

**AGENDA**  
REGULAR CITY COUNCIL MEETING  
COUNCIL CHAMBERS  
5000 CLARK AVENUE  
LAKEWOOD, CALIFORNIA

December 11, 2018

**RECEPTION:** Lakewood Celebrates . . .” 6:00 p.m.

**CALL TO ORDER** 7:30 p.m.

**INVOCATION:** Dr. Fardad Mogharabi, Bahá’i Faith Community

**PLEDGE OF ALLEGIANCE:** Girl Scout Troop 2993

**ROLL CALL:** Mayor Steve Croft  
Vice Mayor Todd Rogers  
Council Member Diane DuBois  
Council Member Ron Piazza  
Council Member Jeff Wood

**ANNOUNCEMENTS AND PRESENTATIONS:**

**ROUTINE ITEMS:**

All items listed within this section of the agenda are considered to be routine and will be enacted by one motion without separate discussion. Any Member of Council may request an item be removed for individual discussion or further explanation. All items removed shall be considered immediately following action on the remaining items.

RI-1 MEETING MINUTES - Staff recommends City Council approve Minutes of the Meetings held November 13, and November 27, 2018

RI-2 PERSONNEL TRANSACTIONS - Staff recommends City Council approve report of personnel transactions.

RI-3 REGISTERS OF DEMANDS - Staff recommends City Council approve registers of demands.

RI-4 CITY COUNCIL COMMITTEES’ ACTIVITIES - Staff recommends City Council receive and file report of City Council Committees’ activities.

RI-5 MONTHLY REPORT OF INVESTMENT TRANSACTIONS - NOVEMBER 2018 - Staff recommends City Council receive and file the monthly report of investment transactions.

RI-6 NOTICE OF COMPLETION FOR PUBLIC WORKS PROJECT NO. 2016-1R, IMPROVEMENTS TO THE EXISTING BURNS COMMUNITY CENTER, DE LA RIVA CONSTRUCTION, INC. - Staff recommends City Council accept the work performed by De La Riva Construction in a final contract amount of \$3,214,202.89, and authorize the City Clerk to file the Notice of Completion and ratify Change Order Nos. 1-58 in the net additional amount of \$597,795.29.

## **City Council Agenda**

December 11, 2018

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### **ROUTINE ITEMS: - Continued**

- RI-7 TENTH AMENDMENT TO CITY OF LAKEWOOD RECREATION LEASE FOR THE LAKEWOOD EQUESTRIAN CENTER - Staff recommends City Council approve the amendment to the City of Lakewood's recreation lease with Sandie Mercer Ranch, Inc. and authorize the Mayor and the City Clerk to execute the "Tenth Amendment" to the City of Lakewood Recreation Lease for the Lakewood Equestrian Center," subject to approval as to form by the City Attorney.
- RI-8 RESOLUTION NO. 2018-63; A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAKEWOOD ADDING A JOB CLASSIFICATION TO SCHEDULE B OF RESOLUTION NO. 2018-38 PERTAINING TO HOURLY-RATED PART-TIME EMPLOYEES AND ENACTING A PERSONNEL RESOLUTION ESTABLISHING THE COMPENSATION, RULES AND REGULATIONS PERTAINING TO HOURLY-RATED PART-TIME EMPLOYEES - Staff recommends City Council adopt the proposed resolution.

### **LEGISLATION:**

- 2.1 SECOND READING AND ADOPTION OF ORDINANCE NO. 2018-9; AMENDING THE LAKEWOOD MUNICIPAL CODE AND THE ZONING ORDINANCE REGARDING VARIOUS MINOR MODIFICATIONS AND CLARIFICATIONS - Staff recommends City Council adopt the proposed ordinance.

### **REPORTS:**

- 3.1 ARCHITECTURAL SERVICES AGREEMENT - DAHLIN GROUP - Staff recommends City Council authorize an on-call Architectural Services Agreement with Dahlin Group based upon FY2018-19 rate schedule; authorize work for the ADA Restroom Improvements in an amount not to exceed \$103,950; and appropriate \$103,950 from General Fund assigned fund balance - Capital Replacement and Repair for project.
- 3.2 UPDATE ON PUBLIC WORKS PROJECT NO. 2018-5; IMPROVEMENTS TO THE EXISTING RYNERSON PARK - Staff recommends City Council authorize staff to approve change order in amount not to exceed \$40,480 and appropriate \$40,480 from the General Fund assigned fund balance - Capital Replacement and Repair for project.
- 3.3 FINAL DESIGN AND PREPARATION OF PLANS, SPECIFICATIONS AND ESTIMATES - LAKEWOOD BOULEVARD REGIONAL CORRIDOR CAPACITY ENHANCEMENT PROJECT - Staff recommends City Council approve Willdan's proposal for final design plans for the project under existing Engineering Services Agreement in amount not to exceed \$1,334,635 and authorize the Mayor to sign the proposal subject to approval as to form by City Attorney.
- 3.4 REVIEW OF COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) FOR YEAR ENDED JUNE 30, 2018, AND PRESENTATION OF GOVERNMENT FINANCE OFFICERS ASSOCIATION (GFOA) AWARD - Staff recommends City Council receive and file the CAFR and accept the GFOA Certificate of Achievement for Excellence in Financial Reporting award for fiscal year ending June 30, 2017.

## **City Council Agenda**

December 11, 2018

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### **AGENDA LAKEWOOD SUCCESSOR AGENCY**

1. REGISTER OF DEMANDS - Staff recommends Successor Agency approve registers of demands.
2. APPROVAL OF RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR JULY 1, 2019 THROUGH JUNE 30, 2020 – ROPS 19-20 - Staff recommends City Council approve the Recognized Obligations Payment Schedule for July 1, 2019 Through June 30, 2020 – ROPS 19-20.

### **ORAL COMMUNICATIONS:**

### **ADJOURNMENT**

In compliance with the Americans with Disabilities Act, if you are a qualified individual with a disability and need an accommodation to participate in the City Council meeting, please contact the City Clerk's Office, 5050 Clark Avenue, Lakewood, CA, at 562/866-9771, ext. 2200; or at [cityclerk@lakewoodcity.org](mailto:cityclerk@lakewoodcity.org) at least 48 hours in advance to ensure that reasonable arrangements can be made to provide accessibility to the meeting.

Agenda items are on file in the Office of the City Clerk, 5050 Clark Avenue, Lakewood, and are available for public review during regular business hours. Any supplemental material distributed after the posting of the agenda will be made available for public inspection during normal business hours in the City Clerk's Office. For your convenience, the agenda and the supporting documents are available in an alternate format by request and are also posted on the City's website at [www.lakewoodcity.org](http://www.lakewoodcity.org)

Routine Item 1 – City Council Minutes  
will be available prior to the meeting.

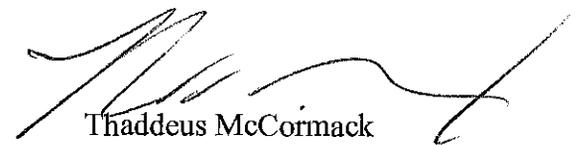
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**COUNCIL AGENDA**  
December 11, 2018

**TO:** The Honorable Mayor and City Council

**SUBJECT:** Report of Personnel Transactions

	<u>Name</u>	<u>Title</u>	<u>Schedule</u>	<u>Effective Date</u>
<b>1. FULL-TIME EMPLOYEES</b>				
<b>A. Appointments</b>	None			
<b>B. Changes</b>	None			
<b>C. Separations</b>	Matthew Perea			
		Community Services Supervisor	24B	11/21/2018
<b>2. PART-TIME EMPLOYEES</b>				
<b>A. Appointments</b>	Eduardo Rodarte	Maintenance Services Aide II	B	12/02/2018
<b>B. Changes</b>	Daniel Ramos	Support Services Clerk	B	11/18/2018
		Community Services Officer	B	
	Alvin Tumala	Community Services Leader III	B	12/02/2018
		Community Services Leader IV	B	
<b>C. Separations</b>	None			

  
Thaddeus McCormack  
City Manager

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**CITY OF LAKEWOOD  
FUND SUMMARY 11/29/2018**

In accordance with section 2521 of the Lakewood Municipal Code there is presented herewith a summary of obligations to be paid by voucher 90518 through 90592. Each of the following demands has been audited by the Director of Administrative Services and approved by the City Manager.

1010	GENERAL FUND	641,870.05
1015	SPECIAL OLYMPICS	1,328.82
1020	CABLE TV	1,565.60
1030	CDBG CURRENT YEAR	77.00
1050	COMMUNITY FACILITY	6,182.48
1630	USED OIL GRANT	45.00
1640	BEV CONTAINER REC GRANT	22.50
3001	CAPITAL IMPROV PROJECT FUND	25,435.49
3070	PROPOSITION "C"	165.05
5010	GRAPHICS AND COPY CENTER	80.36
5020	CENTRAL STORES	5,729.91
5030	FLEET MAINTENANCE	2,435.67
7500	WATER UTILITY FUND	151,781.69
		<hr/>
		<b>836,719.62</b>

Council Approval

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Date

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City Manager

Attest

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City Clerk

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Director of Administrative Services

**CITY OF LAKEWOOD  
SUMMARY CHECK REGISTER**

<b>CHECK #</b>	<b>CHECK DATE</b>	<b>VEND #</b>	<b>VENDOR NAME</b>	<b>GROSS</b>	<b>DISC.</b>	<b>CHECK AMOUNT</b>
90518	11/26/2018	43135	CERRITOS, CITY OF	37,485.00	0.00	37,485.00
90519	11/29/2018	5179	ALS GROUP USA, CORP.	1,340.50	0.00	1,340.50
90520	11/29/2018	58000	AMERICAN TRUCK & TOOL RENTAL INC	157.98	0.00	157.98
90521	11/29/2018	4693	APEX DRUM COMPANY, INC.	498.23	0.00	498.23
90522	11/29/2018	7500	CENTRAL BASIN MUNICIPAL WATER	1,755.00	0.00	1,755.00
90523	11/29/2018	36746	CERRITOS DODGE	79.54	0.00	79.54
90524	11/29/2018	45894	CINTAS CORPORATION	64.14	0.00	64.14
90525	11/29/2018	4776	CORELOGIC, INC.	154.00	0.00	154.00
90526	11/29/2018	5094	CORPORATE EVENT SPECIALISTS LLC	3,195.00	0.00	3,195.00
90527	11/29/2018	4348	D&J INTERNATIONAL INC	2,682.75	0.00	2,682.75
90528	11/29/2018	5070	DANIELS, ROBERT F.	1,260.00	0.00	1,260.00
90529	11/29/2018	4734	DOSSIER SYSTEMS, INC.	1,383.00	0.00	1,383.00
90530	11/29/2018	3199	EDCO WASTE SERVICES LLC	404,828.17	0.00	404,828.17
90531	11/29/2018	4435	ELLIOTT AUTO SUPPLY COMPANY INC	5.89	0.00	5.89
90532	11/29/2018	5030	FATHOM WATER MANAGEMENT INC.	140,528.81	0.00	140,528.81
90533	11/29/2018	65038	FED EX OFFICE & PRINT SVCS INC	332.89	0.00	332.89
90534	11/29/2018	52316	FEDERAL EXPRESS CORP	328.13	0.00	328.13
90535	11/29/2018	5185	FIRST CLASS PLUMBING CO.	117,826.78	0.00	117,826.78
90536	11/29/2018	5006	FREMONTIA HORTICULTURAL, INC	957.58	0.00	957.58
90537	11/29/2018	65779	GOLDEN STATE WATER COMPANY	11,140.18	0.00	11,140.18
90538	11/29/2018	33150	GRAINGER W W INC	126.59	0.00	126.59
90539	11/29/2018	38311	H & H NURSERY	175.20	0.00	175.20
90540	11/29/2018	54961	HACH COMPANY	292.85	0.00	292.85
90541	11/29/2018	62491	HANDS ON MAILING &	404.80	0.00	404.80
90542	11/29/2018	58838	HANSON AGGREGATES LLC	150.00	0.00	150.00
90543	11/29/2018	65575	HAP'S AUTO PARTS	5.04	0.00	5.04
90544	11/29/2018	42031	HOME DEPOT	1,299.18	0.00	1,299.18
90545	11/29/2018	4180	JONES RICHARD D. A PROF LAW CORP	16,750.00	0.00	16,750.00
90546	11/29/2018	36167	KARTER, JANET	24.70	0.00	24.70
90547	11/29/2018	2956	KICK IT UP KIDZ, LLC	26.00	0.00	26.00
90548	11/29/2018	4939	LAKEWOOD AQUATIC SPORTS CLUB	218.40	0.00	218.40
90549	11/29/2018	18300	LAKEWOOD CHAMBER OF COMMERCE	2,416.67	0.00	2,416.67
90550	11/29/2018	44733	LIEBERT CASSIDY WHITMORE	5,056.60	0.00	5,056.60
90551	11/29/2018	20300	LONG BEACH CITY GAS & WATER DEPT	457.76	0.00	457.76
90552	11/29/2018	36844	LA COUNTY DEPT OF PUBLIC WORKS	1,131.03	0.00	1,131.03
90553	11/29/2018	59113	MACRO AUTOMATICS	4,518.08	0.00	4,518.08
90554	11/29/2018	65220	STEVEN MAHR PRINTING INC.	227.43	0.00	227.43
90555	11/29/2018	4690	COOK-KNOWLES, VIRGINIA	715.00	0.00	715.00
90556	11/29/2018	5033	NICHOLLS CONSULTING, INC.	360.00	0.00	360.00
90557	11/29/2018	4443	O'REILLY AUTOMOTIVE STORES INC	77.47	3.28	74.19
90558	11/29/2018	47554	OFFICE DEPOT BUSINESS SVCS	931.16	0.00	931.16
90559	11/29/2018	4133	OWENS, TIM	600.00	0.00	600.00
90560	11/29/2018	2174	PETTY CASH/LOVENEL REVELDEZ	1,792.37	0.00	1,792.37
90561	11/29/2018	1615	PFM ASSET MANAGEMENT LLC	3,097.38	0.00	3,097.38

**CITY OF LAKEWOOD  
SUMMARY CHECK REGISTER**

<b>CHECK #</b>	<b>CHECK DATE</b>	<b>VEND #</b>	<b>VENDOR NAME</b>	<b>GROSS</b>	<b>DISC.</b>	<b>CHECK AMOUNT</b>
90562	11/29/2018	65139	PURCELL. SUNNY	270.00	0.00	270.00
90563	11/29/2018	4459	READWRITE EDUCATIONAL SOLUTIONS INC	555.10	0.00	555.10
90564	11/29/2018	2698	HYDRAULIC SYSTEMS & COMPONENTS INC	572.92	0.00	572.92
90565	11/29/2018	45437	S & J SUPPLY CO	294.56	0.00	294.56
90566	11/29/2018	3153	SECTRAN SECURITY INC	144.15	0.00	144.15
90567	11/29/2018	4368	SPECIALTY TIRES LLC	91.40	0.00	91.40
90568	11/29/2018	60792	STEPHENS. ERIC	286.00	0.00	286.00
90569	11/29/2018	4950	LEE. EDWARD	5.48	0.00	5.48
90570	11/29/2018	4364	THE RINKS-LAKEWOOD ICE	409.50	0.00	409.50
90571	11/29/2018	65224	TUMBLE-N-KIDS. INC	2,252.25	0.00	2,252.25
90572	11/29/2018	60685	TURF STAR	30.78	0.00	30.78
90573	11/29/2018	1437	U S BANK NATIONAL ASSOCIATION	25,223.52	0.00	25,223.52
90574	11/29/2018	5003	WALTOWER. SHAWN	227.50	0.00	227.50
90575	11/29/2018	3943	WATERLINE TECHNOLOGIES INC	1,011.77	0.00	1,011.77
90576	11/29/2018	17640	WAXIE ENTERPRISES INC	170.49	0.00	170.49
90577	11/29/2018	62628	WELLS C. PIPELINE MATERIALS	143.31	0.00	143.31
90578	11/29/2018	40925	WEST COAST ARBORISTS INC	6,214.00	0.00	6,214.00
90579	11/29/2018	37745	WESTERN EXTERMINATOR CO	501.50	0.00	501.50
90580	11/29/2018	35146	WILLDAN ASSOCIATES	28,358.13	0.00	28,358.13
90581	11/29/2018	3699	CROSS. JOHNETTE	250.00	0.00	250.00
90582	11/29/2018	3699	DEVINE. BLANCA	250.00	0.00	250.00
90583	11/29/2018	3699	FRANKLIN. DEMEL	170.00	0.00	170.00
90584	11/29/2018	3699	HUBBARD. KENYATI	250.00	0.00	250.00
90585	11/29/2018	3699	LEWIS. PARSHARIE	250.00	0.00	250.00
90586	11/29/2018	3699	PALACIOS. VIVIAN	250.00	0.00	250.00
90587	11/29/2018	3699	ROEUN. RORTH	250.00	0.00	250.00
90588	11/29/2018	3699	SECHSER. TODD	433.26	0.00	433.26
90589	11/29/2018	3699	SOLANO. JASMINE	250.00	0.00	250.00
90590	11/29/2018	3699	SUM. VUTHA	250.00	0.00	250.00
90591	11/29/2018	3699	VELASOUES. EBELIA	250.00	0.00	250.00
90592	11/29/2018	3699	WILLIAMS. JASMINE	250.00	0.00	250.00
<b>Totals:</b>				<b>836,722.90</b>	<b>3.28</b>	<b>836,719.62</b>

**CITY OF LAKEWOOD  
SUMMARY ACH/WIRE REGISTER NOV 2018**

<b>ACH date</b>	<b>Amount</b>	<b>Recipient</b>	<b>Purpose</b>	<b>Period</b>
11/8/18	95,637.45	IRS via F&M	Fed taxes	Oct 21-Nov 3, 2018
11/8/18	7,884.50	Southland C/U	employee savings account	Oct 21-Nov 3, 2018
11/8/18	3,738.50	F&A Fed C/U	employee savings account	Oct 21-Nov 3, 2018
11/8/18	26,514.86	EDD	State taxes	Oct 21-Nov 3, 2018
11/8/18	3,554.93	MidAmerica	ARS aka APPLE	Oct 21-Nov 3, 2018
11/8/18	13,838.50	VOYA	VOYA 401(a)	Oct 21-Nov 3, 2018
11/8/18	3,425.00	PARS via U.S. Bank	excess stackable plan	Oct 21-Nov 3, 2018
11/8/18	5,818.84	PARS via U.S. Bank	stackable plan	Oct 21-Nov 3, 2018
11/8/18	24,567.11	VOYA	VOYA 457 & ROTH	Oct 21-Nov 3, 2018
11/9/18	87,561.92	CalPERS	PERS contribution	Oct 21-Nov 3, 2018
11/21/18	57,989.10	City Light & Power	monthly maint fee	Nov-18
11/21/18	110,066.71	IRS via F&M	Fed taxes	Nov 4-17, 2018
11/21/18	7,884.50	Southland C/U	employee savings account	Nov 4-17, 2018
11/21/18	3,738.50	F&A Fed C/U	employee savings account	Nov 4-17, 2018
11/21/18	2,938.19	MidAmerica	ARS aka APPLE	Nov 4-17, 2018
11/21/18	19,433.47	VOYA	VOYA 401(a)	Nov 4-17, 2018
11/21/18	9,279.94	PARS via U.S. Bank	stackable plan	Nov 4-17, 2018
11/21/18	25,708.95	VOYA	VOYA 457 & ROTH	Nov 4-17, 2018
11/21/18	29,975.29	EDD	State taxes	Nov 4-17, 2018
11/28/18	87,586.56	CalPERS	PERS contribution	Nov 4-17, 2018

Council Approval

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Date

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City Manager

Attest

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City Clerk

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Director of Finance & Administrative Services

**CITY OF LAKEWOOD  
FUND SUMMARY 12/6/2018**

In accordance with section 2521 of the Lakewood Municipal Code there is presented herewith a summary of obligations to be paid by voucher 90593 through 90691. Each of the following demands has been audited by the Director of Administrative Services and approved by the City Manager.

