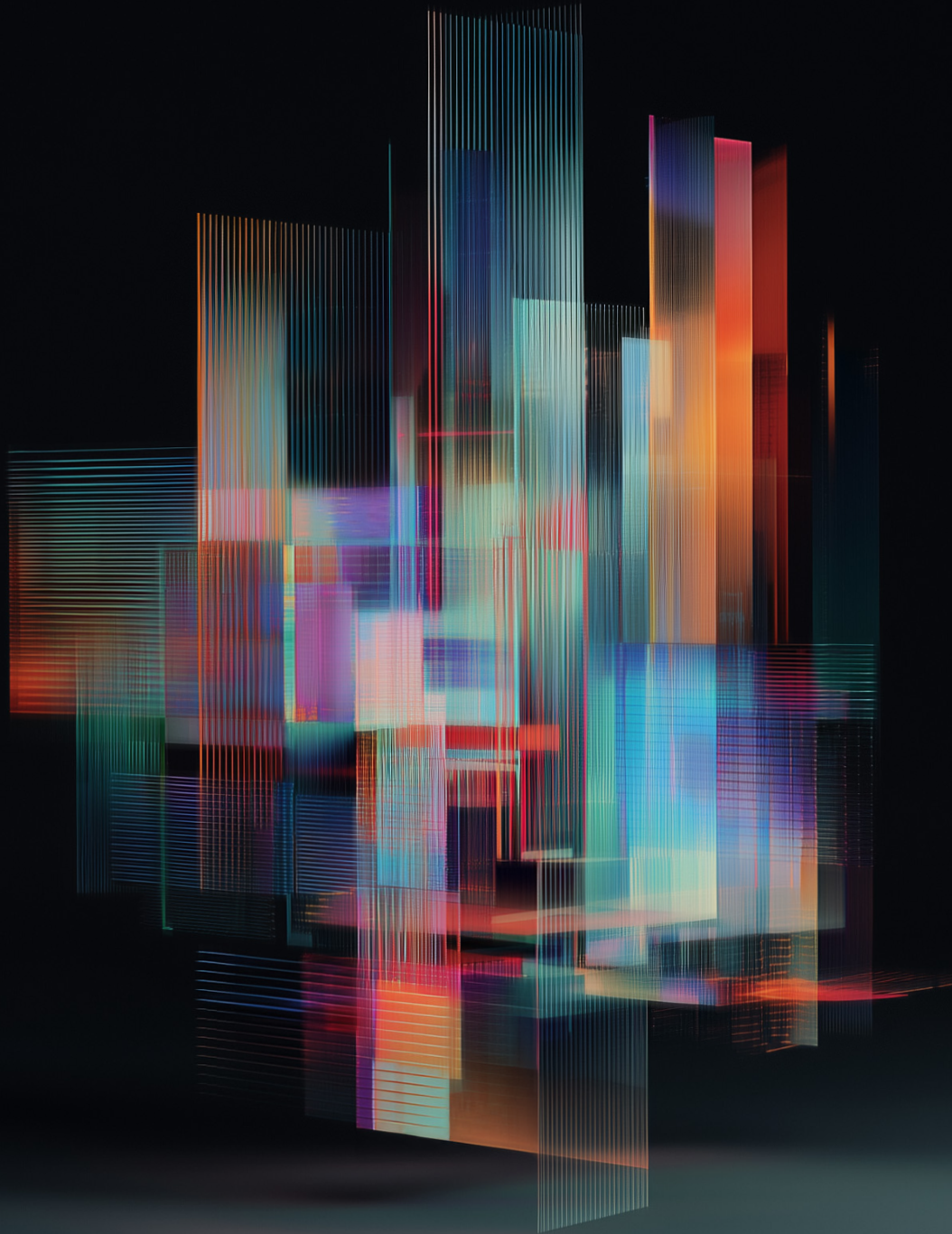


City of Lakewood, California

Year Ended June 30, 2025



Annual Comprehensive Financial Report

CITY OF LAKEWOOD, CALIFORNIA

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

**WITH REPORTS OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS**

**FOR THE YEAR ENDED
JUNE 30, 2025**

Prepared by:
Finance and Administrative Services Department

Jose Gomez
Director of Finance and Administrative Services



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For the Year Ended June 30, 2025
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Jeff Wood
Vice Mayor

Steve Croft
Council Member



Cassandra Chase
Mayor

Todd Rogers
Council Member

David Arellano
Council Member

December 9, 2025

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

We are pleased to submit for your information and consideration the Annual Comprehensive Financial Report of the City of Lakewood, California (the "City"). State law requires all general-purpose local governments to publish, within six months of the close of the fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with generally accepted government auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the annual comprehensive financial report of the City for the fiscal year ended June 30, 2025.

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

The City's financial statements have been audited by The Pun Group, LLP, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements for the fiscal year ended June 30, 2025 are free of material misstatement. The independent audit included 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 presentation of the financial statements. Based on their audit, the independent auditors concluded that there was a reasonable basis for issuing unmodified opinions stating that the City's financial statements for the fiscal year ended June 30, 2025, are fairly presented in conformity with GAAP. The independent auditor's report appears as the first component of the Financial Section of this report.

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

PROFILE OF THE GOVERNMENT

The City, incorporated in 1954, is located in Southern Los Angeles County, 20 miles south of the City of Los Angeles. Lakewood benefits from the diversified economy of Southern California and is primarily a bedroom community providing regional housing in Southern California. The City encompasses 9.5 square miles and serves a population of 82,713 according to the 2020 census.

Lakewood

5050 Clark Avenue, Lakewood, CA 90712 • 562-866-9771 • www.lakewoodca.gov • Email: service1@lakewoodca.gov

Since incorporation, the City has operated under the council-manager form of government and is recognized as the nation's first "contract city." John Stanford Todd's contributions to Lakewood and municipal governance are honored with two memorial highway signs along the 605 freeway at the City's northern and southern boundaries. Policy-making and legislative authority are vested in a five-member City Council responsible for enacting ordinances, adopting the budget, establishing committees and appointing both the City Manager and City Attorney. The City Manager implements Council policies, oversees daily municipal operations, and appoints department heads. Council members are elected on a non-partisan by-district basis to four-year overlapping terms, and the mayor is selected annually by the Council from among its members and generally serves in that capacity for a one-year term.

The City provides a full array of municipal services, including police protection, solid waste collection, street and infrastructure maintenance, planning and zoning, water utility services, recreation programs, cultural events, housing programs, and general administrative functions. As a "contract city," many of these services are delivered through agreements with other public agencies or private providers, while others are performed directly by City staff. Library, fire protection, and sewer services are provided by Los Angeles County special districts. The County, the State of California, and local school districts are excluded from this report because they do not meet the established criteria for inclusion.

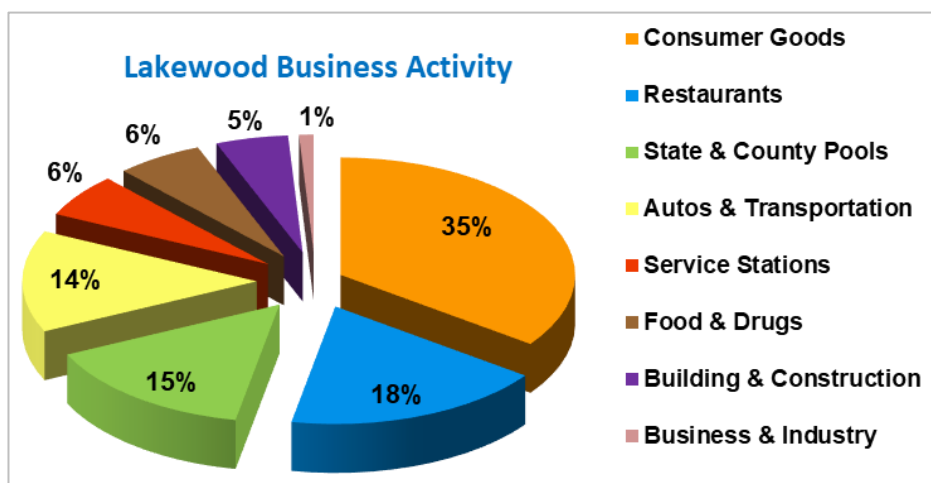
The City's budget serves as the foundation for its financial planning and control. Each department submits budget requests to the City Manager for the fiscal year beginning July 1. Using these requests, along with City Council priorities, the City Manager prepares a proposed budget for Council review prior to June 30. The Council must hold a public hearing and adopt the final budget no later than June 30, coinciding with the end of the fiscal year.

The appropriated budget is organized by fund, function (e.g., solid waste collection), and department (e.g., public works). The City Manager may authorize transfers of appropriations within or between departments within a fund. Budget-to-actual comparisons are included in this report for each governmental fund with an adopted annual budget. For the General Fund, this schedule is included in the required supplementary information section; for other governmental funds, it appears in the supplementary schedules.

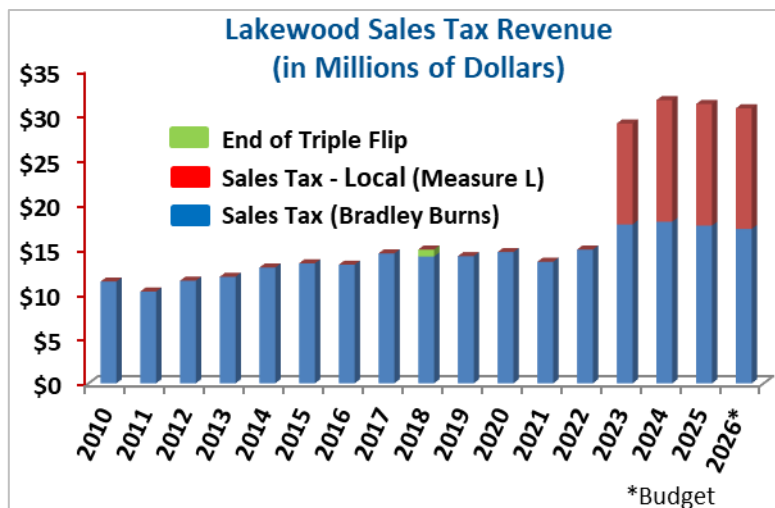
ASSESSING THE CITY'S ECONOMIC CONDITION AND OUTLOOK

Understanding the information in the financial statements is enhanced by considering the specific economic environment in which the City operates.

Lakewood is predominantly residential, with only 6% of land zoned for commercial use. The City is home to one of the nation's largest malls, featuring approximately 2.1 million square feet of retail space centrally located within city limits. By the late 1990s, the City was essentially "built out," leaving minimal land available for new development.



Retail sales remain the City’s primary economic indicator and a major driver of General Fund revenue. Sales tax revenues account for approximately 34% of General Fund revenues. More than 4,000 businesses — including home-based operations — generated approximately \$17.2 million in Bradley-Burns sales tax revenue in Fiscal Year (FY) 2024-25. Measure L, the local 0.75% transactions and use tax approved by voters in March 2020, provided an additional \$13.5 million during the year. The City’s top twenty-five retailers collectively produce 57% of Bradley-Burns revenue.



Like many communities, Lakewood has experienced slowing growth in brick-and-mortar sales due to the continued shift to online shopping. This trend, accelerated during the COVID-19 pandemic, has largely returned to pre-pandemic patterns. Increased online sales have boosted the City’s allocation from state and county sales-tax pools; however, this offset is expected to diminish over time as the City’s share of statewide brick-and-mortar sales declines.

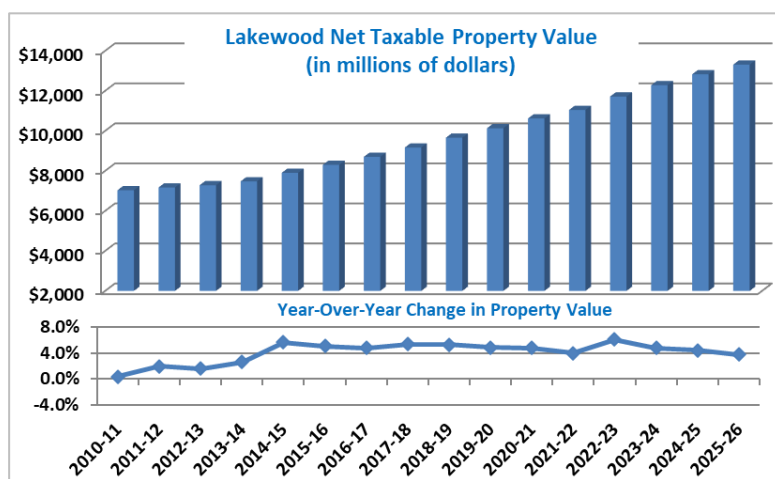
the tax—applied to both in-store and online transactions—helps the City maintain essential services, address aging facilities and infrastructure, and support long-term financial stability.

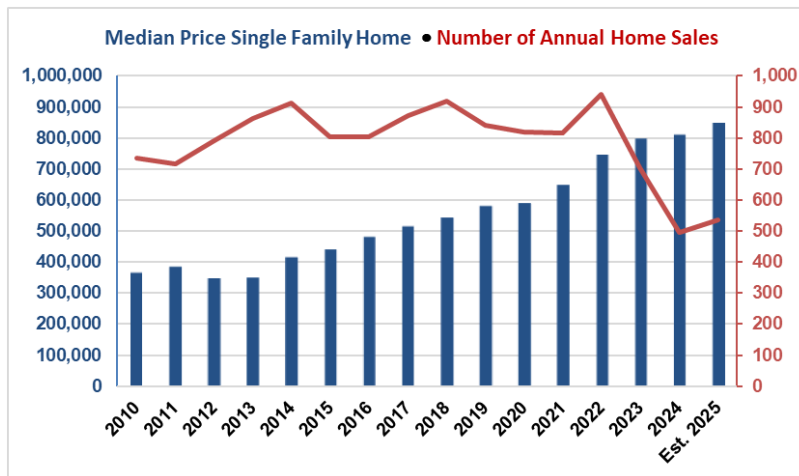
Measure L significantly reshaped the City’s fiscal outlook. Revenue from

Despite the transition through and out of historically high inflation, economic development in the City added a number of retailers in the past year. It allowed for expanded shopping and dining opportunities, as well as adding 147 full-time and 166 part-time jobs from over 80 new businesses in Lakewood, including home occupation businesses. Among the new businesses opening or expanding during the year were Big Blue Swim School, Boba Blitz, and Ziggi’s Coffee.

