173	-	1,597,173
Enterprise Fund:			
Water	1,795,700	-	1,795,700
	<u>\$ 3,592,873</u>	<u>\$ 792</u>	<u>\$ 3,593,665</u>

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

Note 6 – Land Held for Resale

At June 30, 2021, 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	<u>\$ 2,960,302</u>	

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 7 – Receivable from Successor Agency

At June 30, 2021, the receivables from Successor Agency are as follows:

	General Fund	Housing Admin and Program Capital Projects Fund	Total
Initial Loan	\$ 38,200	\$ -	\$ 38,200
Inter-Agency Loan	10,179,282	2,544,822	12,724,104
10-Year Interfund Loan		90,491	90,491
5-Year Loan	-	3,028,352	3,028,352
Housing Set-Aside Fund	-	1,085,310	1,085,310
	<u>\$ 10,217,482</u>	<u>\$ 6,748,975</u>	<u>\$ 16,966,457</u>

Upon dissolution of former Lakewood Redevelopment Agency, the amount due by the former Lakewood Redevelopment Agency to the City was \$30,950,525. Under AB 1X26, the Successor Agency was only able to list as enforceable obligation the amount of the *initial* City Loan for the plan area, which was \$382,000. This obligation is payable in 10 annual payments of \$38,200. At June 30, 2021, the total amount due to the City is \$38,200. Subsequent legislation, AB1484, allowed interest for the City loans to be recalculated at the LAIF rate over the life of the loan. The outstanding interest on the City loan using the LAIF interest rate calculation is \$2,612,099, of which, 80% are allocated to General Fund and 20% are allocated to the City's Housing Admin & Program Capital Projects Fund. Due to the Due Diligence Review called for under AB 1X26, the City reduced the amount receivable to the amount allowable, which resulted in the Successor Agency recognizing an extraordinary gain of \$27,956,419 in the statement of changes in fiduciary net position. Pursuant Health and Safety (HSC) Section 34179.7, the Oversight Board approves

the Successor Agency's Finding of Completion on December 10, 2016; therefore, the City's General Fund loaned to the Successor Agency an additional \$9,400,000 to make its payment under Protest for Department of Finance Determination of Other Funds and Accounts Due Diligence Review. Pursuant to HSC Section 34191.6 (2), the Last and Final Recognized Obligation Payment Schedule shall include an interest rate of 4 percent. The City performed interest rate adjustment based on four percent interest rate and reallocated to General Fund and the City's Housing Admin & Program Capital Projects Fund. At June 30, 2021, the total principal and interest due to the City General Fund and Housing Admin & Program Capital Projects Fund were in the amount of \$10,179,282 and \$2,544,822, 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, 2021 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, 2021 was \$3,028,352. The liability side of this loan was transferred to the Successor Agency and the asset side was transferred to the Housing Admin & Program Capital Projects Fund as of the date of the dissolution of the Agency in accordance with Assembly Bill 1X26.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 7 – Receivable from Successor Agency (Continued)

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

Note 8 – Capital Assets

A. Governmental Activities

A summary of changes in capital assets of the governmental activities for the year ended June 30, 2021 is as follows:

	Balance July 1, 2020	Additions	Deletions	Reclassification	Balance June 30, 2021
Capital assets, not being depreciated:					
Land	\$ 17,041,023	\$ -	\$ -	\$ -	\$ 17,041,023
Construction in progress	29,202,193	7,674,365	-	(160,303)	36,716,255
Total capital assets, not being depreciated	46,243,216	7,674,365	-	(160,303)	53,757,278
Capital assets, being depreciated:					
Structures and improvements	51,324,731	-	-	100,900	51,425,631
Equipment	8,676,197	371,068	(17,181)	-	9,030,084
Infrastructure	155,529,743	-	-	59,403	155,589,146
Total capital assets, being depreciated	215,530,671	371,068	(17,181)	160,303	216,044,861
Less accumulated depreciation for:					
Structures and improvements	(26,961,296)	(1,108,998)	-	-	(28,070,294)
Equipment	(7,529,845)	(398,796)	17,181	-	(7,911,460)
Infrastructure	(114,547,749)	(2,772,636)	-	-	(117,320,385)
Total accumulated depreciation	(149,038,890)	(4,280,430)	17,181	-	(153,302,139)
Total capital assets, being depreciated, net	66,491,781	(3,909,362)	-	160,303	62,742,722
Governmental activities capital assets, net	\$ 112,734,997	\$ 3,765,003	\$ -	\$ -	\$ 116,500,000

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

General government	\$ 107,270
Public safety	174,443
Transportation	138,325
Community development	26,277
Culture and leisure	1,035,874
Unallocated depreciation for infrastructure	2,772,636
Internal service funds depreciation charged to programs	25,605
Total depreciation expense - governmental activities	\$ 4,280,430

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 8 – Capital Assets (Continued)

B. Business-Type Activities

A summary of changes in capital assets of the business-type activities for the year ended June 30, 2021 is as follows:

	Balance July 1, 2020	Additions	Deletions	Reclassification	Balance June 30, 2021
Capital assets, not being depreciated:					
Land	\$ 100,000	\$ -	\$ -	\$ -	\$ 100,000
Water rights	1,834,586	-	-	-	1,834,586
Construction in progress	1,515,539	1,076,345	-	(276,816)	2,315,068
Total capital assets, not being depreciated	3,450,125	1,076,345	-	(276,816)	4,249,654
Capital assets, being depreciated:					
Source of supply	6,789,257	-	-	-	6,789,257
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	20,687,948	49,539	(30,000)	276,816	20,984,303
Total capital assets, being depreciated	67,873,699	49,539	(30,000)	276,816	68,170,054
Less accumulated depreciation for:					
Source of supply	(3,550,975)	(146,680)	-	-	(3,697,655)
Pumping plant	(622,305)	(20,870)	-	-	(643,175)
Water treatment	(3,499,145)	(228,571)	-	-	(3,727,716)
Transmission/distribution	(21,136,657)	(802,739)	-	-	(21,939,396)
General plant and equipment	(6,708,176)	(771,538)	30,000	-	(7,449,714)
Total accumulated depreciation	(35,517,258)	(1,970,398)	30,000	-	(37,457,656)
Total capital assets, being depreciated, net	32,356,441	(1,920,859)	-	276,816	30,712,398
Business-type activities capital assets, net	\$ 35,806,566	\$ (844,514)	\$ -	\$ -	\$ 34,962,052

Depreciation expense was charged to the Water Enterprise Fund in the amount of \$1,970,398 for the year ended June 30, 2021.

Note 9 – Long-Term Liabilities

A. Governmental Activities

A summary of changes in long-term liabilities for governmental activities for the year ended June 30, 2021 is as follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Due within One Year	Due in More Than One Year
Governmental Activities:						
Direct Borrowing:						
Lease payable	\$ 91,696	\$ -	\$ (44,557)	\$ 47,139	\$ 47,139	\$ -
ADA financing program	606,909	-	(146,941)	459,968	150,893	309,075
Compensated absences	1,861,327	1,357,136	(1,187,427)	2,031,036	1,015,518	1,015,518
Total governmental activities	\$ 2,559,932	\$ 1,357,136	\$ (1,378,925)	\$ 2,538,143	\$ 1,213,550	\$ 1,324,593

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 9 – Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

Lease Payable

The City has a lease agreement for the acquisition of a helicopter. Total equipment acquired through capital leases amounted to \$278,121. The total principal balance of the lease remaining at June 30, 2021 was \$47,139.

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

Year Ended June 30,	Governmental Activities
2022	\$ 49,872
Subtotal	49,872
Less amount representing interest	(2,733)
Present value of future minimum lease payments	<u>\$ 47,139</u>

The asset acquired through capital lease is as follows:

	Governmental Activities
Assets	
Equipment	\$ 278,121
Less: accumulated depreciation	(218,523)
Total	<u>\$ 59,598</u>

ADA Financing Program

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

The debt service requirements to maturity is as follows:

Year Ending June 30	Principal	Interest	Total
2022	\$ 150,893	\$ 12,508	\$ 163,401
2023	154,952	8,449	163,401
2024	154,123	4,278	158,401
Total	<u>\$ 459,968</u>	<u>\$ 25,235</u>	<u>\$ 485,203</u>

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 9 – Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

Compensated Absences

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

B. Business-Type Activities

Summary of changes in long-term liabilities for business-type activities for the year ended June 30, 2021 is as follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Due within One Year	Due in More Than One Year
Business-type Activities:						
Direct Borrowing:						
2015 Photovoltaic system lease and sublease agreements	\$ 793,399	\$ -	\$ (257,861)	\$ 535,538	\$ 264,411	\$ 271,127
2017 Master equipment lease/ purchase agreement	7,801,359	-	(548,049)	7,253,310	564,780	6,688,530
Compensated absences	195,511	145,299	(111,930)	228,880	114,440	114,440
Total business-type activities	\$ 8,790,269	\$ 145,299	\$ (917,840)	\$ 8,017,728	\$ 943,631	\$ 7,074,097

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, 2021, are as follows:

Year Ending June 30	Principal	Interest	Total
2022	\$ 264,411	\$ 13,603	\$ 278,014
2023	271,127	6,887	278,014
Total	\$ 535,538	\$ 20,490	\$ 556,028

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 9 – Long-Term Liabilities (Continued)

B. Business-Type Activities (Continued)

2017 Master Equipment Lease/Purchase Agreement

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

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

The future annual required lease payments at June 30, 2021, are as follows:

Year Ending June 30	Principal	Interest	Total
2022	\$ 564,780	\$ 215,529	\$ 780,309
2023	582,023	198,286	780,309
2024	599,791	198,286	798,077
2025	618,103	162,207	780,310
2026	636,973	143,336	780,309
2027-2031	3,488,712	412,835	3,901,547
2032	762,928	17,381	780,309
Total	<u>\$ 7,253,310</u>	<u>\$ 1,347,860</u>	<u>\$ 8,601,170</u>

Note 10 – Defined Contribution Plan

The City provides a tax qualified retirement savings plan under Section 401(a) of the Internal Revenue Code to classic employees hired before December 31, 2012. The plan is a defined contribution plan and benefits depend solely on amounts contributed to the plan and investment earnings. The plan is administered by the Public Agency Retirement System ("PARS") and the City Council has the authority for establishing and amending the plan provisions. There were 84 employees covered by the plan for the year ended June 30, 2021. 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, 2021, employer contributions totaled \$2,451.

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, 2021, there were 177 employees covered by the plan and the employer contributions totaled \$338,122.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 11 – Defined Benefit Pension Plan

Summary of changes in deferred outflows of resources related to pension, net pension liabilities, and deferred inflows of resources related to pension for both governmental activities and business-type activities for the year ended June 30, 2021 are as follows:

Governmental Activities	Governmental Activities	Business-Type Activities	Total
Deferred outflows of resources:			
Pension contribution after measurement date:			
CalPERS	\$ 3,491,406	\$ 387,934	\$ 3,879,340
Change in assumptions:			
PARS	578,419	64,269	642,688
Difference between expected and actual experience			
CalPERS	1,354,402	150,489	1,504,891
Difference in projected and actual earnings on pension investments:			
CalPERS	776,405	86,267	862,672
Total deferred outflows of resources	\$ 6,200,632	\$ 688,959	\$ 6,889,591
Net pension liabilities:			
CalPERS	\$ 31,942,488	\$ 3,549,165	\$ 35,491,653
PARS	2,609,688	289,965	2,899,653
Total net pension liabilities	\$ 34,552,176	\$ 3,839,130	\$ 38,391,306
Deferred inflows of resources:			
Change in assumptions:			
CalPERS	\$ 114,437	\$ 12,715	\$ 127,152
Difference between expected and actual experience			
PARS	139,513	15,501	155,014
Difference in projected and actual earnings on pension investments:			
PARS	1,969,921	218,880	2,188,801
Total deferred inflows of resources	\$ 2,223,871	\$ 247,096	\$ 2,470,967
Pension Expense:			
CalPERS	\$ 5,722,893	\$ 635,877	\$ 6,358,770
PARS	489,924	54,436	544,360
Total pension expense	\$ 6,212,817	\$ 690,313	\$ 6,903,130

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 11 – Defined Benefit Pension Plan (Continued)

A. CalPERS Plan

General Information about the Pension Plan

Plan Description

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

Benefit Provided

CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. A classic CalPERS member becomes eligible for service retirement upon attainment of age 55 with at least 5 years of credited service. During the year ended June 30, 2013, the California's Public Employees' Pension Reform Act ("PEPRA") went into effect. Employees hired after January 1, 2013 who are new to the CalPERS system are part of the PEPRA plan. PEPRA members become eligible for service retirement upon attainment of age 62 with at least 5 years of service. The service retirement benefit is a monthly allowance equal to the product of the benefit factor, years of service, and final compensation. The final compensation is the 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, 2021

Note 11 – Defined Benefit Pension Plan (Continued)

A. CalPERS Plan (Continued)

General Information about the Pension Plan (Continued)

Employees Covered by Benefit Terms

At June 30, 2019, the valuation date, the following employees were covered by the benefit terms:

Active employees	296
Transferred and terminated employees	352
Retired employees and beneficiaries	272
Total	920

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, 2021, the classic active employee contribution rates was 7% of annual pay, the PEPRA active employee contribution rate was 6.75% of annual pay, and the required employer contribution rates were 8.812% of the annual payroll.