1010	GENERAL FUND	1,066,378.09
1020	CABLE TV	200.00
1030	CDBG CURRENT YEAR	3,468.50
1050	COMMUNITY FACILITY	2,436.26
1336	STATE COPS GRANT	29,128.66
1621	LA CNTY MEASURE R	131.00
1622	LA CNTY MEASURE M	4,500.63
5020	CENTRAL STORES	733.90
5030	FLEET MAINTENANCE	3,123.02
6020	GEOGRAPHIC INFORMATION SYSTEM	57.49
7500	WATER UTILITY FUND	391,019.95
8020	LOCAL REHAB LOAN	109.50
8030	TRUST DEPOSIT	4,938.80
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		<b>1,506,225.80</b>

Council Approval

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Date

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City Manager

Attest

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City Clerk

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Director of Administrative Services

**CITY OF LAKEWOOD  
SUMMARY CHECK REGISTER**

<b>CHECK #</b>	<b>CHECK DATE</b>	<b>VEND #</b>	<b>VENDOR NAME</b>	<b>GROSS</b>	<b>DISC.</b>	<b>CHECK AMOUNT</b>
90593	12/06/2018	61142	ADAMS-HILLERY SHARRON	3,010.17	0.00	3,010.17
90594	12/06/2018	5149	ADVANCED FLIGHT	585.00	0.00	585.00
90595	12/06/2018	4763	ALBANO'S PLUMBING, INC.	275.00	0.00	275.00
90596	12/06/2018	4555	ALLIANCE FOR COMMUNITY MEDIA	200.00	0.00	200.00
90597	12/06/2018	860	ALLIANT INSURANCE SERVICES	1,554.00	0.00	1,554.00
90598	12/06/2018	58000	AMERICAN TRUCK & TOOL RENTAL INC	204.74	0.00	204.74
90599	12/06/2018	4693	APEX DRUM COMPANY, INC.	498.23	0.00	498.23
90600	12/06/2018	4465	ATALLA, IBRAHIM	438.75	0.00	438.75
90601	12/06/2018	4126	AUTOZONE PARTS INC	107.29	0.00	107.29
90602	12/06/2018	443	B&M LAWN AND GARDEN INC	977.70	0.00	977.70
90603	12/06/2018	5154	BANC OF AMERICA PUBLIC CAPITAL CORP.	390,154.69	0.00	390,154.69
90604	12/06/2018	4721	BELL EVENT SERVICES INC	4,125.00	0.00	4,125.00
90605	12/06/2018	62737	BOYES, GOBIND	312.00	0.00	312.00
90606	12/06/2018	1025	C A C E 0	380.00	0.00	380.00
90607	12/06/2018	307	CALIF. STATE DISBURSEMENT UNIT	269.06	0.00	269.06
90608	12/06/2018	53983	CALIF STATE FRANCHISE TAX BOARD	865.35	0.00	865.35
90609	12/06/2018	40572	CHICAGO TITLE CO	100.00	0.00	100.00
90610	12/06/2018	45894	CINTAS CORPORATION	73.47	0.00	73.47
90611	12/06/2018	5077	CLAVERIE, COURTNEY DAY	169.00	0.00	169.00
90612	12/06/2018	5094	CORPORATE EVENT SPECIALISTS LLC	1,812.55	0.00	1,812.55
90613	12/06/2018	60195	CR TRANSFER INC	3,387.57	0.00	3,387.57
90614	12/06/2018	4442	DANIEL'S TIRE SERVICE INC	283.30	0.00	283.30
90615	12/06/2018	27200	DICKSON R F CO INC	3,875.00	0.00	3,875.00
90616	12/06/2018	4435	ELLIOTT AUTO SUPPLY COMPANY INC	92.21	0.00	92.21
90617	12/06/2018	59859	FLEET PRIDE	92.07	0.00	92.07
90618	12/06/2018	63519	FLUE STEAM INC	460.00	0.00	460.00
90619	12/06/2018	5182	FRED ALLEN ENTERPRISES, INC.	779.80	0.00	779.80
90620	12/06/2018	3188	GALLS LLC/OUARTEMASTER LLC	1,093.72	0.00	1,093.72
90621	12/06/2018	59433	GANAHL LUMBER COMPANY	119.81	0.00	119.81
90622	12/06/2018	5005	GIEMONT, GREGORY S.	261.00	0.00	261.00
90623	12/06/2018	64215	GOLD COAST AWARDS INC	76.60	0.00	76.60
90624	12/06/2018	61769	GRAUTEN, EVELYN R	807.30	0.00	807.30
90625	12/06/2018	5107	GREEN WISE SOIL TECHNOLOGIES	711.75	0.00	711.75
90626	12/06/2018	4886	GROH, MARK LEE	200.00	0.00	200.00
90627	12/06/2018	65575	HAP'S AUTO PARTS	11.46	0.00	11.46
90628	12/06/2018	35477	HARA M LAWNMOWER CENTER	147.86	0.00	147.86
90629	12/06/2018	49554	HAWK, TRUDY (FAHTIEM)	146.25	0.00	146.25
90630	12/06/2018	5090	HERNANDEZ, ERNIE JR.	250.00	0.00	250.00
90631	12/06/2018	42031	HOME DEPOT	790.83	0.00	790.83
90632	12/06/2018	65891	HUMAN SERVICES ASSOCIATION	458.33	0.00	458.33
90633	12/06/2018	58756	JENKINS, MICHAEL	500.00	0.00	500.00
90634	12/06/2018	4622	JHM SUPPLY INC	153.68	0.00	153.68
90635	12/06/2018	59873	JJS PALOMO'S STEEL INC	44.10	0.00	44.10
90636	12/06/2018	2956	KICK IT UP KIDZ, LLC	257.40	0.00	257.40

**CITY OF LAKEWOOD  
SUMMARY CHECK REGISTER**

<b>CHECK #</b>	<b>CHECK DATE</b>	<b>VEND #</b>	<b>VENDOR NAME</b>	<b>GROSS</b>	<b>DISC.</b>	<b>CHECK AMOUNT</b>
90637	12/06/2018	4458	KIM. YVONNE	184.00	0.00	184.00
90638	12/06/2018	64510	KRAUSE. DIANN	145.00	0.00	145.00
90639	12/06/2018	18400	LAKEWOOD. CITY WATER DEPT	23,120.22	0.00	23,120.22
90640	12/06/2018	2409	LIFTECH ELEVATOR SERVICES INC	364.00	0.00	364.00
90641	12/06/2018	3564	LONG BEACH. CITY OF	1,064.70	0.00	1,064.70
90642	12/06/2018	21600	LOS ANGELES CO SHERIFFS DEPT	923,220.62	0.00	923,220.62
90643	12/06/2018	36844	LA COUNTY DEPT OF PUBLIC WORKS	17,280.61	0.00	17,280.61
90644	12/06/2018	5196	M&M DISPLAY INC.	464.31	0.00	464.31
90645	12/06/2018	22600	MARTIN & CHAPMAN CO	6,714.76	0.00	6,714.76
90646	12/06/2018	4887	MATHESON TRI-GAS. INC.	18.19	0.00	18.19
90647	12/06/2018	4892	NESTLE WATERS NORTH AMERICA	199.60	0.00	199.60
90648	12/06/2018	4443	O'REILLY AUTOMOTIVE STORES INC	563.08	10.23	552.85
90649	12/06/2018	48035	OCAJ INC	9.50	0.00	9.50
90650	12/06/2018	4909	ORANGE CO CIRCUIT BREAKERS. INC.	96.98	0.00	96.98
90651	12/06/2018	4497	PACIFIC COACHWAYS CHARTER SERVICES	1,075.00	0.00	1,075.00
90652	12/06/2018	450	PACIFIC EH & S SERVICES INC	1,792.00	0.00	1,792.00
90653	12/06/2018	65659	PHASE II SYSTEMS INC	3,326.42	0.00	3,326.42
90654	12/06/2018	51171	PERS LONG TERM CARE PROGRAM	70.64	0.00	70.64
90655	12/06/2018	4494	PIERSON. JEREMY L.	245.70	0.00	245.70
90656	12/06/2018	4902	PROTEL COMMUNICATIONS INC.	179.00	0.00	179.00
90657	12/06/2018	39640	RAYVERN LIGHTING SUPPLY CO INC	448.73	0.00	448.73
90658	12/06/2018	65297	S.T.E.A.M.	11,117.16	0.00	11,117.16
90659	12/06/2018	1841	SAFETY DRIVER'S ED. LLC	29.25	0.00	29.25
90660	12/06/2018	5045	SAN JUAN. CLYDE J	250.25	0.00	250.25
90661	12/06/2018	4761	SANCHEZ. EUGENE	480.00	0.00	480.00
90662	12/06/2018	4736	SKILL SURVEY. INC.	288.00	0.00	288.00
90663	12/06/2018	26900	SO CALIF SECURITY CENTERS INC	31.76	0.00	31.76
90664	12/06/2018	5022	MWB COPY PRODUCTS. INC.	114.98	0.00	114.98
90665	12/06/2018	29400	SOUTHERN CALIFORNIA EDISON CO	3,607.50	0.00	3,607.50
90666	12/06/2018	64602	STAPLES CONTRACT & COMMERCIAL INC	8,170.27	0.00	8,170.27
90667	12/06/2018	66215	SUPERIOR COURT OF CALIFORNIA	7,731.00	0.00	7,731.00
90668	12/06/2018	66215	SUPERIOR COURT OF CALIFORNIA	10,042.50	0.00	10,042.50
90669	12/06/2018	66215	SUPERIOR COURT OF CALIFORNIA	10,110.00	0.00	10,110.00
90670	12/06/2018	66215	SUPERIOR COURT OF CALIFORNIA	7,662.50	0.00	7,662.50
90671	12/06/2018	5137	TECHNISOIL GLOBAL INC.	1,792.14	0.00	1,792.14
90672	12/06/2018	1676	U S TELEPACIFIC CORP	508.81	0.00	508.81
90673	12/06/2018	64652	CELLCO PARTNERSHIP	2,757.00	0.00	2,757.00
90674	12/06/2018	33200	WALTERS WHOLESALE ELECTRIC CO	872.07	0.00	872.07
90675	12/06/2018	5155	WATER SYSTEM SERVICES LLC	175.00	0.00	175.00
90676	12/06/2018	40925	WEST COAST ARBORISTS INC	28,560.50	0.00	28,560.50
90677	12/06/2018	37745	WESTERN EXTERMINATOR CO	335.50	0.00	335.50
90678	12/06/2018	35146	WILLDAN ASSOCIATES	3,785.00	0.00	3,785.00
90679	12/06/2018	3837	WORTHINGTON FORD	14.74	0.00	14.74
90680	12/06/2018	3699	ALLEN. SHEILA	250.00	0.00	250.00

**CITY OF LAKEWOOD  
SUMMARY CHECK REGISTER**

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90681	12/06/2018	3699	AUTUMN FIELDS-POTTS	100.00	0.00	100.00
90682	12/06/2018	3699	DO. VINH	250.00	0.00	250.00
90683	12/06/2018	3699	GREEN. DONNIESHA	55.00	0.00	55.00
90684	12/06/2018	3699	HUMPHREY. LISA	72.00	0.00	72.00
90685	12/06/2018	3699	JACKI GAFFORD	250.00	0.00	250.00
90686	12/06/2018	3699	LARON. JOSE	250.00	0.00	250.00
90687	12/06/2018	3699	NAKKEN. SHARON	128.00	0.00	128.00
90688	12/06/2018	3699	SORIANO. NORA	250.00	0.00	250.00
90689	12/06/2018	3699	STRINGFELLOW. KENDRA	250.00	0.00	250.00
90690	12/06/2018	3699	TORRES. RAZEL	250.00	0.00	250.00
90691	12/06/2018	4961	4WALL LOS ANGELES INC	4,000.00	0.00	4,000.00
<b>Totals:</b>				<u>1,506,236.03</u>	<u>10.23</u>	<u>1,506,225.80</u>

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## **COUNCIL AGENDA**

December 11, 2018

**TO:** The Honorable Mayor and City Council

**SUBJECT:** Report of City Council Committees' Activities

### **INTRODUCTION**

A brief update is provided for City Council review on the activities of the following standing committees: Audit Committee, and Budget Advisory Group.

### **STATEMENT OF FACT**

**On Tuesday, November 27, 2018, the Audit Committee met and discussed:**

Ms. Frances Kuo, Audit Manager with the city's independent auditors (The Pun Group), provided background audit information, a draft of the financial statements, and an overview of the audit process (management responsibilities, auditor responsibilities, and their approach to the audit).

Ms. Kuo shared a synopsis of their audit results. She stated that based on their field work the city would be receiving an "unmodified opinion." This is the most favorable audit opinion, indicating that the city is presenting the financial statements in accordance with the required reporting framework. She noted that no disagreements with management, no material weaknesses in internal controls over financial reporting, no accounting issues and no material weaknesses in internal control over compliance were encountered.

There was discussion regarding Fathom (the city's utility partner and provider) and their internal processes being audited as part of the citywide implementation. Ms. Kuo confirmed that they selected and audited specific water billing accounts using a sampling process and tracked them from beginning to end.

Staff informed the Committee that they are currently reviewing the operational issues encountered in the construction of the water recapture project at Bolivar Park. Staff will provide a report at the conclusion of the review and incorporate "lessons learned" into the water recapture project currently under construction at Mayfair Park.

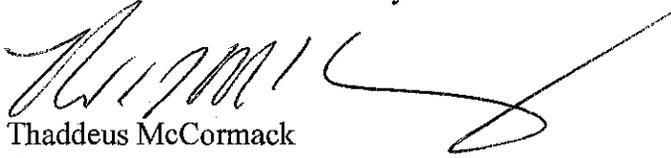
There was a brief discussion regarding the CalPERS discount rate and the frequency of revisions as required by the reporting in Governmental Accounting Standards Board (GASB) 68 – Pension Standards. Ms. Kuo concluded her presentation by briefing the Committee regarding upcoming GASB pronouncements to be implemented.

**On Tuesday, December 4, 2018, the Budget Advisory Group met and discussed:**

This was the second meeting of the Budget Advisory Group. At this meeting, the group of community stakeholders was given a summary of the November 12, 2018, meeting. The summary reiterated the structural deficit and the growing gap between revenues and expenditures. Trendlines and composition of general fund revenues was explained, as well as the philosophy and structure of the general fund reserves. The focus transitioned to discussing what makes Lakewood special, which we know as "The Lakewood Way." It was explained to the group that it is a combination of the city, community groups, and residents that make the city what it is. That it is also the Lakewood Way that enabled the city to "stay the course" during previous tough times by staying fiscally responsible and lean. However, times are changing and there will have to be measured decisions on determining "needs" and "wants." The group was also given examples of how the city managed to balance the budget these two fiscal years, but that some of the actions taken to reduce expenses were one-time items and not sustainable. The meeting concluded with a brief preview on possible strategies on how to reverse the trajectory. This will be discussed more in-depth at the third meeting of the group in January.

**RECOMMENDATION**

It is recommended that the City Council receive and file this report.



Thaddeus McCormack  
City Manager

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**COUNCIL AGENDA**

December 11, 2018

**TO:** The Honorable Mayor and City Council**SUBJECT:** Monthly Report of Investment Transactions – November 2018**INTRODUCTION**

In accordance with California Government Code Section 53607, the City Council has delegated to the City Treasurer the responsibility to invest or to reinvest funds, or to sell or exchange securities so purchased. The California Government Code Section 53607 requires that, if such responsibility has been delegated, then the Treasurer “shall make a monthly report of those transactions to the legislative body.” In compliance with this requirement, the Monthly Report of Investment Transactions is being rendered to be received and filed.

**STATEMENT OF MONTHLY ACTIVITY**

<u>Date</u>	<u>Amount at Cost</u>	<u>Vehicle</u>	<u>Transaction</u>
11/01/2018	\$ 83.53	MMF	Interest
11/06/2018	\$ 724,260.00	FNMA	Purchase 2.875%
11/06/2018	\$ 726,029.50	NOTE	Purchase 3.000%
11/06/2018	\$ 668,540.72	FHLMC	Sell 0.875%
11/06/2018	\$ 643,041.57	FNMA	Sell 0.875%
11/06/2018	\$ 49,425.94	FNMA	Interest 1.000%
11/08/2018	\$ 750,000.00	LAIF	Deposit
11/09/2018	\$ 3,665.63	CORP	Interest 2.125%
11/10/2018	\$ 780.00	CORP	Interest 1.950%
11/11/2018	\$ 3,018.75	CORP	Interest 2.875%
11/11/2018	\$ 1,618.75	CORP	Interest 1.850%
11/13/2018	\$ 1,025.00	CORP	Interest 2.050%
11/15/2018	\$ 450,000.00	LAIF	Withdrawal
11/15/2018	\$ 2,150.63	CORP	Interest 3.100%
11/16/2018	\$ 4,350.83	CD	Interest 2.270%
11/21/2018	\$ 2,827.95	CORP	Interest 3.250%
10/25/2018	\$ 163,454.04	CORP	Sell 1.850%
10/25/2018	\$ 94,781.50	CORP	Sell 1.800%
11/25/2018	\$ 9,975.02	FNA	Paydown 3.560%
11/25/2018	\$ 14,183.93	FNMA	Paydown 1.646%
11/25/2018	\$ 1,490.27	FNMA	Paydown 1.898%
11/25/2018	\$ 652.13	FNMA	Paydown 1.785%
11/25/2018	\$ 13.74	FNMA	Interest 1.785%
11/25/2018	\$ 13.80	FNMA	Interest 1.898%
11/25/2018	\$ 721.41	FNA	Interest 3.560%
11/25/2018	\$ 52.63	FNMA	Interest 1.646%

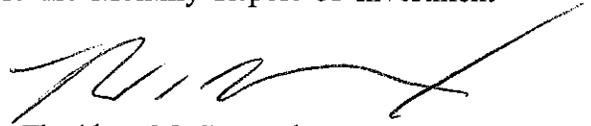
11/27/2018	\$	1,970.50	NOTE	Interest 1.125%
11/28/2018	\$	170,642.47	CORP	Purchase 2.397%
11/28/2018	\$	2,187.50	CORP	Interest 2.500%
11/28/2018	\$	148,504.50	FNMA	Sell 1.000%
11/30/2018	\$	17,500.00	TREAS	Interest 2.000%
11/30/2018	\$	14,625.00	TREAS	Interest 1.500%
11/30/2018	\$	2,071.88	TREAS	Interest 1.625%

**RECOMMENDATION**

It is recommended that the City Council receive and file the Monthly Report of Investment Transactions rendered for the month of November 2018.



Jose Gomez  
Director of Finance & Administrative Services



Thaddeus McCormack  
City Manager

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## COUNCIL AGENDA

December 11, 2018

**TO:** The Honorable Mayor and City Council

**SUBJECT:** Notice of Completion -- Public Works Contract 16-01R  
Improvements to the Existing Burns Community Center

### INTRODUCTION

De La Riva Construction the Contractor on Public Works Contract 16-01R, has completed work which consisted of site demolition and site improvements including earthwork, concrete hardscape, site walls, fencing, site furnishings, building demolition, building remodeling, and building additions, and other improvements required by the contract documents. Building work includes concrete, masonry, framing, casework, roofing, storefront system, doors, finishes, elevator, mechanical, plumbing, electrical, and other improvements required by the contract documents.