Lakewood is considered a “low property tax city,” receiving approximately 5.84% of countywide collections — the fourth-lowest allocation in Los Angeles County — due to its historically small municipal levy prior to the passage of Proposition 13 in the late 1970’s.

During the year, the County Assessor increased assessments by 2%, the maximum allowable annual increase. While most Proposition 8 reductions from the Great Recession had been reversed in recent years, FY 2024-25 saw \$5.5 million in net reductions due to rising mortgage rates and slight declines in some property values. Nevertheless, overall taxable value increased by more than \$546 million, driven primarily by the allowable annual increase.



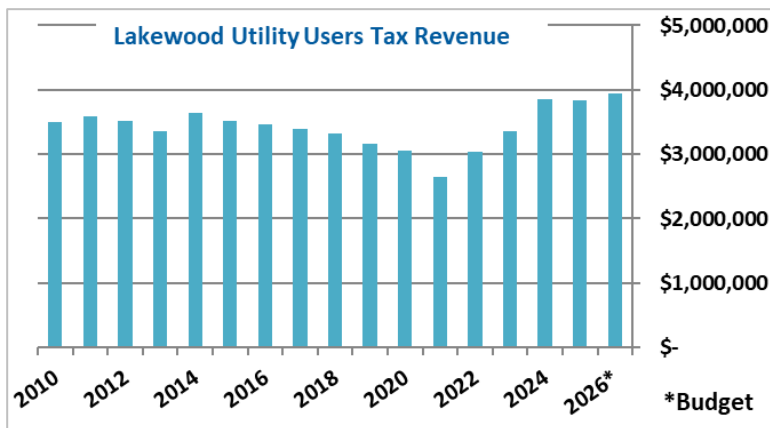
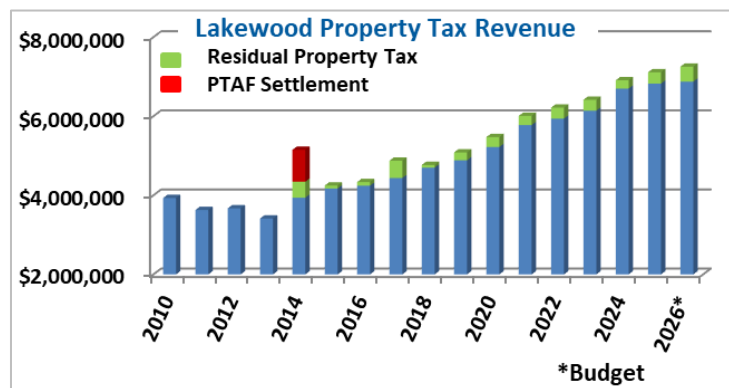


The City's total FY 2024-25 assessed valuation was \$12.8 billion, a 4.4% increase from the prior year, though slightly below the County's overall growth rate of 4.9%. The median single-family home price rose 0.6%, from \$850,000 to \$855,000, reflecting the impact of continued elevated mortgage interest rates and affordability challenges.

Residual property tax revenues from the dissolution of the Lakewood Redevelopment Agency (LRA),

which began in FY 2012-13, are expected to be approximately \$220,000 in FY 2025-26 as former LRA bonds have been fully repaid.

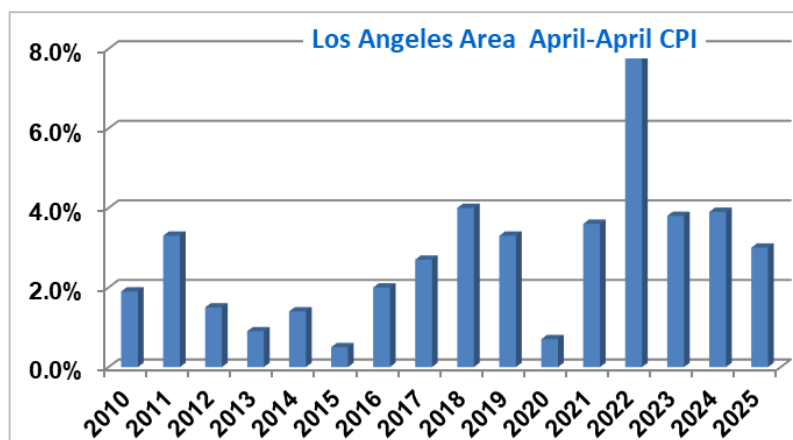
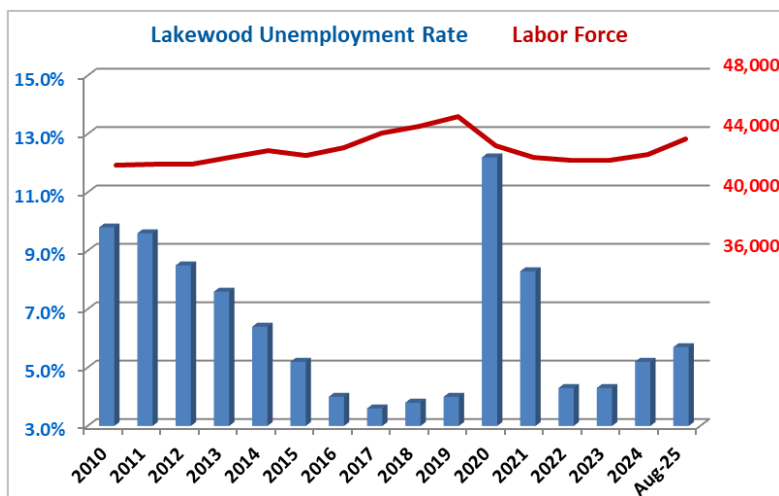
FY 2024-25 property tax revenue increased 6.2% from the prior year, however they fell slightly short of heightened budget expectations by 1.3%. Overall, property tax accounts for roughly 9% of General Fund revenue, while property-tax-in-lieu of vehicle license fees represents an additional 15%. While the COVID-19 pandemic had a significant effect on certain revenues, it had a minimal long-term effect on property tax revenue sources. Furthermore, building activity has continued to be strong and growing. In reviewing the year's developments, over 4,000 construction and remodeling permits were issued during FY 2024-25 — or about 5% more than the previous year.



Among other factors, City revenues are sensitive to changes in the commodity markets. The City's 3% Utility User's Tax (UUT) generated approximately \$3.9 million in FY 2024-25, representing 4.3% of General Fund revenues. While gas, electricity and water components increased modestly, telecommunications revenues declined. This reflects the long-term shift away from taxable telecommunications services.

Telecommunications UUT revenue is now less than one-quarter of its 2010 peak, declining 2.9% in FY 2024-25 to \$402,848.

Lakewood's unemployment rate closely tracks that of Los Angeles County but is generally lower. Excluding the pandemic spike, rates have ranged from 3.6% to 5.7% over the past decade. As of August 2025, Lakewood's unemployment rate was 5.7% compared with the County's 6.3%. Major employers include the Long Beach Unified School District, Los Angeles County, UCI Health-Lakewood, the City of Lakewood, and a range of retail, automotive, and home-improvement businesses.



The April-to-April Consumer Price Index (CPI) for the Los Angeles–Riverside–Orange County region was 3.0% in 2025. After reaching 40-year highs in 2022, inflation has moderated toward historical norms. Higher interest rates, implemented by the Federal Reserve in recent years to control inflation, have begun to ease, with further reductions anticipated in upcoming actions.

ECONOMIC OUTLOOK

Beacon Economics provides market insights and forecasts for communities across the western United States. In their recent analysis Beacon projects that Southern California will remain economically resilient into late 2025 and early 2026, but that growth will be modest compared with the post-pandemic boom. Beacon Economics also projects slowing gross domestic product (GDP) and hiring growth as the economy cools toward more normal rates, with the state avoiding a broad downturn but facing a less favorable outlook than previously anticipated.

Retail and sales-tax dynamics will be the chief near-term drivers for many local governments. The HdL Companies, the City's sales tax revenue consultant, recently published sales-tax reports showing only minimal statewide sales-tax growth in 2025 with a muted outlook for the tail end of the year, reflecting continued strength in e-commerce, inventory dynamics, and uneven brick-and-mortar performance; HdL expects flat to low single-digit growth in the near term, with volatility persisting.

Key challenges into early 2026 include higher borrowing costs, housing supply constraints, and policy uncertainties that could restrain business investment and consumer spending. Beacon highlights that inflationary pressures have eased from the highs seen in 2022, but that slower real GDP growth and housing market headwinds (tight supply, elevated mortgage rates) continue to cloud the outlook. If interest rates continue falling as projected, consumer demand and taxable sales could firm up in 2026.

Overall, though, there is still concern over growing federal deficits and the federal government's dependency on lower borrowing costs to pay for that debt, which has been greatly aided through the significant increase in foreign investment. Fed policy going forward will greatly depend on the balancing of the attractiveness of US markets for investment with the lack of impetus to reign in government spending due to lower borrowing costs. Beacon Economics opines that the imbalance could break over the next year or so or could last years into the future. Given the City's strong financial foundation and the makeup of its sales tax base (primarily mid-level, general goods retailers), the City is well positioned either way.

LONG-TERM FINANCIAL PLANNING

Long-term financial planning encompasses the ongoing management of the City's programs and capital assets, including infrastructure such as streets, streetlights, traffic signals, medians, signage, parks, recreation facilities, water mains, sidewalks, trees, and bus stops. The City's long-term plan also accounts for debt obligations, pension and post-employment benefit liabilities, and the maintenance and replacement of capital assets. Policies have been established to guide financial management in alignment with the City's fiscal philosophy.

The City's financial and operating budget policies provide the framework for maintaining or improving financial position, governance practices, and credit ratings. The purchasing and operating budget policies promote stewardship of public resources.

The cash and investment policy focuses on achieving a market-rate return within the constraints of safety, liquidity, and cash-flow needs — prioritizing safety and liquidity above return.

The governmental fund balance policy establishes reserve requirements for economic uncertainty (20% of operating costs), unforeseen capital expenditures, emergency response, and pension obligations.

The capital financing and debt management policy establishes guidelines for the financing of long-term assets and capital improvements.

The capital improvement program and replacement-of-assets policy guides the development of multi-year capital projects. Although capital improvements are separate from the operating budget, annual operating budgets include set-aside funding for capital needs. City staff actively seek grants to support capital projects, infrastructure maintenance, public safety, recreation, transportation, and housing programs. Recent project and program accomplishments include:

Public Safety Activities:

- Implemented key components of the Neighborhood Safety Enhancement Plan, including the Dedicated Sheriff's Deputy crime suppression unit and utilization of contracted private security to perform targeted overnight patrols.
- Organized multiple events for residents to meet and interact with members of law enforcement and Public Safety Department staff. These included the bi-monthly Coffee with a Deputy series, two Kids and Cops events and the Connect with Public Safety series with community meetings and tours of Lakewood Sheriff's Station.
- Increased Neighborhood Watch participants with six additional block captains Citywide.
- Provided weekly targeted traffic monitoring in residential zones based on community reports through Lakewood's service request system using radar trailers with variable messaging boards. Data collected supported Los Angeles County Sheriff Department (LASD) traffic enforcement citywide.

- Continued the Community Prosecutor Program, a contract service through the Los Angeles County Office of the District Attorney for a dedicated Deputy District Attorney focused on abating nuisance and criminal activity to improve quality of life issues in neighborhoods.
- Increased staffing for Homeless Service program with addition of two contracted Homeless Services Liaisons to enhance outreach to homeless individuals in coordination with various city departments, law enforcement, regional outreach service providers and other partner agencies. Continued Homeless Services Liaison program funded using Measure H money made available through the Gateway Cities Council of Government and general funds.
- Continued to contract for 15 dedicated shelter beds at Salvation Army's Bell Shelter for Lakewood-based individuals experiencing homelessness.

Development in the City:

- During FY 2024-25, the City issued a total of 4,246 commercial and residential building permits, a 5% increase from the prior year.
- The Planning Division processed over 600 applications for new projects.
- There were a number of investments in Lakewood from companies within the Lakewood Center, which included various interior renovation projects.
- The Lakewood Center was put on the market for sale with a credible, prospective buyer being identified prior to the end of the fiscal year.

Street, Stormwater and Traffic Signal Improvements:

- Trimmed approximately 6,848 trees, removed over 137 trees determined to be in poor condition, and replanted 403 trees.
- Removed and replaced 1.1 miles of curb & gutter and 10.3 miles of sidewalk, enabling better movement of pedestrians and run-off water.
- Reconstructed 7 ADA curb ramps to bring them up to current standards.

Water System Improvements:

- Completed design plans for Well 22B, providing for a new high-capacity water well capable of producing over three million gallons per day upon completion.
- Completed design plans for two miles of pipelines which will be constructed in FY 25-26 to improve Citywide water quality, fire protection and water supply reliability.
- Completed the installation of security cameras at Plant 13 & Plant 22, enhancing operational efficiency and ensuring water quality and safety.
- Completed the Cross-Connection Control Plan to protect public drinking water supply and prevent contamination or pollution from backflow.

Parks and Community Facilities Projects and Activities:

- Completed security improvements at every public facility with the installation of panic buttons, allowing for discrete notification of emergency services. This included the installation of FOB access at City Hall.
- Playground improvements were completed at Biscailuz and Boyar Parks, including the replacement of the Biscailuz tot lot playground and both the tot lot and school-age playground at Boyar.
- Playground repairs and Poured-In-Place surfacing were completed at Palms and Mayfair Parks.
- The Civic Center Block Party was held Saturday, June 28, 2025. Over 15,000 people attended the spectacular event.
- The second annual LeadHer Lakewood event delivered a celebration of women's empowerment and leadership in Lakewood with over 200 people attending.