Net Pension Liability

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

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

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
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, 2021

Note 11 – Defined Benefit Pension Plan (Continued)

A. CalPERS Plan (Continued)

Net Pension Liability (Continued)

Long-term Expected Rate of Return

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short term (first 10 years) and the long term (11+ years) using a building-block approach. Using the expected nominal returns for both short term and long term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

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

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

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

² An expected inflation of 2.00% used

³ An expected inflation of 2.92% used

Discount Return

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

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 11 – Defined Benefit Pension Plan (Continued)

A. CalPERS Plan (Continued)

Subsequent Events

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

Amortization of Deferred Outflows and Deferred Inflows of Resources

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

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

Changes in the Net Pension Liability

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(c) = (a) - (b)
Balance at June 30, 2018 (Valuation Date)	\$ 142,927,461	\$ 110,377,197	\$ 32,550,264
Changes Recognized for the Measurement Period:			
Service Cost	2,616,888	-	2,616,888
Interest on the total pension liability	10,069,685	-	10,069,685
Difference between expected and actual experience	335,690	-	335,690
Contributions from the employer	-	3,476,806	(3,476,806)
Contributions from employees	-	1,304,659	(1,304,659)
Net investment income	-	5,455,014	(5,455,014)
Benefit payments, including refunds of employee contributions	(7,473,686)	(7,473,686)	-
Administrative expense		(155,605)	155,605
Net changes during July 1, 2018 to June 30, 2019	5,548,577	2,607,188	2,941,389
Balance at June 30, 2019 (Measurement Date)	\$ 148,476,038	\$ 112,984,385	\$ 35,491,653

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 11 – Defined Benefit Pension Plan (Continued)

A. CalPERS Plan (Continued)

Changes in the Net Pension Liability (Continued)

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

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

Plan's Net Pension Liability/(Asset)		
Discount Rate - 1%	Current Discount	Discount Rate + 1%
(6.15%)	Rate (7.15%)	(8.15%)
\$ 54,350,008	\$ 35,491,653	\$ 19,849,713

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, 2020, the City incurred a pension expense of \$6,358,770.

As of measurement date of June 30, 2020, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred outflows of Resources	Deferred inflows of Resources
Contribution made after the measurement date	\$ 3,879,340	\$ -
Changes of assumptions	-	(127,152)
Difference between expected and actual experience	1,504,891	-
Net difference between projected and actual earning on pension plan investments	862,672	-
Total	\$ 6,246,903	\$ (127,152)

The amounts above are net of outflows and inflows recognized in the 2019-2020 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, 2020 is 3.8 years, which was obtained by dividing the total service years of 3,466 (the sum of remaining service lifetimes of the active employees) by 920 (the total number of participants: active, inactive, and retired). Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 11 – Defined Benefit Pension Plan (Continued)

A. CalPERS Plan (Continued)

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

The \$3,879,340 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, 2021 will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Year Ending June 30	Deferred Outflows/(Inflows) of Resources
	<u>Miscellaneous Plan</u>
2021	\$ 204,432
2022	920,650
2023	650,905
2024	464,424
2025	-
Thereafter	-
Total	<u><u>\$ 2,240,411</u></u>

B. Retirement Enhancement Plan

General Information about the Pension Plan

Plan Description

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

Benefit Provided

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

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 11 – Defined Benefit Pension Plan (Continued)

B. Retirement Enhancement Plan (Continued)

General Information about the Pension Plan (Continued)

Benefit Provided (Continued)

Final average compensation is equal to the highest year of compensation with the City, including CalPERS employer paid member contributions (salary plus 3.75%), subject to IRC 401(a)(17) limitations. Salary includes longevity pay.

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

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

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

Employees Covered by Benefit Terms

At July 1, 2019, the measurement date, the following employees were covered by the benefit terms:

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

Contributions

Employees contribute 3.00% of compensation of which the City picks-up 0.13%. The employer contributed \$828,452 during the year ended June 30, 2021.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 11 – Defined Benefit Pension Plan (Continued)

B. Retirement Enhancement Plan (Continued)

Net Pension Liability

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The June 30, 2019 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:	
Investment Return	5.50%
Inflation	2.50%
Salary Increases	Consistent with the rates used to value the CalPERS Miscellaneous Public Agency Pension Plans (Entry Age 20).
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

Valuation as of June 30, 2019 from June 30, 2017, inflation decreased from 2.75% to 2.50% and salary increases including inflation changed from 3.50% after 30 years of service to 3.60% after 22 years of service.

Discount Rate

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

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 11 – Defined Benefit Pension Plan (Continued)

B. Retirement Enhancement Plan (Continued)

Net Pension Liability (Continued)

Long - Term Expected Rate of Return

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

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

Asset Class	Index	Allocation	Expected Arithmetic Real Rate of Return	Expected Geometric Real Rate of Return
US Cash	BAML 3-Mon Tbill	1.07%	-0.32%	-0.32%
US Core Fixed Income	Barclays Aggregate	45.43%	1.37%	1.26%
US Equity Market	Russell 3000	40.88%	5.33%	3.70%
Foreign Developed Equity	MSCI EAFE NR	6.13%	6.27%	4.52%
Emerging Market Equities	MSCI EM NR	4.57%	8.64%	4.95%
US REITs	FTSE NAREIT Equity REIT	1.92%	5.75%	3.57%
		<u>100.00%</u>		
Assumed Inflation - Mean			2.30%	2.30%
Assumed Inflation - Standard Deviation			1.16%	1.16%
Portfolio Real Mean Return			3.69%	3.18%
Portfolio Nominal Mean Return			5.99%	5.56%
Portfolio Standard Deviation				9.53%
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.

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2020	\$ 23,162,034	\$ 17,117,897	\$ 6,044,137
Changes Recognized for the Measurement Period:			
Service cost	422,216	-	422,216
Interest on the total pension liability	1,275,638	-	1,275,638
Effect of economic/demographic gains or losses	-	-	-
Effect of assumptions changes or inputs	-	-	-
Benefit payments	(792,274)	(792,274)	-
Employer contributions	-	828,452	(828,452)
Member contributions	-	214,864	(214,864)
Net investment income	-	3,871,904	(3,871,904)
Administrative expense	-	(72,882)	72,882
Net changes during July 1, 2020 to June 30, 2021	905,580	4,050,064	(3,144,484)
Balance at June 30, 2021 (Measurement Date)	\$ 24,067,614	\$ 21,167,961	\$ 2,899,653

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 11 – Defined Benefit Pension Plan (Continued)

B. Retirement Enhancement Plan (Continued)

Changes in Net Pension Liability (Continued)

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

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

	1% Decrease (4.50%)	Discount Rate (5.50%)	1% Increase (6.50%)
Plan's Net Pension Liability	\$ 6,083,591	\$ 2,899,653	\$ 351,561

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, 2021, the City incurred a pension expense of \$544,360.

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
Difference between expected and actual experience	\$ -	\$ (155,014)
Changes of assumptions	642,688	-
Net difference between projected and actual earning on pension plan investments	-	(2,188,801)
Total	\$ 642,688	\$ (2,343,815)

The amounts above are net of outflows and inflows recognized in the 2020-2021 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
2022	\$ (122,486)
2023	(457,418)
2024	(534,560)
2025	(586,663)
2026	-
Thereafter	-
Total	\$ (1,701,127)

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 12 – Other Postemployment Benefits (“OPEB”)

At June 30, 2021, 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	\$ 213,710	\$ 23,746	\$ 237,456
Difference between expected and actual experience	354,952	39,439	394,391
Net difference between projected and actual earnings on OPEB plan investment	138,190	15,355	153,545
Total deferred outflows of resources	\$ 706,852	\$ 78,540	\$ 785,392
Net OPEB liabilities:	\$ 24,676	\$ 2,742	\$ 27,418
Deferred inflows of resources:			
Net difference between projected and actual earnings on OPEB plan investment	\$ 1,202,057	\$ 133,562	\$ 1,335,619
OPEB Expense (Credit)	\$ 221,380	\$ 24,598	\$ 245,978

Plan Description

Plan Administration

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

Benefit Provided

The City offers PEMHCA coverage to its retirees. The City makes the required statutory PEMHCA contribution (\$136 per month in calendar year 2020). 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, 2021

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

Plan Description (Continued)

Benefit Provided (Continued)

For eligible individuals who retired prior to July 1, 2006, the grandfathered maximum City contribution is \$434 per month until age 65 (now obsolete) and \$347 per month beginning at age 65. For those retiring between July 1, 2007 and January 1, 2013, the 2019 limits are \$504 and \$306. For those retiring between January 1, 2014 and January 1, 2015, the 2019 limits are \$564 and \$306. For those retiring between January 1, 2015 and January 1, 2016, the 2019 pre-65 limit is \$542 per month. For those retiring between January 1, 2016 and January 1, 2017, the 2019 pre-65 limit is \$555 per month. For those retiring between January 1, 2017 and January 1, 2018, the 2019 pre-65 limit is \$574 per month. For those retiring between January 1, 2018 and January 1, 2019, the 2019 pre-65 limit is \$643. For retirements during 2019, the limits are \$619 and \$324, respectively (the retiree-only premiums under PEMHCA for Kaiser - Los Angeles Area).

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

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

Employees Covered by Benefit Terms

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

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

Contributions

The City’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 \$434,155 and \$90,391, respectively.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

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

Net OPEB Liability

The City’s net OPEB liability was measured as of June 30, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2019. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

Actuarial Assumptions

The total OPEB liability in the July 1, 2019 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation rate	3.00%
Salary increases	3.00%
Discount rate	6.00%
Investment rate of return	6.00%
Healthcare cost trend rate	5.80 percent for 2021; 5.70 percent for 2022; and decreasing 0.10 percent per year to 5.00 percent for 2029 and later years

Mortality rates were based on the RP-2014 Employee Mortality Table for Males or Females, as appropriate, without projection. The actuarial assumptions used in the July 1, 2019 valuation were based on a review of plan experience during the period July 1, 2017 to June 30, 2019.

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.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

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

Net OPEB Liability (Continued)

Discount Rate (Continued)

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%

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 22.70 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, 2020	\$ 11,993,924	\$ 10,217,965	\$ 1,775,959
Changes Recognized for the Measurement Period:			
Service cost	308,959	-	308,959
Interest on the total OPEB liability	722,666	-	722,666
Contributions from the employer	-	524,546	(524,546)
Net investment income	-	2,315,064	(2,315,064)
Benefit payments, including refunds of employee contributions	(524,546)	(524,546)	-
Administrative expense	-	(59,444)	59,444
Net Changes during July 1, 2020 to June 30, 2021	507,079	2,255,620	(1,748,541)
Balance at June 30, 2021 (Measurement Date)	\$ 12,501,003	\$ 12,473,585	\$ 27,418

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 12 – 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%)
\$ 1,569,648	\$ 27,418	\$ (1,260,588)

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 (4.80% current, 4.00% ultimate)	Trend Rates (5.80% current, 5.00% ultimate)	Trend Rate + 1% (6.80 current, 6.00% ultimate)
\$ (1,107,448)	\$ 27,418	\$ 1,285,346

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

For the year ended June 30, 2021, the City' recognized OPEB expense of \$245,978. At June 30, 2021, 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	\$ 237,456	\$ -
Difference between expected and actual experience	394,391	-
Net difference between projected and actual earnings on pension plan investments	153,545	(1,335,619)
Total	\$ 785,392	\$ (1,335,619)

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, 2021

Note 12 – 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 Ended June 30	Deferred Outflows/(Inflows) of Resources OPEB Plan
2022	\$ (172,569)
2023	(169,648)
2024	(160,317)
2025	(211,500)
2026	117,010
Thereafter	46,797
Total	\$ (550,227)

Note 13 – Deferred Compensation Plan

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

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

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

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

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

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

The City of Lakewood is a member of the California Joint Powers Insurance Authority ("Authority"). The Authority is composed of 118 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The Authority began covering claims of its members in 1978. Each member government has an elected official as its representative on the board of directors. The board operates through a nine-member executive committee.

B. Primary Self-Insurance Programs of the Authority

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

Primary Liability Program

Claims are pooled separately between police and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$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, 2021

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

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

Primary Workers' Compensation Program (Continued)

For 2020-21 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 \$66,420,545. 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, 2021 was \$1,181,051.

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 2020-21.

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, 2021

Note 15 – Commitments and Contingencies

A. Lawsuits

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

B. 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, 2021, the City paid \$59,984 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, 2021, the Agency's outstanding deferral balance is \$756,943.

Note 16 – Individual Fund Disclosures

Funds with a deficit fund balance/net position at June 30, 2021, are as follows:

Governmental Funds:

CDBG Special Revenue Fund	\$ (65,981)
Prop A Recreation Special Revenue Fund	(29,978)
LEAP Grant Special Revenue Fund	(90,546)
SB2 Housing Grant Special Revenue Fund	(11,456)

Fiduciary Fund:

Successor Agency Private Purpose Trust Fund	(15,174,173)
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Proprietary Funds:

Print Shop Internal Service Fund	(7,198)
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The Governmental Funds’ deficits are primarily the result of unavailability revenue at June 30, 2021 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 Water Fiduciary Custodial Fund deficit is due to insufficient funds from the joint powers authority. 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, 2021

Note 17 – Agreement with Paramount Petroleum

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

Because of changes in the oil industry and the nature of development surrounding the tank farm, Ordinance No. 2005-14 amended the provisions of the Lakewood Municipal Code 9392.B.1 (g) allowing Paramount Petroleum to operate an additional 10 years, ending in January 2017. The agreement also allowed for automatic two-year extensions, with the current extension valid through December 2022.