### STATEMENT OF FACT

On June 27, 2017, Council awarded a bid to De La Riva Construction (DLR), in the amount of \$2,699,970 to complete the Improvements to the Burns Community Center. Staff proposed to eliminate the monument sign for a savings of \$76,900, which was the subject of Change Order No. 1, approved simultaneously with the award of the contract for a new construction total of \$2,623,070.

Fifty-eight (58) change orders (COs) were negotiated throughout the construction period resulting in a final contract amount of \$3,214,202.89. The net additional amount to the contract was \$597,795.29. These change orders are the result of changes to the design, including larger items such as a new ADA sidewalk and ADA access ramp, significant 2<sup>nd</sup> floor exterior water damage repair requiring new framing, plywood, drywall and additional waterproofing on the building's exterior, replacement of the building's fire alarm system, and the renovation of the upstairs restrooms.

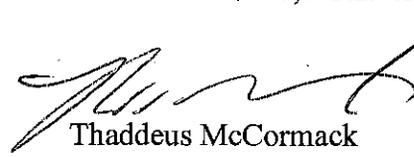
The contract was substantially completed in October 2018. Since that time De La Riva Construction's staff has addressed most items on the project punch list, however due to rain delay, one of the pending items (parking lot striping repair) is scheduled for the week of December 10<sup>th</sup>. There are several other smaller items that staff is working with DLR to repair or complete, and DLR has stated that they are willing to complete those items within 35 days from the date of recording the NOC. Should they fail to complete any of the required items by the deadline, staff will determine the value of the work and withhold that amount from the retention. Staff recommends issuing the NOC.

**RECOMMENDATION**

It is the recommendation of Staff that the City Council:

- (1) Accept the work performed by De La Riva Construction in a final contract amount of \$3,214,202.89, and authorize the City Clerk to file the Notice of Completion for Public Works Contract 2016-01R.
- (2) Ratify Change Order Nos. 1-58 in the net additional amount of \$597,795.29 to Public Works Contract 2016-01R.

Lisa Ann Rapp   
Director of Public Works

  
Thaddeus McCormack  
City Manager

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## **COUNCIL AGENDA**

December 11, 2018

**TO:** The Honorable Mayor and City Council

**SUBJECT:** Tenth Amendment to the City of Lakewood Recreation Lease for the Lakewood Equestrian Center

### **INTRODUCTION**

Since 1987, Sandie Mercer Ranch, Inc. has coordinated equestrian activities and boarding facilities for horses at the Lakewood Equestrian Center. The 19-acre facility operates seven days a week from dawn to dusk to serve the local equine community along with neighborhood youth groups. The facility offers a variety of unique services for both rider and horse. The equestrian center's primary functions are boarding and training horses and providing riding lessons. Through Pony Time, a private company, the equestrian center also offers a petting zoo, pony rides, camps, birthday parties and special events for families. Additionally, Shoestring City Ranch, an equine therapy program, helps abandoned horses and introduces youth to the technical and interpersonal skills needed to care for an animal.

### **STATEMENT OF FACT**

Sandie Mercer Ranch, Inc. is a family-run company and is currently under agreement with the City through June 30, 2019. Staff is presently developing a Request for Proposals (RFP) to solicit and select an equestrian center operator. The process for soliciting and selecting a qualified equestrian center operator requires six to nine months for staff to fully execute. To maintain operation of the diverse equestrian activities offered at the Lakewood Equestrian Center, a three month extension of the current agreement with Sandie Mercer Ranch, Inc., is prudent and allows staff the time necessary to solicit and select an equestrian center operator.

### **SUMMARY**

Sandie Mercer, owner and operator of Sandie Mercer Ranch, Inc. is amenable in extending the City of Lakewood Recreation Lease for the Lakewood Equestrian Center through September 30, 2019.

### **RECOMMENDATION**

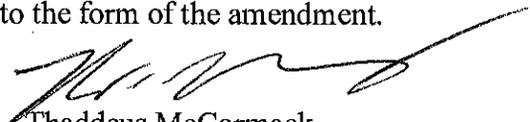
Staff recommends that the City Council:

1. Approve the amendment to the City of Lakewood's recreation lease with Sandie Mercer Ranch, Inc.

**RECOMMENDATION – Continued**

2. Authorize the Mayor and the City Clerk to execute the “Tenth Amendment” to the City of Lakewood Recreation Lease for the Lakewood Equestrian Center,” subject to approval of the City Attorney as to the form of the amendment.

Valarie Frost, Director *VF*  
Recreation and Community Services

  
Thaddeus McCormack  
City Manager

TENTH AMENDMENT TO RECREATION LEASE  
FOR LAKEWOOD EQUESTRIAN CENTER

This Amendment, made and entered into as of December 11, 2019, amends that certain "City of Lakewood Recreation Lease for Lakewood Equestrian Center" (the "Lease"), dated June 19, 1987, and previously amended on multiple occasions.

The Lease is hereby amended as follows:

1. In Section 4 of the Lease, the "Term" of the Lease shall be extended for 3 months, such that the Lease shall terminate at midnight on September 30, 2019.

In all other respects, the Lease shall remain in full force and effect.

Intending to be legally bound, the parties have executed this document, below, as of the date first set forth above.

City of Lakewood

Sandie Mercer Ranch, Inc.

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
President

Attest:

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
City Clerk

Approved as to form:

\_\_\_\_\_  
City Attorney

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RESOLUTION NO. 2018-63

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAKEWOOD ADDING A JOB CLASSIFICATION TO SCHEDULE B OF RESOLUTION NO. 2018-38 PERTAINING TO HOURLY-RATED PART-TIME EMPLOYEES AND ENACTING A PERSONNEL RESOLUTION ESTABLISHING THE COMPENSATION, RULES AND REGULATIONS PERTAINING TO HOURLY-RATED PART-TIME EMPLOYEES.

THE CITY COUNCIL OF THE CITY OF LAKEWOOD DOES RESOLVE AS FOLLOWS:

SECTION 1. The following job classification and hourly pay rate is hereby added to Schedule B, attached to Resolution No. 2018-38:

Project Architect	\$59.6904
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ADOPTED AND APPROVED THIS 11TH DAY OF DECEMBER, 2018.

\_\_\_\_\_  
Mayor

ATTEST:

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City Clerk

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ORDINANCE NO. 2018-9

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LAKEWOOD AMENDING THE LAKEWOOD MUNICIPAL CODE AND THE ZONING ORDINANCE REGARDING MINOR MODIFICATONS TO EXISTING REGULATIONS.

THE CITY COUNCIL OF THE CITY OF LAKEWOOD DOES ORDAIN AS FOLLOWS:

SECTION 1. PURPOSE. The purpose of this Ordinance is to adopt minor modifications to several sections of the Lakewood Municipal Code to facilitate better implementation of some regulations. This ordinance does the following:

- a. Creates parallel provisions in both the R-1 and M-F-R zone districts to allow churches, to have accessory fund raising activities, including bingo operations.
- b. Establishes the maximum hours allowed for the operation of commercial carwashes.
- c. Clarifies that clients under the age of 18 shall be accompanied by a parent or legal guardian in order to receive massage therapy for ailments such as sports injuries.
- d. Deletes outdated references to the R-4 and R-3 zones.

SECTION 2. Section 9320.G of Part 2 M-F-R (Single-Family Residential) Zone Regulations of Chapter 3 Zoning of Article IX of the Lakewood Municipal Code is amended to read as follows:

**9320. USES PERMITTED.**

...

- G. Accessory uses allowed in connection with any church, religious facility or school use, for fund raising purposes, including:
1. Temporary fireworks stands, where authorized by permit of the City Council pursuant to and subject to the provisions of Section 3105.1;
  2. Bingo games, where authorized by permit issued under Article VI and subject to the terms and provisions of this Code pertaining to bingo games;
  3. Carnivals, where authorized by permit issued pursuant to and subject to Article VI of this Code; and
  4. Christmas tree and other holiday sales, where authorized by permit pursuant to and subject to Article VI of this Code.

SECTION 3. Section 9331. Uses Permitted of Part 3 M-F-R (Multiple Family Residential) Zone Regulations of Chapter 3 Zoning of Article IX of the Lakewood Municipal Code is amended by adding Subsection 9331.H, to read as follows:

**9331. USES PERMITTED.**

...

- H. Accessory uses allowed in connection with any church, religious facility or school use, for fund raising purposes, including:

1. Temporary fireworks stands, where authorized by permit of the City Council pursuant to and subject to the provisions of Section 3105.1;
2. Bingo games, where authorized by permit issued under Article VI and subject to the terms and provisions of this Code pertaining to bingo games;
3. Carnivals, where authorized by permit issued pursuant to and subject to Article VI of this Code; and
4. Christmas tree and other holiday sales, where authorized by permit pursuant to and subject to Article VI of this Code.

SECTION 4. Subsection 9350.B.13 of Part 5 C-4 (General Commercial) Zone Regulations of Chapter 3 Zoning of Article IX of the Lakewood Municipal Code regarding a Commercial Carwash, is amended to read as follows:

**B. USES PERMITTED SUBJECT TO CONDITIONAL USE PERMIT.** The following uses are permitted provided that in each instance a conditional use permit has been obtained and continues in full force and effect:

...

**13. Commercial Carwash.** Any self-service or full-service permanent facility offering hand and/or mechanical car washing, which includes detailing, waxing, and/or cleaning of vehicles. Carwash facilities may include outdoor vacuums, vacuum stations, and other outdoor equipment and activities normally associated with a carwash. Other activities and uses may co-locate with a carwash as deemed acceptable by the Planning and Environment Commission. The review of any proposed design shall consider and mitigate any identified impacts to adjacent properties, including those from noise, light, glare, vibration, parking, circulation and appropriate stacking distance for access lanes.

- (a) Any commercial carwash that was approved with a conditional use permit prior to and that was valid on the effective date of this Ordinance shall remain as a fully authorized land use. Any proposed modification to such a previously approved carwash shall be subject to the provisions listed in Subsection 9347.D.11.
- (b) Hours of Operation. Commercial carwashes shall not be open to the public for operation prior to 7 a.m. and shall not operate after 8 p.m. everyday.

SECTION 5. Subsection 6402.I.8.(d) regarding Business Permits for Massage Parlors and Business of Massage of Chapter 4 of Article VI of the Lakewood Municipal Code is hereby amended to read as follows:

**I. MESSAGE PARLORS AND BUSINESS OF MESSAGE.**

...

**8. Prohibitive Conduct.** In addition to any other provision of this Code the following are applicable:

...

**(d)** No massage business permittee or other person shall permit any person under the age of eighteen (18) years to come or remain on the premises of any massage business establishment as a masseur or employee. In the instance where the client seeking treatment (e.g. sports injury) is under the age of eighteen (18) years, they shall be

allowed on the premises only when accompanied by their parent or legal guardian, who shall remain on the premises and within sight of the underage client.

SECTION 6. Section 9364 regarding Location of Buildings in the M-1 zone of Part 6 of Chapter 3 of Article IX of the Lakewood Municipal Code is amended to have consistent wording between the M-1 and M-2 Zone Districts and remove outdated R-4 reference, to read as follows:

**9364. LOCATION OF BUILDINGS AND USES.** No area in Zone M-1 which is within fifty (50) feet of any property in a residential zone shall be used for M-1 uses. However, such area may be used for off-street parking for automobiles or access to M-1 property.

SECTION 7. Section 9365 regarding Front Yard of Part 6 of Chapter 3 of Article IX of the Lakewood Municipal Code is amended to clarify wording and remove an outdated reference to the R-4 zone, to read as follows:

**9365. FRONT YARD.** When property classified as M-1 comprises part of the frontage in a block otherwise zoned for residential purposes, the front yard ~~in~~ of such M-1 zoned property shall conform to the front yard requirements of the abutting residential zone.

SECTION 8. Section 9368.5 regarding Front Yard of Part 6a of Chapter 3 of Article IX of the Lakewood Municipal Code is amended to clarify wording and remove an outdated reference to the R-3 zone, to read as follows:

**9368.5. FRONT YARD.** When property classified as M-2 comprises part of the frontage in a block otherwise zoned for residential purposes, the front yard ~~in~~ of such M-1 zoned property shall conform to the front yard requirements of the abutting residential zone.

SECTION 9. CEQA. This Ordinance is exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15061(b)(3) which is the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. CEQA does not apply where it can be seen with certainty that there is no possibility that the activity may have a significant effect on the environment. This Ordinance has no impact on the physical environment as it will only modify administrative procedures and not result in any changes to the physical environment.

SECTION 10. SEVERABILITY. If any section, subsection, subdivision, sentence, clause, phrase or portion of this Ordinance, is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance. The City Council hereby declares that it would have adopted this Ordinance and each section, subsection, subdivision, sentence, clause, phrase, or portion thereof, irrespective of the fact that any one or more sections, subsections, subdivisions, sentences, clauses, phrases, or portions thereof be declared invalid or unconstitutional.

SECTION 11. CONTINUITY. To the extent the provisions of the Lakewood Municipal Code as amended by this Ordinance are substantially the same as the provisions of that Code as

they read immediately prior to the adoption of this Ordinance, then those provisions shall be construed as continuations of the earlier provisions and not as new enactments.

SECTION 12. CERTIFICATION. The City Clerk shall certify to the adoption of this Ordinance and shall post a certified copy of this Ordinance, including the vote for and against same, in the Office of the City Clerk, in accordance with Government Code Section 36933. The City Council hereby finds and determines there are no newspapers of general circulation both published and circulated within the City and, in compliance with Section 36933 of the Government Code, directs the City Clerk to cause the ordinance within 15 days after its passage to be posted in at least three (3) public places within the City as established by Ordinance.

SECTION 13. EFFECTIVE DATE. This Ordinance shall be posted or published as required by law and shall take effect thirty (30) days after its adoption.

APPROVED AND ADOPTED this 27th day of November, 2018, by the following roll call vote:

	AYES	NAYS	ABSENT
Council Member Piazza	_____	_____	_____
Council Member DuBois	_____	_____	_____
Council Member Rogers	_____	_____	_____
Council Member Wood	_____	_____	_____
Mayor Croft	_____	_____	_____

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Mayor

ATTEST:

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City Clerk

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**TO:** The Honorable Mayor and City Council

**SUBJECT:** Architectural Services Agreement – Dahlin Group

### **INTRODUCTION**

The City of Lakewood is in need of consulting Architectural Services. An on-call agreement with the Dahlin Group is proposed for this purpose. The Dahlin Group offers a wide array of project experience, in particular park and civic buildings. They are immediately available to assist the City in an urgent park improvement project.

### **STATEMENT OF FACT**

For many years, the City of Lakewood utilized the services of Meyer and Associates, a small architectural firm that specialized in park and civic projects. This contractual relationship worked very well for the City. However, almost three years ago, due to the volume and nuanced (Lakewood specific) nature of the work, the city hired Mr. Meyer as a full-time employee. For personal reasons, after the first of the year, Mr. Meyer will revert to a part-time, non-benefitted status. This will allow him to continue to work on the many large, important capital projects at a reduced cost to the city. However, outside of those on-going capital projects, the city has recently experienced the urgent need to deal with several unanticipated ADA related projects. Due to the onslaught of voluminous and urgent work, it would be beneficial to establish a relationship with a new architectural firm while Mr. Meyer is still available to assist in the transition. The City has looked at several firms and has determined that the Dahlin Group is the most qualified, and has appropriate staff and applicable expertise to meet the city's immediate and ongoing needs. Dahlin Group is willing to take on smaller projects that the city frequently has, as well as larger projects as they develop. Most urgently, they have prepared a proposal for their design services to bring the bathrooms in four park buildings into compliance with the Americans With Disabilities Act.

The Architectural Services Agreement would be structured the same as the previous agreement with Meyer and Associates. The firm would prepare a proposal for a project scope established by staff. Larger projects with fees in excess of \$20,000 would be presented to Council for approval. Smaller projects with fees less than \$20,000 could be authorized by the City Manager. Billing would be on an hourly basis with a not-to-exceed cap. The first project, the ADA Improvements for the four park restrooms, will be an opportunity to gage the firm's ability to deliver plans and specifications for a project in a timely fashion within a set scope of work. We would then be able to determine if we would like to use the firm on future projects as they come up. We are under no obligation to continue using them if we are not satisfied with the quality or timeliness of their work. Based upon our interview of the Dahlin Group's principle representative, and their staff architect from their Irvine office, we believe that they have the talent, expertise and experience to meet our needs. They have done significant projects for a number of cities throughout California and come highly recommended.

December 11, 2018

Page 2 of 2

The proposal for the ADA Improvements for the four bathrooms includes Biscailuz Park Activity Building, Bolivar Park Activity Building, Del Valle Park Activity Building, and San Martin Park Activity Building. The Dahlin Group will prepare preliminary plans for review and final plans and specifications suitable for bidding as a public works contract. They will also prepare an estimate and a schedule. Their work will include measuring for and preparing a set of as-built drawings for each of the four buildings, since there are no plans available on file for 3 of the four buildings, and the fourth building needs to be verified due to changes that have not be documented over the many years it has been in service. It would be staff's intention to bid all four sets of bathrooms in the same bid package, and to get the work done as soon as possible. Dahlin Group is ready to begin work immediately upon authorization of the agreement. Their fee for this scope of work will not exceed \$103,950. There will be decision points after the first phase of their work which may allow for the City to reduce the cost if it is determined that we do not need to employ the use of structural, mechanical, electrical and plumbing sub-consultants.

This project has not been budgeted in our current Capital Improvement Program, but is necessary to achieve compliance with ADA standards. Staff is currently working on an application to the new CJPIA Low-interest ADA Loan Program, and it is intended that both the design and construction expenses for this project would eventually be transferred to this loan, once it is finalized and received.

### **RECOMMENDATION**

Staff recommends that the City Council:

- (1) Authorize an on-call Architectural Services agreement with Dahlin Group based upon their FY 18-19 rate schedule.
- (2) Authorize work for the ADA Restroom Improvements in an amount not-to-exceed \$103,950.
- (3) Appropriate \$103,950 from the General Fund assigned fund balance - Capital Replacement and Repair for this project.

Lisa Ann Rapp  
Director of Public Works



Thaddeus McCormack  
City Manager

December 11, 2018

Proposal to Provide Architectural Services to  
**CITY OF LAKEWOOD**  
**ACCESSIBILITY UPGRADES FOR VARIOUS PARK LOCATIONS**  
 in LAKEWOOD, California

Dahlin Group, Inc. (“DAHLIN”) will provide architectural services to CITY OF LAKEWOOD (“CITY”), Owner, for the **ACCESSIBILITY UPGRADES FOR VARIOUS PARK LOCATIONS** (“PROJECT”) in LAKEWOOD, California. If approved, this Proposal shall become a part of our on-call service agreement between CITY and DAHLIN, dated December 11, 2018. The Scope of Services and Fees are based on the Program outlined herein. If the Program or Scope of Services are adjusted, revised or changed, the fees will be adjusted accordingly. This Proposal are valid through January 31, 2019, and if not approved, are subject to re-negotiation after that date.

**I. PROJECT DESCRIPTION**

- A. **Site Locations:** The project will perform accessibility upgrades to the existing restroom facilities at the following CITY facility locations in Lakewood, California:
  - 1. Biscailuz Park Building; 2601 Dollar Street;
  - 2. Jose Del Valle Park Building; 5939 Henrilee Street;
  - 3. Jose San Martin Park Building; 5231 Ocana Avenue;
  - 4. Simon Bolivar Park Building; 3300 Del Amo Boulevard.
  