- During FY 2024-25 the Aquatics Program provided recreation swim for 13,125 attendees and 3,338 swim lessons.
- Attendance in the Human Services Association (HSA) daily Nutrition Program increased 10%, from the prior year to 19,703 meals served in FY 2024-25. The increase has been attributed to an increased desire in Lakewood's older adult population to "get out and socialize," as well as economic factors.
- The Project Shepherd program continued to serve residents in need. Backpacks filled with school supplies were given to a record 584 school-age children in August 2024. In December 2024, 1,605 Lakewood residents (431 families) were provided Project Shepherd Holiday assistance, including grocery store gift cards, boxes of food and bags of toiletry items for both Thanksgiving and December holidays. Toys were included for 739 children as donations were given according to their holiday wish lists.
- The 27th annual LAMP/LCEA Special Olympics Fundraiser was held on Friday, September 20, at the Lakewood Youth Center and Del Valle Park, and was another very successful event. Staff, family and friends raised \$5,202 for the Lakewood Special Olympics athletes.

Public Communication Projects:

- The City continued to provide legendary customer service by receiving and processing over 10,000 service requests through multiple contact methods, including in-person, phone, and mobile apps.
- The third cohort consisting of 35 residents in the Lakewood Leadership Academy took place, continuing to educate and develop effective community leaders to take an active role towards building a stronger Lakewood.
- The City was awarded the Beacon Spotlight Gold Award by the Institute for Local Government. The award recognizes city accomplishments in sustainability best practices.
- The City published 147 e-Magazines this past year, an increase of 65% from the prior year. Similarly, social media posts on official city pages over the past year increased by 18% from 614 to 727, highlighting the City's commitment to informing the community through various public information channels.

Long-term Debt:

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

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

Pension and Other Post Employment Benefit Liabilities:

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

- California Public Employee Retirement System (CalPERS) is a 2% at 55 pension plan for "classic" CalPERS members, and 2% at 62 pension plan for new members as defined by the Public Employees Pension Reform Act (PEPRA), who are employees that have never been a member of CalPERS or who had a break in service of six months or greater. CalPERS currently utilizes a 6.9% discount rate and is 80.26% funded as of June 30, 2024, 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 101.01% funded as of June 30, 2025, 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 108.01% funded as of June 30, 2025, 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. 101 – In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Implementation of this Statement resulted in restatement of beginning net position on July 1, 2024 presented in Note 19.

GASB Statement No. 102 – In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. It requires governments to provide standardized disclosures about significant risks and uncertainties that could materially affect their financial position or operations. This includes vulnerabilities related to concentrations (such as reliance on a major employer, taxpayer, or grantor), constraints on resource availability, and uncertainties that could impact services or financial stability. The goal is to improve transparency and comparability of risk-related information. GASB 102 was effective for fiscal years beginning after June 15, 2024, with earlier application encouraged. There were no significant impacts on the City's financial statements.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Lakewood for its Annual Comprehensive Financial Report (formerly known as the Comprehensive Annual Financial Report) for the fiscal year ended June 30, 2024. This was the 43rd consecutive year that Lakewood has obtained this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Preparation of this report was accomplished by the combined efforts of the Finance and Administrative Services Department staff. We appreciate the high level of professionalism and dedication that these staff members bring to the city. The contributions made by Anne Rodriguez, Assistant Director of Finance & Administrative Services and Claire Pierson, Accounting & Grants Manager, 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,

A handwritten signature in blue ink, appearing to read 'Thaddeus McCormack', with a stylized, cursive script.

Thaddeus McCormack
City Manager

A handwritten signature in blue ink, appearing to read 'Jose Gomez', with a stylized, cursive script.

Jose Gomez
Director of Finance & Admin. Services

CITY COUNCIL

CASSANDRA CHASE
Mayor

JEFF WOOD
Vice Mayor

DAVID ARELLANO
Council Member

STEVE CROFT
Council Member

TODD ROGERS
Council Member

ADMINISTRATION AND DEPARTMENT DIRECTORS

THADDEUS McCORMACK
City Manager

JONES MAYER
City Attorney

PAOLO BELTRAN
Deputy City Manager

ALDO CERVANTES
Director of Community Development

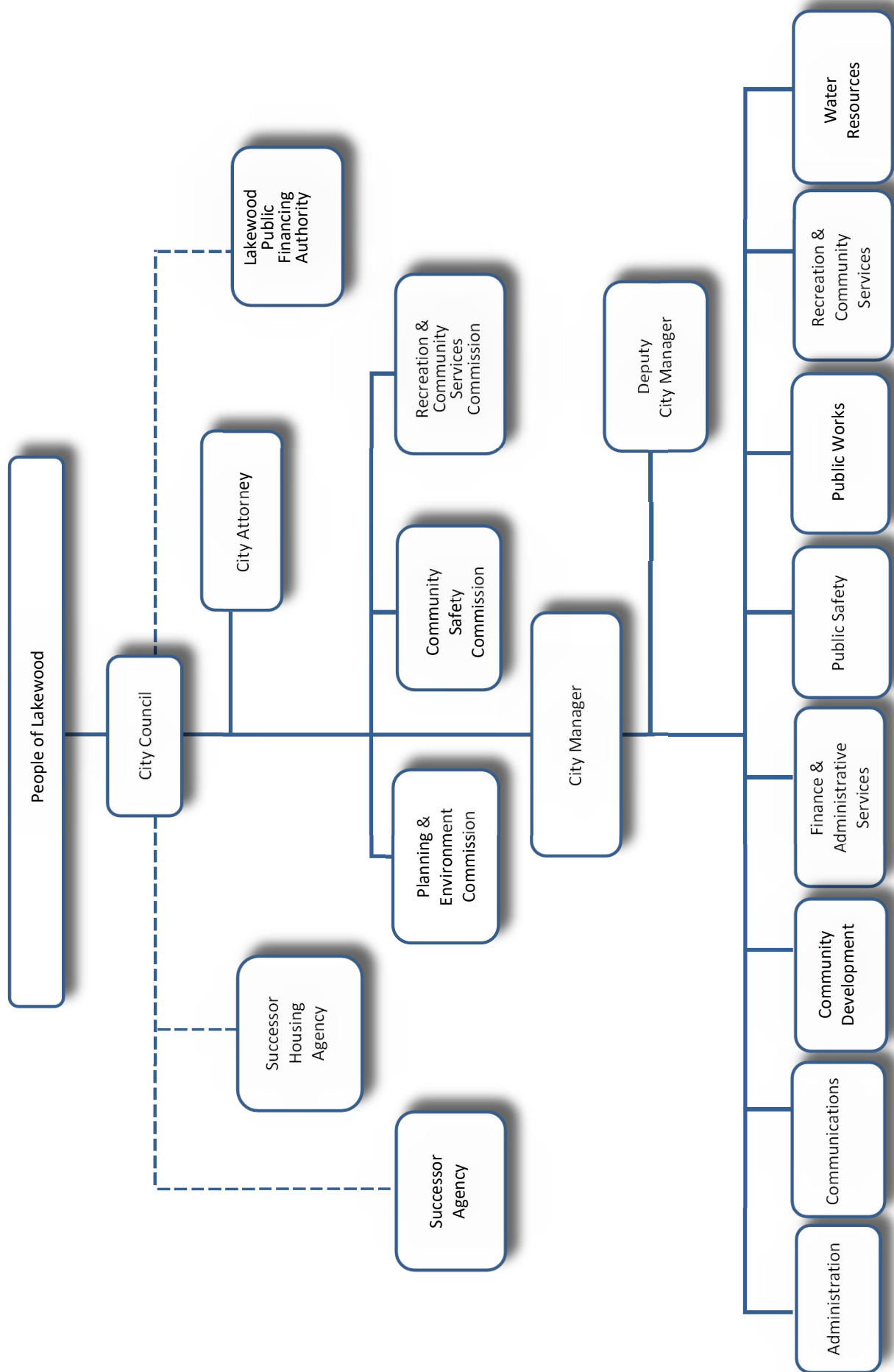
VALARIE FROST
Director of Recreation and Community Services

JOSE GOMEZ
Director of Finance and Administrative Services

DEREK NGUYEN
Director of Water Resources

KELLI PICKLER
Director of Public Works

JOSHUA YORDT
Director of Public Safety





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**City of Lakewood
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morill

Executive Director/CEO





INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lakewood, California (the "City"), as of and for the year ended June 30, 2025, and the related notes to the basic financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

The PwC Group, LLP

Santa Ana, California
November 26, 2025



City of Lakewood
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2025

As management of the City of Lakewood, California, (City), we offer readers of the City's financial statements, this narrative overview and analysis of the financial activities of the City for fiscal year ended June 30, 2025. 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, 2025, by \$307,513,859. Of this amount, \$99,195,677 may be used to meet the government's ongoing obligations to citizens and creditors, but is subject to designation for specific City programs.
- **Changes in Net Position:** The government's total net position increased by \$22,364,584. The governmental activities increased by \$19,424,805 and business-type activities by \$2,939,779 for the year ended June 30, 2025.
- **Long Term Debt:** The City's total debt increased by \$9,587,578. This was attributable to the capital financing agreement entered into in FY 2024-25.
- **Governmental Funds:** As of June 30, 2025, the City's governmental funds reported a combined ending fund balance of \$162,553,195. Approximately 59.1 percent of the ending fund balance, \$96,025,663, 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, 2025, committed, assigned and unassigned fund balance of the general fund was \$93,324,520 out of total fund balance of \$115,560,989. All but \$670,501 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 is improving or deteriorating.

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

City of Lakewood
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2025

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

The government-wide financial statements include the City 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, and therefore has been included as an integral part of the government.

The government-wide financial statements can be found on pages 18 - 21 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, 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 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 maintains twenty seven governmental funds comprised of three major and twenty two nonmajor funds. Information is presented separately in the governmental fund balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances. Data from the twenty one nonmajor governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these other governmental funds is provided in the form of *combining statements* in the supplementary information.

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

The governmental fund financial statements can be found on pages 26 - 32 of this report.

City of Lakewood
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2025

Proprietary funds. The City 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.

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

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

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 49 - 95 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'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 99-113 of this report.

The combining statements referred to earlier in connection with other governmental funds and agency funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 121-152 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, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$307,513,859 at the close of the most recent fiscal year.

City of Lakewood
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2025

The following table shows the City's net position as of June 30, 2025 and 2024:

City of Lakewood Net Position						
	Governmental Activities		Business-type Activities		Total	
	2025	2024*	2025	2024*	2025	2024*
Current and other assets	\$ 176,740,791	\$ 154,596,332	\$ 24,102,337	\$ 19,615,196	\$ 200,843,128	\$ 174,211,528
Capital assets	131,495,704	126,290,449	35,593,015	37,691,260	167,088,719	163,981,709
Total Assets	308,236,495	280,886,781	59,695,352	57,306,456	367,931,847	338,193,237
Deferred Outflow of Resources	10,466,115	14,016,744	1,158,457	1,540,459	11,624,572	15,557,203
Long-term liabilities outstanding	43,147,668	40,114,201	7,803,039	9,350,138	50,950,707	49,464,339
Other liabilities	10,067,790	9,609,440	4,023,417	3,488,137	14,091,207	13,097,577
Total Liabilities	53,215,458	49,723,641	11,826,456	12,838,275	65,041,914	62,561,916
Deferred Inflow of Resources	5,617,862	4,735,399	1,382,784	1,303,850	7,000,646	6,039,249
Net positions:						
Net Investment in Capital Assets	130,340,973	125,001,849	30,599,968	31,927,110	160,940,941	156,928,959
Restricted	47,257,791	40,965,862	119,450	-	47,377,241	40,965,862
Unrestricted	82,270,526	74,476,774	16,925,151	12,777,680	99,195,677	87,254,454
Total Net Position	\$ 259,869,290	\$ 240,444,485	\$ 47,644,569	\$ 44,704,790	\$ 307,513,859	\$ 285,149,275

* 2024 balances were restated due to the implementation of GASB 101.

By far, the largest portion of the City's net position, 52.3 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 uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City'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.

An additional portion of the City's net position, 15.4 percent, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$99,195,677 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 is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. At year-end, 50.1 percent of the City's governmental net position and 64.2 percent of the City's business-type activities' net position were invested in capital assets.