Note 18 – Prior Period Adjustments

Following prior period adjustments were made:

	<u>Governmental Activities</u>	<u>Fiduciary Funds Custodial Funds</u>	<u>Governmental Funds</u>
Net Position at July 1, 2020	\$ 151,645,188	\$ -	\$ 66,835,204
Required by GASB 84 - Fiduciary Activities ⁽¹⁾	185,315	(1,914)	185,315
Net Position at July 1, 2020, as restated	<u>\$ 151,830,503</u>	<u>\$ (1,914)</u>	<u>\$ 67,020,519</u>

⁽¹⁾ Restatements to the beginning net positions to Deposit and Water Fiduciary Custodial Funds were made due to the applicability of GASB Statement No. 84. Adjustments were also made to the CDBG Special Revenue Fund and Housing Admin and Program Capital Projects Fund in Governmental Funds and Governmental Activities due to this implementation. Prior year's Housing Rehabilitation Agency Funds were split into the CDBG Special Revenue Fund and Housing Admin and Program Capital Projects Fund for assets and activities related to these funds.



**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**



City of Lakewood
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes	\$ 33,128,500	\$ 34,855,000	\$ 38,091,176	\$ 3,236,176
Licenses and permits	1,092,500	1,330,691	1,446,988	116,297
Fines and forfeitures	728,000	567,145	748,656	181,511
Investment income, rents and concession	1,028,618	873,704	611,960	(261,744)
Intergovernmental revenues	10,053,000	11,491,200	11,561,208	70,008
Current service charges	8,034,025	7,614,704	8,076,990	462,286
Other	934,700	897,630	898,393	763
Total revenues	<u>54,999,343</u>	<u>57,630,074</u>	<u>61,435,371</u>	<u>3,805,297</u>
EXPENDITURES:				
Current:				
General government	10,271,739	10,949,129	10,744,511	204,618
Public safety	16,891,985	16,503,260	16,383,915	119,345
Transportation	3,000,478	3,172,145	3,092,472	79,673
Community development	5,357,274	5,329,489	5,260,623	68,866
Health and sanitation	5,765,726	5,755,465	5,692,525	62,940
Culture and leisure	13,520,076	12,952,306	12,333,214	619,092
Capital outlay:				
General government	-	6,680	6,680	-
Public safety	56,850	107,657	103,239	4,418
Transportation	2,500	129,920	14,634	115,286
Community development	10,000	4,500	3,554	946
Culture and leisure	134,241	5,023,211	1,067,691	3,955,520
Debt service:				
Principal retirement	191,498	191,498	191,498	-
Interest and fiscal charges	21,775	21,775	21,775	-
Total expenditures	<u>55,224,142</u>	<u>60,147,035</u>	<u>54,916,331</u>	<u>5,230,704</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(224,799)</u>	<u>(2,516,961)</u>	<u>6,519,040</u>	<u>9,036,001</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	3,493,000	3,712,963	3,592,873	(120,090)
Transfers out	-	-	(792)	(792)
Total other financing sources (use)	<u>3,493,000</u>	<u>3,712,963</u>	<u>3,592,081</u>	<u>(120,882)</u>
NET CHANGES IN FUND BALANCE	<u>\$ 3,268,201</u>	<u>\$ 1,196,002</u>	<u>10,111,121</u>	<u>\$ 8,915,119</u>
FUND BALANCE:				
Beginning of Year			42,752,187	
End of Year			<u>\$ 52,863,308</u>	



City of Lakewood
Required Supplementary Information (Unaudited)
Notes to the Budgetary Comparison Schedule
For the Year Ended June 30, 2021

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, 2021

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 for which GASB 68 is applicable. Additional years' information will be displayed as it becomes available.

² During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75. 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 include any liability impact that may have resulted from voluntary benefit changes that occurred after the June 30, 2019 valuation. However, offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes) that occurred after the June 30, 2019 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 or 2020. 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, 2021

Last Ten Fiscal Years

California Public Employees' Retirement System Defined Benefit Plan

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

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

² During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75. 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 include any liability impact that may have resulted from voluntary benefit changes that occurred after the June 30, 2019 valuation. However, offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes) that occurred after the June 30, 2019 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 or 2020. 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, 2021

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 for which GASB 68 is applicable. Additional years' information will be displayed as it becomes available.

City of Lakewood
Required Supplementary Information (Unaudited)
Schedule of Changes in Net Pension Liability and Related Ratios (Continued)
For the Year Ended June 30, 2021

Last Ten Fiscal Years

Public Agency Retirement System Defined Benefit Plan

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

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

City of Lakewood
Required Supplementary Information (Unaudited)
Schedule of Contributions - Pensions
For the Year Ended June 30, 2021

Last Ten Fiscal Years

California Public Employees' Retirement System Defined Benefit Plan

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

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

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

³ Includes one year's payroll growth using 2.75 percent payroll growth assumption for fiscal years ended June 30, 2018-19; 3.00 percent payroll growth assumption for fiscal years ended June 30, 2014-17.

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2019-20 were derived from the June 30, 2017 funding valuation report.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
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	2.875%
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, 2021

Last Ten Fiscal Years

California Public Employees' Retirement System Defined Benefit Plan

	2017-18	2018-19	2019-20	2020-21
Actuarially determined contribution	\$ 2,573,441	\$ 2,938,083	\$ 3,476,806	\$ 3,879,340
Contributions in relation to the actuarially determined contribution ²	(2,573,441)	(2,938,083)	(3,476,806)	(3,879,340)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll ³	\$ 16,673,112	\$ 16,911,782	\$ 17,025,948	\$ 17,536,726
Contributions as a percentage of covered payroll ³	15.43%	17.37%	20.42%	22.12%

City of Lakewood
Required Supplementary Information (Unaudited)
Schedule of Contributions - Pensions (Continued)
For the Year Ended June 30, 2021

Last Ten Fiscal Years

Public Agency Retirement System Defined Benefit Plan

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

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, 2021

Last Ten Fiscal Years

Public Agency Retirement System Defined Benefit Plan

	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>
Actuarially determined contribution	\$ 493,923	\$ 814,859	\$ 660,417	\$ 816,996
Contributions in relation to the actuarially determined contribution	<u>(568,494)</u>	<u>(644,970)</u>	<u>(708,372)</u>	<u>(828,452)</u>
Contribution deficiency (excess)	<u>\$ (74,571)</u>	<u>\$ 169,889</u>	<u>\$ (47,955)</u>	<u>\$ (11,456)</u>
Covered payroll	\$ 9,975,323	\$ 8,214,154	\$ 8,440,043	\$ 7,789,532
Contributions as a percentage of covered payroll	5.70%	7.85%	8.39%	10.64%

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, 2021

Last Ten Fiscal Years

Other Postemployment Benefits Plan

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

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

City of Lakewood
Required Supplementary Information (Unaudited)
Schedule of Contributions - Other Postemployment Benefits
For the Year Ended June 30, 2021

Last Ten Fiscal Years

Other Postemployment Benefits Plan

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

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

Notes to Schedule:

Valuation date	July 1, 2019
Reporting period	July 1, 2020 to June 30, 2021
Measurement period	July 1, 2020 to June 30, 2021
Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Amortization period	30 years
Asset valuation method	Market value
Inflation	3.00%
Healthcare cost trend rates	5.80% for 2021; 5.70% for 2022; decreasing 0.10% per year to 5.00% for 2029 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% for age 55 to 57; 7.00% for age 58; 9.00% for age 59; 15.00% for age 60; 20.00% for age 61; 25.00% for age 62; 30.00% for age 63; 40.00% for age 64; 100.00% for age 65
Mortality	Mortality rates were based on the RP-2014 Employee Mortality Table for Males or Females, as appropriate, without projection.



SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

Nonmajor Special Revenue Funds:

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

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

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

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

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

LA County Measure M Fund - To account for Los Angeles County special 1/2 cent sales tax approved pursuant to SB767 which was approved by the METRO Board of Directors on June 23, 2016 and approved by the voters of Los Angeles County on November 8, 2016. These funds may be used to improve transportation and transit service and ease traffic congestion consistent with the Measure M Ordinance #16-01.

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

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

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

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

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

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

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

NONMAJOR GOVERNMENTAL FUNDS

Nonmajor Special Revenue Funds (Continued):

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

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

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

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

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

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.

City of Lakewood
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021

	Special Revenue Funds				
	Beverage Container Recycle		CDBG	JAG Grant	LA County Measure M
	AB 2766	Grant			
ASSETS					
Cash and investments	\$ 423,920	\$ 177,000	\$ 220,148	\$ -	\$ 3,849,515
Accounts receivables	26,535	-	49,275	-	-
Notes receivable	-	-	538,589	-	-
Total assets	\$ 450,455	\$ 177,000	\$ 808,012	\$ -	\$ 3,849,515
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 10,298	\$ 9,580	\$ -	\$ 35,068
Due to other funds	-	-	325,824	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	-	10,298	335,404	-	35,068
Deferred Inflows of Resources:					
Unavailable revenues	-	-	538,589	-	-
Total deferred inflows of resources	-	-	538,589	-	-
Fund Balances (Deficit):					
Restricted for:					
Public safety	-	-	-	-	-
Transportation	450,455	-	-	-	3,814,447
Health and sanitation	-	166,702	-	-	-
Culture and leisure	-	-	-	-	-
Unassigned (deficit)	-	-	(65,981)	-	-
Total fund balances (deficit)	450,455	166,702	(65,981)	-	3,814,447
Total liabilities, deferred inflows of resources and fund balances	\$ 450,455	\$ 177,000	\$ 808,012	\$ -	\$ 3,849,515

(Continued)

City of Lakewood
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2021

	Special Revenue Funds				
	Measure R	Measure W	Park Dedication	Prop A Recreation	Prop A Transit
ASSETS					
Cash and investments	\$ 3,973,385	\$ 1,068,725	\$ 121,891	\$ -	\$ 1,703,254
Accounts receivables	-	-	-	30,788	-
Notes receivable	-	-	-	-	-
Total assets	\$ 3,973,385	\$ 1,068,725	\$ 121,891	\$ 30,788	\$ 1,703,254
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 10,525	\$ 14,277	\$ -	\$ -	\$ 10,697
Due to other funds	-	-	-	29,978	-
Unearned revenue	-	-	-	-	-
Total liabilities	10,525	14,277	-	29,978	10,697
Deferred Inflows of Resources:					
Unavailable revenues	-	-	-	30,788	-
Total deferred inflows of resources	-	-	-	30,788	-
Fund Balances (Deficit):					
Restricted for:					
Public safety	-	-	-	-	-
Transportation	3,962,860	-	-	-	1,692,557
Health and sanitation	-	-	-	-	-
Culture and leisure	-	1,054,448	121,891	-	-
Unassigned (deficit)	-	-	-	(29,978)	-
Total fund balances (deficit)	3,962,860	1,054,448	121,891	(29,978)	1,692,557
Total liabilities, deferred inflows of resources and fund balances	\$ 3,973,385	\$ 1,068,725	\$ 121,891	\$ 30,788	\$ 1,703,254

(Continued)

City of Lakewood
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2021

	Special Revenue Funds				
	Prop C Transportation	Road Maintenance and Rehab Account	Sewer Reconstruction	State COPS Grant	State Gasoline Tax
ASSETS					
Cash and investments	\$ 3,801,454	\$ 4,016,287	\$ 171,926	\$ 139,038	\$ 148,772
Accounts receivables	-	270,423	-	-	-
Notes receivable	-	-	-	-	-
Total assets	\$ 3,801,454	\$ 4,286,710	\$ 171,926	\$ 139,038	\$ 148,772
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 3,478	\$ -	\$ -	\$ 61,852	\$ -
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	3,478	-	-	61,852	-
Deferred Inflows of Resources:					
Unavailable revenues	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Fund Balances (Deficit):					
Restricted for:					
Public safety	-	-	-	77,186	-
Transportation	3,797,976	4,286,710	-	-	148,772
Health and sanitation	-	-	171,926	-	-
Culture and leisure	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-
Total fund balances (deficit)	3,797,976	4,286,710	171,926	77,186	148,772
Total liabilities, deferred inflows of resources and fund balances	\$ 3,801,454	\$ 4,286,710	\$ 171,926	\$ 139,038	\$ 148,772

(Continued)

City of Lakewood
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2021

	Special Revenue Funds				
	TDA Article Grant	Used Oil Grant	LEAP Grant	SB2 Housing Grant	Total
ASSETS					
Cash and investments	\$ -	\$ 53,870	\$ -	\$ -	\$ 19,869,185
Accounts receivables	3,774	-	90,546	-	471,341
Notes receivable	-	-	-	-	538,589
Total assets	\$ 3,774	\$ 53,870	\$ 90,546	\$ -	\$ 20,879,115
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 18,755	\$ 23,003	\$ 8,423	\$ 205,956
Due to other funds	3,774	-	67,543	3,033	430,152
Unearned revenue	-	9,310	-	-	9,310
Total liabilities	3,774	28,065	90,546	11,456	645,418
Deferred Inflows of Resources:					
Unavailable revenues	-	-	90,546	-	659,923
Total deferred inflows of resources	-	-	90,546	-	659,923
Fund Balances (Deficit):					
Restricted for:					
Public safety	-	-	-	-	77,186
Transportation	-	-	-	-	18,153,777
Health and sanitation	-	25,805	-	-	364,433
Culture and leisure	-	-	-	-	1,176,339
Unassigned (deficit)	-	-	(90,546)	(11,456)	(197,961)
Total fund balances (deficit)	-	25,805	(90,546)	(11,456)	19,573,774
Total liabilities, deferred inflows of resources and fund balances	\$ 3,774	\$ 53,870	\$ 90,546	\$ -	\$ 20,879,115