- B. **General Project Description:** Accessibility reports have been prepared for CITY by Disability Access Consultants, dated November 24, 2015 – December 7, 2015, based on the review date for each of the above noted locations. The existing reports identify accessibility code deficiencies for all of the areas at each of the existing buildings. The current project will focus on correcting the accessibility issues within the restroom facilities for each of the buildings to bring them up to current accessibility requirements as noted in the provided building reports. Cosmetic, seismic, and other accessibility upgrades to the buildings noted in the reports will be contemplated under separate contracts at a later date.
  
- C. **Project Consultants:** This Scope of Work is for Architectural and Cost Estimation services for the Phase 1 services noted below. The Scope of Work is expanded to include Architectural, Structural, Mechanical, Plumbing, Electrical Engineering, and Cost Estimation for the Phase 2 services noted below.
  
- D. **Green Building Requirements:** PROJECT is required by California Law to comply with current 2016 California Energy Code and California Green Building Standards Codes for base level mandatory measures. Work required for permit documentation of these elements, in compliance with California State Law, will be provided within the base services by DAHLIN, for the portions of PROJECT under DAHLIN’s direct control. It is understood PROJECT will NOT be submitted to any outside certification / awarding parties for independent review, such as LEED, WELL, or Green Globes.
  
- E. **Fundamental Building Commissioning:** It is not anticipated that Fundamental Building Commissioning (Cx) will be performed for this project. The General Contractor and any of their Sub-Contractors will be responsible for verification of their respective trades to ensure that the work has been installed per all local codes and ordinances, meets all manufacturer’s written

requirements, and meets any green building aspects of their materials and equipment and are properly functional to the satisfaction of CITY at the time of startup and initial testing.

## II. SCOPE OF SERVICES

### A. AS BUILT DOCUMENTATION

1. DAHLIN understands that limited or no existing information exists for the existing park buildings noted above for review. DAHLIN will utilize the PDF information provided by CITY along with the written reports as the basis to initiate project work.
2. DAHLIN will make one (1) site visit to each project location to perform an existing as-built survey of the existing visible buildings and their current conditions. DAHLIN will measure the entire building and existing spaces to document the visible construction elements within each building. The review will include all visible architectural and structural elements, along with existing visible primary MPE elements essential to the next phases of the project documentation work. DAHLIN will generate a final as-built drawing suitable for use in generating the required accessibility correction documents indicated in the following phases of work.
3. DAHLIN will photograph the existing conditions to document the condition of the buildings, existing construction and general layout of spaces.
4. DAHLIN will not perform destructive demolition work in order to attempt to document existing building systems and utilities concealed from view within existing construction. If, at the request of the CITY, additional as-built documentation, including detailed analysis of the existing building structures, destructive demolition to expose concealed building systems and utilities, and all associated repair work to bring the demolished conditions back to current standards, can be provided as an additional fee to this scope of work.
5. DAHLIN will attend meetings and presentations as noted in Section II.E.
6. *Deliverables*; DAHLIN will provide CITY with plans (floor and roof), and exterior elevations of existing building conditions, and will turn over all photographs taken at each facility for CITY uses.

### B. SCHEMATIC ACCESSIBILITY CORRECTION LAYOUT

1. Based upon CITY provided access correction documents and the generated as-built backgrounds, DAHLIN will prepare Schematic Accessibility Correction Drawings to include the following:
  - a. Demolition plan, showing proposed areas and elements for demolition and removal;
  - b. Schematic building plan, showing proposed new construction for access compliance;
  - c. Schematic interior elevations showing interior elements and finish concepts where appropriate;
2. CITY will provide review and comment on the schematic layout plans. DAHLIN will revise the schematic layouts based on comments from CITY and will prepare the documents for final approvals.
3. DAHLIN will attend meetings and presentations as noted in Section II.E.

### C. ACCESSIBILITY CORRECTION CONSTRUCTION DOCUMENTS

1. Based on CITY approval of the Schematic layouts noted above, DAHLIN will generate construction documents for the above projects.
2. DAHLIN understands CITY has not yet determined how the projects will be constructed (via internal CITY Maintenance Staff or as a bundle of projects via Public Bid to a General Contractor). DAHLIN will generate the drawing package in two levels / phases to allow CITY to review the documents at the end of the initial drawing stage (Phase 1) and determine their desired delivery method.
3. Phase 1 – General Accessibility Construction Documentation (75% CD Set); DAHLIN will generate an initial Builder's set of accessibility drawings for each location, suitable for construction of the intended accessibility upgrade work. Where the building layouts are repetitive, DAHLIN will generate a single layout with annotation specific to each of the respective locations to cover any deviations or discrepancies for any specific location. DAHLIN understands the Phase 1 set is anticipated to be used by CITY maintenance staff for installation of the new work. DAHLIN will provide sheet specifications for this level of work. We anticipate the Phase 1 drawings will include the following:
  - a. Title Sheet and CITY-required Project Data;
  - b. Sheet Specifications for General Construction;
  - c. Accessibility Notes and Details;
  - d. Demolition Floor Plans (Overall / Enlarged where required);
  - e. Construction Floor Plans (Overall / Enlarged where required);
  - f. Equipment and Toilet Accessory Plans and Schedules;
  - g. Finish Plan and Schedules;
  - h. Interior Elevations;
  - i. Architectural Details.
4. DAHLIN understands the Phase 1 package will be reviewed internally, but will not be submitted to the jurisdictions having authority over the work for plan check and final building permitting. DAHLIN will coordinate and incorporate any CITY comments related to their internal review and incorporate the comments into the document package at this stage.
5. At the completion of the Phase 1 documents, DAHLIN will generate an initial Estimate of Probable Construction Costs for the proposed project work. Construction Cost will reflect the probable costs based on typical public work at prevailing wage rates.
6. At the completion of Phase 1, CITY will review the Phase 1 package and Cost Estimate and determine if they are going to proceed ahead with the detailed work for Phase 2 to include additional engineering, building permits, formal bidding, and construction of the project.
7. Phase 2 – Bid Level Accessibility Construction Documentation (100% CD Set); At the end of Phase 1, if CITY determines it will proceed ahead with formal permitting and public bid for the project construction work, DAHLIN will enhance the documents to generate a detailed bid set of accessibility drawings for each restroom location, suitable for permit and issuance for public bid, and ultimately for construction of the intended accessibility upgrade work by a General Contractor. Where the building layouts are repetitive, DAHLIN will generate a single layout with annotation specific to each of the respective locations to cover any deviations or discrepancies for any specific location. The Bid set will provide additional detailing and information and will provide book-type specifications to supplement the construction drawing set for the work. We anticipate the Phase 2 drawings will include the following:
  - a. Title Sheet and CITY-required Project Data;
  - b. Sheet Specifications for General Construction;
  - c. Accessibility Notes and Details;
  - d. Building Exiting and Occupancy Plan;

- e. Demolition Floor Plans (Overall / Enlarged where required);
  - f. Construction Floor Plans (Overall / Enlarged where required);
  - g. Equipment and Toilet Accessory Plans and Schedules;
  - h. Finish Plan and Schedules;
  - i. Building Sections / Enlarged Wall Sections (as required to describe space / construction);
  - j. Interior Elevations;
  - k. Architectural Details;  
(If required, the following work shall be incorporated into the document set)
  - l. Structural General Notes;
  - m. Structural Plans;
  - n. Structural Details;
  - o. Mechanical General Notes;
  - p. Mechanical Plans;
  - q. Mechanical Details;
  - r. Plumbing General Notes;
  - s. Plumbing Plans;
  - t. Plumbing Details;
  - u. Electrical General Notes;
  - v. Electrical Plans;
  - w. Electrical Details.
8. At the completion of Phase 2 Accessibility Construction Documentation, DAHLIN will provide specification book sections in a “Master Spec” format. For the architectural components of PROJECT, DAHLIN will coordinate with CITY’s to include their standard bid forms, bid requirements, and related sections into a specification book.
9. DAHLIN will attend meetings and presentations as noted in Section II.E.

#### **D. MEETINGS AND PRESENTATIONS**

- 1. This section applies to meetings and presentations that occur up to the commencement of the Bidding and Construction Administration Phase. Meetings and presentations during Construction Administration are referenced in Section II.F below. DAHLIN’s fee estimate includes:
  - a. Up to four (4) meetings with CITY at their offices.
- 2. Coordination meetings between DAHLIN and DAHLIN’s consultants are included within the basic Scope of Services
- 3. Except as noted above, all time (including travel time) associated with PROJECT meetings and presentations attended by DAHLIN or DAHLIN’s consultants at the request of CITY will be invoiced on an hourly basis as Additional Services.

#### **E. BIDDING**

- 1. Because CITY has not yet determined how the project will be executed for construction, DAHLIN has included an initial estimate for hourly as-needed services for PROJECT bid support. DAHLIN will answer CITY’s written questions pertaining to the drawings, and provide clarifications as necessary during PROJECT review / bid period. At this phase of PROJECT, DAHLIN can, if requested by the CITY, issue formal addenda, assist in the review of bids received, and provide architectural opinions on the bids received.

#### **F. CONSTRUCTION ADMINISTRATION – *Not Included in this Proposal.***

### III. MISCELLANEOUS

- A. DAHLIN and its employees, independent professional associates, sub consultants, and subcontractors will exercise that degree of care and skill ordinarily practiced under similar circumstances by design professionals providing similar services. CITY agrees that services provided will be rendered without any warranty, express or implied.
- B. DAHLIN shall exercise usual and customary professional care in its efforts to comply with applicable and non-conflicting codes, regulations, laws, rules, ordinances, and such other requirements in effect as of the date of execution of this Proposal.

### IV. ADDITIONAL SERVICES

- A. Additional Services are not included in DAHLIN's Scope of Services as described in Section II of this Proposal. If during the course of performing its Scope of Services under this Proposal, DAHLIN determines that services beyond those described in Section II are required, DAHLIN will notify CITY in writing as to necessity of such services. The following list constitutes Additional Services:
  - 1. Revisions made necessary due to inconsistent approvals or instructions previously given by CITY, including adjustments in CITY's program.
  - 2. Revisions required by the enactment, revised interpretation, jurisdictional differences in interpretation, or revision of codes, zoning or building ordinances, laws or regulations subsequent to the preparation of documents.
  - 3. Revisions required by discretionary decisions of building officials and inspectors inconsistent with prior approvals or the building code.
  - 4. Preparation of documents for alternate, fast track, separate or sequential bids or providing services in connection with bidding, negotiation or construction prior to the completion of the Construction Documents phase of services. These services include phased submittals for separate permit and Plan Check submittals for any phase following model completion. CITY acknowledges that DAHLIN shall not be held liable for any additional construction cost as a result of CITY's election to proceed in this manner.
  - 5. Providing services required because of changes in PROJECT, including, but not limited to size, quality, complexity, CITY's schedule or CITY's method of bidding or negotiating and contracting for construction.
  - 6. Improvements required by PROJECT that are beyond PROJECT work area or the above noted scope of work.
  - 7. Performing the services of or in connection with consultants other than those specified under the Scope of Services as described in Section II of this Proposal.
  - 8. Any additional site visits beyond those included within the Scope of Services as described in Section II of this Proposal.
  - 9. Services related to construction or Construction Administration services.
  - 10. Preparation of as-built drawings which reflect field modifications during or after construction work is completed.

11. In-Person submittals for entitlements, permitting, plan check, or other required submittals, and all associated fees required as a part of these submittals.
12. Providing any other services not otherwise included within the Scope of Services described in Section II of this P.

## V. COMPENSATION

### A. FEE SUMMARY

#### SCOPE OF SERVICES

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II.A. PH 10.1 – AS BUILT DOCUMENTATION	\$11,200
II.B. PH 30.0 - SCHEMATIC ACCESSIBILITY LAYOUTS	\$8,500
II.C. PH 50.0 - CONSTRUCTION DOCUMENTS – PH 1 ARCHITECTURE	\$23,500
PH 50.4 - CONSTRUCTION DOCUMENTS – PH 1 COST ESTIMATE	\$6,500
II.C. PH 50.5 - CONSTRUCTION DOCUMENTS – PH 2 ARCHITECTURE	\$18,750
PH 50.6 - CONSTRUCTION DOCUMENTS – PH 2 STRUCTURAL ENGINEERING	\$5,000
PH 50.7 - CONSTRUCTION DOCUMENTS – PH 2 MECHANICAL / PLUMBING	\$7,500
PH 50.8 - CONSTRUCTION DOCUMENTS – PH 2 ELECTRICAL ENGINEERING	\$8,000
II.D. PH 15.0 - MEETINGS	\$3,500
II.E. PH 60.0 – BIDDING	\$6,500
PH 90.0 – ESTIMATED REIMBURSABLE BUDGET	\$5,000
<b>TOTAL NOT TO EXCEED FEE:</b>	<b>\$103,950</b>

## B. BILLING AND PAYMENT

1. If work is stopped for a total of more than ninety (90) calendar days, compensation shall be subject to re-negotiation.
2. In the event of termination due to the fault of parties other than DAHLIN, compensation will be paid to DAHLIN for services performed up to the date of termination based on current completion of the contract work and hourly progress to the above limits to the point of termination.
3. Monthly Billing Invoices shall be based on current completion of the contract work and hourly progress to the above limits shall be issued monthly via email to the Project Representative indicated in this Proposal. Invoices are due upon presentation. CITY shall review invoices and contact DAHLIN within seven (7) days if there are any questions or problems that would delay payment. Invoices become delinquent if not paid within 30 days of invoice date. Services may be suspended if not paid within forty-five (45) days, and DAHLIN shall not be liable to CITY for delay or damage resulting to CITY due to such suspension of services. Past due invoices are subject to a late charge of 1.5 percent per month. Late charges are not included in the fixed fee.
4. The Scope of Services includes a good faith estimate for the following Reimbursable Expenses: printing and reproduction, other than prints for CITY's review and approval; photography and photographic reproductions, delivery services; engineers and consultants reimbursable items.
5. Reimbursable expenses for travel expenses and mileage outside of the Los Angeles and Orange County Areas; government permits and plan check fees; fees for consultant services not specifically noted in the scope of work above. These fees will be billable at 1.15 times invoice and mileage will be reimbursed at \$0.545 per mile.

## C. PROJECT REPRESENTATIVES

1. CITY's Project Representatives are named and authorized to direct DAHLIN, and approve plans, changes in PROJECT scope, changes in PROJECT fees, amendments to the Proposal, and Additional Services and fees.
  - a. CITY's Project Representative will be Lisa Ann Rapp.
  - b. DAHLIN's Project Representative will be Gregor Markel.

Approved this date: \_\_\_\_\_  
(Filled in by CITY)

CITY OF LAKEWOOD

\_\_\_\_\_  
Lisa Rapp  
Director of Public Works

5050 Clark Avenue  
Lakewood, CA 90712

## VI. ANTICIPATED PROJECT SCHEDULE

A. The following is an anticipated schedule for PROJECT:

1. Notice to Proceed / Contract	Start of Project Work
2. As-Built Survey and Documentation	2 Weeks
3. Schematic Accessibility Layouts	1 Week
4. CITY review and comment	2 Weeks
5. Final Accessibility Layouts	1 Week
6. Phase 1 Construction Documents to 50%	3 Weeks
7. CITY review and comment	2 Weeks
8. Final Phase 1 Documents w/ CITY Comments	2 Weeks
9. Cost Estimate for Phase 1 documents	3 Weeks
<p>*This is the time in PROJECT where a determination will be made to either begin Bid and Construction or move to completion of the Phase 2 Construction Documents.</p>	
10. Phase 2 Construction Documents to 85% with Outline Specifications	3 Weeks
11. CITY review and comment	2 Weeks
12. Final Phase 2 Documents w/ CITY Comments with Final Specifications	3 Weeks
13. Plan check review / Permit	6 Weeks
14. Cost Estimate for Phase 2 documents	2 Weeks (parallel w/ Plan Check)
15. CITY final review of documents and Authorization to bid	3 Weeks
16. Bid Period	4 Weeks
17. Bid Award and Contract Negotiation	2 Weeks
18. Mobilization and Construction	6 Weeks
19. Project acceptance and turn over	1 Week
Project Total for Phase 1 w/ Construction	29 Weeks
Project Total for Phase 2 w/ Construction	46 Weeks

CITY may convey a desired schedule for the performance of DAHLIN's services. DAHLIN recognizes the importance of CITY's overall project schedule, and will exert every reasonable effort to complete its scope of services as expeditiously as is consistent with professional skill and care and the orderly progress of PROJECT. DAHLIN cannot provide schedule guarantees. CITY recognizes that the target schedule dates and time periods are based on certain tasks or milestones outside of DAHLIN's control, including timely design review and approvals of submissions by CITY and governing entities, and tasks which are dependent on services and deliverables expected to be provided on a timely basis by CITY, CITY's Consultants, and CITY's General Contractor.

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## COUNCIL AGENDA

December 11, 2018

**TO:** The Honorable Mayor and City Council

**SUBJECT:** Update on Public Works Project No. 2018-05  
Improvements to the Existing Rynerson Park

### INTRODUCTION

Fleming Environmental commenced work on November 27<sup>th</sup>, 2018 for the Rynerson park site improvements and construction is on schedule. The work generally consists of park restroom building and miscellaneous demolition, septic tank abandonment, pad preparation for new factory-built restroom building, site improvements to include concrete walkways, concrete ramps, parking striping, pedestrian bridge improvements and related improvements at the existing Rynerson Park, Lakewood California.

### STATEMENT OF FACT

On May 8, 2018 Council authorized the purchase of a prefabricated restroom from the Public Restroom Company and on October 23<sup>rd</sup>, Council awarded the bid for site work improvements to Fleming Environmental. The restroom is on schedule for delivery and installation in early December, and site work is underway to prepare the subgrade pad at the site of the restroom building and provide utility hookups. The site work includes demolition of the old building and septic systems, preparation of the building pad, utility stub outs, and connecting walkways. The work also includes some ADA improvements to parking, as well as pedestrian bridge improvements. In addition, Additive Alternates for picnic shelter installation was included in the bids.

Fleming provided Additive Alternate bids of \$222,882 for the installation of one picnic shelter and related improvements, and \$217,882 for the installation of the other picnic shelter and related improvements. Due to the high cost, Staff recommended to not include the Additive Alternates in the award of bid.

Staff submitted a proposal request to Fleming for the installation of the north picnic slab to provide a large group picnic area. The design allows for the addition of a shelter in the future when funding allows. Fleming proposed a total cost of \$40,480 for the picnic slab and connection to the adjacent walkways.

In order to fully fund the addition of this work to the project, staff recommends appropriating \$40,480 from the General Fund and to increase Contract change order authorization by \$40,480. Although no other Change Orders have been issued to date, the project is just beginning so the current contingency should be reserved to cover any unforeseen conditions during construction and not utilized for this extra work.

In addition, a drinking fountain, picnic tables, prep tables, BBQs and trash cans will needed. There are sufficient funds in the FY 18-19 equipment replacement account for this purchase.

**SUMMARY**

To allow the installation of one large group picnic area, Staff recommends the contract contingency be increased by \$40,480 to cover the cost of the picnic slab installation and other unforeseen conditions during construction.

**RECOMMENDATION**

Staff recommends that the City Council:

- (1) Authorize staff to approve a change order in an amount not to exceed \$40,480 to Public Works Contract 18-05.
- (2) Appropriate \$40,480 from the General Fund assigned fund balance – reserve for Capital Improvements for this project.