City of Lakewood
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2025

The following table shows the City's changes in net position for the years ended June 30, 2025 and 2024:

City of Lakewood Changes in Net Position						
	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues:						
Charges for services	\$ 14,954,916	\$ 14,671,023	\$ 15,133,110	\$ 12,992,428	\$ 30,088,026	\$ 27,663,451
Operating grants and contributions	16,195,885	26,237,087	-	734,065	16,195,885	26,971,152
Capital grants and contributions	4,208,826	1,534,046	-	-	4,208,826	1,534,046
General revenues:						
Sales taxes	30,843,759	31,208,121	-	-	30,843,759	31,208,121
Property taxes	19,446,829	18,819,630	-	-	19,446,829	18,819,630
Sales taxes-others	-	-	-	-	-	-
Franchise taxes	1,592,476	1,722,859	-	-	1,592,476	1,722,859
Business operation taxes	1,021,013	699,707	-	-	1,021,013	699,707
Utility user taxes	3,934,710	3,836,274	-	-	3,934,710	3,836,274
Other taxes	780,927	409,272	-	-	780,927	409,272
Investment income	6,309,816	4,169,777	695,737	426,194	7,005,553	4,595,971
Gain on sale of property	185,716	85,029	-	-	185,716	85,029
Total revenues	99,474,873	103,392,825	15,828,847	14,152,687	115,303,720	117,545,512
Expenses:						
General government	16,649,381	14,693,300	-	-	16,649,381	14,693,300
Public safety	21,716,420	19,847,784	-	-	21,716,420	19,847,784
Transportation	8,857,706	9,196,277	-	-	8,857,706	9,196,277
Community development	9,711,914	11,541,397	-	-	9,711,914	11,541,397
Health and sanitation	7,524,212	7,018,202	-	-	7,524,212	7,018,202
Culture and leisure	14,284,375	16,854,174	-	-	14,284,375	16,854,174
Unallocated infrastructure depreciation	2,852,149	2,960,331	-	-	2,852,149	2,960,331
Interest and fiscal charges	223,514	7,388	-	-	223,514	7,388
Water	-	-	11,119,465	10,916,222	11,119,465	10,916,222
Total expenses	81,819,671	82,118,853	11,119,465	10,916,222	92,939,136	93,035,075
Excess (deficiency) of revenues over expenses before transfers	17,655,202	21,273,972	4,709,382	3,236,465	22,364,584	24,510,437
Transfers (net)	1,769,603	1,580,728	(1,769,603)	(1,580,728)	-	-
Changes in net position	19,424,805	22,854,700	2,939,779	1,655,737	22,364,584	24,510,437
Net position at beginning of year,	240,444,485	217,703,040	44,704,790	43,053,934	285,149,275	260,756,974
Change in accounting principle (GASB 101)	-	(113,255)	-	(4,881)	-	(118,136)
Net position at end of year	\$ 259,869,290	\$ 240,444,485	\$ 47,644,569	\$ 44,704,790	\$ 307,513,859	\$ 285,149,275

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

Governmental activities. Overall, governmental revenues decreased by \$3,917,952 or 3.8 percent and expenses also decreased by \$299,182 or 0.4 percent from prior year. Key elements of the change are as follows:

- Operating Grants and Contributions decreased by \$10,041,202. The decrease was derived from a combination of several grants starting with the American Rescue Plan Act Special Revenue Fund (ARPA) being a \$8,887,645 revenue in FY 2023-24 but not in FY 2024-25. Another major contributor is the decrease in Measure W-Regional grant by \$1,186,410. The City did not receive any Measure W-Regional fund in FY 2024-25 causing the decrease between FY 2023-24 and FY 2024-25.
- Investment income increased by \$2,140,039 due to the City's investment earnings revenue benefitting from the sharp rise in interest rates within a short period of time.

City of Lakewood
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2025

- The Property Tax and Sales Tax revenues decreased by a combined total of \$262,837. Property tax revenues rose by \$627,199 mainly due to the higher valuation on Lakewood properties. Sales tax decreased slightly by \$364,362, indicating a flattening out of sales tax revenues.
- Community Development's expenses decreased by \$1,829,483 mainly due to the recording of a sale of Land Held for Resale properties that transpired in FY 2023-24 but not in FY 2024-25. This was offset by the reclassification of several activities under Culture and Leisure activities in FY 2023-24 that is now under Community Development.
- General Government expenses increased by \$1,956,081 mainly due to the \$2M payment to CalPERS to bring down the unfunded liability.
- Public Safety expenses increased by \$1,769,603 due to a combined \$989,000 increase in contractual services with the Los Angeles County Sheriff, Southwest Patrol, The Salvation Army and homeless services liaison. In addition, the helicopters had their planned bi-annual maintenance for \$315,531.
- The Water Fund transferred \$1,795,700 into the General Fund to defray costs for the Water Fund's use of General Fund's staff, resources, facilities, and infrastructure.

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

Business-type activities. The business-type activities reflect the City's water system, which includes water operation, water treatment and water production and distribution. An increase in the water sales of \$2,140,682 was attributed to the combination of the increase in overall demand and consumption of water and the increase in fixed and consumption rates effective July 1, 2024. For the year ended June 30, 2025, the City's business-type activities' change in net position was \$2,939,779, an increase of 65.8 percent compared to last year. During the year, the water fixed and volumetric rates were adjusted to help defray increases in the cost of pumping and distributing water and the administration of the utility and infrastructure improvements. Major improvements on the horizon include \$6.4 million for a water main construction project, \$2.9 million for Well 22B Equipping and Drilling, \$1.3 million for Plant 13 Tanks Upgrade project, \$800,000 for Water Operations Improvements and \$600,000 for Water Meter Replacement Program.

Financial Analysis of the Government's Funds

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

Governmental funds. The focus of the City'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'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.

City of Lakewood
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2025

As of the end of the fiscal year, the City's governmental funds reported a combined ending fund balance of \$162,553,195, an increase of \$20,184,884 in comparison with the prior year. As noted in the Governmental Activities section, the increase was primarily due to capital financing agreement entered into FY 2024-25. Of the City's governmental funds ending fund balance, \$96,025,663 or 59.1 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, \$66,527,532, is either nonspendable or restricted for purposes imposed by creditors, grantors, contributors, laws or regulations of other governments or through enabling legislation.

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

The unrestricted net position of the Water Enterprise fund at the end of the year amounted to \$16,925,151, an increase of \$4,147,471 from the prior year. These funds will be used to fund future water operations and planned capital improvements. Other factors concerning the specific of this fund have already been addressed in the discussion of the City's business-type activities.

Major and Nonmajor Fund Financial Highlights

The General Fund is the chief operating fund of the City. At the end of FY 2024-25, committed, assigned and unassigned fund balance of the General Fund was \$93,324,520, while total fund balance was \$115,560,989. The General Fund's ending fund balance increased by \$16,588,303 in comparison with the prior year. As a measure of the General Fund's liquidity, it may be useful to compare only the committed, assigned and unassigned fund balance to total fund expenditures. Committed, assigned and unassigned fund balance represents 80.8 percent of the total General Fund expenditures, most of which is committed or assigned to meet the City's long-term obligations.

Overall, General Fund revenues (including other financing sources) increased year-over-year by \$13,356,276. The biggest increase is due to the \$10.5M restricted asset that the City had at FYE June 30, 2025 which is the issuance of debt for the City's HVAC/Roof/Electrical project. The other biggest increase is in the Investment Income, Rents, and Concession category which was favorable for an amount of \$1,781,456. Current service charges and Intergovernmental revenues increased by \$803,794 and \$465,911, respectively. The increases were offset by decreases from Taxes, and Miscellaneous revenues combining for \$456,764.

Overall expenditures (including other financing uses) increased by \$14,328,012. The biggest change is the increase to Public Safety by \$10,655,018 because of the ARPA fund exchange funding part of the cost in FY 2023-24 but not in FY 2024-25. The rest of the categories increased, with General Government having the highest increase compared to the other categories by \$3,549,301. This was mainly due to an increase of \$2.6M contribution to the CalPERS Unfunded Liability and a \$500,000 increase to salary/benefits.

Aside from the General Fund, the City has other major and nonmajor funds, including Housing Admin and Program Capital Projects Fund, Lakewood Capital Improvements Projects Fund, and the nonmajor Governmental Funds for Special Revenue sources. The Housing Admin and Program Capital Projects Fund's ending fund balance decreased by \$682,704, mainly due to the transfer of activities of the Salvation Army dedicated shelter beds for the Lakewood -based homeless from the General Fund to the Housing fund. The Lakewood Capital Improvements Projects Fund's ending fund balance decreased by \$421,090 in comparison to the prior year. The nonmajor Special Revenue Fund consists of numerous accounts such as AB2766, Prop A Transit Fund, Prop C Transportation Fund and several others. The ending fund balance of the nonmajor Special Revenue funds increased by \$4,700,375 in comparison to the prior year, mainly due to County and State funds being greater than expenditures during the fiscal year.

City of Lakewood
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2025

General Fund Budgetary Highlights

For the fiscal year ended June 30, 2025, the General Fund's final amended expenditure budget increased over the original budget by \$35,848,177, however, actual expenditures were \$33,726,055 lower than the final amended budget. These can be briefly summarized as follows:

- Capital projects that either started in FY 2024-25 or rolled over from previous fiscal years were not completed by June 30, 2025. Multi-year projects that had to be carried over into FY 2025-26 totaled \$25,001,000. Some of these projects are as follows: Electrical, HVAC and Roof improvements for \$17,240,865; Palms Park improvements for \$1,102,743, replacement of generators at City Hall and the Center for \$1,385,203, Council Chambers AV improvement for \$1,256,521, and facilities renovation for \$1,164,484.
- Actual expenditures were \$7,009,521 lower than the operating final budget due to the following: purchase of vehicle/equipment were back-ordered, a number of vacant full-time and part-time positions and savings from positions filled at a lower pay step, the General Plan for Community Development was not able to be worked on in FY 24/25, and lastly there were fewer contracted engineering services.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2025, amounts to \$167,088,719, an increase of \$3,107,010 or 1.9 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.

Capital assets as of June 30, 2025 and 2024 are comprised of the following:

City of Lakewood							
Capital Assets (Net of depreciation and Amortization)							
	Governmental Activities		Business-type Activities		Total		
	2025	2024	2025	2024	2025	2024	
Land	\$ 17,041,023	\$ 17,041,023	\$ 100,000	\$ 100,000	\$ 17,141,023	\$ 17,141,023	
Water rights	-	-	1,834,586	1,834,586	1,834,586	1,834,586	
Construction in progress	44,416,209	44,251,612	215,573	144,937	44,631,782	44,396,549	
Infrastructure	33,878,332	36,320,174	-	-	33,878,332	36,320,174	
Structures and improvements	32,063,663	24,703,445	21,623,629	23,099,959	53,687,292	47,803,404	
Equipment	4,027,347	3,790,465	11,739,001	12,271,104	15,766,348	16,061,569	
Lease assets	29,117	74,102	-	-	29,117	74,102	
Subscription assets	40,013	109,628	80,226	240,674	120,239	350,302	
Total	<u>\$ 131,495,704</u>	<u>\$ 126,290,449</u>	<u>\$ 35,593,015</u>	<u>\$ 37,691,260</u>	<u>\$ 167,088,719</u>	<u>\$ 163,981,709</u>	

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

Long-term debt. At the end of FY 2024-25, the City's total long-term debt outstanding increased by \$9,587,578, totaling \$15,503,540. The significant increase is due to the capital financing agreement that was issued in FY 2024-25.

City of Lakewood
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2025

Long-term debt as of June 30, 2025 and 2024 are comprised of the following:

City of Lakewood						
Summary of Outstanding Debt						
	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Loan Payable-MELPA	\$ -	\$ -	\$ 4,888,614	\$ 5,506,717	\$ 4,888,614	\$ 5,506,717
Capital financing program	10,500,000	-	-	-	10,500,000	-
Lease Payable	8,585	60,475	-	-	8,585	60,475
Subscription Liabilities	18,078	91,337	88,263	257,433	106,341	348,770
Total	<u>\$ 10,526,663</u>	<u>\$ 151,812</u>	<u>\$ 4,976,877</u>	<u>\$ 5,764,150</u>	<u>\$ 15,503,540</u>	<u>\$ 5,915,962</u>

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

Economic Factors and Next Year's Budgets and Rates

The City prudently anticipates and conservatively budgets for General Fund revenues to gradually increase as the economy recovers from the lingering effects of the COVID-19 pandemic. The City's sales tax revenues have shown a slow and steady increase but since have plateaued based on recent economic trends. The local sales and use tax (Measure L) has provided a cushion from the diminished revenue from other revenue sources. The passage provided a timely and much-needed stabilizing effect for the city. Other anticipated increase includes a modest increase in property tax revenues, a growth in culture and leisure, and a steady flow of activities in building permits as residents look to build more accessible dwelling units (ADUs). Interest earnings are expected to take a slight dip, and gas tax and fines are both expected to remain flat through 2026.

The City's General Fund operational expenditures are also expected to increase annually over the next five years; in Fiscal Year 2024-25 General Fund expenditures increased by 18.1 percent due to the use of ARPA funds in FY 2023-24 that are no longer available in FY 2024-25. Employee services costs increased by 7.7 percent in Fiscal Year 2024-25 over that of the prior year. The City is a contract-city where 39.4 percent of the cost of operations is employee service-related, and contract services made up 44.4 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 3.0 percent in 2025. Overall, General Fund contract services increased by 34.4 percent in Fiscal Year 2024-25 due to ARPA funds defraying the general fund expenditures in FY 2023-24. The City's water, refuse and building and safety fees also include the local CPI as a factor in determining rate increases.