(Concluded)

City of Lakewood
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2021

	Special Revenue Funds				
	AB2766	Beverage Container Recycle Grant	CDBG	JAG Grants	LA County Measure M
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Investment income, rents and concession	5,009	1,960	20,768	-	41,889
Intergovernmental revenues	104,357	19,891	499,456	16,883	1,155,323
Other	-	-	-	-	-
Total revenues	109,366	21,851	520,224	16,883	1,197,212
EXPENDITURES:					
Current:					
General government	-	-	68,178	-	-
Public safety	-	-	-	16,883	-
Transportation	10,000	-	-	-	200,000
Community development	-	-	200,972	-	-
Health and sanitation	-	10,712	-	-	-
Culture and leisure	-	-	158,249	-	-
Capital outlay:					
General government	139,745	-	-	-	-
Transportation	-	-	-	-	-
Community development	-	-	-	-	-
Total expenditures	149,745	10,712	427,399	16,883	200,000
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(40,379)	11,139	92,825	-	997,212
OTHER FINANCING SOURCES (USES):					
Transfers in	792	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	792	-	-	-	-
NET CHANGES IN FUND BALANCES	(39,587)	11,139	92,825	-	997,212
FUND BALANCES (DEFICIT):					
Beginning of year, as restated (See Note X)	490,042	155,563	(158,806)	-	2,817,235
End of year	<u>\$ 450,455</u>	<u>\$ 166,702</u>	<u>\$ (65,981)</u>	<u>\$ -</u>	<u>\$ 3,814,447</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, 2021

	Special Revenue Funds				
	Measure R	Measure W	Park Dedication	Prop A Recreation	Prop A Transit
REVENUES:					
Taxes	\$ -	\$ -	\$ 13,200	\$ -	\$ 1,636,811
Licenses and permits	-	-	-	-	-
Investment income, rents and concession	43,948	3,378	-	-	22,343
Intergovernmental revenues	1,019,668	1,818,098	-	29,955	-
Other	-	-	-	-	35,690
Total revenues	1,063,616	1,821,476	13,200	29,955	1,694,844
EXPENDITURES:					
Current:					
General government	-	-	-	-	28,777
Public safety	-	-	-	-	-
Transportation	252,356	527,985	-	-	1,148,249
Community development	-	-	-	-	6,014
Health and sanitation	-	-	-	-	-
Culture and leisure	-	19,743	-	30,788	-
Capital outlay:					
General government	-	-	-	-	-
Transportation	37,954	-	-	-	-
Community development	-	-	-	-	-
Total expenditures	290,310	547,728	-	30,788	1,183,040
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	773,306	1,273,748	13,200	(833)	511,804
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
NET CHANGES IN FUND BALANCES	773,306	1,273,748	13,200	(833)	511,804
FUND BALANCES (DEFICIT):					
Beginning of year, as restated (See Note X)	3,189,554	(219,300)	108,691	(29,145)	1,180,753
End of year	<u>\$ 3,962,860</u>	<u>\$ 1,054,448</u>	<u>\$ 121,891</u>	<u>\$ (29,978)</u>	<u>\$ 1,692,557</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, 2021

	Special Revenue Funds				
	Prop C Transportation	Road Maintenance and Rehab Account	Sewer Reconstruction	State COPS Grants	State Gasoline Tax
REVENUES:					
Taxes	\$ 1,357,676	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	4,350	-	-
Investment income, rents and concession	41,124	39,777	-	2,240	11,316
Intergovernmental revenues	-	1,483,973	-	191,342	1,734,629
Other	-	-	-	-	-
Total revenues	1,398,800	1,523,750	4,350	193,582	1,745,945
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	272,335	-
Transportation	547,334	230,000	-	-	-
Community development	-	-	-	-	-
Health and sanitation	-	-	-	-	-
Culture and leisure	-	-	-	-	-
Capital outlay:					
General government	-	-	-	-	-
Transportation	-	50,000	-	-	-
Community development	-	-	-	-	-
Total expenditures	547,334	280,000	-	272,335	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	851,466	1,243,750	4,350	(78,753)	1,745,945
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	(1,597,173)
Total other financing sources (uses)	-	-	-	-	(1,597,173)
NET CHANGES IN FUND BALANCES	851,466	1,243,750	4,350	(78,753)	148,772
FUND BALANCES (DEFICIT):					
Beginning of year, as restated (See Note X)	2,946,510	3,042,960	167,576	155,939	-
End of year	<u>\$ 3,797,976</u>	<u>\$ 4,286,710</u>	<u>\$ 171,926</u>	<u>\$ 77,186</u>	<u>\$ 148,772</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, 2021

	Special Revenue Funds				
	TDA Article Grant	Used Oil Grant	LEAP Grant	SB2 Housing Grant	Total
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 3,007,687
Licenses and permits	-	-	-	-	4,350
Investment income, rents and concession	-	-	-	-	233,752
Intergovernmental revenues	45,343	3,169	-	-	8,122,087
Other	-	-	-	-	35,690
Total revenues	45,343	3,169	-	-	11,403,566
EXPENDITURES:					
Current:					
General government	-	-	-	-	96,955
Public safety	-	-	-	-	289,218
Transportation	-	-	-	-	2,915,924
Community development	-	-	90,546	6,918	304,450
Health and sanitation	-	3,169	-	-	13,881
Culture and leisure	-	-	-	-	208,780
Capital outlay:					
General government	-	-	-	-	139,745
Transportation	45,343	-	-	-	133,297
Community development	-	-	-	4,538	4,538
Total expenditures	45,343	3,169	90,546	11,456	4,106,788
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	(90,546)	(11,456)	7,296,778
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	792
Transfers out	-	-	-	-	(1,597,173)
Total other financing sources (uses)	-	-	-	-	(1,596,381)
NET CHANGES IN FUND BALANCES	-	-	(90,546)	(11,456)	5,700,397
FUND BALANCES (DEFICIT):					
Beginning of year, as restated (See Note X)	-	25,805	-	-	13,873,377
End of year	\$ -	\$ 25,805	\$ (90,546)	\$ (11,456)	\$ 19,573,774