Lisa Ann Rapp   
Director of Public Works

  
Thaddeus McCormack  
City Manager

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## COUNCIL AGENDA

December 11, 2018

**TO:** The Honorable Mayor and City Council

**SUBJECT:** Final Design and Preparation of Plans, Specifications and Estimates – Lakewood Blvd Regional Corridor Capacity Enhancement Project

### INTRODUCTION

The Los Angeles County Metropolitan Transportation Authority (LACMTA) has provided a grant of \$3,600,000 in Measure R Funds for improvements to Lakewood Boulevard within the City of Lakewood as part of the Lakewood Boulevard Regional Corridor Capacity Enhancement Project.

### STATEMENT OF FACT

At its regular meeting on August 9, 2016, the City Council approved a Funding Agreement with Los Angeles County Metropolitan Transportation Authority that designates \$3,600,000 in Measure R Funds for Design, Plans, Specifications and Estimates and Project Development for improvements to Lakewood Boulevard from Del Amo Boulevard to the city limits north of Ashworth Street. These funds come from LACMTA share of Measure R and are not the local return that is allocated to the City of Lakewood. There will be a future funding agreement for the construction phase.

The project includes street widening, median improvements, bike lanes, sidewalk, street resurfacing, ADA and storm water compliance, traffic signal modification, drought-resistant landscaping and irrigation and signing and striping; all within the existing right-of-way.

The consulting engineering firm of Willdan has an agreement with the City of Lakewood to assist with various engineering matters. On October 25, 2016, the City Council approved Willdan's proposal for preliminary engineering design services for this project in an amount of \$678,185. On August 8, 2017, the City Council approved Willdan's Proposal to finalize the design concepts and prepare the Environmental CEQA documents for the corridor project in an amount of \$187,174.

Now the project is ready to move into the final design phase. Based upon the need to maintain continuity in the project design, and their in-depth knowledge of the earlier design and environmental phases, staff requested that Willdan submit a detailed proposal for the final design phase. The proposal is attached for your information. The proposal includes a detailed set of tasks including preparation of a full set of construction drawings for the project based upon all of the preliminary work that they have already completed. The lump sum not-to-exceed fee amount is \$1,334,635. The engineering work will take approximately fourteen months to complete. This schedule is important because there will be opportunities to apply for grant programs to fund the construction that will be coming within the next 12 to 18 months, and our grant applications will be much more competitive when we can demonstrate that we have completed or nearly

Final Design and Preparation of Plans, Specifications and Estimates – Lakewood Blvd Regional Corridor Capacity Enhancement Project

December 11, 2018

Page 2 of 2

completed plans that will be ready for bid in a timely fashion. All of the funding for the design phase of the project will be 100% funded with the METRO regional funds within the \$3.2M allocation previously described. The utility undergrounding design must be done by SCE. Project design funds have been set aside for this purpose, and Willdan will coordinate this work with SCE.

**RECOMMENDATION**

Staff recommends that the City Council approve Willdan’s proposal to final design plans for the Lakewood Blvd Regional Corridor Capacity Enhancement Project under their existing Engineering Services Agreement in an amount not to exceed \$1,334,635 and authorize the Mayor to sign the proposal subject to approval of form by the City Attorney.

Lisa Ann Rapp   
Director of Public Works

  
Thaddeus McCormack  
City Manager

November 19, 2018

Ms. Lisa Rapp  
Director of Public Works  
City of Lakewood  
Department of Public Works  
5050 Clark Avenue  
Lakewood, CA 90712

Subject: Proposal for Final Engineering Design Services for the Lakewood Boulevard Regional Corridor Capacity Enhancement Project

Dear Ms. Rapp:

Willdan Engineering (Willdan) is pleased to be given the opportunity to submit this proposal to provide professional engineering design services for the preparation of final plans, specifications, and estimate (PS&E) for complete/green street improvements on Lakewood Boulevard between Del Amo Boulevard and North City Limit. The final design will be based on the recently completed preliminary engineering design elements for the subject project. The design phase is funded by Metro Measure "R" I/91/605 Hot Spots Expenditure Plan funds.

It is our understanding that the project includes the following proposed improvements:

- Street and median improvements on Lakewood Boulevard to accommodate a bike path in each direction. The new bike path will be mainly located in the street parkway.
- Utility undergrounding of overhead distribution and transmission power poles. The utility undergrounding design will be performed by Southern California Edison (SCE).
- Resurfacing of Lakewood Boulevard with Asphalt-Rubber Hot Mix (ARHM).
- Reconstruction of existing concrete sidewalk, curb and gutter, and drive approaches.
- Installation of new access curb ramps in compliance with the Americans with Disabilities Act (ADA) requirements. All newly installed access curb ramps will include truncated domes.
- Construction of new catch basins due to the proposed street configuration.
- Implementation of Storm Water Quality improvements per the City of Lakewood's "Green Streets" policy.
- Installation of landscape improvements in raised median islands and street parkways. The proposed landscape improvements will accommodate for storm water quality improvements and drought adaptive trees, shrubs, and groundcover.

- Relocation of two (2) City entry monument signs at north and south City limits of Lakewood Boulevard.
- Relocation of existing bus shelters due to new street configuration.
- Installation of traffic signal modifications along Lakewood Boulevard at the following locations:
  1. Hardwick Street
  2. Candlewood Street
  3. South Street
  4. Ashworth Street
- Installation of flashing beacon at the following uncontrolled crosswalks:
  1. Hedda Street
  2. Michelson Street
- Relocation of LED street lights along Lakewood Boulevard.
- Installation of pedestrian lighting with the street lights.
- Installation of signing and striping.

The total estimated construction cost for the street improvements and the utility undergrounding on Lakewood Boulevard is \$36 million (\$17 million for street improvements and \$19 million for utility undergrounding).

## SCOPE OF SERVICES

We propose to provide the following basic services for the project:

## PROJECT MANAGEMENT

1. Attend a pre-design (kick-off) meeting with City representatives to review the project, in detail, to determine the City's specific requirements.
2. Maintain continuous communication with the City Project Manager, including meetings to review project status.
3. Provide agendas of special items for discussion, and minutes listing agreed actions.
4. Monitor progress of design team to ensure project delivery on schedule and within budget.
5. Provide project updates on a monthly basis.



6. Maintain continuous awareness of the status of each task as it proceeds and make provisions to expedite and resolve any difficulties that may impede progress.
7. Proactively initiate communications any time there arises a question or inconsistency in the flow of work production.

## **RECORDS RESEARCH AND FIELD REVIEWS**

1. Review base data documents including as-built improvement plans, traffic data, utility information, existing pavement section information, and other available record data.
2. Perform field review of special existing conditions.
3. Verify locations of existing pavement and concrete to be reconstructed or repaired.
4. Verify locations of street topographic features including manholes, water valves, traffic striping, etc.
5. Be proactive in field review towards discovery of special conditions that might create conflicts or change orders during construction.
6. Review field conditions for ADA access curb ramps to establish type of ramp required and perimeter construction needed to establish the ramp complete in place.

## **FINAL DESIGN**

1. Review preliminary project plans and concepts.
2. Develop title and detail sheets for the Lakewood Boulevard Improvement Project.
3. Develop civil plans for proposed street configuration, pavement resurfacing, and proposed raised median island on Lakewood Boulevard.
4. Prepare storm drain plans for relocation of existing catch basins due to proposed street configuration.
5. Prepare landscape hardscape construction plans.
6. Prepare landscape irrigation plans.
7. Prepare landscape planting plans.
8. Prepare landscape construction detail plans, including depicting the style and location of bus shelters and bicycles lockers.
9. Prepare plans for relocation of city entry signs.



10. Prepare traffic signal modification plans at the following locations along Lakewood Boulevard:
  - Hardwick Street
  - Candlewood Street
  - South Street
  - Ashworth Street
11. Prepare flashing beacon plans for the intersections of Lakewood Boulevard and Hedda Street and Lakewood Boulevard and Michelson Street.
12. Prepare street and pedestrian lighting plans on Lakewood Boulevard.
13. Prepare signing and striping plans for Lakewood Boulevard.
14. Prepare detailed project plans and attend coordination meetings, as necessary, with City's staff and utility companies at various times to obtain additional input and review work.
15. Prepare project specifications including contract documents and technical special provisions to conform to applicable requirements of the City of Lakewood for bidding by the City. Special provisions will be prepared in "Greenbook" format.
16. Prepare and submit permit application to Los Angeles County Flood Control District (LACFCD) for the catch basin relocations on Lakewood Boulevard.
17. Coordinate and obtain permit from LACFCD.
18. Develop preliminary cost estimates.
19. Submit 95% completion of PS&E to the City for review and comment.
20. Revise 95% completion PS&E based on comments and requirements from the City of Lakewood.
21. Prepare final project PS&E.
22. Submit original mylars, project specifications, and estimates, including electronic files, to the City of Lakewood.

## **STORM WATER QUALITY**

Our scope of work will include preparation of plans and specifications for the proposed facilities and BMPs of the stormwater treatment on Lakewood Boulevard. We understand that the City is looking at the feasibility of incorporating the new medians with a depressed profile rather than a mounded one; installation of deep drywells; installation of connector pipe screen (CPS) and automatic retractable screens (ARS) for all catch basins.



## **UTILITY COORDINATION**

1. Submit notification to affected agencies and utility companies of proposed project.
2. Submit copies of the plans to affected utilities and agencies.
3. Coordinate with utility companies to implement upgrade of its facilities, as needed, within the project limit.
4. Identify conflicts of proposed construction with utilities and provide final coordination for resolution.

## **UTILITY UNDERGROUNDING COORDINATION**

1. Coordinate with SCE for the utility undergrounding of overhead distribution and transmission power poles.
2. Coordinate with other agencies for the utility undergrounding of their overhead utility facilities.

## **PROJECT ADVERTISEMENT**

1. Respond to questions during project advertisement period and log questions and responses.
2. Evaluate need for addenda and prepare project addenda, as necessary.
3. Attend project bid opening.
4. Review and analyze bid results and prepare a bid summary.
5. Verify contractor's references, bonding, insurance, and Contractor's license.
6. Provide recommendation to the City for award of project.

## **METRO INVOICING AND REPORTING**

1. Draft Monthly Progress Reports (MOU Attachment D1) for City review.
2. Prepare final Monthly Progress Report for submittal to Los Angeles County Metropolitan Transportation Authority (Metro); assist City with submittal process.
3. Organize and prepare copies of paid invoices and canceled checks for quarterly reimbursement invoicing submittal.
4. Draft Quarterly Expenditure Reports (MOU Attachment D2) for City review.



5. Prepare final Quarterly Expenditure Report for submittal to Metro; assist City with submittal process.
6. Serve as City liaison with Metro for ongoing resolution of issues regarding Report submittals and invoice processing.

## SCHEDULE

Willdan will provide the above scope of services for final engineering services within fourteen (14) months of the Notice-to-Proceed with final design.

## FEE

Our proposed lump sum not-to-exceed fee for the above scope of services is as follows:

• Project Management	\$57,585
• Records Research and Field Reviews	11,440
• Final Design (PS&E)	
Civil Street Improvements	468,855
Storm Drain Improvements	64,570
Traffic Improvements	345,980
Landscape Improvements	168,150
• Storm Water Quality	56,980
• Utility Coordination	40,180
• Utility Undergrounding Coordination	49,110
• Project Advertisement	16,060
• Metro Invoicing and Reporting	<u>55,725</u>
Total Lump Sum Not-to-Exceed Fee	\$1,334,635

## PROJECT TEAM

- Bill Pagett, PE - Principal-in-Charge
- Adel Freij, PE - Project Manager
- Rafael Casillas, PE – Civil Street Design
- Vanessa Muñoz, PE, TE, PTOE – Traffic Design
- John Hidalgo, RLA – Landscape Design
- Chris Kelley, PE, QSD, QSP - Storm Water Quality
- Ed Cox - Utility Coordination
- Jane Freij – Metro Invoicing and Reporting

Please indicate the City's approval and authorization to proceed by either printing out and signing two originals and returning one hard copy original to our office, or by scanning one signed original and returning it by e-mail.



November 19, 2018

Page 7

Thank you for giving us the opportunity to assist the City of Lakewood. If you have any questions, please contact Mr. Adel Freij at (562) 364-8486 or [afreij@willdan.com](mailto:afreij@willdan.com).

Respectfully submitted,

Approval and Authorization to Proceed by:

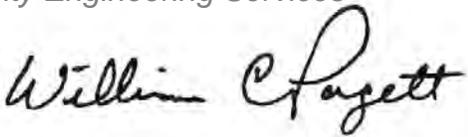
**WILLDAN ENGINEERING**

**CITY OF LAKEWOOD**



Adel M. Freij, PE  
*Deputy Director*  
*City Engineering Services*

\_\_\_\_\_  
Signature



William C. Pagett, PE  
*Senior Vice President*

\_\_\_\_\_  
Date

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## **COUNCIL AGENDA**

December 11, 2018

**TO:** The Honorable Mayor and Members of the Council

**SUBJECT:** Comprehensive Annual Financial Report (CAFR) - Year Ended June 30, 2018 and Presentation of the Government Finance Officers Association (GFOA) Award

### **INTRODUCTION**

The Comprehensive Annual Financial Report (CAFR) is a set of the City's financial statements that complies with the Generally Accepted Accounting Principles (GAAP) promulgated by the Governmental Accounting Standards Board (GASB). The City of Lakewood's CAFR is compiled by the Finance & Administrative Services Department staff and audited by the independent public accounting firm Pun Group LLP, Certified Public Accountants, whose unmodified opinion (the most favorable that can be obtained) is included within the financial section of the report.

In preparation for the City's annual audit and the development of the CAFR, the Audit Committee (formed in December 2017) has convened twice. The meetings, with staff and the Pun Group, took place prior to the start of the audit and after its completion when the financial statements were available in draft form. The meetings covered a wide array of subjects and materials, including management/auditor responsibilities, audit approach, financial statements, indicators, compliance matters, internal controls, audit results, and new GASB accounting pronouncements.

### **STATEMENT OF FACT**

The City of Lakewood's Fiscal Year 2017-18 CAFR is composed in the standard format of three sections: Introductory, Financial, and Statistical.

- The Introductory Section includes the Transmittal Letter to the City Council from the City Manager and the Director of Administrative Services, the City's organizational chart and the GFOA Certificate of Achievement for Excellence in Financial Reporting.
- The Financial Section includes the Independent Auditor's Report, staff's Management's Discussion and Analysis that provides a high-level review of the year-over-year changes from the Fiscal Year 2016-17 CAFR, the Basic Financial Statements of the Governmental and Business Type Activities of the City, and the Fund, Proprietary and Fiduciary Financial Statements, followed by the Notes to the Basic Financial Statements
- The Supplemental Schedules section includes schedules of the City's various special revenue funds (grants), and internal service and fiduciary funds.
- The Statistical Section contains information on the financial trends, revenue and debt capacity, demographic and economic data and operational information of the City.

The City of Lakewood has two major fund groups, Governmental and Proprietary (Enterprise) that fall into two types of activities, governmental and business. The City's water utility is the only Enterprise Fund and is presented as a business activity in the financial statements along with the internal service funds that serve as cost centers for all funds and functions of the City.

In the Governmental Funds financial statements, Governmental Funds are broken out into Major Funds and Other Governmental Funds. The City of Lakewood has three Major Funds, the General Fund, Successor Housing Agency Fund and Capital Projects Fund; all remaining Governmental Funds are combined and represented under Other Governmental Funds. The combined fund balance of the City's Governmental Funds (page 27) increased by \$1,217,226 over the prior year; this increase was caused primarily by new Gas Tax Revenues provided by the State.

The Proprietary Fund financial statements represent primarily the Water Utility. The Water Utility is treated as an Enterprise fund and as such has retained earnings rather than a fund balance. Unrestricted retained earnings in the Water Fund increased by \$2,006,878 over the prior year (page 35). Operating income accounted for the increase. Increases in retained earnings are necessary to fund capital improvements. Such projects on the horizon include new wells, water main replacements, as well as water treatment and operational upgrades.

#### **GENERAL FUND SUMMARY**

The City's General Fund, the City's largest fund and over which the City Council has discretionary authority, is extremely important in the provision of essential city services. It is important to note that the presentation of information in the CAFR is different from that in the City's budget. While a municipal budget is a spending plan for a future time period, a CAFR is a set of financial statements for a prior time period that complies with regimented accounting reporting requirements as established by GASB. More specifically, the CAFR presents expenditure information without regard to it being anticipated use of reserves (i.e., capital improvement projects) or departmental expenses. The discussion below pertains to the CAFR. It is worth mentioning that, from a budgetary perspective, FY 2017-2018 ended with a surplus of \$192,287, when comparing the City's General Fund revenues versus the operational expenditures (including Council-approved set-asides).

#### **Revenues**

Overall, General Fund Revenues plus the transfer in of Gas Tax came in under budget by \$254,078, but posted a year-over-year increase of \$1,026,581. Following is a brief review of the major revenues received by the City represented on page 97 of the CAFR.

Property tax revenues were better than expected at \$62,729 over budgeted estimates and \$316,718 over prior year receipts. The year over year increase is attributed to a rise in residual property tax – the City's share of the property tax reallocated from the dissolved redevelopment agency. Motor vehicle license fees (property tax in lieu of the vehicle license fee) were only \$395 more than the amount budgeted, however \$427,528 greater than the prior year.

Sales tax came in under budget by \$323,481, but \$169,691 higher than the prior year. The shortfall when compared to the budget is partially due to the significant processing and reporting issues at the California Department of Tax and Fee Administration (CDTFA). Of the \$323,481 shortfall, the CDTFA neglected to remit \$270,454 to the City prior to the close of the fiscal year. Even when accounting for this anomaly, sales tax revenues fell short of the budget by \$53,027.

Utility users tax revenue came in below budget expectations by \$27,762. Likewise, they decreased by \$150,356 from prior year totals largely due to declines in utility tax receipts on communication items.

### **Expenditures**

General Fund operational expenditures posted a year-over-year increase of 3.2 percent, equivalent to \$1,447,247. Operational expenditures, however, stayed within the Fiscal Year 2017-18 Budget. Following is a brief fiscal review of the six functions of the City as presented on page 97 of the CAFR.

The General governmental expense year-over-year decrease of \$168,160 is due to not having an election during the fiscal year, compared to the prior year.

Public safety costs increased by \$698,199 over the prior year due to an increase in payments to the Los Angeles County Sheriff's Department for patrolling services and associated liability insurance costs.

Transportation expense was \$186,517 less than the prior year primarily due to the use of newly available Gas Tax revenues for street maintenance expenses, instead of the City's General Fund. Community development related operational expenses increased by \$218,547 due to increases in building and safety and planning expenses; Health and sanitation, the City's refuse collection and disposal service cost increased by \$69,658 over the prior year; this cost is fully offset by revenues. Culture and leisure increased by \$479,200 over the prior year due to the cost of labor, equipment and materials used to maintain parks and park programs.

Major capital projects totaling \$3,206,609 in Fiscal Year 2017-18 included the majority of the Burns Community Center rehabilitation project, as well as various hardscape repairs and park/facility improvement projects throughout the City. The City's expenditure on capital projects increased by \$1,923,039 from the prior year; this increase is due to the large-scale project at the Burns project previously mentioned.

### **Fund Balance**

Overall, General Fund expenditures (including capital projects) exceeded revenues (including transfers in) by \$2,287,684; and in general terms, the City remains in sound fiscal condition. The fund balance is presented per GASB 54, which includes four components; the following is a brief review of these components as presented on page 26 of the CAFR.

The Unspendable component (restricted) includes prepaid items, inventories and loans to the Successor Agency. This component increased by \$372,560 from the prior year. The Successor agency loan is the major element of this component and of the year-over-year change.

The Committed component includes reserves for city obligations, projects and economic uncertainty. This component increased by \$1,299,120 from the prior year. This increase was mainly due to a \$1,097,705 increase in set-aside for pension and personnel obligations.