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

City of Lakewood
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2025

Requests for Information

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

BASIC FINANCIAL STATEMENTS



GOVERNMENT-WIDE FINANCIAL STATEMENTS

City of Lakewood
Statement of Net Position
June 30, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 134,843,563	\$ 20,438,561	\$ 155,282,124
Receivables:			
Accounts	10,546,296	1,114,883	11,661,179
Accrued revenue	-	1,359,286	1,359,286
Leases receivable	218,529	46,477	265,006
Prepaid items	66,634	-	66,634
Inventories	119,093	108,259	227,352
Total current assets	145,794,115	23,067,466	168,861,581
Noncurrent assets:			
Restricted cash and investments:			
Cash in escrow	10,648,964	-	10,648,964
Held by City	-	63,832	63,832
Notes receivable	2,756,767	-	2,756,767
Leases receivable	718,639	851,589	1,570,228
Receivable from Successor Agency	15,642,712	-	15,642,712
Net pension asset	228,239	25,360	253,599
Net OPEB asset	951,355	94,090	1,045,445
Capital assets:			
Nondepreciable	61,457,232	2,150,159	63,607,391
Depreciable, net	69,969,342	33,362,630	103,331,972
Intangible assets, net	69,130	80,226	149,356
Total capital assets	131,495,704	35,593,015	167,088,719
Total noncurrent assets	162,442,380	36,627,886	199,070,266
Total assets	308,236,495	59,695,352	367,931,847
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	10,102,159	1,122,462	11,224,621
Deferred outflows of resources related to OPEB	363,956	35,995	399,951
Total deferred outflows of resources	10,466,115	1,158,457	11,624,572

(Continued)

City of Lakewood
Statement of Net Position (Continued)
June 30, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	6,128,000	3,012,393	9,140,393
Retention payable	237,189	-	237,189
Accrued liabilities	952,217	71,662	1,023,879
Accrued interest payable	220,932	-	220,932
Unearned revenues	1,383,098	84,265	1,467,363
Long-term liabilities - due within one year	1,146,354	855,097	2,001,451
Total current liabilities	10,067,790	4,023,417	14,091,207
Noncurrent liabilities:			
Liabilities payable from restricted assets:			
Customer deposits	1,308,620	63,832	1,372,452
Long-term liabilities - due in more than one year	11,619,690	4,381,501	16,001,191
Aggregate net pension liability	30,219,358	3,357,706	33,577,064
Total noncurrent liabilities	43,147,668	7,803,039	50,950,707
Total liabilities	53,215,458	11,826,456	65,041,914
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	3,351,644	372,404	3,724,048
Deferred inflows of resources related to OPEB	1,379,795	136,463	1,516,258
Deferred inflows of resources related to leases	886,423	873,917	1,760,340
Total deferred inflows of resources	5,617,862	1,382,784	7,000,646
NET POSITION			
Net investment in capital assets	130,340,973	30,599,968	160,940,941
Restricted for:			
Transportation	33,862,658	-	33,862,658
Public safety	115,192	-	115,192
Community development	8,991,321	-	8,991,321
Health and sanitation	166,928	-	166,928
Culture and leisure	2,942,098	-	2,942,098
Net pension asset	228,239	25,360	253,599
Net OPEB asset	951,355	94,090	1,045,445
Unrestricted	82,270,526	16,925,151	99,195,677
Total net position	\$ 259,869,290	\$ 47,644,569	\$ 307,513,859

(Concluded)

City of Lakewood
Statement of Activities
For the Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General government	\$ 16,649,381	\$ 1,204,600	\$ 2,244,433	\$ 1,558,767
Public safety	21,716,420	419,290	268,104	-
Transportation	8,857,706	-	11,935,300	1,742,917
Community development	9,711,914	3,301,936	1,348,513	-
Health and sanitation	7,524,212	8,130,286	151,560	-
Culture and leisure	14,284,375	1,898,804	247,975	907,142
Unallocated infrastructure depreciation	2,852,149	-	-	-
Interest and fiscal charges	223,514	-	-	-
Total governmental activities	81,819,671	14,954,916	16,195,885	4,208,826
Business-type Activities:				
Water	11,119,465	15,133,110	-	-
Total business-type activities	11,119,465	15,133,110	-	-
Total primary government	\$ 92,939,136	\$ 30,088,026	\$ 16,195,885	\$ 4,208,826

City of Lakewood
Statement of Activities (Continued)
For the Year Ended June 30, 2025

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
Governmental Activities:			
General government	\$ (11,641,581)	\$ -	\$ (11,641,581)
Public safety	(21,029,026)	-	(21,029,026)
Transportation	4,820,511	-	4,820,511
Community development	(5,061,465)	-	(5,061,465)
Health and sanitation	757,634	-	757,634
Culture and leisure	(11,230,454)	-	(11,230,454)
Unallocated infrastructure depreciation	(2,852,149)	-	(2,852,149)
Interest and fiscal charges	(223,514)	-	(223,514)
Total governmental activities	(46,460,044)	-	(46,460,044)
Business-type Activities:			
Water	-	4,013,645	4,013,645
Total business-type activities	-	4,013,645	4,013,645
Total primary government	(46,460,044)	4,013,645	(42,446,399)
General revenues:			
Taxes:			
Sales taxes - Bradley Burns	30,843,759	-	30,843,759
Property taxes	19,446,829	-	19,446,829
Franchise taxes	1,592,476	-	1,592,476
Business operation taxes	1,021,013	-	1,021,013
Utility user taxes	3,934,710	-	3,934,710
Other taxes	780,927	-	780,927
Total taxes	57,619,714	-	57,619,714
Investment income	6,309,816	695,737	7,005,553
Gain on sale of property	185,716	-	185,716
Total general revenues	64,115,246	695,737	64,810,983
Transfer:			
Transfers (net)	1,769,603	(1,769,603)	-
Total transfer	1,769,603	(1,769,603)	-
Changes in net position	19,424,805	2,939,779	22,364,584
Net position - beginning of year, as previously reported	240,557,740	44,709,671	285,267,411
Change in accounting principle (GASB 101)	(113,255)	(4,881)	(118,136)
Beginning of year, as restated	240,444,485	44,704,790	285,149,275
Net position - end of year	\$ 259,869,290	\$ 47,644,569	\$ 307,513,859



FUND FINANCIAL STATEMENTS



GOVERNMENTAL FUND FINANCIAL STATEMENTS

City of Lakewood
Balance Sheet
Governmental Funds
June 30, 2025

		Major Funds	
	General Fund	Housing Admin and Program Capital Projects Fund	Lakewood Capital Improvements Capital Projects Fund
ASSETS			
Cash and investments	\$ 93,997,960	\$ 2,289,184	\$ 2,015,627
Restricted cash and investments:			
Cash in escrow	10,648,964	-	-
Accounts receivable	7,274,886	-	1,529,887
Prepaid items	66,634	-	-
Inventories	119,093	-	-
Due from other funds	574,341	-	-
Receivable from Successor Agency	11,401,778	4,240,934	-
Notes receivable	-	2,286,077	-
Leases receivable	937,168	-	-
Total assets	\$ 125,020,824	\$ 8,816,195	\$ 3,545,514
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 5,596,311	\$ 259,346	\$ 12,000
Accrued liabilities	952,217	-	-
Retention payable	146,382	-	81,807
Deposit payable	1,307,791	829	-
Due to other funds	-	-	-
Unearned revenue	245,390	-	-
Total liabilities	8,248,091	260,175	93,807
Deferred inflows of resources:			
Unavailable revenue	325,321	-	724,993
Deferred inflows of resources related to leases	886,423	-	-
Total deferred inflows of resources	1,211,744	-	724,993
Fund balances:			
Nonspendable			
Prepaid items	66,634	-	-
Inventories	119,093	-	-
Receivables from Successor Agency	11,401,778	-	-
Restricted			
Public safety	-	-	-
Transportation projects and street maintenance	-	-	-
Community development	-	8,556,020	-
Health and sanitation	-	-	-
Culture and leisure	-	-	-
Capital projects	10,648,964	-	-
Committed			
Self insurance	4,000,000	-	-
Pension and personnel obligations	6,780,334	-	-
Capital projects	14,091,033	-	2,726,714
Refuse stabilization	1,964,966	-	-
ARPA exchange	4,697,162	-	-
Economic uncertainties	18,117,831	-	-
Assigned			
Infrastructure development	6,000,000	-	-
ARPA exchange (for corner lot)	2,196,460	-	-
Measure L CIP reserve	5,107,599	-	-
Equipment replacement	2,803,367	-	-
Contract emergency services	2,495,267	-	-
Legal fees contingency	1,300,000	-	-
Pension obligations paydown	1,000,000	-	-
Measure L long-term reserve	22,100,000	-	-
Unassigned (deficit)	670,501	-	-
Total fund balances	115,560,989	8,556,020	2,726,714
Total liabilities, deferred inflows of resources, and fund balances	\$ 125,020,824	\$ 8,816,195	\$ 3,545,514

See accompanying Notes to the Basic Financial Statements.

City of Lakewood
Balance Sheet (Continued)
Governmental Funds
June 30, 2025

	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS		
Cash and investments	\$ 36,540,792	\$ 134,843,563
Restricted cash and investments:		
Cash in escrow	-	10,648,964
Accounts receivable	1,741,523	10,546,296
Prepaid items	-	66,634
Inventories	-	119,093
Due from other funds	-	574,341
Receivable from Successor Agency	-	15,642,712
Notes receivable	470,690	2,756,767
Leases receivable	-	937,168
Total assets	\$ 38,753,005	\$ 176,135,538
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 260,343	\$ 6,128,000
Accrued liabilities	-	952,217
Retention payable	9,000	237,189
Deposit payable	-	1,308,620
Due to other funds	574,341	574,341
Unearned revenue	1,137,708	1,383,098
Total liabilities	1,981,392	10,583,465
Deferred inflows of resources:		
Unavailable revenue	1,062,141	2,112,455
Deferred inflows of resources related to leases	-	886,423
Total deferred inflows of resources	1,062,141	2,998,878
Fund balances:		
Nonspendable		
Prepaid items	-	66,634
Inventories	-	119,093
Receivables from Successor Agency	-	11,401,778
Restricted		
Public safety	115,192	115,192
Transportation projects and street maintenance	30,447,039	30,447,039
Community development	318,518	8,874,538
Health and sanitation	166,928	166,928
Culture and leisure	4,687,366	4,687,366
Capital projects	-	10,648,964
Committed		
Self insurance	-	4,000,000
Pension and personnel obligations	-	6,780,334
Capital projects	-	16,817,747
Refuse stabilization	-	1,964,966
ARPA Exchange (committed)	-	4,697,162
Economic uncertainties	-	18,117,831
Assigned		
Infrastructure development	-	6,000,000
ARPA exchange (balance)	-	2,196,460
Measure L CIP reserve	-	5,107,599
Equipment replacement	-	2,803,367
Contract emergency services	-	2,495,267
Legal fees contingency	-	1,300,000
Pension obligations paydown	-	1,000,000
Measure L long-term reserve	-	22,100,000
Unassigned (deficit)	(25,571)	644,930
Total fund balances	35,709,472	162,553,195
Total liabilities, deferred inflows of resources, and fund balances	\$ 38,753,005	\$ 176,135,538

See accompanying Notes to the Basic Financial Statements.



City of Lakewood
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2025

Total Fund Balances - Total Governmental Funds	\$ 162,553,195
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Amounts reported for governmental activities in the statement of net position are different because:

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

Amount reported in government-wide statement of position:

Nondepreciable assets	\$ 61,457,232	
Depreciable/amortizable assets	70,038,472	131,495,704

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.

2,112,455

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:

Leases payable	(10,508,585)
Subscription liability	(18,078)
Interest payable	(220,932)
Compensated absences	(2,239,381)
Pensions:	
Deferred outflows of resources related to pensions	10,102,159
Net PARS pension asset	228,239
Net CalPERS pension liabilities	(30,219,358)
Deferred inflows of resources related to pensions	(3,351,644)
Other postemployment benefits:	
Deferred outflows of resources related to OPEB	363,956
Net OPEB liabilities	951,355
Deferred inflows of resources related to OPEB	(1,379,795)

Net position of governmental activities	\$ 259,869,290
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City of Lakewood
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2025

	Major Funds		
	General Fund	Housing Admin and Program Capital Projects Fund	Lakewood Capital Improvements Capital Projects Fund
REVENUES:			
Taxes	\$ 44,723,747	\$ -	\$ -
Licenses and permits	2,442,507	-	-
Fines and forfeitures	735,077	-	-
Investment income, rents, and concessions	7,221,177	76,406	-
Intergovernmental revenues	12,518,824	-	1,558,767
Current service charges	10,766,933	-	-
Other	1,853,171	333,000	-
Total revenues	80,261,436	409,406	1,558,767
EXPENDITURES:			
Current:			
General government	16,647,565	-	-
Public safety	21,266,046	294,898	-
Transportation	4,523,479	-	-
Community development	9,670,490	447,213	-
Health and sanitation	7,418,814	-	-
Culture and leisure	14,063,894	-	-
Capital outlay:			
General government	44,928	-	-
Public safety	59,776	-	-
Transportation	967,407	-	1,979,857
Community development	-	-	-
Culture and leisure	3,937,653	-	-
Debt service:			
Principal retirement	125,149	-	-
Interest payment	2,582	-	-
Total expenditures	78,727,783	742,111	1,979,857
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,533,653	(332,705)	(421,090)
OTHER FINANCING SOURCES (USES):			
Transfers in	4,509,359	-	-
Transfers out	(26,097)	(349,999)	-
Proceeds from issuance of debt	10,500,000	-	-
Proceeds from sale of properties	71,388	-	-
Total other financing sources (uses)	15,054,650	(349,999)	-
NET CHANGE IN FUND BALANCES	16,588,303	(682,704)	(421,090)
FUND BALANCES:			
Beginning of year	98,972,686	9,238,724	3,147,804
End of year	<u>\$ 115,560,989</u>	<u>\$ 8,556,020</u>	<u>\$ 2,726,714</u>

(Continued)

City of Lakewood
Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Governmental Funds
For the Year Ended June 30, 2025

	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:		
Taxes	\$ 3,892,518	\$ 48,616,265
Licenses and permits	227	2,442,734
Fines and forfeitures	-	735,077
Investment income, rents, and concessions	1,496,277	8,793,860
Intergovernmental revenues	10,771,477	24,849,068
Current service charges	-	10,766,933
Other	-	2,186,171
Total revenues	16,160,499	98,390,108
EXPENDITURES:		
Current:		
General government	87,700	16,735,265
Public safety	325,647	21,886,591
Transportation	4,782,850	9,306,329
Community development	156,420	10,274,123
Health and sanitation	109,616	7,528,430
Culture and leisure	187,300	14,251,194
Capital outlay:		
General government	226,876	271,804
Public safety	-	59,776
Transportation	2,036,057	4,983,321
Community development	319,796	319,796
Culture and leisure	907,142	4,844,795
Debt service:		
Principal retirement	-	125,149
Interest payment	-	2,582
Total expenditures	9,139,404	90,589,155
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	7,021,095	7,800,953
OTHER FINANCING SOURCES (USES):		
Transfers in	97,567	4,606,926
Transfers out	(2,461,227)	(2,837,323)
Proceeds from issuance of debt	-	10,500,000
Proceeds from sale of properties	42,940	114,328
Total other financing sources (uses)	(2,320,720)	12,383,931
NET CHANGE IN FUND BALANCES	4,700,375	20,184,884
FUND BALANCES:		
Beginning of year	31,009,097	142,368,311
End of year	\$ 35,709,472	\$ 162,553,195

(Concluded)

City of Lakewood
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes
in Fund Balances to the Government-Wide Statement of Activities
For the Year Ended June 30, 2025

NET CHANGE IN FUND BALANCES - total governmental funds: \$ 20,184,884

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	\$ 10,479,492	
Non-capital expenditures reclassified to functional expense	6,020	
Depreciation and amortization expense	<u>(5,280,257)</u>	5,205,255

Long-term debt provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Long-term debt proceeds are as follows:

Lease and subscription liability, financing purchase payment	125,149
Proceeds from capital financing program	(10,500,000)

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.