(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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment income	\$ 5,000	\$ 5,000	\$ 5,009	\$ 9
Intergovernmental revenues	100,000	101,000	104,357	3,357
Total revenues	<u>105,000</u>	<u>106,000</u>	<u>109,366</u>	<u>3,366</u>
EXPENDITURES:				
Current:				
Transportation	10,000	10,000	10,000	-
Capital outlay:				
General government	120,000	139,745	139,745	-
Total expenditures	<u>130,000</u>	<u>149,745</u>	<u>149,745</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(25,000)</u>	<u>(43,745)</u>	<u>(40,379)</u>	<u>3,366</u>
OTHER FINANCING SOURCES:				
Transfers in	-	-	792	792
Total other financing sources	<u>-</u>	<u>-</u>	<u>792</u>	<u>792</u>
NET CHANGES IN FUND BALANCE	<u>\$ (25,000)</u>	<u>\$ (43,745)</u>	<u>(39,587)</u>	<u>\$ 4,158</u>
FUND BALANCE:				
Beginning of year			490,042	
End of year			<u>\$ 450,455</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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment income	\$ 3,000	\$ 3,000	\$ 1,960	\$ (1,040)
Intergovernmental revenues	17,041	17,041	19,891	2,850
Total revenues	<u>20,041</u>	<u>20,041</u>	<u>21,851</u>	<u>1,810</u>
EXPENDITURES:				
Current:				
Health and sanitation	18,341	20,341	10,712	9,629
Total expenditures	<u>18,341</u>	<u>20,341</u>	<u>10,712</u>	<u>9,629</u>
NET CHANGES IN FUND BALANCE	<u>\$ 1,700</u>	<u>\$ (300)</u>	11,139	<u>\$ 11,439</u>
FUND BALANCE:				
Beginning of year			<u>155,563</u>	
End of year			<u>\$ 166,702</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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment income	\$ 5,000	\$ 5,000	\$ 20,768	\$ 15,768
Intergovernmental revenues	492,866	631,603	499,456	(132,147)
Total revenues	<u>497,866</u>	<u>636,603</u>	<u>520,224</u>	<u>(116,379)</u>
EXPENDITURES:				
Current:				
General government	102,110	77,100	68,178	8,922
Community development	213,320	214,374	200,972	13,402
Culture and leisure	155,581	175,581	158,249	17,332
Total expenditures	<u>471,011</u>	<u>467,055</u>	<u>427,399</u>	<u>39,656</u>
NET CHANGES IN FUND BALANCE	<u>\$ 26,855</u>	<u>\$ 169,548</u>	92,825	<u>\$ (76,723)</u>
FUND BALANCE (DEFICIT):				
Beginning of year			(158,806)	
End of year			<u>\$ (65,981)</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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental revenues	\$ 536	\$ 17,941	\$ 16,883	\$ (1,058)
Total revenues	<u>536</u>	<u>17,941</u>	<u>16,883</u>	<u>(1,058)</u>
EXPENDITURES:				
Current:				
Public safety	-	16,833	16,883	(50)
Total expenditures	<u>-</u>	<u>16,833</u>	<u>16,883</u>	<u>(50)</u>
NET CHANGES IN FUND BALANCE	<u>\$ 536</u>	<u>\$ 1,108</u>	-	<u>\$ (1,108)</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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment income	\$ 30,000	\$ 30,000	\$ 41,889	\$ 11,889
Intergovernmental revenues	925,000	925,000	1,155,323	230,323
Total revenues	<u>955,000</u>	<u>955,000</u>	<u>1,197,212</u>	<u>242,212</u>
EXPENDITURES:				
Current:				
Transportation	200,000	200,000	200,000	-
Total expenditures	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
NET CHANGES IN FUND BALANCE	<u>\$ 755,000</u>	<u>\$ 755,000</u>	997,212	<u>\$ 242,212</u>
FUND BALANCE:				
Beginning of year			<u>2,817,235</u>	
End of year			<u>\$ 3,814,447</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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment income	\$ 60,000	\$ 60,000	\$ 43,948	\$ (16,052)
Intergovernmental revenues	900,000	900,000	1,019,668	119,668
Total revenues	<u>960,000</u>	<u>960,000</u>	<u>1,063,616</u>	<u>103,616</u>
EXPENDITURES:				
Current:				
Transportation	339,584	349,926	252,356	97,570
Capital outlay:				
Transportation	-	1,263,720	37,954	1,225,766
Total expenditures	<u>339,584</u>	<u>1,613,646</u>	<u>290,310</u>	<u>1,323,336</u>
NET CHANGES IN FUND BALANCES	<u>\$ 620,416</u>	<u>\$ (653,646)</u>	773,306	<u>\$ 1,426,952</u>
FUND BALANCE:				
Beginning of year			<u>3,189,554</u>	
End of year			<u>\$ 3,962,860</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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment income	\$ -	\$ -	\$ 3,378	\$ 3,378
Intergovernmental revenues	800,000	1,091,873	1,818,098	726,225
Total revenues	<u>800,000</u>	<u>1,091,873</u>	<u>1,821,476</u>	<u>729,603</u>
EXPENDITURES:				
Current:				
Transportation	-	-	527,985	(527,985)
Culture and leisure	-	-	19,743	(19,743)
Total expenditures	<u>-</u>	<u>-</u>	<u>547,728</u>	<u>(547,728)</u>
NET CHANGES IN FUND BALANCES	<u>\$ 800,000</u>	<u>\$ 1,091,873</u>	1,273,748	<u>\$ 181,875</u>
FUND BALANCE:				
Beginning of year			<u>(219,300)</u>	
End of year			<u>\$ 1,054,448</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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes	\$ 6,500	\$ 11,200	\$ 13,200	\$ 2,000
Total revenues	<u>6,500</u>	<u>11,200</u>	<u>13,200</u>	<u>2,000</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ 6,500</u></u>	<u><u>\$ 11,200</u></u>	13,200	<u><u>\$ 2,000</u></u>
FUND BALANCE:				
Beginning of year			<u>108,691</u>	
End of year			<u><u>\$ 121,891</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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental revenues	\$ 29,200	\$ 29,955	\$ 29,955	\$ -
Total revenues	<u>29,200</u>	<u>29,955</u>	<u>29,955</u>	<u>-</u>
EXPENDITURES:				
Current:				
Culture and leisure	33,539	33,539	30,788	2,751
Total expenditures	<u>33,539</u>	<u>33,539</u>	<u>30,788</u>	<u>2,751</u>
NET CHANGES IN FUND BALANCE	<u>\$ (4,339)</u>	<u>\$ (3,584)</u>	(833)	<u>\$ 2,751</u>
FUND BALANCE:				
Beginning of year			<u>(29,145)</u>	
End of year			<u>\$ (29,978)</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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes	\$ 1,350,000	\$ 1,350,000	\$ 1,636,811	\$ 286,811
Investment income	20,000	20,000	22,343	2,343
Other	-	35,690	35,690	-
Total revenues	<u>1,370,000</u>	<u>1,405,690</u>	<u>1,694,844</u>	<u>289,154</u>
EXPENDITURES:				
Current:				
General government	28,213	28,213	28,777	(564)
Transportation	1,277,001	1,174,204	1,148,249	25,955
Community development	20,688	10,463	6,014	4,449
Total expenditures	<u>1,325,902</u>	<u>1,212,880</u>	<u>1,183,040</u>	<u>29,840</u>
NET CHANGES IN FUND BALANCE	<u>\$ 44,098</u>	<u>\$ 192,810</u>	511,804	<u>\$ 318,994</u>
FUND BALANCE:				
Beginning of year			<u>1,180,753</u>	
End of year			<u>\$ 1,692,557</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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes	\$ 1,200,000	\$ 1,200,000	\$ 1,357,676	\$ 157,676
Investment income	45,000	45,000	41,124	(3,876)
Total revenues	<u>1,245,000</u>	<u>1,245,000</u>	<u>1,398,800</u>	<u>153,800</u>
EXPENDITURES:				
Current:				
Transportation	<u>773,010</u>	<u>657,744</u>	<u>547,334</u>	<u>110,410</u>
Total expenditures	<u>773,010</u>	<u>657,744</u>	<u>547,334</u>	<u>110,410</u>
NET CHANGES IN FUND BALANCE	<u>\$ 471,990</u>	<u>\$ 587,256</u>	851,466	<u>\$ 264,210</u>
FUND BALANCE:				
Beginning of year			<u>2,946,510</u>	
End of year			<u>\$ 3,797,976</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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment income	\$ 30,000	\$ 30,000	\$ 39,777	\$ 9,777
Intergovernmental revenues	1,295,000	1,372,111	1,483,973	111,862
Total revenues	<u>1,325,000</u>	<u>1,402,111</u>	<u>1,523,750</u>	<u>121,639</u>
EXPENDITURES:				
Current:				
Transportation	230,000	230,000	230,000	-
Capital outlay:				
Transportation	-	798,700	50,000	748,700
Total expenditures	<u>230,000</u>	<u>1,028,700</u>	<u>280,000</u>	<u>748,700</u>
NET CHANGES IN FUND BALANCES	<u>\$ 1,095,000</u>	<u>\$ 373,411</u>	1,243,750	<u>\$ 870,339</u>
FUND BALANCE:				
Beginning of year			<u>3,042,960</u>	
End of year			<u>\$ 4,286,710</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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
License and permits	\$ 3,000	\$ 4,350	\$ 4,350	\$ -
Total revenues	<u>3,000</u>	<u>4,350</u>	<u>4,350</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	<u>\$ 3,000</u>	<u>\$ 4,350</u>	4,350	<u>\$ -</u>
FUND BALANCE:				
Beginning of year			<u>167,576</u>	
End of year			<u>\$ 171,926</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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment income	\$ 4,500	\$ 4,500	\$ 2,240	\$ (2,260)
Intergovernmental revenues	175,000	180,585	191,342	10,757
Total revenues	<u>179,500</u>	<u>185,085</u>	<u>193,582</u>	<u>8,497</u>
EXPENDITURES:				
Current:				
Public safety	362,918	256,126	272,335	(16,209)
Total expenditures	<u>362,918</u>	<u>256,126</u>	<u>272,335</u>	<u>(16,209)</u>
NET CHANGES IN FUND BALANCE	<u>\$ (183,418)</u>	<u>\$ (71,041)</u>	(78,753)	<u>\$ (7,712)</u>
FUND BALANCE:				
Beginning of year			155,939	
End of year			<u>\$ 77,186</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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment income	\$ 12,000	\$ 12,000	\$ 11,316	\$ (684)
Intergovernmental revenues	1,685,300	1,705,263	1,734,629	29,366
Total revenues	<u>1,697,300</u>	<u>1,717,263</u>	<u>1,745,945</u>	<u>28,682</u>
OTHER FINANCING USES:				
Transfers out	(1,697,300)	(1,697,300)	(1,597,173)	100,127
Total other financing uses	<u>(1,697,300)</u>	<u>(1,697,300)</u>	<u>(1,597,173)</u>	<u>100,127</u>
NET CHANGES IN FUND BALANCE	<u>\$ -</u>	<u>\$ 19,963</u>	148,772	<u>\$ 128,809</u>
FUND BALANCE:				
Beginning of year			-	
End of year			<u>\$ 148,772</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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental revenues	\$ 61,711	\$ 61,711	\$ 45,343	\$ (16,368)
Total revenues	<u>61,711</u>	<u>61,711</u>	<u>45,343</u>	<u>(16,368)</u>
EXPENDITURES:				
Capital outlay:				
Transportation	61,711	61,711	45,343	16,368
Total expenditures	<u>61,711</u>	<u>61,711</u>	<u>45,343</u>	<u>16,368</u>
NET CHANGES IN FUND BALANCE	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u>-</u>	<u><u>\$ -</u></u>
FUND BALANCE:				
Beginning of year			<u>-</u>	
End of year			<u><u>\$ -</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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental revenues	\$ 21,923	\$ 21,923	\$ 3,169	\$ (18,754)
Total revenues	<u>21,923</u>	<u>21,923</u>	<u>3,169</u>	<u>(18,754)</u>
EXPENDITURES:				
Current:				
Health and sanitation	2,000	2,000	3,169	(1,169)
Total expenditures	<u>2,000</u>	<u>2,000</u>	<u>3,169</u>	<u>(1,169)</u>
NET CHANGES IN FUND BALANCE	<u>\$ 19,923</u>	<u>\$ 19,923</u>	-	<u>\$ (19,923)</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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
EXPENDITURES:				
Current:				
Community development	\$ 300,000	\$ 50,000	\$ 90,546	\$ (40,546)
Total expenditures	<u>300,000</u>	<u>50,000</u>	<u>90,546</u>	<u>(40,546)</u>
NET CHANGES IN FUND BALANCE	<u><u>\$ (300,000)</u></u>	<u><u>\$ (50,000)</u></u>	(90,546)	<u><u>\$ (40,546)</u></u>
FUND BALANCE:				
Beginning of year			-	
End of year			<u><u>\$ (90,546)</u></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, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
EXPENDITURES:				
Current:				
Community development	\$ 310,000	\$ 6,918	\$ 6,918	\$ -
Capital outlay:				
Community development	-	299,982	4,538	295,444
Total expenditures	<u>310,000</u>	<u>306,900</u>	<u>11,456</u>	<u>295,444</u>
NET CHANGES IN FUND BALANCE	<u><u>\$ (310,000)</u></u>	<u><u>\$ (306,900)</u></u>	(11,456)	<u><u>\$ 295,444</u></u>
FUND BALANCE:				
Beginning of year			<u>-</u>	
End of year			<u><u>\$ (11,456)</u></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, 2021

	Central Garage	Print Shop	Total
ASSETS			
Current Assets:			
Cash and investments	\$ -	\$ 11,929	\$ 11,929
Inventories	73,386	1,008	74,394
Total current assets	<u>73,386</u>	<u>12,937</u>	<u>86,323</u>
Noncurrent assets:			
Capital assets:			
Capital assets, being depreciated:			
Equipment	1,306,136	-	1,306,136
Less: accumulated depreciation	(1,239,361)	-	(1,239,361)
Total capital assets, net	<u>66,775</u>	<u>-</u>	<u>66,775</u>
Total noncurrent assets	<u>66,775</u>	<u>-</u>	<u>66,775</u>
Total assets	<u>140,161</u>	<u>12,937</u>	<u>153,098</u>
LIABILITIES			
Current liabilities:			
Accounts payable	37,430	6,637	44,067
Accrued liabilities	26,223	13,498	39,721
Total current liabilities	<u>63,653</u>	<u>20,135</u>	<u>83,788</u>
Total liabilities	<u>63,653</u>	<u>20,135</u>	<u>83,788</u>
NET POSITION			
Investment in capital assets	66,775	-	66,775
Unrestricted	9,733	(7,198)	2,535
Total net position	<u>\$ 76,508</u>	<u>\$ (7,198)</u>	<u>\$ 69,310</u>

City of Lakewood
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2021

	Central Garage	Print Shop	Total
OPERATING REVENUES:			
Billing to departments	\$ 960,438	\$ 318,117	\$ 1,278,555
Total operating revenues	<u>960,438</u>	<u>318,117</u>	<u>1,278,555</u>
OPERATING EXPENSES:			
Operating expenses	936,900	307,817	1,244,717
Depreciation	<u>25,605</u>	<u>-</u>	<u>25,605</u>
Total operating expenses	<u>962,505</u>	<u>307,817</u>	<u>1,270,322</u>
OPERATING INCOME (LOSS)	<u>(2,067)</u>	<u>10,300</u>	<u>8,233</u>
CHANGE IN NET POSITION	(2,067)	10,300	8,233
NET POSITION:			
Beginning of the year	<u>78,575</u>	<u>(17,498)</u>	<u>61,077</u>
End of the year	<u><u>\$ 76,508</u></u>	<u><u>\$ (7,198)</u></u>	<u><u>\$ 69,310</u></u>

City of Lakewood
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2021

	Central Garage	Print Shop	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from interfund services provided	\$ 960,438	\$ 318,117	\$ 1,278,555
Payments to suppliers for goods and services	(930,259)	(306,188)	(1,236,447)
Net cash provided by operating activities	<u>30,179</u>	<u>11,929</u>	<u>42,108</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of capital assets	(30,179)	-	(30,179)
Net cash (used in) capital and related financing activities	<u>(30,179)</u>	<u>-</u>	<u>(30,179)</u>
Changes in cash and cash equivalents	-	11,929	11,929
CASH AND CASH EQUIVALENTS:			
Beginning of year	-	-	-
End of year	<u>\$ -</u>	<u>\$ 11,929</u>	<u>\$ 11,929</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:			
Operating income (loss)	\$ (2,067)	\$ 10,300	\$ 8,233
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	25,605	-	25,605
Change in assets and liabilities:			
(Increase) decrease in inventories	(15,935)	504	(15,431)
Increase (decrease) in accounts payable	14,568	(3,017)	11,551
Increase (decrease) in accrued liabilities	8,008	4,142	12,150
Total adjustment	<u>32,246</u>	<u>1,629</u>	<u>33,875</u>
Net cash provided by operating activities	<u>\$ 30,179</u>	<u>\$ 11,929</u>	<u>\$ 42,108</u>



STATISTICAL SECTION



City of Lakewood
Description of Statistical Section Contents
June 30, 2021

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

Contents:	Pages
Financial Trends - These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	150 - 159
Revenue Capacity - These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	160 - 169
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.	170 - 176
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.	177 - 179
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.	180 - 183

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

	Fiscal Year				
	2012	2013	2014*	2015	2016
Government activities:					
Net investment in capital assets	\$ 89,515,476	\$ 90,407,845	\$ 89,075,037	\$ 88,511,175	\$ 90,100,125
Restricted	18,104,141	12,213,220	3,994,605	15,464,118	10,805,986
Unrestricted	77,688,090	52,582,291	39,712,067	26,918,679	31,932,235
Total governmental activities net position	<u>\$ 185,307,707</u>	<u>\$ 155,203,356</u>	<u>\$ 132,781,709</u>	<u>\$ 130,893,972</u>	<u>\$ 132,838,346</u>
Business-type activities:					
Net investment in capital assets	\$ 24,189,811	\$ 24,816,486	\$ 24,587,382	\$ 27,408,545	\$ 28,527,530
Restricted	-	-	-	-	-
Unrestricted	8,063,991	8,568,199	7,988,528	6,004,051	6,287,737
Total business-type activities net position	<u>\$ 32,253,802</u>	<u>\$ 33,384,685</u>	<u>\$ 32,575,910</u>	<u>\$ 33,412,596</u>	<u>\$ 34,815,267</u>
Primary government:					
Net investment in capital assets	\$ 113,705,287	\$ 115,224,331	\$ 113,662,419	\$ 115,919,720	\$ 118,627,655
Restricted	18,104,141	12,213,220	3,994,605	15,464,118	10,805,986
Unrestricted	85,752,081	61,150,490	47,700,595	32,922,730	38,219,972
Total primary government net position	<u>\$ 217,561,509</u>	<u>\$ 188,588,041</u>	<u>\$ 165,357,619</u>	<u>\$ 164,306,568</u>	<u>\$ 167,653,613</u>