The Assigned component includes reserves for capital replacement and repairs, and for major emergencies or catastrophes. This component decreased by \$3,368,170, specifically capital replacement and repairs decreased by \$3,380,960 to fund the Burns Community Center rehabilitation project, this was offset by a modest increase in contract emergency services to meet the requirements of the City's Governmental Fund Balance Policy.

The unassigned component (\$1,721,244) is utilized for cash flow purposes, as well as unforeseen projects or programs.

**GFOA Financial Reporting Award - Fiscal Year ending June 30, 2017**

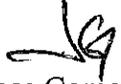
Recently, the GFOA awarded the Certificate of Achievement for Excellence in Financial Reporting to the City of Lakewood for the FY 2016-17 CAFR. This is the 36<sup>th</sup> consecutive year that the City has received this prestigious award. In order to be awarded the Certificate of Achievement, the CAFR must satisfy both generally accepted accounting principles and applicable legal requirements, as well as be easily readable and efficiently organized.

Mr. Ken Pun (The Pun Group) will present this award to the Mayor and Council.

**RECOMMENDATION**

Staff recommends the City Council:

- Receive and file the City of Lakewood Comprehensive Annual Financial Report (CAFR) Year Ended June 30, 2018
- Accept the GFOA Certificate of Achievement for Excellence in Financial Reporting award for the Fiscal Year ending June 30, 2017.

  
Jose Gomez  
Director of Finance & Administrative Services

  
Thaddeus McCormack  
City Manager

# City of Lakewood • California



## Comprehensive Annual Financial Report Year Ended June 30, 2018



**CITY OF LAKEWOOD, CALIFORNIA**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

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

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

**Prepared by:**  
Administrative Services Department

**Jose Gomez**  
**Director of Administrative Services**



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

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Todd Rogers  
*Vice Mayor*

Diane DuBois  
*Council Member*



Jeff Wood  
*Council Member*

Ron Piazza  
*Council Member*

Steve Croft  
*Mayor*

December 11, 2018

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

### **TRANSMITTAL LETTER**

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

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

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

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

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

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

## **PROFILE OF THE GOVERNMENT**

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

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

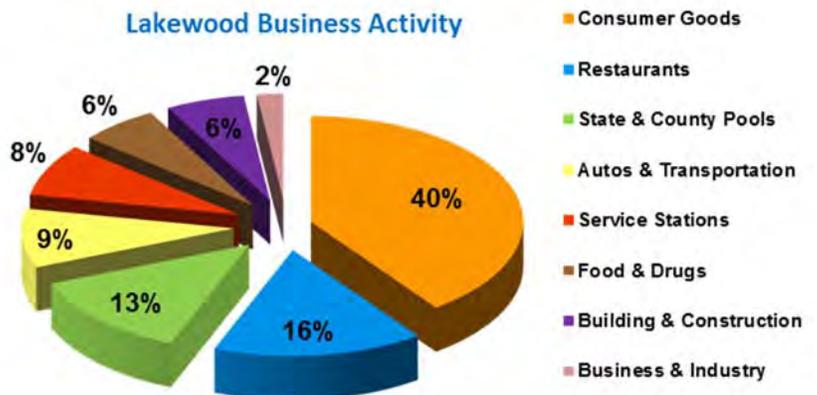
The City of Lakewood provides a full range of services, including police protection, solid waste collection, construction and maintenance of highways, streets and infrastructure, planning and zoning activities, utilities (water), recreational activities, cultural events, housing and general administrative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

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

**ASSESSING THE CITY’S ECONOMIC CONDITION AND OUTLOOK**

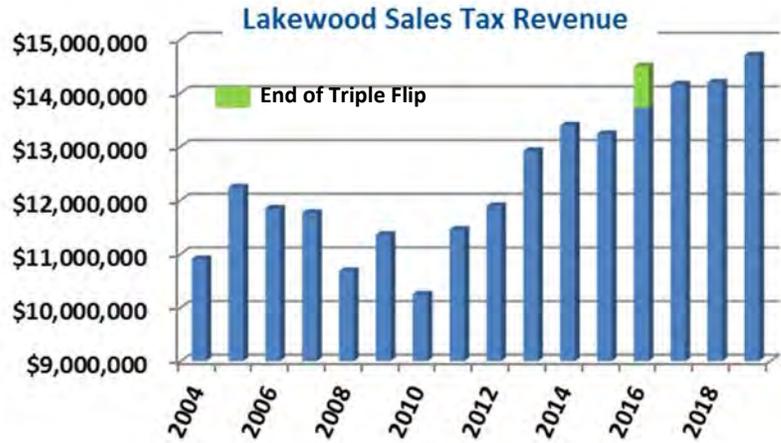
The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Lakewood operates and serves.

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



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

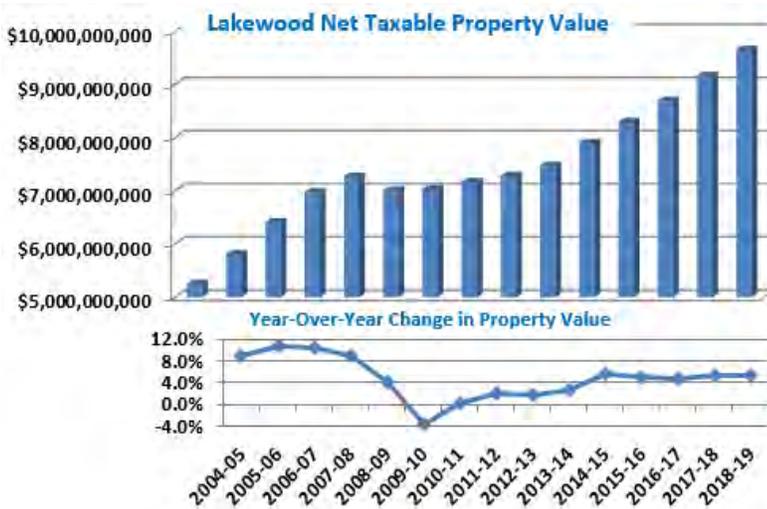
The City is beginning to see a slowing of sales tax revenue increases stemming from the continued migration of consumers away from traditional brick-and-mortar to online shopping. The adopted budget for Fiscal Year 2018-19 took this change in consumer shopping habits into consideration, with the budgeted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



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

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

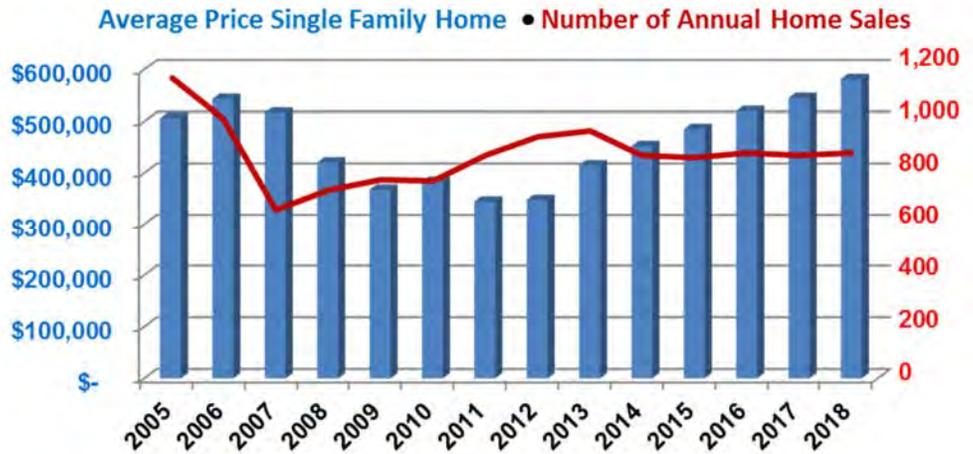
The County Assessor increased property tax assessments by a CPI of 2% from 2017-18 to 2018-19. In the last recession, the County Assessor lowered property tax assessments utilizing the 1978 Prop 8 reduction requirement where the lesser of the adjusted base year value or market value is used for taxation.



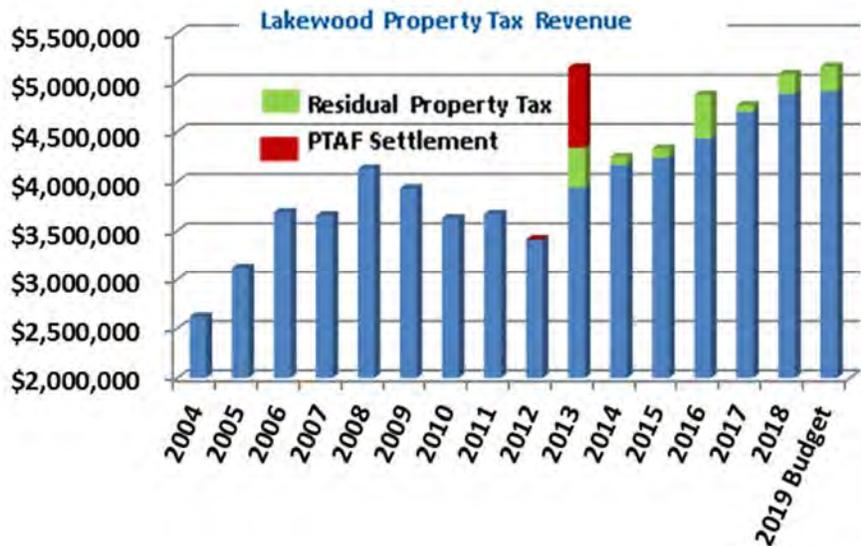
Prop 8 reductions still offset the year-over-year increase by reducing the assessed valuation by \$16 million on parcels throughout the city. However, the recapture of value on designated Prop 8 parcels was one of the largest factors in increasing property values for Fiscal Year 2017-18. The top two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

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

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

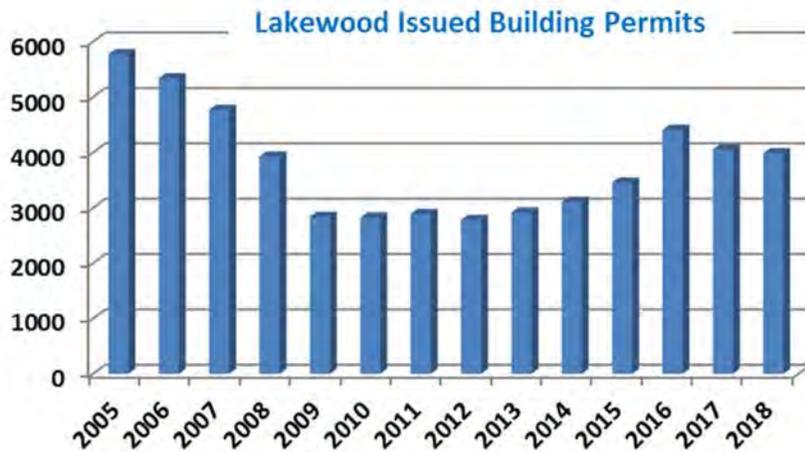


In Fiscal Year 2012-2013, the City began to receive residual property tax from the dissolution of the Lakewood Redevelopment Agency. In that year, all property tax increment held by the Lakewood Redevelopment Agency was shifted to the County and disbursed to local taxing agencies - the City’s share of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



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

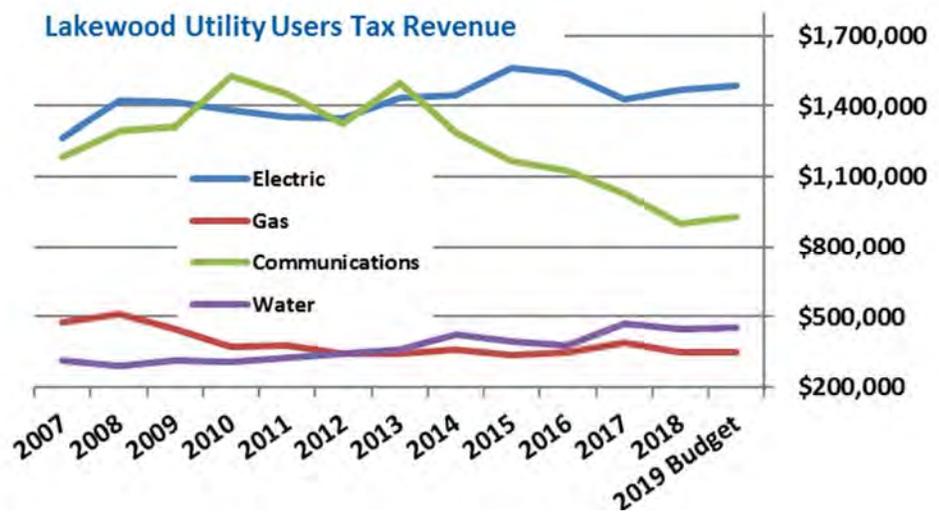
Property tax revenue in Fiscal Year 2017-18 increased by 6.6% over the prior year, exceeding expectations by 1.2%, and is expected to further increase by 1.5% in Fiscal Year 2018-19. Property tax revenue accounts for 11% of General Fund revenues. Since the approval of the 2004 Prop 1A, changes in property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



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

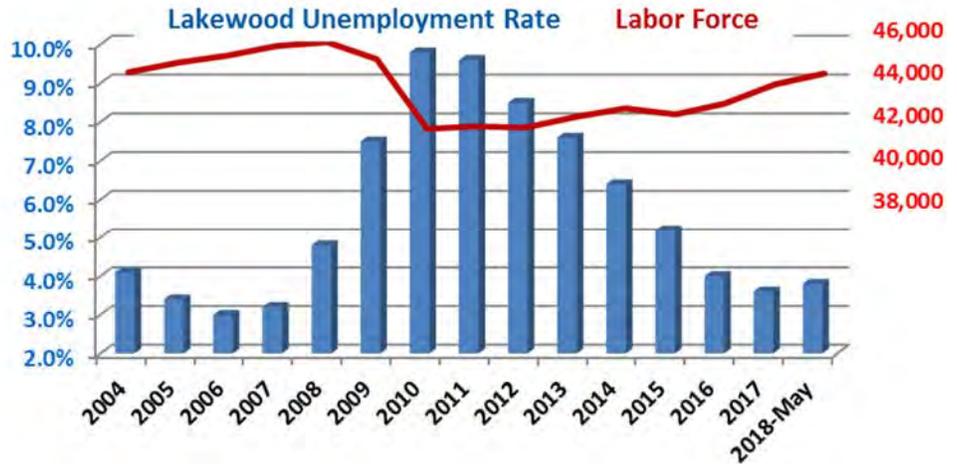
City revenues are also affected by changes in the commodity markets. The City's assessed utility users tax represents 6.8% of General Fund revenues. The 3% tax is assessed on communications, electricity, natural gas and water use. Natural gas prices continue to be at low levels resulting in \$160,508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

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



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

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



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

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



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

**Economic Outlook**

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

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

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

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

## **LONG-TERM FINANCIAL PLANNING**

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

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

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

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

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

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

**Street and traffic signal improvements:**

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

**Storm water/water recapture/recycled water projects:**

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

### **Parks and community facilities projects:**

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

### **Water system improvements:**

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

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

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

**Residential housing projects:**

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

**Redevelopment:**

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

**Long-term Debt:**

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

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

### **Pension and Other Post Employment Benefit Liabilities:**

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

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

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

### **FINANCIAL MANAGEMENT POLICIES AND PRACTICES**

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

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

## **AWARDS AND ACKNOWLEDGEMENTS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Lakewood for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2017. This was the 36<sup>th</sup> consecutive year that Lakewood has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

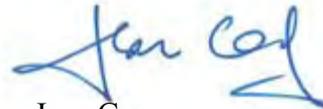
A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,



Thaddeus McCormack  
City Manager



Jose Gomez  
Director of Finance & Admin. Services

CITY COUNCIL

STEVE CROFT  
Mayor

TODD ROGERS  
Vice Mayor

JEFF WOOD  
Council Member

RON PIAZZA  
Council Member

DIANE DUBOIS  
Council Member

ADMINISTRATION AND DEPARTMENT DIRECTORS

THADDEUS McCORMACK  
City Manager

IVY M. TSAI  
City Attorney

VACANT  
Assistant City Manager

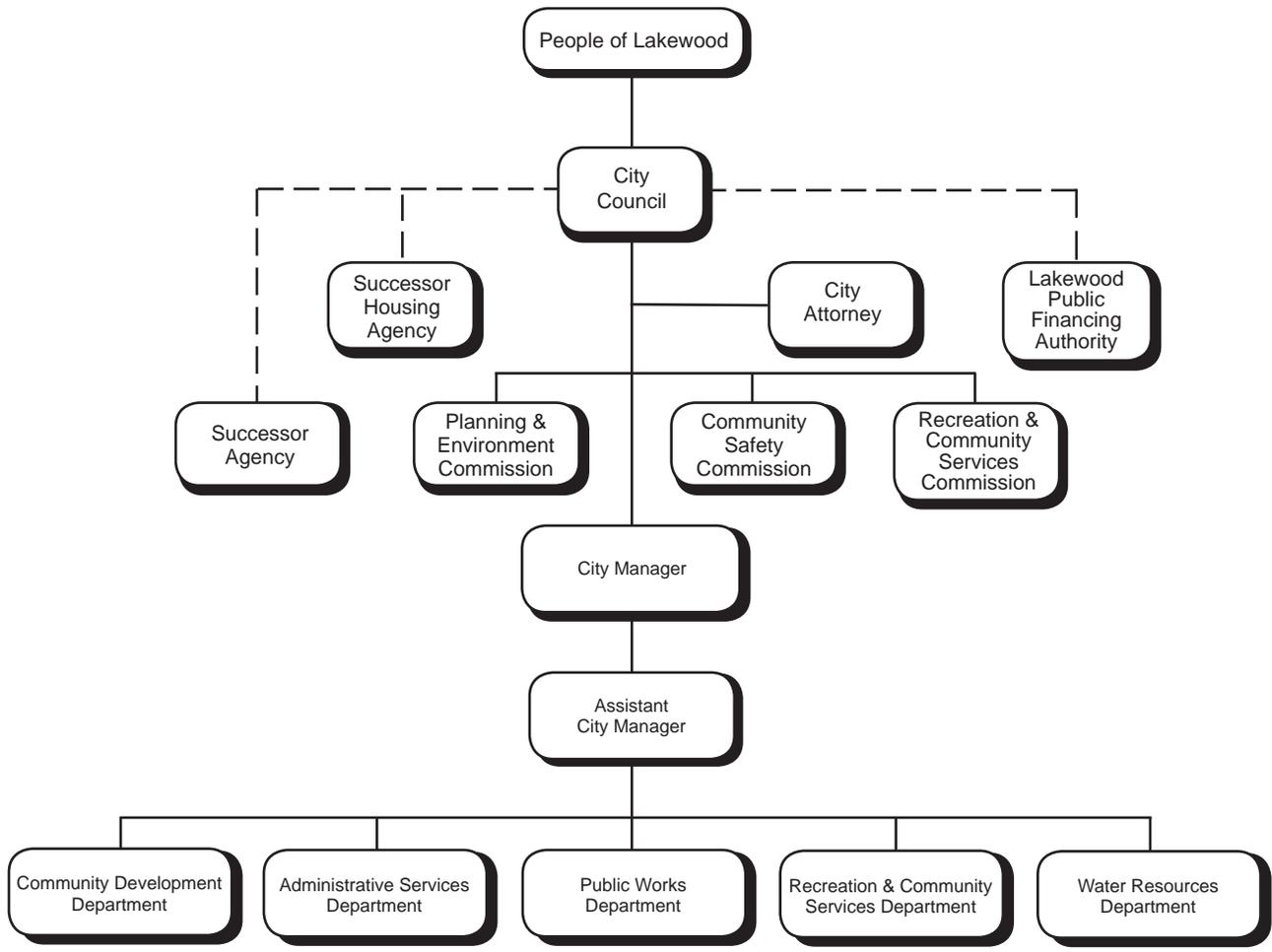
JOSE GOMEZ  
Director of Finance and Administrative  
Services

JASON WEN  
Director of Water Resources

LISA A. RAPP  
Director of Public Works

VALARIE FROST  
Director of Recreation  
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SONIA SOUTHWELL  
Director of Community  
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For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2017**

*Christopher P. Morill*

Executive Director/CEO



## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Lakewood, California (the "City") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

**Tel: 949-777-8800 • Fax: 949-777-8850**

**[www.pungroup.com](http://www.pungroup.com)**

***Emphasis of Matter***

*Implementation of GASB 75*

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

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis, the Budgetary Comparison Schedule, the Schedule of Changes in Net Pension Liability and Related Ratios, the Schedule of Contributions – Pension, the Schedule of Changes in Net OPEB Liability and Related Ratios, and the Schedule of Contributions – OPEB on pages 5 to 13 and 97 to 104 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

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

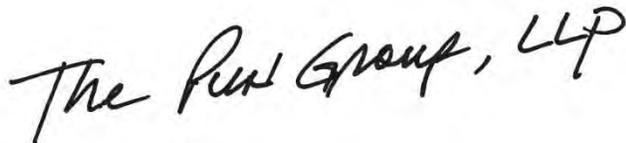
The Combining and Individual Nonmajor Fund Financial Statements and the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the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

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2018, on our consideration of the City’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City’s internal control over financial reporting and compliance.