970,437

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 interest payable	(220,932)
Change in compensated absences	(110,045)
Pension expense of CalPERS Plan, net of pension contributions made after measurement date in the amount of \$6,916,578	2,451,517
Pension expense of PARS Plan, net of pension contributions made during the measurement period in the amount of \$574,791	1,012,300
OPEB expense, net of OPEB contributions made during the measurement period in the amount of \$637,132	<u>306,240</u>

Change in net position of governmental activities	<u>\$ 19,424,805</u>
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PROPRIETARY FUND FINANCIAL STATEMENTS

City of Lakewood
Statement of Net Position
Proprietary Fund
June 30, 2025

	Business-Type Activities- Water Enterprise Fund
<hr/>	
ASSETS	
Current assets:	
Cash and investments	\$ 20,438,561
Accounts receivable	1,114,883
Accrued revenue	1,359,286
Inventories	108,259
Leases receivable	46,477
	<hr/>
Total current assets	23,067,466
	<hr/>
Noncurrent assets:	
Restricted cash and investments:	
Customer deposits	63,832
Leases receivable	851,589
Net pension asset	25,360
Net OPEB asset	94,090
Capital assets:	
Capital assets, not being depreciated:	
Land	100,000
Water rights	1,834,586
Construction in progress	215,573
Capital assets, being depreciated:	
Source of supply	11,647,678
Pumping plant	5,710,419
Water treatment	4,852,172
Transmission/distribution	34,548,038
General plant	5,884,600
Equipment	16,166,263
Less: accumulated depreciation	(45,446,540)
Intangible asset, net	80,226
	<hr/>
Total capital assets	35,593,015
	<hr/>
Total noncurrent assets	36,627,886
	<hr/>
Total assets	59,695,352
	<hr/>
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred outflows of resources related to pensions	1,122,462
Deferred outflows of resources related to OPEB	35,995
	<hr/>
Total deferred outflows of resources	1,158,457
	<hr/>

(Continued)

City of Lakewood
Statement of Net Position (Continued)
Proprietary Fund
June 30, 2025

	Business-Type Activities- Water Enterprise Fund
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 3,012,393
Accrued liabilities	71,662
Unearned revenues	84,265
Compensated absences, due within one year	129,861
Lease payable, due within one year	636,973
Subscription liabilities, due in one year	88,263
Total current liabilities	4,023,417
Noncurrent liabilities:	
Customer deposit	63,832
Compensated absences, due in more than one year	129,860
Lease payable, due in more than one year	4,251,641
Net pension liability	3,357,706
Total noncurrent liabilities	7,803,039
Total liabilities	11,826,456
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	372,404
Deferred inflows of resources related to OPEB	136,463
Deferred inflows of resources related to leases	873,917
Total deferred inflows of resources	1,382,784
NET POSITION	
Net investment in capital assets	30,599,968
Restricted for:	
Net pension asset	25,360
Net OPEB asset	94,090
Unrestricted	16,925,151
Total net position	\$ 47,644,569
	(Concluded)



City of Lakewood
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2025

	Business-Type Activities- Water Enterprise Fund
OPERATING REVENUES:	
Metered water sales	\$ 14,026,015
Reclaimed water sales	652,871
Fire protection	160,503
Service initiation and restoration charges	64,848
Other revenues	228,873
Total operating revenues	<u>15,133,110</u>
OPERATING EXPENSES:	
Operations:	
Supply, transmission and distribution	6,964,397
Customer service	585,955
Administration	941,291
Operating expenses	267
Depreciation and amortization	2,469,122
Total operating expenses	<u>10,961,032</u>
OPERATING INCOME	<u>4,172,078</u>
NONOPERATING REVENUES (EXPENSES):	
Investment income	695,737
Loss on disposal of capital asset	(158,433)
Total nonoperating revenues (expenses)	<u>537,304</u>
INCOME BEFORE TRANSFERS	4,709,382
TRANSFERS:	
Transfers in	26,097
Transfers out	(1,795,700)
Total transfers	<u>(1,769,603)</u>
CHANGE IN NET POSITION	2,939,779
NET POSITION:	
Net position - beginning of year, as previously stated	44,709,671
Change in accounting principle (GASB 101) (Note 19)	(4,881)
Beginning of year, as restated	44,704,790
End of the year	<u>\$ 47,644,569</u>

City of Lakewood
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2025

	Business-Type Activities- Water Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 15,021,315
Payments to suppliers	(4,700,262)
Payments to employees	(3,428,741)
Net cash provided by operating activities	<u>6,892,312</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:	
Transfers in/(out)	(1,769,603)
Net cash (used in) noncapital financing activities	<u>(1,769,603)</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:	
Acquisition of capital assets	(370,877)
Principal paid on bonds, leases and subscription liabilities	(787,273)
Interest paid on revenue bonds, leases and subscription liabilities	(166,639)
Net cash (used in) capital and related financing activities	<u>(1,324,789)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investment income	695,737
Net cash provided by investing activities	<u>695,737</u>
Net increase in cash and cash equivalents	4,493,657
CASH AND CASH EQUIVALENTS:	
Beginning of year	16,008,736
End of year	<u>\$ 20,502,393</u>
CASH AND CASH EQUIVALENTS:	
Cash and investments	\$ 20,438,561
Customer deposits	63,832
Total cash and cash equivalents	<u>\$ 20,502,393</u>

(Continued)

City of Lakewood
Statement of Cash Flows (Continued)
Proprietary Fund
For the Year Ended June 30, 2025

	Business-Type Activities- Water Enterprise Fund
RECONCILIATION OF OPERATING INCOME TO	
NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income	\$ 4,172,078
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation and amortization	2,469,122
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:	
(Increase) decrease in accounts receivable	319,734
(Increase) decrease in accrued revenue	(257,604)
(Increase) decrease in inventories	(16,178)
(Increase) decrease in lease receivable	45,785
(Increase) decrease in deferred outflows of resources related to pensions	280,632
Increase (decrease) in accounts payable	760,145
Increase (decrease) in accrued liabilities	(3)
Increase (decrease) in customer deposits	5,547
Increase (decrease) in unearned revenues	(174,109)
Increase (decrease) in compensated absences	34,098
Increase (decrease) in net pension liability	(867,378)
Increase (decrease) in net OPEB liability	41,509
Increase (decrease) in deferred inflows of resources related to pensions	201,878
Increase (decrease) in deferred inflows of resources related to OPEB	(71,796)
Increase (decrease) in deferred inflows of resources related to leases	(51,148)
Total adjustments	<u>2,720,234</u>
Net cash provided by operating activities	<u><u>\$ 6,892,312</u></u>
	(Concluded)



FIDUCIARY FUND FINANCIAL STATEMENTS



City of Lakewood
Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2025

	Successor Agency to the City of Lakewood Redevelopment Agency Private Purpose Trust Fund
ASSETS:	
Cash and investments	\$ 594,138
Total assets	<u>594,138</u>
LIABILITIES:	
Due to the City of Lakewood	<u>15,642,712</u>
Total liabilities	<u>15,642,712</u>
NET POSITION (DEFICIT):	
Held in trust	<u>(15,048,574)</u>
Total net position (deficit)	<u><u>\$ (15,048,574)</u></u>

City of Lakewood
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Year Ended June 30, 2025

	Successor Agency to the City of Lakewood Redevelopment Agency Private Purpose Trust Fund
ADDITIONS:	
Redevelopment property tax trust fund	\$ 227,579
Contribution from other governments	-
Investment loss	<u>(382,030)</u>
Total additions	<u>(154,451)</u>
DEDUCTIONS:	
Overhead	<u>172,294</u>
Total deductions	<u>172,294</u>
CHANGE IN NET POSITION	(326,745)
NET POSITION (DEFICIT):	
Beginning of year	<u>(14,721,829)</u>
End of year	<u><u>\$ (15,048,574)</u></u>

NOTES TO THE BASIC FINANCIAL STATEMENTS



City of Lakewood
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For the Year Ended June 30, 2025

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City of Lakewood
Notes to the Basic Financial Statements
For the Year Ended June 30, 2025

Note 1 – Reporting Entity

The City of Lakewood, California, (the “City”) 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 City has all powers conferred upon cities by the California Constitution and general law, and it exercises those powers through a council-manager form of government. The City provides a full range of municipal services, including public safety, community development, public works, recreation and community services, and general administrative support.

Blended Component Unit

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.

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

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

The Financing Authority

The Lakewood Public Financing Authority (the “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.

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, 2025

Note 2 – Summary of Significant Accounting Policies

A. Basis of Presentation

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

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

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

Government-Wide Financial Statements

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

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

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

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

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

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

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 2 – Summary of Significant Accounting Policies (Continued)

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

Government Fund Financial Statements

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

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

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

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

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

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

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.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 2 – Summary of Significant Accounting Policies (Continued)

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

Proprietary Fund Financial Statements (Continued)

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

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

The City reports the following major proprietary fund:

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

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Position and a Statement of Changes in Fiduciary Net Position. The City's fiduciary fund represents a private purpose trust fund and is reported using the economic resources measurement focus and the accrual basis of accounting. The private purpose trust fund is accounted for on the full accrual basis of accounting. The City reports the following fiduciary fund:

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

C. Cash, Cash Equivalents, and Investments

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

Highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available. The City reported its investments at fair value and the unrealized gain on investments amounted to \$1,181,025 for the fiscal year ended June 30, 2025.

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.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 2 – Summary of Significant Accounting Policies (Continued)

C. Cash, Cash Equivalents, and Investments (Continued)

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

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

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

D. Restricted Cash in Escrow

Cash and investments in escrow are restricted for capital projects.

E. Fair Value Measurement

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

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

- Level 1 – Inputs are unadjusted, quoted prices for identical assets or liabilities in active markets at the measurement date.
- Level 2 – Inputs, other than quoted prices included in Level 1, that are observable for the assets or liabilities through corroboration with market data at the measurement date.
- Level 3 – Unobservable inputs that reflect management’s best estimate of what market participants would use in pricing the assets or liabilities at the measurement date.

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 and the consumption method is used to account for inventory for the governmental activities. Inventories consist primarily of water pipe, valves, and fittings for the Water Enterprise Fund and are valued at cost on a weighted average basis.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 2 – Summary of Significant Accounting Policies (Continued)

H. Prepaid Items

Prepaid items are payments made to vendors for services that will benefit periods beyond the current fiscal year. The City accounts for such items using the purchase method, under which expenditures are recognized at the time of payment and adjustments are made at year-end to record the portion applicable to future periods as an asset.

I. Interfund Transactions

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

J. Leases

Lessee

The City has a policy to recognize a lease liability and a right-to-use asset (lease asset) in the financial statements with an initial, individual value of \$5,000 or more with a lease term greater than one year. Variable payments based on future performance or usage of the underlying assets are not included in the measurement of the lease liability. At the commencement of a lease, the lease liability is measured at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. Lease assets are recorded at the amount of the initial measurement of the lease liabilities and modified by any lease payments made to the lessor at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term along with any initial direct costs that are ancillary charges necessary to place the lease assets into service. Lease assets are amortized using the straight-line method over the shorter of the lease term or the useful life of the underlying asset, unless the lease contains a purchase option that the State has determined is reasonably certain of being exercised. In this case, the lease asset is amortized over the useful life of the underlying asset.

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

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

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

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 2 – Summary of Significant Accounting Policies (Continued)

J. Leases (Continued)

Lessor

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

At the commencement of a lease, the lease receivable is measured at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflows of resources are initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflows of resources are recognized as revenue over the life of the lease term in a systematic and rational method. Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses the average of the LAIF rate or the incremental borrowing rate (IBR) provided by the City's financial institution for existing leases or the current rate at the time a new lease is executed.
- The lease term includes the noncancelable period of the lease plus any option periods that are likely to be exercised.
- Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

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

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

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

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 2 – Summary of Significant Accounting Policies (Continued)

K. Capital Assets (Continued)

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

L. Subscription-Based Information Technology Arrangements (SBITAs)

The City has a policy to recognize a subscription liability and a right-to-use subscription asset (subscription asset) in the financial statements. The City recognizes subscription liabilities with an initial, individual value of \$5,000 or more with a subscription term greater than one year. Variable payments based on future performance of the City, usage of the underlying IT asset, or number of user seats are not included in the measurement of the subscription liability, rather, those variable payments are recognized as outflows of resources (expenses) in the period the obligation for those payments is incurred.

At the commencement of a SBITA, the City initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made.

Subscription assets are recorded at the amount of the initial measurement of the subscription liabilities, less any payments made to the SBITA vendor before the commencement of the subscription term, and capitalizable initial implementation cost, less any incentives received from the SBITA vendor at or before the commencement of the subscription term.

- Preliminary Project Stage: Outlays are expensed as incurred.
- Initial Implementation Stage: Outlays are capitalized as an addition to the subscription asset.
- Operation and Additional Implementation Stage: Outlays are expensed as incurred unless they meet specific capitalization criteria.

Upon adoption, the City elected to exclude the capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage that were incurred prior to the implementation of this Statement in the measurement of subscription assets as of July 1, 2022.

Subscription assets are reported in capital assets and subscription liabilities are reported with long-term liabilities on the statement of net position. Subscription assets are amortized using the straight-line method over the shorter of the subscription term or the useful life of the underlying IT asset, unless the subscription contains a purchase option that the City has determined is reasonably certain of being exercised. In this case, the subscription asset is amortized over the useful life of the underlying IT asset.

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

- The City uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for SBITA.
- The subscription term includes the noncancellable period of the SBITA. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 2 – Summary of Significant Accounting Policies (Continued)

M. Compensated Absences

Compensated absences comprise vested accumulated vacation and sick leave. The City's liability for compensated absences is recorded in governmental or business-type activities as appropriate. The liability for compensated absences is determined annually. The liability for compensated absences is recognized as leave is earned, based on the employee's pay rate in effect at the financial statement date, including any applicable salary-related costs. The liability includes only leave attributable to services already rendered and that is more likely than not to be paid.