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

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

	Fiscal Year				
	2017**	2018	2019	2020	2021
Government activities:					
Net investment in capital assets	\$ 94,918,550	\$ 100,416,548	\$ 108,108,047	\$ 111,479,193	\$ 115,207,736
Restricted	15,160,381	21,751,112	24,069,839	27,088,588	36,051,636
Unrestricted	25,186,231	17,346,009	16,446,872	13,077,407	21,717,181
Total governmental activities net position	<u>\$ 135,265,162</u>	<u>\$ 139,513,669</u>	<u>\$ 148,624,758</u>	<u>\$ 151,645,188</u>	<u>\$ 172,976,553</u>
Business-type activities:					
Net investment in capital assets	\$ 27,587,388	\$ 26,543,189	\$ 26,327,391	\$ 27,211,808	\$ 27,173,204
Restricted	-	-	-	-	-
Unrestricted	9,848,943	11,954,770	13,057,126	12,982,718	14,792,197
Total business-type activities net position	<u>\$ 37,436,331</u>	<u>\$ 38,497,959</u>	<u>\$ 39,384,517</u>	<u>\$ 40,194,526</u>	<u>\$ 41,965,401</u>
Primary government:					
Net investment in capital assets	\$ 122,505,938	\$ 126,959,737	\$ 134,435,438	\$ 138,691,001	\$ 142,380,940
Restricted	15,160,381	21,751,112	24,069,839	27,088,588	36,051,636
Unrestricted	35,035,174	29,300,779	29,503,998	26,060,125	36,509,378
Total primary government net position	<u>\$ 172,701,493</u>	<u>\$ 178,011,628</u>	<u>\$ 188,009,275</u>	<u>\$ 191,839,714</u>	<u>\$ 214,941,954</u>

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

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

	Fiscal Year				
	2012	2013	2014	2015	2016
Expenses:					
Governmental Activities:					
General government	\$ 7,333,030	\$ 7,527,025	\$ 7,412,703	\$ 10,354,630	\$ 7,187,053
Public Safety	12,277,420	12,450,911	12,983,054	13,525,219	14,271,008
Transportation	6,068,549	6,137,250	4,587,061	4,772,202	4,740,336
Community development	6,973,684	4,548,531	4,967,510	4,622,036	4,759,414
Health and sanitation	4,612,935	4,692,717	4,925,697	4,888,091	4,901,125
Culture and leisure	9,548,824	10,205,926	11,386,411	12,090,213	11,770,595
Unallocated infrastructure depreciation	2,492,155	2,606,851	2,676,442	2,695,986	2,721,461
Interest on long-term debt	650,838	-	-	-	15,143
Total governmental activities expenses	49,957,435	48,169,211	48,938,878	52,948,377	50,366,135
Business-type activities:					
Water	8,703,206	9,358,616	9,990,086	9,554,985	9,628,369
Total primary government expenses	58,660,641	57,527,827	58,928,964	62,503,362	59,994,504
Program revenues:					
Governmental activities:					
Charges for services:					
General government	1,177,789	1,500,664	1,753,540	1,679,199	1,790,751
Public safety	904,654	827,333	863,286	866,028	912,841
Community development	787,552	887,126	1,199,667	1,647,432	1,754,359
Health and sanitation	4,838,762	4,965,890	5,111,702	5,242,204	5,309,601
Culture and leisure	1,512,728	1,522,022	1,562,310	1,577,319	1,543,688
Operating grants and contributions	3,238,589	3,553,814	4,810,026	4,176,696	3,585,692
Capital grants and contributions	3,077,293	1,538,183	866,959	1,726,390	3,365,208
Total governmental activities program revenues	15,537,367	14,795,032	16,167,490	16,915,268	18,262,140
Business-type activities:					
Charges for services:					
Water	9,096,414	10,573,733	11,711,839	10,311,109	10,930,852
Total primary government program revenues	24,633,781	25,368,765	27,879,329	27,226,377	29,192,992
Net revenues (expenses):					
Governmental activities	(34,420,068)	(33,374,179)	(32,771,388)	(36,033,109)	(32,103,995)
Business-type activities	393,208	1,215,117	1,721,753	756,124	1,302,483
Total net revenues (expenses)	\$ (34,026,860)	\$ (32,159,062)	\$ (31,049,635)	\$ (35,276,985)	\$ (30,801,512)

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

	Fiscal Year				
	2017	2018	2019	2020	2021
Expenses:					
Governmental Activities:					
General government	\$ 7,618,899	\$ 8,414,207	\$ 8,623,397	\$ 9,633,988	\$ 11,542,122
Public Safety	14,266,703	14,934,025	15,587,612	15,847,990	16,955,188
Transportation	4,915,779	5,319,350	5,618,743	6,191,543	6,520,916
Community development	5,216,400	5,602,768	5,755,708	5,965,959	6,018,023
Health and sanitation	5,066,047	5,173,751	5,440,069	5,488,139	5,705,507
Culture and leisure	12,757,229	13,919,102	14,023,325	14,317,749	14,479,564
Unallocated infrastructure depreciation	2,732,259	2,680,800	2,610,286	2,472,242	2,772,636
Interest on long-term debt	14,308	12,246	10,065	24,865	25,131
Total governmental activities expenses	52,587,624	56,056,249	57,669,205	59,942,475	64,019,087
Business-type activities:					
Water	9,316,642	12,124,940	12,722,577	12,340,848	10,534,148
Total primary government expenses	61,904,266	68,181,189	70,391,782	72,283,323	74,553,235
Program revenues:					
Governmental activities:					
Charges for services:					
General government	1,961,794	1,701,064	1,842,865	1,723,330	1,713,914
Public safety	828,408	799,898	824,844	739,734	721,881
Community development	1,687,297	1,644,380	1,831,695	1,647,529	1,890,846
Health and sanitation	5,430,005	5,493,200	5,736,770	6,017,870	6,332,537
Culture and leisure	1,591,984	1,505,685	1,627,965	1,050,990	578,668
Operating grants and contributions	6,100,046	8,633,736	9,751,629	8,862,665	13,234,375
Capital grants and contributions	8,542,663	6,315,712	8,315,163	6,378,745	10,424,134
Total governmental activities program revenues	26,142,197	26,093,675	29,930,931	26,420,863	34,896,355
Business-type activities:					
Charges for services:					
Water	10,873,311	13,003,840	13,354,770	12,869,000	13,965,629
Total primary government program revenues	37,015,508	39,097,515	43,285,701	39,289,863	48,861,984
Net revenues (expenses):					
Governmental activities	(26,445,427)	(29,962,574)	(27,738,274)	(33,521,612)	(29,122,732)
Business-type activities	1,556,669	878,900	632,193	528,152	3,431,481
Total net revenues (expenses)	\$ (24,888,758)	\$ (29,083,674)	\$ (27,106,081)	\$ (32,993,460)	\$ (25,691,251)

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

	Fiscal Year				
	2012	2013	2014	2015	2016
General revenues and other changes in net position:					
Governmental activities:					
Taxes:					
Sales taxes	\$ 14,217,422	\$ 15,461,092	\$ 15,792,115	\$ 15,890,678	\$ 15,961,352
Property taxes	14,444,518	12,030,119	11,310,210	11,831,561	12,747,876
Franchise taxes	1,538,068	1,607,535	1,697,405	1,757,264	1,699,343
Business operation taxes	546,279	508,100	542,110	565,441	1,016,140
Utility user taxes	3,360,149	3,626,639	3,520,414	3,464,047	3,398,962
Other taxes	260,456	308,522	322,834	372,276	378,213
Unrestricted, motor vehicle in lieu	41,395	42,894	35,499	-	-
Grants and contributions not restricted to specific programs	1,026,041	893,110	-	-	-
Gain on sale of property	-	108,469	-	-	-
Transfers in					
Investment income	699,751	137,346	377,099	264,105	482,676
Total governmental activities	36,134,079	34,723,826	33,597,686	34,145,372	35,684,562
Business-type activities:					
Gain on sale of capital assets	-	-	-	-	-
Transfers out	-	-	-	-	-
Investment income	85,797	59,279	60,664	80,562	100,188
Total business-type activities	85,797	59,279	60,664	80,562	100,188
Total primary government	36,219,876	34,783,105	33,658,350	34,225,934	35,784,750
Changes in net position, before special and extraordinary item					
Governmental activities	1,714,011	1,349,647	808,298	(1,887,737)	3,580,567
Business-type activities	479,005	1,274,396	1,782,417	836,686	1,402,671
Special item	-	-	-	-	(1,636,193)
Extraordinary item	40,679,641	(31,453,996)	-	-	-
Changes in net position					
Governmental activities	\$ 42,393,652	\$ (30,104,349)	\$ 808,298	\$ (1,887,737)	\$ 1,944,374
Business-type activities	479,005	1,274,396	1,782,417	836,686	1,402,671
Total primary government	\$ 42,872,657	\$ (28,829,953)	\$ 2,590,715	\$ (1,051,051)	\$ 3,347,045

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

	Fiscal Year				
	2017	2018	2019	2020	2021
General revenues and other changes in net position:					
Governmental activities:					
Taxes:					
Sales taxes	\$ 14,133,828	\$ 14,303,519	\$ 14,635,987	\$ 13,555,147	\$ 26,182,543
Property taxes	13,039,739	13,795,722	14,637,510	15,657,307	15,783,601
Franchise taxes	1,430,601	1,598,487	1,543,020	1,519,485	1,535,167
Business operation taxes	674,880	650,728	651,364	462,677	1,213,169
Utility user taxes	3,314,095	3,163,738	3,061,021	2,650,026	3,034,416
Other taxes	442,393	424,144	409,432	469,328	541,524
Unrestricted, motor vehicle in lieu	-	-	-	-	-
Grants and contributions not restricted to specific programs	-	-	-	-	-
Gain on sale of property	114,000	-	77,715	-	-
Transfers in					1,795,700
Investment income	459,477	274,743	1,833,314	2,228,072	182,662
Total governmental activities	33,609,013	34,211,081	36,849,363	36,542,042	50,268,782
Business-type activities:					
Gain on sale of capital assets	1,035,021	-	-	-	-
Transfers out	-	-	-	-	(1,795,700)
Investment income	131,040	182,728	254,365	281,857	135,094
Total business-type activities	1,166,061	182,728	254,365	281,857	(1,660,606)
Total primary government	34,775,074	34,393,809	37,103,728	36,823,899	48,608,176
Changes in net position, before special and extraordinary item					
Governmental activities	7,163,586	4,248,507	9,111,089	3,020,430	21,146,050
Business-type activities	2,722,730	1,061,628	886,558	810,009	1,770,875
Special item	-	-	-	-	-
Extraordinary item	-	-	-	-	-
Changes in net position					
Governmental activities	\$ 7,163,586	\$ 4,248,507	\$ 9,111,089	\$ 3,020,430	\$ 21,146,050
Business-type activities	2,722,730	1,061,628	886,558	810,009	1,770,875
Total primary government	\$ 9,886,316	\$ 5,310,135	\$ 9,997,647	\$ 3,830,439	\$ 22,916,925

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

	Fiscal Year				
	2012	2013	2014	2015	2016
General Fund:					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-
Total general fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
All other governmental funds:					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:					
Special revenue fund	-	-	-	-	-
Debt service fund	-	-	-	-	-
Capital project fund	-	-	-	-	-
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
General fund:					
Nonspendable	\$ 17,874,837	\$ 4,173,679	\$ 2,670,747	\$ 3,334,102	\$ 9,007,179
Restricted	-	-	-	-	-
Committed	30,036,038	29,066,342	32,456,408	28,993,127	22,470,125
Assigned	8,349,193	8,589,044	8,738,457	8,784,875	9,060,489
Unassigned	<u>2,564,755</u>	<u>3,796,234</u>	<u>3,640,285</u>	<u>4,737,497</u>	<u>2,545,033</u>
Total general fund	<u>\$ 58,824,823</u>	<u>\$ 45,625,299</u>	<u>\$ 47,505,897</u>	<u>\$ 45,849,601</u>	<u>\$ 43,082,826</u>
All other governmental funds:					
Nonspendable	\$ 8,014,163	\$ 8,536,583	\$ 8,537,919	\$ 10,614,864	\$ 7,216,652
Restricted	6,955,242	3,679,754	4,256,020	4,807,418	10,304,699
Unassigned	<u>(98,847)</u>	<u>(626,208)</u>	<u>(1,408,079)</u>	<u>(834,768)</u>	<u>(657,720)</u>
Total all other governmental funds	<u>\$ 14,870,558</u>	<u>\$ 11,590,129</u>	<u>\$ 11,385,860</u>	<u>\$ 14,587,514</u>	<u>\$ 16,863,631</u>

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

	Fiscal Year				
	2017	2018	2019	2020	2021
General Fund:					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-
Total general fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
All other governmental funds:					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:					
Special revenue fund	-	-	-	-	-
Debt service fund	-	-	-	-	-
Capital project fund	-	-	-	-	-
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
General fund:					
Nonspendable	\$ 9,242,133	\$ 9,614,693	\$ 9,887,493	\$ 10,088,435	\$ 10,333,944
Restricted	-	-	617,122	62,478	-
Committed	24,641,778	25,016,682	24,952,465	26,389,437	29,066,891
Assigned	7,941,985	4,573,815	4,941,360	4,905,102	11,566,628
Unassigned	1,388,222	1,721,244	2,182,964	1,306,735	1,895,845
Total general fund	<u>\$ 43,214,118</u>	<u>\$ 40,926,434</u>	<u>\$ 42,581,404</u>	<u>\$ 42,752,187</u>	<u>\$ 52,863,308</u>
All other governmental funds:					
Nonspendable	\$ 7,293,057	\$ -	\$ -	\$ -	\$ -
Restricted	11,811,420	21,385,895	23,637,463	27,025,084	32,367,386
Unassigned	(3,223,534)	(2,000,042)	(2,813,850)	(2,942,067)	2,228,398
Total all other governmental funds	<u>\$ 15,880,943</u>	<u>\$ 19,385,853</u>	<u>\$ 20,823,613</u>	<u>\$ 24,083,017</u>	<u>\$ 34,595,784</u>