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

Santa Ana, California  
November 29, 2018



## **City of Lakewood**

### **Management's Discussion and Analysis**

### **For The Year Ended June 30, 2018**

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

#### **Financial Highlights**

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

#### **Government-wide financial statements.**

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

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

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

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

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

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

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

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Lakewood, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Lakewood can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as *balances on spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental fund* and *governmental activities*.

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

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

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

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

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

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

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

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

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

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

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

**Government-wide Financial Analysis**

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

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

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

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

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

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

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

City of Lakewood Changes in Net Position						
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 11,144,227	\$ 11,499,488	\$ 13,003,840	\$ 10,873,311	\$ 24,148,067	\$ 22,372,799
Operating grants and contributions	8,633,736	6,100,046	-	-	8,633,736	6,100,046
Capital grants and contributions	6,315,712	8,542,663	-	-	6,315,712	8,542,663
<b>General revenues:</b>						
Property taxes	13,795,722	13,039,739	-	-	13,795,722	13,039,739
Sales taxes-Bradley Burns	14,303,519	14,133,828	-	-	14,303,519	14,133,828
Franchise taxes	1,598,487	1,430,601	-	-	1,598,487	1,430,601
Business operation taxes	650,728	674,880	-	-	650,728	674,880
Utility user taxes	3,163,738	3,314,095	-	-	3,163,738	3,314,095
Other taxes	424,144	442,393	-	-	424,144	442,393
Investment Income	274,743	459,477	182,728	131,040	457,471	590,517
Gain on sale of property	-	114,000	-	1,035,021	-	1,149,021
<b>Total Revenues</b>	<u>60,304,756</u>	<u>59,751,210</u>	<u>13,186,568</u>	<u>12,039,372</u>	<u>73,491,324</u>	<u>71,790,582</u>
<b>Expenses:</b>						
General government	8,414,207	7,618,899	-	-	8,414,207	7,618,899
Public safety	14,934,025	14,266,703	-	-	14,934,025	14,266,703
Transportation	5,319,350	4,915,779	-	-	5,319,350	4,915,779
Community development	5,602,768	5,216,400	-	-	5,602,768	5,216,400
Health and sanitation	5,173,751	5,066,047	-	-	5,173,751	5,066,047
Culture and leisure	13,919,102	12,757,229	-	-	13,919,102	12,757,229
Unallocated infrastructure depreciation	2,680,800	2,732,259	-	-	2,680,800	2,732,259
Interest on long term debt	12,246	14,308	-	-	12,246	14,308
Water	-	-	12,124,940	9,316,642	12,124,940	9,316,642
<b>Total expenses</b>	<u>56,056,249</u>	<u>52,587,624</u>	<u>12,124,940</u>	<u>9,316,642</u>	<u>68,181,189</u>	<u>61,904,266</u>
<b>Excess (Deficiency of Revenues Over (Under))</b>						
Expenditures Before Special Item	4,248,507	7,163,586	1,061,628	2,722,730	5,310,135	9,886,316
<b>Change in Net Position</b>	<u>4,248,507</u>	<u>7,163,586</u>	<u>1,061,628</u>	<u>2,722,730</u>	<u>5,310,135</u>	<u>9,886,316</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 \$553,546 or 1.0 percent and expenditures increased by \$3,468,625 or 6.6 percent from prior year. Key elements of the change are as follows:

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

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

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

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

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

### **Financial Analysis of the Government's Funds**

As noted earlier, the City of Lakewood uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the City of Lakewood's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Lakewood's financing requirements. In particular, spendable fund balance may serve as a useful measure of a government's net resources at the end of the fiscal year.

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

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

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

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

**General Fund Financial Highlights**

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

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

**General Fund Budgetary Highlights**

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

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

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

**Capital Asset and Debt Administration**

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

<b>City of Lakewood</b>						
<b>Capital Assets (Net of depreciation)</b>						
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 17,041,023	\$ 17,041,023	\$ 100,000	\$ 238,755	\$ 17,141,023	\$ 17,279,778
Construction in progress	26,045,091	16,104,200	9,664,469	2,776,791	35,709,560	18,880,991
Water rights	-	-	1,834,586	1,834,586	1,834,586	1,834,586
Infrastructure	30,189,929	32,749,768	-	-	30,189,929	32,749,768
Structures and improvements	26,233,821	27,336,845	21,150,443	22,502,786	47,384,264	49,839,631
Equipment	1,682,053	1,897,958	4,402,270	2,815,550	6,084,323	4,713,508
Total	<u>\$ 101,191,917</u>	<u>\$ 95,129,794</u>	<u>\$ 37,151,768</u>	<u>\$ 30,168,468</u>	<u>\$ 138,343,685</u>	<u>\$ 125,298,262</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 decreased by \$590,713 totaling \$10,707,926. The said decrease is attributable to the normal scheduled debt service payments.

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

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

**Economic Factors and Next Year's Budgets and Rates**

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

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

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

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

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

**Requests for Information**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Administrative Services, City of Lakewood, Post Office Box 220, Lakewood, CA 90712.



## **BASIC FINANCIAL STATEMENTS**



**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**City of Lakewood**  
**Statement of Net Position**  
**June 30, 2018**

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

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

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

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

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

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

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



**FUND FINANCIAL STATEMENTS**



**GOVERNMENTAL FUND FINANCIAL STATEMENTS**

**City of Lakewood**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2018**

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

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

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



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

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

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

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

Amount reported in government-wide statement of position:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**PROPRIETARY FUND FINANCIAL STATEMENTS**

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

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

(Continued)

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

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

(Concluded)



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

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

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

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

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

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



**FIDUCIARY FUND FINANCIAL STATEMENTS**



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

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**



**City of Lakewood**  
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**City of Lakewood**  
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**For the Year Ended June 30, 2018**

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

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**Note 1 – Reporting Entity**

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

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

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

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

*Blended Component Unit*

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

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

*The Finance Authority*

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

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

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**Note 2 – Summary of Significant Accounting Policies**

**A. Basis of Presentation**

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

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

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

**Government-Wide Financial Statements**

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

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

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

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

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

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

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

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

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

**Government Fund Financial Statements**

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

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

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

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

The City reports the following major Governmental Funds:

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

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

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

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

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

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

**Proprietary Fund Financial Statements**

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

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

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

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

The City reports the following major proprietary funds:

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

**Fiduciary Fund Financial Statements**

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

The City reports the following fiduciary funds:

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

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

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

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

**C. Cash, Cash Equivalents, and Investments**

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

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

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

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

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

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

**D. Restricted Cash and Investments with Fiscal Agents**

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

**E. Fair Value Measurement**

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

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

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

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

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

**E. Fair Value Measurement (Continued)**

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

**F. Receivables**

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

**G. Inventories**

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

**H. Prepaid Items**

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

**I. Interfund Transactions**

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

**J. Land Held for Resale**

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

**K. Capital Assets**

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

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

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

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

**K. Capital Assets (Continued)**

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

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

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

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

**L. Compensated Absences**

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

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

**M. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans (Note 11). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

The following timeframes are used for pension reporting:

<u>CalPERS</u>	
Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Measurement Period	July 1, 2016 to June 30, 2017
 <u>PARS</u>	
Valuation Date	July 1, 2017
Measurement Date	June 30, 2018
Measurement Period	July 1, 2017 to June 30, 2018

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

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**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 (Note 12). For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments, which are reported at amortized cost.

The following timeframes are reported OPEB reporting:

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

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

**O. Long-Term Debt**

**Government-Wide Financial Statements**

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

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

**Fund Financial Statements**

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

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

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

**P. Claims and Judgment**

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

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

**Q. Deferred Outflows of Resources and Deferred Inflows of Resources**

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

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

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

**R. Net Position**

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

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

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

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

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

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

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

**S. Fund Balances**

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

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

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

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

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

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

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

**T. Property Taxes**

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

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

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

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

**T. Property Taxes (Continued)**

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

No allowance for doubtful accounts was considered necessary.

**U. Use of Estimates**

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

**V. Implementation of New GASB Pronouncements**

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

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

**Note 3 – Cash and Investments**

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

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

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

**Note 3 – Cash and Investments (Continued)**

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

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

**A. Demand Deposits**

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

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

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

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

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

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

N/A - Not Applicable

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

**Note 3 – Cash and Investments (Continued)**

**C. Investments Authorized by Debt Agreement**

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

**D. Risk Disclosures**

**Disclosures Relating to Interest Rate Risk**

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

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

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

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

**Note 3 – Cash and Investments (Continued)**

**D. Risk Disclosures (Continued)**

**Disclosures Relating to Credit Risk**

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

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

N/A - Not Applicable

**Disclosures Relating to Credit Risk**

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

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

**Disclosures Relating to Concentration of Credit Risk**

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

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

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

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

**Note 3 – Cash and Investments (Continued)**

**D. Risk Disclosures (Continued)**

**Disclosures Relating to Custodial Credit Risk**

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

**E. Fair Value Measurement Disclosure**

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

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

<sup>(1)</sup> Institutional Bond Quotes - evaluations based on various market and industry inputs

<sup>(2)</sup> Market prices

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

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

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

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

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

**Note 3 – Cash and Investments (Continued)**

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

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

**G. Investment in California Asset Management Program**

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

**Note 4 – Notes Receivable**

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

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

**A. Governmental Activities**

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

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

**Note 4 – Notes Receivable (Continued)**

**B. Private Purpose Trust Fund**

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

**C. Agency Funds**

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

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

**Note 5 – Interfund Transactions**

**A. Due From and To Other Funds**

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

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

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

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

**Note 5 – Interfund Transactions**

**B. Transfers In and Out**

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

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

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

**Note 6 – Land Held for Resale**

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

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

**Note 7 – Receivable from Successor Agency**

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

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

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

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**Note 7 – Receivable from Successor Agency (Continued)**

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

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

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

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

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

**Note 8 – Capital Assets**

**A. Governmental Activities**

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

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

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

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

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

**Note 8 – Capital Assets (Continued)**

**B. Business-Type Activities**

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

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

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

Water	\$ 1,913,586
<b>Total depreciation expense - business-type activities</b>	<b>\$ 1,913,586</b>

**Note 9 – Long-Term Liabilities**

**A. Governmental Activities**

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

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

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

**Note 9 – Long-Term Liabilities (Continued)**

**A. Governmental Activities (Continued)**

**Lease Payable**

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

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

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

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

**Compensated Absences**

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

**B. Business-Type Activities**

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

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

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

**Note 9 – Long-Term Liabilities (Continued)**

**B. Business-Type Activities (Continued)**

**2015 Photovoltaic System Lease and Sublease Agreements**

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

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

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

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

**Loans Payable**

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

The debt service schedule to maturity is as follows:

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

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

**Note 9 – Long-Term Liabilities (Continued)**

**B. Business-Type Activities (Continued)**

**2017 Master Equipment Lease/Purchase Agreement**

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

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

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

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

**Compensated Absences**

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

**C. Fiduciary Fund Financial Statements**

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

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

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

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**Note 9 – Long-Term Liabilities (Continued)**

**C. Fiduciary Fund Financial Statements (Continued)**

**1999 Tax Allocation Bonds Series A**

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

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

**2003 Tax Allocation Bonds Series A**

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

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

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

**2003 Tax Allocation Bonds Series B**

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

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

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

**Note 9 – Long-Term Liabilities (Continued)**

**C. Fiduciary Fund Financial Statements (Continued)**

**2003 Tax Allocation Bonds Series B (Continued)**

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

**Note 10 – Defined Contribution Plan**

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

**Note 11 – Defined Benefits Plan**

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

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

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

**Note 11 – Defined Benefits Plan (Continued)**

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

**A. CalPERS Plan**

**General Information about the Pension Plan**

*Plan Description*

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

*Benefit Provided*

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

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

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**Note 11 – Defined Benefits Plan (Continued)**

**A. CalPERS Plan (Continued)**

**General Information about the Pension Plan (Continued)**

*Benefit Provided (Continued)*

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

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

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

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

*Employees Covered by Benefit Terms*

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

Active employees	280
Transferred and terminated employees	293
Retired Employees and Beneficiaries	240
Total	813

*Contributions*

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

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

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**Note 11 – Defined Benefits Plan (Continued)**

**A. CalPERS Plan (Continued)**

**Net Pension Liability**

*Actuarial Methods and Assumptions Used to Determine Total Pension Liability*

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

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

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

*Change of Assumption*

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

*Discount Rate*

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

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

**Note 11 – Defined Benefits Plan (Continued)**

**A. CalPERS Plan (Continued)**

**Net Pension Liability (Continued)**

*Discount Rate (Continued)*

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

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

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

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

<sup>1</sup> An expected inflation of 2.5% used

<sup>2</sup> An expected inflation of 3.0% used

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

**Note 11 – Defined Benefits Plan (Continued)**

**A. CalPERS Plan (Continued)**

**Changes in the Net Pension Liability**

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

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

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

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

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

**Pension Plan Fiduciary Net Position**

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

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

**Note 11 – Defined Benefits Plan (Continued)**

**A. CalPERS Plan (Continued)**

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

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

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

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

The amounts above are net of outflows and inflows recognized in the 2016-17 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 2016-17 measurement period is 3.6 years, which was obtained by dividing the total service years of 2,903 (the sum of remaining service lifetimes of the active employees) by 813 (the total number of participants: active, inactive, and retired).

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

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

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

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**Note 11 – Defined Benefits Plan (Continued)**

**B. Retirement Enhancement Plan**

**General Information about the Pension Plan**

*Plan Description*

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

*Benefit Provided*

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

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

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

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

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

*Employees Covered by Benefit Terms*

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

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

*Contributions*

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

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

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**Note 11 – Defined Benefits Plan (Continued)**

**B. Retirement Enhancement Plan (Continued)**

**Net Pension Liability**

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

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

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

Change of Assumption

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

Discount Rate

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

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

**Note 11 – Defined Benefits Plan (Continued)**

**B. Retirement Enhancement Plan (Continued)**

**Net Pension Liability (Continued)**

Discount Rate (Continued)

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

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

**Changes in Net Pension Liability**

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

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

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

**Note 11 – Defined Benefits Plan (Continued)**

**B. Retirement Enhancement Plan (Continued)**

**Changes in Net Pension Liability (Continued)**

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

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

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

*Pension Plan Fiduciary Net Position*

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

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

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

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

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

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

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

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

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

**Note 12 – Other Post-Employment Benefits**

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

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

**Plan Description**

*Plan Administration*

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

*Benefit Provided*

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

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

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

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

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

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**Note 12 – Other Post-Employment Benefits (Continued)**

**Plan Description (Continued)**

*Benefit Provided (Continued)*

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

*Employees Covered by Benefit Term*

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

Inactive plan members or beneficiaries currently receiving benefit payments	73
Active plan members	196
Total	269

*Contributions*

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

**Net OPEB Liability**

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

*Actuarial Assumptions*

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

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

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

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

**Note 12 – Other Post-Employment Benefits (Continued)**

**Net OPEB Liability (Continued)**

*Actuarial Assumptions (Continued)*

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

*Discount Rate*

GASB 75 requires a discount rate that reflects the following:

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

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

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

*Investments*

*Investment Policy:*

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

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

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

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

**Note 12 – Other Post-Employment Benefits (Continued)**

Investments

*Rate of return*

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

**Change in the Net OPEB Liability**

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

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

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

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

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

**Note 12 – Other Post-Employment Benefits (Continued)**

**Change in the Net OPEB Liability (Continued)**

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

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

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

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

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

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

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

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

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

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

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**Note 13 – Deferred Compensation Plan**

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

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

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

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

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

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

**B. Self-Insurance Programs of the Insurance Authority**

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

**Primary Liability Program**

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

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

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

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

**Primary Liability Program (Continued)**

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

**Workers' Compensation Program**

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

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

**C. Purchased Insurance**

**Pollution Legal Liability Insurance**

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

**Property Insurance**

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

**Crime Insurance**

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

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

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

**D. Adequacy of Protection**

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

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

**Note 15 – Commitments and Contingencies**

**A. Lawsuits**

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

**B. Contract with Los Angeles County Sheriff’s Department**

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

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

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

**D. Agreement for Allocation of Tax Increment Revenue**

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

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

**Note 16 – Individual Fund Disclosures**

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

<b>Governmental Funds:</b>	
Lakewood Capital Improvements Capital Projects Fund	\$ (1,535,670)
CDBG Special Revenue Fund	(110,969)
Prop A Recreation Special Revenue Fund	(30,029)
Open Space Special Revenue Fund	(323,374)
<b>Agency Funds:</b>	
Successor Agency	(14,761,058)

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

**Note 17 – Agreement with Paramount Petroleum**

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

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

**Note 18 – Restatement of Beginning Net Position**

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

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

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



**REQUIRED SUPPLEMENTARY INFORMATION  
(UNAUDITED)**



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

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

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

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**Budget and Budgetary Accounting**

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

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

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

Last Ten Fiscal Years

**California Public Employees' Retirement System Defined Pension Plan**

Measurement period	2013-14	2014-15	2015-16	2016-17 <sup>1</sup>
<b>Total pension liability</b>				
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)
<b>Net change in total pension liability</b>	5,773,773	608,966	3,221,397	12,203,022
<b>Total pension liability - beginning</b>	108,045,583	113,819,356	114,428,322	117,649,719
<b>Total pension liability - ending (a)</b>	<u>\$ 113,819,356</u>	<u>\$ 114,428,322</u>	<u>\$ 117,649,719</u>	<u>\$ 129,852,741</u>
<b>Pension fiduciary net position</b>				
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)
<b>Net change in plan fiduciary net position</b>	12,596,058	(164,634)	(991,640)	8,188,606
<b>Plan fiduciary net position - beginning</b>	81,258,902	93,854,960	93,690,326	92,698,686
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 93,854,960</u>	<u>\$ 93,690,326</u>	<u>\$ 92,698,686</u>	<u>\$ 100,887,292</u>
<b>Plan net pension liability - ending (a) - (b)</b>	<u>\$ 19,964,396</u>	<u>\$ 20,737,996</u>	<u>\$ 24,951,033</u>	<u>\$ 28,965,449</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<u>82.46%</u>	<u>81.88%</u>	<u>78.79%</u>	<u>77.69%</u>
<b>Covered payroll</b>	<u>\$ 15,265,197</u>	<u>\$ 15,213,079</u>	<u>\$ 16,033,770</u>	<u>\$ 16,036,475</u>
<b>Plan net pension liability as a percentage of covered payroll</b>	<u>130.78%</u>	<u>136.32%</u>	<u>155.62%</u>	<u>180.62%</u>

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

**Notes to Schedule:**

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

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

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

Last Ten Fiscal Years

**Public Agency Retirement System Defined Benefit Plan**

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

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

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

**Last Ten Fiscal Years**

**California Public Employees' Retirement System Defined Pension Plan**

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

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

<sup>2</sup> 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.