Under GASB 101, a liability must be recognized for leave that is attributable to services already rendered, accumulates and carries forward to future periods, and is more likely than not to be used or paid. This represents a shift from previous guidance, particularly in how likelihood and eligibility are assessed.

N. Pensions

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

The following timeframes are used for pension reporting:

CalPERS

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Measurement Period	July 1, 2023 to June 30, 2024

PARS

Valuation Date	June 30, 2023
Measurement Date	June 30, 2025
Measurement Period	July 1, 2024 to June 30, 2025

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.

O. Other Postemployment Benefits ("OPEB") Plan

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

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 2 – Summary of Significant Accounting Policies (Continued)

O. Other Postemployment Benefits (“OPEB”) Plan (Continued)

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB. The following timeframes are used for OPEB reporting:

Valuation Date	July 1, 2023
Measurement Date	June 30, 2025
Measurement Period	July 1, 2024 to June 30, 2025

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

P. Long-Term Debt

Government-Wide Financial Statements

Long-term debt and other financial obligations are reported as liabilities in the statement of net position.

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.

Q. Claims and Judgments

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

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

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 2 – Summary of Significant Accounting Policies (Continued)

R. Deferred Outflows of Resources and Deferred Inflows of Resources

The Statement and Net Position and the Balance Sheet report separate sections for deferred outflows of resources, and deferred inflows of resources, when applicable.

Deferred Outflows of Resources represent a consumption of net assets that applies to future periods.

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

S. Net Position

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

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation/amortization, 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.

T. Fund Balances

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

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

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

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

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 2 – Summary of Significant Accounting Policies (Continued)

T. Fund Balances (Continued)

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

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

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

U. Property Taxes

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

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

Property tax revenue is recognized in the fiscal year for which the taxes have been levied, provided the taxes are received within 60 days after the end of the fiscal year. Property taxes received after this date are not considered available as a resource that can be used to finance the current year operations of the City and, therefore, are not recorded as revenue until collected. No allowance for doubtful accounts was considered necessary.

V. Use of Estimates

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

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 2 – Summary of Significant Accounting Policies (Continued)

W. Implementation of New GASB Pronouncements

GASB Statement No. 101 – In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Implementation of this Statement resulted in restatement of beginning net position on July 1, 2024 presented in Note 19.

GASB Statement No. 102 – In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints which may limit a government's ability to acquire resources or control spending. The City has evaluated its exposure to financial risk stemming from concentrations and constraints. Management has determined that no concentration exists for the fiscal year ended June 30, 2025.

Note 3 – Cash and Investments

At June 30, 2025, 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	\$ 155,282,124	\$ 594,138	\$ 155,876,262
Restricted assets:			
Investment in escrow	10,648,964	-	10,648,964
Cash held by City	63,832	-	63,832
Total cash and investments	\$ 165,994,920	\$ 594,138	\$ 166,589,058

At June 30, 2025, cash and investments consisted of the following:

Deposits with financial institution	\$ 7,667,989
Petty cash	2,700
Investments	158,918,369
Total cash and investments	\$ 166,589,058

A. Demand Deposits

The carrying amount of the City's cash deposits were \$7,667,989 at June 30, 2025. Bank balances before reconciling items were \$8,222,303 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.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 3 – Cash and Investments (Continued)

A. Demand Deposits (Continued)

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

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

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage Allowed	Maximum Investments in One Issuer
United States Treasury Bills, Bonds and Notes	5 Years	None	None
United States Government Sponsored Enterprise Securities	5 Years	None	None
Municipal Obligations	5 Years	None	None
Negotiable Certificates of Deposit	5 Years	30%	None
Placement Service Deposits	N/A	30%	None
Money Market Funds	N/A	20%	10%
Government Pools	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Los Angeles County Pooled Fund	N/A	None	None
Commercial paper	270 days	25%	None
Corporate Notes	5 Years	30%	None
Supranationals	5 Years	30%	None
Asset-Backed Securities	5 Years	20%	None
N/A - Not Applicable			

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.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 3 – Cash and Investments (Continued)

D. Risk Disclosures

Disclosures Relating to Interest Rate Risk

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

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

Investment Type	Remaining Maturity (In Months)					Total
	12 Months or Less	13-24 Months	25-36 Months	37-48 Months	49-60 Months	
Local Agency Investment Fund	\$ 4,024,294	\$ -	\$ -	\$ -	\$ -	\$ 4,024,294
Money Market Fund	660,203	-	-	-	-	660,203
United States treasury notes	-	3,775,778	6,745,110	3,608,486	2,706,985	16,836,359
United States government-sponsored agency securities	-	1,497,808	1,296,756	4,192,828	-	6,987,392
Municipal bonds	265,000	197,878	91,318	101,301	-	655,497
Supra-national agency notes	-	611,250	-	-	-	611,250
CAMP cash reserve portfolio	102,117,420	-	-	-	-	102,117,420
European agency bond/note	-	862,889	-	-	-	862,889
Corporate medium-term notes	-	1,092,184	4,836,354	3,708,214	5,877,349	15,514,101
Restricted investment held by escrow	-	-	-	-	-	10,648,964
Total	\$ 107,066,917	\$ 8,037,787	\$ 12,969,538	\$ 11,610,829	\$ 8,584,334	\$ 158,918,369

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, 2025 for each investment type:

Investment Type	Fair Value as of June 30, 2025	Minimum Legal Rating	AAA	AA	A	Not Rated
Local Agency Investment Fund	\$ 4,024,294	N/A	\$ -	\$ -	\$ -	\$ 4,024,294
Money Market Fund	660,203	N/A	-	-	-	660,203
United States treasury notes	16,836,359	N/A	16,836,359	-	-	-
United States government-sponsored agency securities	6,987,392	N/A	-	6,987,392	-	-
Municipal bonds	655,497	AA	-	655,497	-	-
Supra-national agency notes	611,250	AA	-	611,250	-	-
CAMP cash reserve portfolio	102,117,420	A	102,117,420	-	-	-
European agency bond/note	862,889	A	-	-	862,889	-
Corporate medium-term notes	15,514,101	A or A-*	6,438,097	1,554,801	7,521,203	-
Restricted investment held by escrow	10,648,964	N/A	-	-	-	10,648,964
Total	\$ 158,918,369		\$ 125,391,876	\$ 9,808,940	\$ 8,384,092	\$ 15,333,461

N/A - Not Applicable

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

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 3 – Cash and Investments (Continued)

D. Risk Disclosures (Continued)

Disclosures Relating to Concentration of Credit Risk

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

No investments in any one issuer represents 5% or more of total City's investments at June 30, 2025.

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, 2025, 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, 2025:

Investment Type	Measurement Input			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Uncategorized	
Local Agency Investment Fund	\$ -	\$ -	\$ 4,024,294	\$ 4,024,294
Money Market Fund	-	-	660,203	660,203
United States treasury notes	16,836,359	-	-	16,836,359
United States government-sponsored agency securities	-	6,987,392 ⁽¹⁾	-	6,987,392
Municipal bonds	-	655,497 ⁽¹⁾	-	655,497
Supra-national agency notes	-	611,250 ⁽¹⁾	-	611,250
CAMP cash reserve portfolio	-	-	102,117,420	102,117,420
European agency bond/note	-	862,889 ⁽¹⁾	-	862,889
Corporate medium-term notes	-	15,514,101 ⁽¹⁾	-	15,514,101
Restricted investment held by escrow	-	-	10,648,964	10,648,964
Total	\$ 16,836,359	\$ 24,631,129	\$ 106,801,917	\$ 158,918,369

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

F. Investment in Local Agency Investment Fund (LAIF)

The City is a participant in LAIF which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. As of June 30, 2025, the City had \$4,024,294 invested in LAIF. LAIF determines fair value on its investment portfolio based on market quotations for those securities where market quotations are readily available and based on amortized cost or best estimate for those securities where market value is not readily available. LAIF is reported at amortized cost, which approximates fair value.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 3 – Cash and Investments (Continued)

G. Investment in California Asset Management Program

The City is a voluntary participant in the California Asset Management Program (“CAMP”), a California joint powers authority established in 1989 by the treasurers and finance directors of several California local agencies. CAMP offers its shareholders a California Asset Management Trust (“Trust”) Cash Reserve Portfolio, a short-term money market portfolio. The Trust's activities are directed by a board of trustees, all of whom are employees of California public agencies which are participants in the Trust. The Trust's investments are limited to investments permitted by subdivisions (a) to (o), inclusive, of Section 53601 of the California Government Code. The City's investment in the CAMP cash reserve portfolio is reported at amounts based upon the City's pro-rata share of the portfolio's amortized cost (which approximates fair value) as provided by CAMP. The balance available for withdrawal is based on the accounting records maintained by CAMP, which are recorded on an amortized cost basis. As of June 30, 2025, the City had \$102,117,420 invested in CAMP.

Note 4 – Notes Receivable

At June 30, 2025, notes receivable consisted of the following:

	Governmental Activities
Housing Rehabilitation and Deferred Loan Programs	\$ 2,756,767
Total notes receivable	\$ 2,756,767

The loans were originally funded through two programs:

Redevelopment Agency Housing Set-Aside Loans – Loans made from the former Redevelopment Agency’s low- and moderate-income housing 20% set-aside funds. Upon dissolution of the Redevelopment Agency on February 1, 2012, the City accepted responsibility as the Successor Housing Agency, and the loans were transferred to the Housing Admin and Program Capital Projects Fund. The balance of these loans was \$2,286,077 at June 30, 2025.

Community Development Block Grant (CDBG) Loans – Loans funded through the City’s CDBG and U.S. Department of Housing and Urban Development (HUD) programs to assist low- and moderate-income homeowners with property rehabilitation. Since HUD retains a claim to any remaining program funds, these amounts are reported as notes receivable and classified as restricted fund balance. The principal balance outstanding at June 30, 2025 was \$470,690.

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

The City leases various types of property including land and buildings. Leases receivable consist of agreements with other entities for the “right-to-use” the underlying assets at various locations owned by the City. The remaining terms of the agreements range from 1 to 35 years. The interest rates used calculated the net present value of the lease receivable ranged from 1% to 2.445%.

For the fiscal year ended June 30, 2025, the City recognized \$259,655 in lease revenue and \$26,062 in interest revenue, and the outstanding net present value of the lease receivable amount is \$1,835,234.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

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

A. Governmental Activities

A summary of changes in lease receivable for the governmental activities for the year ended June 30, 2025 is as follows:

Balance July 1, 2024	Addition	Reductions	Balance June 30, 2025	Amounts due within one year	Amounts due in more than one year
\$ 1,142,907	\$ -	\$ (205,739)	\$ 937,168	\$ 218,529	\$ 718,639

At June 30, 2025, the required payments for these leases, including interest, are:

	NPV leases receivables	Interest	Total lease payments
2026	\$ 218,529	\$ 9,145	\$ 227,674
2027	131,843	6,583	138,426
2028	133,167	5,259	138,426
2029	134,505	3,921	138,426
2030	135,856	2,570	138,426
2031 - 2034	183,268	1,301	184,569
Total	<u>\$ 937,168</u>	<u>\$ 28,779</u>	<u>\$ 965,947</u>

At June 30, 2025, the amounts reported as deferred inflows of resources related to leases will be recognized as lease revenue as follows:

Year Ending June 30,	Amount
2026	\$ 186,438
2027	131,247
2028	131,247
2029	131,247
2030	131,247
2031-2034	174,997
Total	<u>\$ 886,423</u>

B. Business-Type Activities

A summary of changes in lease receivable for the business-type activities for the year ended June 30, 2025 is as follows:

Balance July 1, 2024	Addition	Reductions	Balance June 30, 2025	Amounts due within one year	Amounts due in more than one year
\$ 943,851	\$ -	\$ (45,785)	\$ 898,066	\$ 46,477	\$ 851,589

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

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

B. Business-Type Activities (Continued)

At June 30, 2025, the required payments for these leases, including interest, are:

	NPV leases receivables	Interest	Total lease payments
2026	\$ 46,477	\$ 13,152	\$ 59,629
2027	47,179	12,450	59,629
2028	47,891	11,738	59,629
2029	48,615	11,014	59,629
2030	49,349	10,280	59,629
2031 - 2035	193,149	41,284	234,433
2036 - 2040	93,522	31,283	124,805
2041 - 2045	93,945	24,471	118,416
2046 - 2050	101,257	17,159	118,416
2051 - 2055	109,138	9,278	118,416
2056 - 2058	67,544	1,531	69,075
Total	<u>\$ 898,066</u>	<u>\$ 183,640</u>	<u>\$ 1,081,706</u>

At June 30, 2025, the amounts reported as deferred inflows of resources related to leases will be recognized as lease revenue as follows:

Year Ending June 30,	Amount
2026	\$ 51,147
2027	51,147
2028	51,147
2029	51,147
2030	51,147
2031 - 2035	217,786
2036 - 2040	107,976
2041 - 2045	91,199
2046 - 2050	91,199
2051 - 2055	91,199
2056 - 2058	18,823
Total	<u>\$ 873,917</u>

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 6 – Interfund Transactions

A. Due From and To Other Funds

At June 30, 2025, the City has the following due from and to other funds:

		Due To Other Funds
		Nonmajor Governmental Funds
Due From Other Funds		
Governmental Funds:		
General Fund		\$ 574,341

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

B. Transfers In and Out

During the year ended June 30, 2025, the City had the following transfers in and transfers out:

	Transfers In			Total
	Governmental Funds	Proprietary Funds		
Transfers Out	General Fund	Nonmajor Special Revenue Funds	Water Fund	
Governmental Funds:				
General Fund	\$ -	\$ -	\$ 26,097	\$ 26,097
Housing Admin and Capital Projects Fund	349,999	-	-	349,999
Nonmajor Special Revenue Funds	2,363,660	97,567	-	2,461,227
Enterprise Fund:				
Water	1,795,700	-	-	1,795,700
Total	\$ 4,509,359	\$ 97,567	\$ 26,097	\$ 4,633,023

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

Note 7 – Receivable from Successor Agency

At June 30, 2025, the receivables from Successor Agency are as follows:

	General Fund	Housing Admin and Program Capital Projects Fund	Total
Inter-Agency Loan	\$ 11,401,778	\$ 2,850,444	\$ 14,252,222
10-Year Interfund Loan	-	90,491	90,491
5-Year Loan	-	214,689	214,689
Housing Set-Aside Fund	-	1,085,310	1,085,310
	\$ 11,401,778	\$ 4,240,934	\$ 15,642,712

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

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. The *initial* City Loan was paid off during the year ended June 30, 2022. Subsequent legislation, AB1484, allowed interest for the City loans to be recalculated at the LAIF rate over the life of the loan. The outstanding interest on the City loan using the LAIF interest rate calculation is \$2,612,099, of which, 80% are allocated to General Fund and 20% are allocated to the City's Housing Admin & Program Capital Projects Fund. Due to the Due Diligence Review called for under AB 1X26, the City reduced the amount receivable to the amount allowable, which resulted in the Successor Agency recognizing an extraordinary gain of \$27,956,419 in the statement of changes in fiduciary net position. Pursuant Health and Safety (HSC) Section 34179.7, the Oversight Board approves the Successor Agency's Finding of Completion on December 10, 2016; therefore, the City's General Fund loaned to the Successor Agency an additional \$9,400,000 to make its payment under Protest for Department of Finance Determination of Other Funds and Accounts Due Diligence Review. Pursuant to HSC Section 34191.6 (2), the Last and Final Recognized Obligation Payment Schedule shall include an interest rate of 4 percent. The City performed interest rate adjustment based on four percent interest rate and reallocated to General Fund and the City's Housing Admin & Program Capital Projects Fund.