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

	Fiscal Year				
	2012	2013	2014	2015	2016
Revenues:					
Taxes	\$ 27,467,122	\$ 26,411,985	\$ 26,076,260	\$ 26,285,474	\$ 28,512,153
Licenses and permits	635,098	882,983	860,267	1,236,029	1,305,394
Fines and forfeitures	817,092	782,011	794,905	800,988	792,042
Investment income, rents and concessions	3,635,549	1,015,685	1,229,344	1,348,984	1,579,999
From other agencies	13,998,687	11,734,813	11,732,076	12,262,584	13,040,289
Current service charges	8,015,864	8,416,888	7,354,833	7,603,770	7,820,247
Other	138,664	250,038	1,209,438	3,883,093	1,319,267
Total revenues	54,708,076	49,494,403	49,257,123	53,420,922	54,369,391
Expenditures:					
Current:					
General government	6,975,939	7,080,629	7,198,445	10,121,711	7,469,038
Public safety	12,217,707	12,374,488	12,622,353	13,279,510	14,035,382
Transportation	6,018,040	6,108,720	4,454,458	4,529,295	4,848,633
Community Development	5,873,608	4,358,375	4,822,302	4,550,855	4,877,917
Health and sanitation	4,612,804	4,690,837	4,789,347	4,884,931	4,908,103
Culture and leisure	8,813,262	9,440,235	11,057,389	11,029,303	11,356,886
Capital outlay:					
General government	33,803	4,054	-	43,032	60,392
Public safety	41,530	543,434	-	-	894,527
Transportation	3,909,593	3,061,913	1,412,843	605,487	2,474,885
Community Development	-	-	-	55,238	85,996
Culture and leisure	933,986	1,653,418	1,194,657	2,776,202	2,443,762
Debt service:					
Owner participation agreement payments	-	-	-	-	-
Principal retirement	1,040,000	-	-	-	31,313
Interest and fiscal charges	3,876,203	-	-	-	15,143
Total expenditures	54,346,475	49,316,103	47,551,794	51,875,564	53,501,977
Excess of revenues over (under) expenditures	361,601	178,300	1,705,329	1,545,358	867,414
Other financing sources (uses):					
Issuance of lease payable	-	-	-	-	278,121
Transfers in	3,309,912	2,457,077	2,597,281	2,107,215	1,771,504
Transfers out	(3,309,912)	(2,457,077)	(2,597,281)	(2,107,215)	(1,771,504)
Sale of capital assets	-	511,875	-	-	-
Total other financing sources (uses)	-	511,875	-	-	278,121
SPECIAL ITEMS:					
Transfer to HACoLA	(926,715)	-	-	-	-
Gain(loss) on interest adjustment on the loans to the Successor Agency	-	-	-	-	(1,636,193)
Net change in fund balances, before extraordinary items	(565,114)	690,175	1,705,329	1,545,358	(490,658)
EXTRAORDINARY ITEM:					
Gain (loss) on dissolution of Redevelopment Agency	33,268,113	(17,199,128)	-	-	-
Net change in fund balances	\$ 32,702,999	\$ (16,508,953)	\$ 1,705,329	\$ 1,545,358	\$ (490,658)
Debt service as a percentage of noncapital expenditures	10.04%	0.00%	0.00%	0.00%	0.10%

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

	Fiscal Year				
	2017	2018	2019	2020	2021
Revenues:					
Taxes	\$ 27,428,381	\$ 27,840,342	\$ 28,653,388	\$ 27,684,978	\$ 41,098,863
Licenses and permits	1,271,711	1,213,898	1,356,208	1,311,229	1,451,338
Fines and forfeitures	726,158	803,671	877,832	734,643	748,656
Investment income, rents and concessions	1,628,636	1,549,043	3,172,061	3,392,410	924,009
From other agencies	16,801,522	21,529,691	22,305,483	21,703,390	31,019,031
Current service charges	7,676,870	7,727,896	8,102,123	7,789,524	8,076,990
Other	1,332,492	1,296,960	1,369,123	1,066,017	1,096,083
Total revenues	56,865,770	61,961,501	65,836,218	63,682,191	84,414,970
Expenditures:					
Current:					
General government	7,598,738	7,775,703	7,928,367	8,241,505	10,841,466
Public safety	13,957,135	14,643,744	15,297,771	15,583,762	16,673,133
Transportation	4,794,659	4,938,424	4,994,979	5,279,004	6,008,396
Community Development	5,266,588	5,448,344	5,576,834	5,544,163	5,772,175
Health and sanitation	5,064,902	5,173,879	5,406,156	5,477,528	5,706,406
Culture and leisure	11,845,756	12,296,334	12,275,314	11,886,225	12,541,994
Capital outlay:					
General government	71,163	125,383	201,076	-	146,425
Public safety	-	-	-	-	103,239
Transportation	7,838,438	6,122,168	9,821,988	7,137,458	6,675,851
Community Development	30,256	7,116	24,532	7,414	22,048
Culture and leisure	1,313,659	4,163,308	1,994,314	881,672	1,067,691
Debt service:					
Owner participation agreement payments	-	-	-	-	-
Principal retirement	35,564	37,626	39,807	185,206	191,498
Interest and fiscal charges	14,308	12,246	10,065	28,067	21,775
Total expenditures	57,831,166	60,744,275	63,571,203	60,252,004	65,772,097
Excess of revenues over (under) expenditures	(965,396)	1,217,226	2,265,015	3,430,187	18,642,873
Other financing sources (uses):					
Issuance of lease payable	-	-	750,000	-	-
Transfers in	1,564,966	1,808,209	1,571,741	2,213,002	3,593,665
Transfers out	(1,564,966)	(1,808,209)	(1,571,741)	(2,213,002)	(1,797,965)
Sale of capital assets	114,000	-	77,715	-	-
Total other financing sources (uses)	114,000	-	827,715	-	1,795,700
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	(851,396)	1,217,226	3,092,730	3,430,187	20,438,573
EXTRAORDINARY ITEM:					
Gain (loss) on dissolution of Redevelopment Agency	-	-	-	-	-
Net change in fund balances	\$ (851,396)	\$ 1,217,226	\$ 3,092,730	\$ 3,430,187	\$ 20,438,573
Debt service as a percentage of noncapital expenditures	0.10%	0.10%	0.10%	0.41%	0.37%

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
2012	\$ 14,217,422	\$ 14,444,518	\$ 1,538,068	\$ 546,279	\$ 3,360,149	\$ 260,456	\$ 34,366,892
2013	15,461,092	12,030,119	1,607,535	508,100	3,626,639	308,522	33,542,007
2014	15,792,115	11,310,210	1,697,405	542,110	3,520,414	322,834	33,185,088
2015	15,890,678	11,831,561	1,757,264	565,441	3,464,047	372,276	33,881,267
2016	15,961,352	12,747,876	1,699,343	1,016,140	3,398,962	378,213	35,201,886
2017	14,133,828	13,039,739	1,430,601	674,880	3,314,095	442,393	33,035,536
2018	14,303,519	13,795,722	1,598,487	650,728	3,163,738	424,144	33,936,338
2019	14,635,987	14,637,510	1,543,020	662,914	3,061,021	409,432	34,949,884
2020	13,555,147	15,657,307	1,519,485	462,677	2,650,026	469,328	34,313,970
2021	26,182,543	16,600,433	1,535,167	560,252	3,034,416	541,524	48,454,335

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

2021		2012	
Business Name	Business Category	Business Name	Business Category
Best Buy	Electronics/Appliance Stores	Arco AM PM	Service Stations
Burlington	Family Apparel	Arco AM PM	Service Stations
Caruso Ford	New Motor Vehicle Dealers	Best Buy	Electronics/Appliance Stores
Chevron	Service Stations	Caruso Ford	New Motor Vehicle Dealers
Chick Fil A	Quick-Service Restaurants	CostCo	Discount Dept Stores
Costco	Discount Dept Stores	CVS Pharmacy	Drug Stores
CVS Pharmacy	Drug Stores	Del Amo Mobil	Service Stations
Harbor Chevrolet Harbor Hyundai	New Motor Vehicle Dealers	Foot Locker	Shoe Stores
Hobby Lobby	Specialty Stores	Forever 21	Women's Apparel
Home Depot	Building Materials	Harbor Chevrolet Harbor Hyundai	New Motor Vehicle Dealers
Home Goods	Home Furnishings	Harbor Freight Tools	Building Materials
JC Penney	Department Stores	Home Depot	Building Materials
Kohls	Department Stores	JC Penney	Department Stores
Macys	Department Stores	Kohls	Department Stores
Marshalls	Family Apparel	Lakewood Arco	Service Stations
McDonalds	Quick-Service Restaurants	Lakewood Chevron	Service Stations
Raising Cane's	Quick-Service Restaurants	Macys	Department Stores
Ross	Family Apparel	McDonalds	Quick-Service Restaurants
Sigler, Inc.	Contractors	Nordstom Rack	Department Stores
Target	Discount Dept Stores	Rapid Gas	Service Stations
Vons	Grocery Stores	Ross	Family Apparel
Vons Fuel	Service Stations	Target	Discount Dept Stores
Walgreens	Drug Stores	Vons	Grocery Stores
Walmart Supercenter	Discount Dept Stores	Vons Fuel	Service Stations
Winco Foods	Grocery Stores	Walmart Supercenter	Discount Dept Stores

Source: HDL

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

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

	Fiscal Years				
	2011	2012	2013	2014	2015
Apparel Stores	\$ 90,540	\$ 91,821	\$ 94,682	\$ 100,090	\$ 104,262
General Merchandise	306,949	322,971	329,626	339,237	335,292
Food Stores	35,780	41,353	44,442	46,198	47,494
Eating and Drinking Places	147,412	157,219	167,347	176,455	189,057
Building Materials	55,154	58,739	63,714	66,480	67,557
Auto Dealers and Supplies	113,960	114,821	100,940	113,843	133,160
Service Stations	129,070	134,787	128,494	123,183	100,673
Other Retail Stores	163,435	177,164	178,010	185,630	190,440
All Other Outlets	150,988	157,199	174,803	188,879	192,439
	<u>\$ 1,193,288</u>	<u>\$ 1,256,074</u>	<u>\$ 1,282,058</u>	<u>\$ 1,339,995</u>	<u>\$ 1,360,374</u>

Source: HDL

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

	Fiscal Years				
	2016	2017	2018	2019	2020
Apparel Stores	\$ 108,777	\$ 107,971	\$ 111,925	\$ 111,451	\$ 69,217
General Merchandise	326,877	332,043	319,083	324,131	285,728
Food Stores	47,845	46,073	46,429	47,825	54,744
Eating and Drinking Places	197,497	204,971	208,381	215,395	166,013
Building Materials	73,781	78,690	91,179	75,681	79,150
Auto Dealers and Supplies	154,323	161,696	130,424	129,173	128,152
Service Stations	86,673	93,554	107,480	102,185	67,688
Other Retail Stores	191,145	195,787	196,820	194,360	162,233
All Other Outlets	209,133	220,039	221,375	244,317	313,924
	<u>\$ 1,396,051</u>	<u>\$ 1,440,824</u>	<u>\$ 1,433,096</u>	<u>\$ 1,444,518</u>	<u>\$ 1,326,849</u>

Source: HDL

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

	Fiscal Years									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
City Sales Tax Rate	8.750%	9.000%	9.000%	9.000%	9.000%	8.750%	9.500%	9.500%	9.500%	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
2012	\$	7,028,289	\$	258	\$	140,375	\$ 7,168,922	0.181%
2013		7,132,189		258		149,168	7,281,615	0.186%
2014		7,335,693		258		138,341	7,474,292	0.061%
2015		7,750,838		258		148,398	7,899,494	0.061%
2016		8,155,338		258		142,831	8,298,427	0.060%
2017		8,561,782		258		136,052	8,698,092	0.060%
2018		9,028,557		225		136,546	9,165,328	0.060%
2019		9,513,618		225		141,465	9,655,308	0.060%
2020		9,983,645		226		145,044	10,128,915	0.060%
2021		10,474,857		226		143,457	10,618,540	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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
City Direct Rates:										
City basic rate	\$ 0.1811	\$ 0.1855	\$ 0.0607	\$ 0.0606	\$ 0.0604	\$ 0.0603	\$ 0.0602	\$ 0.0602	\$ 0.0601	\$ 0.0600
Overlapping Rates:										
Los Angeles County	-	-	-	-	-	-	-	-	-	-
School Districts	0.2830	0.3200	0.3039	0.3681	0.3066	0.3980	0.5239	0.5198	0.6274	0.5285
Sanitation and Water	-	-	-	-	-	-	-	-	-	-
Water Districts	0.0037	0.0035	0.0035	0.0035	0.0035	0.0035	0.0035	0.0035	0.0035	0.0035
Other	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Total Direct Rate	<u>\$ 1.4679</u>	<u>\$ 1.5090</u>	<u>\$ 1.3681</u>	<u>\$ 1.4322</u>	<u>\$ 1.3705</u>	<u>\$ 1.4618</u>	<u>\$ 1.5876</u>	<u>\$ 1.5835</u>	<u>\$ 1.6910</u>	<u>\$ 1.5920</u>