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

**Notes to Schedule:**

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

Methods and assumptions used to determine contribution rates:

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

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

**Last Ten Fiscal Years**

**Public Agency Retirement System Defined Benefit Plan**

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

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

**Notes to Schedule:**

Valuation date: July 1, 2015

Methods and assumptions used to determine contribution rates:

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

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

Last Ten Fiscal Years

**OTHER POST-EMPLOYMENT BENEFITS PLAN**

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

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

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

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Last Ten Fiscal Years

**OTHER POST-EMPLOYMENT BENEFITS PLAN**

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

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

**Notes to Schedule:**

Valuation date: July 1, 2017

Methods and assumptions used to determine contribution rates:

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

## **SUPPLEMENTARY INFORMATION**



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

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

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

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

## NONMAJOR GOVERNMENTAL FUNDS

### Nonmajor Special Revenue Funds:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



## NONMAJOR GOVERNMENTAL FUNDS

### **Nonmajor Special Revenue Funds (Continued):**

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

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

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

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

Special Revenue Funds

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

(Continued)

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

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

(Continued)

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

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

(Continued)

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

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

(Concluded)

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

Special Revenue Funds

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

(Continued)

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

Special Revenue Funds

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

(Continued)

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

Special Revenue Funds

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

(Continued)

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

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

(Concluded)

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

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

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

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

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

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

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

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

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

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

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

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

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

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES:</b>				
Investment income, rents and concession	\$ -	\$ 5,000	\$ 4,476	\$ (524)
Intergovernmental revenues	-	924,611	824,100	(100,511)
<b>Total revenues</b>	<u>-</u>	<u>929,611</u>	<u>828,576</u>	<u>(101,035)</u>
<b>EXPENDITURES:</b>				
Capital outlay:				
Public safety	-	900,000	-	900,000
<b>Total expenditures</b>	<u>-</u>	<u>900,000</u>	<u>-</u>	<u>900,000</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ 29,611</u>	828,576	<u>\$ 798,965</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>-</u>	
End of year			<u>\$ 828,576</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, 2018**

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

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

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

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

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

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

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

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

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

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

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

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

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES:</b>				
Investment income, rents, and concession	\$ -	\$ -	\$ 1,022	\$ 1,022
Intergovernmental revenues	-	284,185	469,046	184,861
<b>Total revenues</b>	<u>-</u>	<u>284,185</u>	<u>470,068</u>	<u>185,883</u>
<b>EXPENDITURES:</b>				
Current:				
Transportation	-	-	399,956	(399,956)
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>399,956</u>	<u>(399,956)</u>
<b>NET CHANGES IN FUND BALANCES</b>	<u>\$ -</u>	<u>\$ 284,185</u>	70,112	<u>\$ (214,073)</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>-</u>	
End of year			<u>\$ 70,112</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, 2018**

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

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

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

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

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

## **Agency Funds**

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

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

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

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

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

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

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

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

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

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

## **STATISTICAL SECTION**



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Source: HDL

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

**City of Lakewood**  
**Taxable Sales by Category**  
**Last Ten Calendar Years**

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

Source: HDL

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

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

Source: HDL

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

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

Source: California State Board of Equalization

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

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

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

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

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

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

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

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

**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
2009	\$ 3,812,168	\$ 3,694,298	96.91%	\$ 117,870	\$ 3,812,168	100.00%
2010	3,556,539	3,481,743	97.90%	74,796	3,556,539	100.00%
2011	3,735,728	3,574,761	95.69%	120,220	3,694,981	98.91%
2012	3,811,051	3,593,697	94.30%	217,354	3,811,051	100.00%
2013	4,024,637	3,811,325	94.70%	213,311	4,024,636	100.00%
2014	4,109,676	4,017,643	97.76%	92,033	4,109,676	100.00%
2015	4,251,103	4,158,507	97.82%	92,596	4,251,103	100.00%
2016	4,553,569	4,452,399	97.78%	101,169	4,553,568	100.00%
2017	4,613,693	4,456,610	96.60%	157,083	4,613,693	100.00%
2018	4,960,161	4,808,236	96.94%	151,925	4,960,161	100.00%

Note:

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

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



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

**Governmental Activities**

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

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

<sup>1</sup> Prior year amounts were restated to include premium and adjustments.

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

<sup>3</sup> The lease payable was related to capital lease purchase for helicopter.

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

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

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

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

<sup>3</sup> Loan payable to Water Replacement District

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

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

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

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

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

**City of Lakewood**  
**Direct and Overlapping Debt**  
**As of June 30, 2018**

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

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

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

**City of Lakewood**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**

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

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

The City of Lakewood has no general bonded indebtedness.

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

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

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

The City of Lakewood has no general bonded indebtedness.

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

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

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

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

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

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

**City of Lakewood**  
**Demographic and Economic Statistics**  
**Last Ten Calendar Years**

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

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

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

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



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

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

**City of Lakewood**  
**Operating Indicators by Function**  
**Last Ten Fiscal Years**

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

\*Includes both residential and commercial permits.

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

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

\*Includes both residential and commercial permits.

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

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

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

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

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

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

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**CITY OF LAKEWOOD SUCCESSOR AGENCY - PROJECT AREAS  
FUND SUMMARY 11/29/2018**

In accordance with section 2521 of the Lakewood Municipal Code there is presented herewith a summary of obligations to be paid by voucher 222 through 222. Each of the following demands has been audited by the Director of Administrative Services and approved by the City Manager.

2902	ENFORCEABLE OBLIGATIONS	770.00
		<hr/>
		<b>770.00</b>

Council Approval

\_\_\_\_\_

Date

\_\_\_\_\_

City Manager

Attest

\_\_\_\_\_

City Clerk

\_\_\_\_\_

Director of Administrative Services

**CITY OF LAKEWOOD SUCCESSOR AGENCY - PROJECT AREAS  
SUMMARY CHECK REGISTER**

<u>CHECK #</u>	<u>CHECK DATE</u>	<u>VEND #</u>	<u>VENDOR NAME</u>	<u>GROSS</u>	<u>DISC.</u>	<u>CHECK AMOUNT</u>
222	11/29/2018	4428	COLANTUONO HIGHSMITH & WHATLEY	770.00	0.00	770.00
<b>Totals:</b>				<u>770.00</u>	<u>0.00</u>	<u>770.00</u>

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**COUNCIL AGENDA**  
December 11, 2018

**TO:** The Honorable Mayor and City Council

**SUBJECT:** Recognized Obligation Payment Schedule (ROPS) for July 1, 2019 Through June 30, 2020 – ROPS 19-20

**INTRODUCTION**

The Successor Agency is required to submit an annual ROPS pursuant to California Health and Safety Code Section 34177(o)(1) to the county auditor controller and Department of Finance no later than February 1<sup>st</sup>, with an annual amendment process as stated in Section 34177(o)(1)(E).

**STATEMENT OF FACT**

The ROPS 19-20 includes the following updates:

- As adopted by Oversight Board Resolution No. OB-2016-3 and as allowed by H&S Section 34191.4(b), the loan agreements between the redevelopment agency and the low and moderate income housing fund shall be available for repayment in FY19-20. This includes the Educational Revenue Augmentation Fund (ERAF) loan outstanding in the amount of \$90,492, the Supplemental Educational Revenue Augmentation Fund (SERAF) loans totaling \$3,878,059, and the \$1,085,310 deferred housing funds. Repayment is subject to the calculation set forth by H&S Section 34191.4(b)(3)(A). Repayment of housing loans has priority over repayment of any other City loans.
- Per H&S Code 34191.4(b) upon issue of finding of completion by the DOF and approval of the oversight board, loan agreements entered into between the redevelopment agency and the city shall be deemed to be enforceable and shall be recalculated at three percent. Twenty percent of repayment will be set-aside for Successor Housing Agency. Loans will be re-assessed at four percent after DOF approval of the Last and Final ROPS.
- Per DOF letter dated December 17, 2015, the DOF approved the unfunded pension obligation but stated that liabilities calculation be based on the dissolution year 2012 and not 2013 as originally requested by the Agency. CalPERS recalculated pension liabilities in 2013 to reflect new factors such as mortality rate. The Agency's stance is that although the Successor Agency ceased to exist in January 2012, the liabilities continue to exist therefore calculation should be updated accordingly.

The ROPS 19-20 will be submitted to the 4<sup>th</sup> District of Los Angeles County Consolidated Oversight Board for approval on January 29, 2019.

**RECOMMENDATION**

It is recommended that the City Council approve the Recognized Obligations Payment Schedule for July 1, 2019 Through June 30, 2020 – ROPS 19-20.

  
Jose Gomez

Director of Administrative Services

  
Thaddeus McCormack

City Manager

**Recognized Obligation Payment Schedule (ROPS 19-20) - Summary  
Filed for the July 1, 2019 through June 30, 2020 Period**

**Successor Agency:** Lakewood  
**County:** Los Angeles

<b>Current Period Requested Funding for Enforceable Obligations (ROPS Detail)</b>	<b>19-20A Total (July - December)</b>	<b>19-20B Total (January - June)</b>	<b>ROPS 19-20 Total</b>
<b>A Enforceable Obligations Funded as Follows (B+C+D):</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
B Bond Proceeds	-	-	-
C Reserve Balance	-	-	-
D Other Funds	-	-	-
<b>E Redevelopment Property Tax Trust Fund (RPTTF) (F+G):</b>	<b>\$ 3,053,053</b>	<b>\$ 1,771,176</b>	<b>\$ 4,824,229</b>
F RPTTF	2,928,053	1,646,176	4,574,229
G Administrative RPTTF	125,000	125,000	250,000
<b>H Current Period Enforceable Obligations (A+E):</b>	<b>\$ 3,053,053</b>	<b>\$ 1,771,176</b>	<b>\$ 4,824,229</b>

Certification of Oversight Board Chairman:  
Pursuant to Section 34177 (o) of the Health and Safety code, I hereby  
certify that the above is a true and accurate Recognized Obligation  
Payment Schedule for the above named successor agency.

\_\_\_\_\_  
Name Title

/s/ \_\_\_\_\_  
Signature Date

Lakewood Recognized Obligation Payment Schedule (ROPS 19-20) - ROPS Detail

July 1, 2019 through June 30, 2020

(Report Amounts in Whole Dollars)

A	B	C	D	E	F	G	H	I	J	K	19-20A (July - December)					Q	19-20B (January - June)					W		
											Fund Sources						Fund Sources							
											L	M	N	O	P		R	S	T	U	V			
																							Bond Proceeds	Reserve Balance
Item #	Project Name/Debt Obligation	Obligation Type	Contract/Agreement Execution Date	Contract/Agreement Termination Date	Payee	Description/Project Scope	Project Area	Total Outstanding Debt or Obligation	Retired	ROPS 19-20 Total						19-20A Total						19-20B Total		
								\$ 18,320,896		\$ 4,824,229		\$ 0	\$ 0	\$ 0	\$ 2,928,053	\$ 125,000	\$ 3,053,053	\$ 0	\$ 0	\$ 0	\$ 1,646,176	\$ 125,000	\$ 1,771,176	
7	County Deferral	Unfunded Liabilities	6/27/1989	6/30/2042	County of Los Angeles	County Deferral Loan	Project Area 2	756,943	N	\$ -						\$ -						\$ -		
8	City Advance to Agency	City/County Loan (Prior 06/28/11), Cash exchange	7/10/1973	6/30/2023	City of Lakewood	Initial funds to operate plan area	Project Area 1	114,600	N	\$ 38,200						\$ -						38,200	\$ 38,200	
9	Housing Fund Deficit	Unfunded Liabilities	6/30/1999	6/30/2022	Low and Moderate Income Housing Fund	Housing fund deficit repayments (HSC section 3334.6(d))	Project Area 1	1,085,310	N	\$ -						\$ -							\$ -	
17	Administrative Costs	Admin Costs	7/1/2016	6/30/2017	City of Lakewood	Administrative costs including audit, payroll, legal, and other admin fees.	All Project Areas	250,000	N	\$ 250,000					125,000	\$ 125,000							125,000	\$ 125,000
18	LMIHF Loan (SERAF)	SERAF/ERAF	5/10/2010	6/30/2042	Low and Moderate Income Housing Fund	Loan for SERAF payment to County for FY 09/10 (HSC section 33690 (c)(1))	All Project Areas	3,215,951	N	\$ 3,215,951				1,607,975		\$ 1,607,975						1,607,976	\$ 1,607,976	
19	LMIHF Loan (SERAF)	SERAF/ERAF	5/4/2011	6/30/2042	Low and Moderate Income Housing Fund	Loan for SERAF payment to County for FY 10/11 (HSC section 33690 (c)(1))	All Project Areas	662,108	N	\$ 662,108				662,108		\$ 662,108							\$ -	
20	LMIHF Loan (ERAF)	SERAF/ERAF	5/10/2005	6/30/2042	Low and Moderate Income Housing Fund	Loan for ERAF payment to County for FY 04/05 (HSC section 33681.12 (b))	All Project Areas	90,492	N	\$ 90,492				90,492		\$ 90,492							\$ -	
21	City Loans and Advances to Agency	City/County Loan (Prior 06/28/11), Cash exchange	12/17/1985	6/30/2042	City of Lakewood	Loans for development and financial assistance of Project Areas 1, 2, and 3 (80%)	All Project Areas	9,262,411	N	\$ -						\$ -							\$ -	
22	City Loans and Advances to Agency	City/County Loan (Prior 06/28/11), Cash exchange	12/17/1985	6/30/2042	Lakewood Housing Successor	Loans for development and financial assistance of Project Areas 1, 2, and 3 (20%)	All Project Areas	2,315,603	N	\$ -						\$ -							\$ -	
26	Legal Fee	Admin Costs - Litigation	6/11/2013	6/30/2023	City of Lakewood/ Colantuono & Levin	Temporary city loan for legal counsel paid to firm Colantuono & Levin for Successor Agency litigation over DOF.	All Project Areas	0	N	\$ -						\$ -							\$ -	
30	Proportional Share of Unfunded Pension Liabilities	Unfunded Liabilities	1/1/2016	6/30/2017	City of Lakewood	Obligation to Share in Payment of Unfunded Liabilities	All Project Areas	567,478	N	\$ 567,478				567,478		\$ 567,478							\$ -	
31									N	\$ -						\$ -							\$ -	
32									N	\$ -						\$ -							\$ -	
33									N	\$ -						\$ -							\$ -	
34									N	\$ -						\$ -							\$ -	
35									N	\$ -						\$ -							\$ -	
36									N	\$ -						\$ -							\$ -	

**Lakewood Recognized Obligation Payment Schedule (ROPS 19-20) - Report of Cash Balances**  
**July 1, 2016 through June 30, 2017**  
**(Report Amounts in Whole Dollars)**

Pursuant to Health and Safety Code section 34177 (l), Redevelopment Property Tax Trust Fund (RPTTF) may be listed as a source of payment on the ROPS, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation. For tips on how to complete the Report of Cash Balances Form, see [Cash Balance Tips Sheet](#).

A	B	C	D	E	F	G	H
		<b>Fund Sources</b>					
		<b>Bond Proceeds</b>		<b>Reserve Balance</b>	<b>Other Funds</b>	<b>RPTTF</b>	
	<b>ROPS 16-17 Cash Balances (07/01/16 - 06/30/17)</b>	Bonds issued on or before 12/31/10	Bonds issued on or after 01/01/11	Prior ROPS RPTTF and Reserve Balances retained for future period(s)	Rent, Grants, Interest, etc.	Non-Admin and Admin	<b>Comments</b>
1	<b>Beginning Available Cash Balance (Actual 07/01/16)</b> RPTTF amount should exclude "A" period distribution amount	1,458,728			31,158	0	
2	<b>Revenue/Income (Actual 06/30/17)</b> RPTTF amount should tie to the ROPS 16-17 total distribution from the County Auditor-Controller	5,290			28,597	2,538,998	HJCH II/ Pacific Ford Payments for 2 quarters and RPTTF distributions
3	<b>Expenditures for ROPS 16-17 Enforceable Obligations (Actual 06/30/17)</b>	7,242			59,755	2,497,722	
4	<b>Retention of Available Cash Balance (Actual 06/30/17)</b> RPTTF amount retained should only include the amounts distributed as reserve for future period(s)	1,456,776					
5	<b>ROPS 16-17 RPTTF Prior Period Adjustment</b> RPTTF amount should tie to the Agency's ROPS 16-17 PPA form submitted to the CAC	No entry required					
6	<b>Ending Actual Available Cash Balance (06/30/17)</b> C to F = (1 + 2 - 3 - 4), G = (1 + 2 - 3 - 4 - 5)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 41,276	

**Lakewood Recognized Obligation Payment Schedule (ROPS 19-20) - Notes July 1, 2019 through June 30, 2020**

Item #	Notes/Comments
18	Per H&S Code 34191.4(b)(3)(A) the maximum repayment amount authorized each fiscal year for repayments shall be equal to one-half of the increase between the amount distributed to the taxing entities and the amount distributed to taxing entities 2012-13 base year. Listed is the estimated maximum RPTTF available for distribution to Lakewood Successor Agency to repay approved ERAF/SERAF loans.
19	Per H&S Code 34191.4(b)(3)(A) the maximum repayment amount authorized each fiscal year for repayments shall be equal to one-half of the increase between the amount distributed to the taxing entities and the amount distributed to taxing entities 2012-13 base year. Listed is the estimated maximum RPTTF available for distribution to Lakewood Successor Agency to repay approved ERAF/SERAF loans.
20	Per H&S Code 34191.4(b)(3)(A) the maximum repayment amount authorized each fiscal year for repayments shall be equal to one-half of the increase between the amount distributed to the taxing entities and the amount distributed to taxing entities 2012-13 base year. Listed is the estimated maximum RPTTF available for distribution to Lakewood Successor Agency to repay approved ERAF/SERAF loans.
21	Per H&S Code 34191.4(b) upon issue of finding of completion by the DOF and approval of the oversight board, loan agreements entered into between the redevelopment agency and the city shall be deemed to be enforceable and shall be recalculated at 3%. Twenty percent of repayment will be set-aside for Successor Housing. Loans will be re-assessed at 4% after DOF approval of the Last and Final ROPS. The balance shown is the calculation as of 6/30/17.
22	Per H&S Code 34191.4(b) upon issue of finding of completion by the DOF and approval of the oversight board, loan agreements entered into between the redevelopment agency and the city shall be deemed to be enforceable and shall be recalculated at 3%. Twenty percent of repayment will be set-aside for Successor Housing. Loans will be re-assessed at 4% after DOF approval of the Last and Final ROPS. The balance shown is the calculation as of 6/30/17.
30	Per DOF letter dated December 17, 2015, the DOF approved the unfunded pension obligation but stated that liabilities calculation be based on the dissolution year 2012 and not 2013 as originally requested by the Agency. CalPERS recalculated pension liabilities in 2013 to reflect new factors such as mortality rate. The Agency's stance is that although the Successor Agency ceased to exist in January 2012, the liabilities continue to exist, therefore, calculation should be updated accordingly.