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

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

	2020		2011	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
<u>Taxpayer</u>				
Macerich Lakewood LLC	\$ 389,979,191	3.67%	\$ 276,860,867	3.86%
Lakewood Manor Apartments LLC	138,025,816	1.30%	N/A	N/A
Lakewood Regional Medical Center	96,979,171	0.91%	82,226,295	1.15%
B9 MF 12350 DEL AMO LLC	61,439,065	0.58%	57,579,294	0.80%
Towne Center Fee Owner LLC	42,129,951	0.40%	35,734,273	0.50%
Lakewood Marketplace LLC	37,043,778	0.35%	36,585,775	0.51%
May Company Department Stores	34,770,716	0.33%	25,300,000	0.35%
Carwood Center LLC	33,466,500	0.32%	N/A	N/A
The 5800 Apartment Homes LLC	33,375,863	0.31%	26,790,827	0.37%
Regency Center LLC	32,865,959	0.31%	28,055,252	0.39%
Total	<u>\$ 900,076,010</u>	<u>8.48%</u>	<u>\$ 569,132,583</u>	<u>7.9%</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
2012	\$	3,811,051	\$ 3,593,697	94.30%	\$ 217,354	\$ 3,811,051	100.00%
2013		4,024,637	3,811,325	94.70%	213,311	4,024,636	100.00%
2014		4,109,676	4,017,643	97.76%	92,033	4,109,676	100.00%
2015		4,251,103	4,158,507	97.82%	92,596	4,251,103	100.00%
2016		4,553,569	4,452,399	97.78%	101,169	4,553,568	100.00%
2017		4,613,693	4,456,610	96.60%	157,083	4,613,693	100.00%
2018		4,960,161	4,808,236	96.94%	151,925	4,960,161	100.00%
2019		5,235,071	5,104,779	97.51%	130,292	5,235,071	100.00%
2020		5,406,685	5,286,360	97.77%	120,325	5,406,685	100.00%
2021		5,716,914	5,557,978	97.22%	158,936	5,716,914	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
2012	\$ -	\$ -	\$ -	\$ -
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

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
\$ 4,537,944	\$ 1,579,841	\$ -	\$ 6,117,785	\$ 6,117,785	0.27%	76
4,038,895	1,382,361	-	5,421,256	5,421,256	0.23%	67
3,385,206	1,184,881	-	4,570,087	4,570,087	0.19%	56
2,456,517	987,401	-	3,443,918	3,443,918	0.15%	42
-	789,921	1,762,532	2,552,453	2,799,261	0.12%	36
-	592,441	10,494,954	11,087,395	11,298,639	0.47%	143
-	394,961	10,139,347	10,534,308	10,707,925	0.43%	132
-	197,480	9,378,045	9,575,525	10,459,336	0.41%	129
-	-	8,594,758	8,594,758	9,293,363	0.34%	116
-	-	7,788,848	7,788,848	8,295,955	0.29%	103

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, 2021

Total Assessed Valuation		\$9,321,482,527	
	Percentage Applicable ¹	Outstanding Debt 06/30/21	Estimated Share of Overlapping Debt
Overlapping Debt:			
Metropolitan Water District	0.667%	\$ 13,101,783	\$ 87,350
Cerritos Community College District 2004 Series 2012D	7.274%	31,855,943	2,317,348
Cerritos Community College District 2012 Series 2014A	7.274%	73,900,000	5,375,827
Cerritos Community College District 2014 Ref Bonds Series A	7.274%	74,670,000	5,431,840
Cerritos Community College District 2014 Ref Bonds Series B	7.274%	7,620,000	554,314
Cerritos Community College District 2012 Series 2018B	7.274%	53,415,000	3,885,653
Cerritos Community College District 2012 Series 2019C	7.274%	99,125,000	7,210,810
Cerritos Community College District 2020 Series REF BDS	7.274%	51,830,000	3,770,353
Compton Community College District 2002 Series 2012C	2.685%	6,702,750	179,987
Compton Community College District 2012 Refunding Bonds	2.685%	6,300,000	169,172
Compton Community College District 2002 Series 2013D	2.685%	207,748	5,579
Compton Community College District 2014 REF	2.685%	16,115,000	432,731
Compton Community College District 2015 REF BONDS	2.685%	11,835,000	317,801
Compton Community College District 2014 Series A	2.685%	29,345,000	787,991
Compton Community College District 2002 Series 2018E	2.685%	11,970,677	321,445
Compton Community College District 2020 REF BD SerA	2.685%	41,055,000	1,102,436
Long Beach Community College District DS 2002 Series D 2007	8.359%	9,771,208	816,806
Long Beach Community College District DS 2008 Series 2009B	8.359%	15,096,105	1,261,932
Long Beach Community College District Ref 02 12 Series A	8.359%	72,143,695	6,030,721
Long Beach Community College District DS Ref Bonds 2014 Series C	8.359%	6,010,000	502,395
Long Beach Community College District DS Ref Bonds 2014 Series E	8.359%	2,000,000	167,186
Long Beach Community College District DS Ref Bonds 2015 Series F	8.359%	19,595,000	1,638,008
Long Beach Community College District DS 2016 Series B	8.359%	40,590,000	3,393,047
Long Beach Community College District DS Ref 2017 Series G	8.359%	76,905,000	6,428,734
Long Beach Community College District DS 2016 Series C	8.359%	115,100,000	9,621,576
Long Beach Community College District DS Ref Bonds 19 S H	8.359%	149,305,000	12,480,881
ABC Unified School District 2003 Ref Bond Series A	10.689%	2,350,000	251,186
ABC Unified School District DS 1997 Series B	10.689%	22,791,624	2,436,148
ABC Unified School District DS 2018 Series A	10.689%	57,000,000	6,092,608
Bellflower Unified School District, District 2012 Series A	27.944%	34,300,000	9,584,850
Bellflower Unified School District, District 2012 Series B	27.944%	41,400,000	11,568,886
Long Beach Unified School District DS 2008 Refunding Bonds	8.358%	15,650,606	1,308,009
Long Beach Unified School District DS 2008 Series A	8.358%	1,290,000	107,813
Long Beach Unified School District DS 2009 Ref Bonds Series B	8.358%	7,450,000	622,638
Long Beach Unified School District DS 2010 Ref Bonds Series A	8.358%	27,960,000	2,336,774
Long Beach Unified School District DS 2008 SR B-1 QSCB	8.358%	68,985,000	5,765,464
Long Beach Unified School District DS 2011 Refunding Bonds	8.358%	7,725,686	645,679
Long Beach Unified School District DS 2012 Refunding Bonds	8.358%	79,675,000	6,658,887
Long Beach Unified School District DS 2008 Series C	8.358%	34,010,000	2,842,407
Long Beach Unified School District DS 2008 Series D	8.358%	249,328,410	20,837,774
Long Beach Unified School District DS 2016 Refunding Bonds	8.358%	114,150,000	9,540,156
Long Beach Unified School District DS 2008 Series E	8.358%	142,765,000	11,931,672
Long Beach Unified School District DS 2016 Series A	8.358%	216,100,000	18,060,690
Long Beach Unified School District DS 2008 Series F Meas K	8.358%	147,800,000	12,352,475
Long Beach Unified School District DS 2016 Series B Meas E	8.358%	297,700,000	24,880,460
Paramount Unified School District 2006 Series 2011 Bonds	9.446%	21,958,302	2,074,270
Paramount Unified School District 2006 2013 Series C	9.446%	249,036	23,525
Paramount Unified School District Ref Bond Series 2015	9.446%	23,555,000	2,225,101
Paramount Unified School District DS 1998 Series A	9.446%	6,793,048	641,699
Paramount Unified School District 2016 Series 2017A	9.446%	18,610,000	1,757,976
Paramount Unified School District 2016 Series 2018B	9.446%	141,762,101	13,391,423
Total overlapping debt		\$ 2,816,923,722	242,230,493
City Direct Debt:			
Lease payable	100.000%	507,107	507,107
Total Direct and Overlapping Debt			\$ 242,737,600

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				
	2012	2013	2014	2015	2016
Assessed valuation (In thousands)	\$ 7,168,922	\$ 7,281,614	\$ 7,474,292	\$ 7,899,494	\$ 8,298,427
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit (In thousands)	1,075,338	1,092,242	1,121,144	1,184,924	1,244,764
Total net debt applicable to the limit:					
General obligation bonds (In thousands)	-	-	-	-	-
Legal debt margin (In thousands)	\$ 1,075,338	\$ 1,092,242	\$ 1,121,144	\$ 1,184,924	\$ 1,244,764
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				
	2017	2018	2019	2020	2021
Assessed valuation (In thousands)	\$ 8,698,092	\$ 9,165,328	\$ 9,655,309	\$ 10,128,915	\$ 10,618,540
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit (In thousands)	1,304,714	1,374,799	1,448,296	1,448,296	1,592,781
Total net debt applicable to the limit:					
General obligation bonds (In thousands)	-	-	-	-	-
Legal debt margin (In thousands)	\$ 1,304,714	\$ 1,374,799	\$ 1,448,296	\$ 1,519,337	\$ 1,592,781
Total debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	0.0%	0.0%	0.0%

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

The City of Lakewood has no general bonded indebtedness.

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

Fiscal Year Ended June 30	Water Revenue Bonds					
	Water Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2012	\$ 9,096	\$ 7,090	\$ 2,006	\$ 600	\$ 218	2.45
2013	10,574	7,696	2,878	620	196	3.53
2014	11,712	6,927	4,785	645	172	5.86
2015	10,311	7,826	2,485	670	148	3.04
2016	10,931	7,849	3,082	687	67	4.09
2017	10,873	7,280	3,593	233	45	12.92
2018	13,004	9,589	3,415	233	38	12.60
2019	13,355	10,473	2,882	245	32	10.40
2020	12,869	10,112	2,757	251	27	9.92
2021	13,965	8,313	5,652	257	20	20.40

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		
2012	\$ 4,010	\$ 1,040	\$ 381	2.82	
2013	1,418	1,085	333	1.00	
2014	1,436	1,155	281	1.00	
2015	1,435	1,210	225	1.00	
2016	1,430	1,265	165	1.00	
2017	1,432	1,330	102	1.00	
2018	1,425	1,390	35	1.00	
2019	-	-	-	-	
2020	-	-	-	-	
2021	-	-	-	-	

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)
2011	80,378	\$ 2,297,042	\$ 28,578	8.0%
2012	80,781	2,386,755	29,546	7.1%
2013	81,224	2,388,960	29,412	4.9%
2014	81,261	2,363,232	29,082	6.4%
2015	78,471	2,426,233	30,918	5.2%
2016	79,272	2,406,040	30,351	4.0%
2017	81,179	2,490,791	30,682	3.3%
2018	81,352	2,579,207	31,704	4.4%
2019	79,919	2,743,438	34,327	4.1%
2020	80,218	2,836,725	35,362	12.2%



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

<u>Division</u>	Fiscal Years									
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
City Administration	32	32	31	30	30	30	29	29	29	13
Communications	-	-	-	-	-	-	-	-	-	12
City Clerk	2	2	2	2	2	2	2	2	2	2
Administrative Services	21	21	21	20	21	21	20	20	20	23
Community Development	15	15	15	14	14	14	14	14	13	14
Public Safety	-	-	-	-	-	-	-	-	-	7
Public Works	31	31	31	31	32	32	32	32	32	33
Recreation and Community Services	59	59	60	62	62	62	61	61	58	59
Water Resources	<u>19</u>	<u>19</u>	<u>19</u>	<u>19</u>	<u>19</u>	<u>19</u>	<u>17</u>	<u>17</u>	<u>17</u>	<u>17</u>
Total	<u><u>179</u></u>	<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>

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				
		2012	2013	2014	2015	2016
Public works:						
Street resurfacing (miles)		6	6	1	-	1
Recreation and community services:						
Number of recreation classes		1,805	1,786	1,812	1,615	1,931
Number of facility rentals		6,871	7,320	7,473	8,259	7,919
Water						
New connections		27	24	11	6	2
Number of consumers		20,440	20,453	20,469	20,489	20,481
Average daily consumption (thousands of gallons)		7,200	7,330	7,549	6,857	5,887
Community development						
Number of building permits issued	*	2,781	2,915	3,107	3,457	4,408

*Includes both residential and commercial permits.

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

	Fiscal Years				
	2017	2018	2019	2020	2021
Public works:					
Street resurfacing (miles)	-	-	3	-	0.4
Recreation and community services:					
Number of recreation classes	1,711	1,924	1,888	1,355	3,608
Number of facility rentals	5,838	1,577**	1,715**	1,446**	539***
Water					
New connections	7	4	9	7	8
Number of consumers	20,180	20,196	20,148	20,255	20,159
Average daily consumption (thousands of gallons)	6,262	6,050	5,954	6,014	5,988
Community development					
Number of building permits issued	4,051	3,986	3,765	3,396	3,960

*Includes both residential and commercial permits.

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

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

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

	Fiscal Years				
	2012	2013	2014	2015	2016
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	189	189	189	189
Number of pools	2	2	2	2	2
Water					
Water mains (miles)	195	195	195	195	195
Wastewater					
Sewers (miles)	167	167	167	167	167

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

	Fiscal Years				
	2017	2018	2019	2020	2021
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	189	189	189	189
Number of pools	2	2	2	2	2
Water					
Water mains (miles)	195	195	195	195	195
Wastewater					
Sewers (miles)	167	167	167	167	167