At June 30, 2025, the total principal and interest due to the City General Fund and Housing Admin & Program Capital Projects Fund were in the amount of \$11,401,778 and \$2,850,444, 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, 2025 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. The total loan balance at June 30, 2025 was \$214,689. The liability side of this loan was transferred to the Successor Agency and the asset side was transferred to the Housing Admin & Program Capital Projects Fund as of the date of the dissolution of the Agency in accordance with Assembly Bill 1X26.

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

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 8 – Capital Assets

A. Governmental Activities

A summary of changes in capital assets of the governmental activities for the year ended June 30, 2025 is as follows:

	Balance July 1, 2024	Additions	Deletions	Capitalized/ Transfer	Balance June 30, 2025
Capital assets, not being depreciated:					
Land	\$ 17,041,023	\$ -	\$ -	\$ -	\$ 17,041,023
Construction in progress	44,251,612	6,268,940	-	(6,104,343)	44,416,209
Total capital assets, not being depreciated	61,292,635	6,268,940	-	(6,104,343)	61,457,232
Capital assets, being depreciated:					
Structures/buildings, and improvements	56,102,998	2,799,470	-	6,104,343	65,006,811
Equipment	12,372,727	1,147,875	(624,450)	-	12,896,152
Infrastructure/street	162,178,372	269,227	-	-	162,447,599
Total capital assets, being depreciated	230,654,097	4,216,572	(624,450)	6,104,343	240,350,562
Less accumulated depreciation for:					
Structures/buildings, and improvements	(31,399,553)	(1,467,709)	-	(75,886)	(32,943,148)
Equipment	(8,582,262)	(845,799)	624,450	(65,194)	(8,868,805)
Infrastructure/street	(125,858,198)	(2,852,149)	-	141,080	(128,569,267)
Total accumulated depreciation	(165,840,013)	(5,165,657)	624,450	-	(170,381,220)
Total capital assets, being depreciated, net	64,814,084	(949,085)	-	6,104,343	69,969,342
Intangible assets, being amortized:					
Right to use - leased infrastructure	205,182	-	-	-	205,182
Right to use - subscription asset	225,275	-	-	-	225,275
Total lease assets	430,457	-	-	-	430,457
Less accumulated amortization for:					
Right to use - leased infrastructure	(131,080)	(44,985)	-	-	(176,065)
Right to use - subscription asset	(115,647)	(69,615)	-	-	(185,262)
Total accumulated amortization	(246,727)	(114,600)	-	-	(361,327)
Total intangible assets, being amortized, net	183,730	(114,600)	-	-	69,130
Governmental activities capital assets, net	\$126,290,449	\$ 5,205,255	\$ -	\$ -	\$ 131,495,704

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

General government	\$ 663,360
Public safety	74,785
Transportation	266,355
Community development	27,065
Culture and leisure	1,281,943
Unallocated depreciation for infrastructure	2,852,149
Lease assets amortization	44,985
Subscription assets amortization	69,615
Total depreciation/amortization expense - governmental activities	\$ 5,280,257

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 8 – Capital Assets (Continued)

B. Business-Type Activities

A summary of changes in capital assets of the business-type activities for the year ended June 30, 2025 is as follows:

	Balance July 1, 2024	Additions	Deletions	Capitalized/ Transfer	Balance June 30, 2025
Capital assets, not being depreciated:					
Land	\$ 100,000	\$ -	\$ -	\$ -	\$ 100,000
Water rights	1,834,586	-	-	-	1,834,586
Construction in progress	144,937	173,526	-	(102,890)	215,573
Total capital assets, not being depreciated	2,079,523	173,526	-	(102,890)	2,150,159
Capital assets, being depreciated:					
Source of supply	11,647,678	-	-	-	11,647,678
Pumping plant	5,710,419	-	-	-	5,710,419
Water treatment	4,852,172	-	-	-	4,852,172
Transmission/distribution	34,548,038	-	-	-	34,548,038
General plant and equipment	21,846,222	197,351	(95,600)	102,890	22,050,863
Total capital assets, being depreciated	78,604,529	197,351	(95,600)	102,890	78,809,170
Less accumulated depreciation for:					
Source of supply	(4,193,563)	(322,143)	-	-	(4,515,706)
Pumping plant	(781,312)	(163,899)	-	-	(945,211)
Water treatment	(4,413,429)	(228,571)	-	-	(4,642,000)
Transmission/distribution	(24,270,044)	(857,317)	-	-	(25,127,361)
General plant and equipment	(9,575,118)	(736,744)	95,600	-	(10,216,262)
Total accumulated depreciation	(43,233,466)	(2,308,674)	95,600	-	(45,446,540)
Total capital assets, being depreciated, net	35,371,063	(2,111,323)	-	102,890	33,362,630
Intangible assets, being amortized:					
Right to use - subscription asset	561,570	-	-	-	561,570
Total lease assets	561,570	-	-	-	561,570
Less accumulated amortization for:					
Right to use - subscription asset	(320,896)	(160,448)	-	-	(481,344)
Total accumulated amortization	(320,896)	(160,448)	-	-	(481,344)
Total intangible assets, being amortized, net	240,674	(160,448)	-	-	80,226
Business-type activities capital assets, net	\$ 37,691,260	\$ (2,098,245)	\$ -	\$ -	\$ 35,593,015

Depreciation and amortization expenses was charged to the Water Enterprise Fund as below:

Business-type activity:

Water	\$ 2,469,122
Total depreciation and amortization expense - business-type activities	\$ 2,469,122

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 9 – Long-Term Liabilities

A. Governmental Activities

A summary of changes in long-term liabilities for governmental activities for the year ended June 30, 2025 is as follows:

	Balance July 1, 2024 (As restated)	Additions	Deletions	Balance June 30, 2025	Due within One Year	Due in More Than One Year
Governmental Activities:						
Direct Borrowing:						
Capital financing program	\$ -	\$ 10,500,000	\$ -	\$ 10,500,000	\$ -	\$ 10,500,000
Lease payable	60,475	-	(51,890)	8,585	8,585	-
Subscription liabilities	91,337	-	(73,259)	18,078	18,078	-
Compensated absences	2,129,336	110,045 *		2,239,381	1,119,691	1,119,690
Total governmental activities	\$ 2,281,148	\$ 10,610,045	\$ (125,149)	\$ 12,766,044	\$ 1,146,354	\$ 11,619,690

* The change in the compensated absences liability is presented as a net change.

Capital Financing Program

In December 2024, the City entered into a Lease Purchase Agreement with TD Equipment Finance, Inc. to finance energy-efficiency improvements at various City facilities, including heating, ventilation and air-conditioning systems, lighting, controls, and related electrical work. Under the agreement, the lessor deposited \$10,500,000 into an escrow fund to reimburse eligible project costs.

The financing bears interest at 4.00%. Rental payments are due annually beginning in December 2026 and continuing through 2035. Total principal to be repaid is \$10,500,000 and total scheduled interest is \$2,943,455, for total payments of \$13,443,455. The annual debt service payment is \$1,344,345. The City has the option to prepay the agreement in whole at any time at a purchase price equal to 101% of the outstanding principal plus accrued interest. Principal and interest payments to maturity at June 30, 2025 are as follows:

Year Ending June 30	Principal	Interest	Total
2026	\$ -	\$ -	\$ -
2027	504,345	840,000	1,344,345
2028	944,519	399,826	1,344,345
2029	982,300	362,045	1,344,345
2030	1,021,592	322,753	1,344,345
2031-2035	5,754,604	967,124	6,721,728
2036	1,292,640	51,707	1,344,347
	\$ 10,500,000	\$ 2,943,455	\$ 13,443,455

Lease Payable

The City has entered leases for the right of way leases. The terms of the agreements are 60 months. The calculated interest rate used was 1% at June 30, 2025, the outstanding balance of the leases is \$8,585. Principal and interest payments to maturity at June 30, 2025 are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 8,585	\$ 81	\$ 8,666
	\$ 8,585	\$ 81	\$ 8,666

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 9 – Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

Subscription Liabilities

The City entered into subscription agreements with various vendors for software. The terms of the agreements are ranging from 36 months to 42 months. The calculated interest rates range from 2.445% to 2.796%. The future subscription payments are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 18,078	\$ 129	\$ 18,207
	<u>\$ 18,078</u>	<u>\$ 129</u>	<u>\$ 18,207</u>

B. Business-Type Activities

Summary of changes in long-term liabilities for business-type activities for the year ended June 30, 2025 is as follows:

	Balance July 1, 2024 (As restated)	Additions	Deletions	Balance June 30, 2025	Due within One Year	Due in More Than One Year
Business-Type Activities:						
Direct Borrowing:						
2017 Master equipment financing						
purchase agreement	\$ 5,506,717	\$ -	\$ (618,103)	\$ 4,888,614	\$ 636,973	\$ 4,251,641
Subscription liabilities	257,433	-	(169,170)	88,263	88,263	-
Compensated absences	225,623	34,098 *		259,721	129,861	129,860
Total business-type activities	<u>\$ 5,989,773</u>	<u>\$ 34,098</u>	<u>\$ (787,273)</u>	<u>\$ 5,236,598</u>	<u>\$ 855,097</u>	<u>\$ 4,381,501</u>

* The change in the compensated absences liability is presented as a net change.

2017 Master Equipment Financing Purchase Agreement

On May 23, 2017, the City entered a \$8,965,667 Master Financing 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 financing purchase are due annually each June 13 and December 13, commencing June 13, 2018. The future annual required lease payments at June 30, 2025, are as follows:

Year Ending June 30	Principal	Interest	Total
2026	\$ 636,973	\$ 143,336	\$ 780,309
2027	656,420	123,890	780,310
2028	676,460	103,850	780,310
2029	697,112	83,198	780,310
2030	718,394	61,915	780,309
2031-2032	1,503,255	57,363	1,560,618
	<u>\$ 4,888,614</u>	<u>\$ 573,552</u>	<u>\$ 5,462,166</u>

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 9 – Long-Term Liabilities (Continued)

B. Business-Type Activities (Continued)

Subscription Liabilities

The City entered into subscription agreements with various vendors for software. The term of the agreement is 42 months. The calculated interest rate was 2.445%. The future subscription payments are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 88,263	\$ 631	\$ 88,894
	<u>\$ 88,263</u>	<u>\$ 631</u>	<u>\$ 88,894</u>

Note 10 – Defined Contribution Plan

The City provides a tax qualified retirement savings plan under Section 401(a) of the Internal Revenue Code to classic employees hired before December 31, 2012. The plan is a defined contribution plan and benefits depend solely on amounts contributed to the plan and investment earnings. The plan is administered by the Public Agency Retirement System (“PARS”) and the City Council has the authority for establishing and amending the plan provisions. There were 61 employees covered by the plan for the year ended June 30, 2025. 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, 2025, there were 63 employees covered by the plan and the employer contributions totaled \$54,489.

The City also provides a tax qualified retirement savings plan under Section 401(a) of the Internal Revenue Code to all full-time employees. This plan is administered by VOYA. Employer contributions are for pay-offs for administrative leave, compensation pay, gatekeeper pay, and sick leave. Bonus pay (if any) will be contributed into the plan as well. Longevity pay are contributed into the plan based on the employees' tier and year of service with the City. The last contribution is the vacation conversion which is the amount of vacation above the employees' maximum hours. For the year ended June 30, 2025, there were 191 employees covered by the plan and the employer contributions totaled \$355,117.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 11 – Defined Benefit Pension Plan

Summary of 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, 2025 are as follows:

Governmental Activities	Governmental Activities	Business-Type Activities	Total
Deferred outflows of resources:			
Pension contributions after measurement date			
CalPERS	\$ 6,916,578	\$ 768,509	\$ 7,685,087
Change in assumptions:			
CalPERS	611,847	67,983	679,830
PARS	72,426	8,047	80,473
Total change in assumptions	684,273	76,030	760,303
Difference between expected and actual experience			
CalPERS	578,838	64,315	643,153
Difference in projected and actual earnings on pension investments:			
CalPERS	1,922,470	213,608	2,136,078
Total deferred outflows of resources	\$ 10,102,159	\$ 1,122,462	\$ 11,224,621
Net pension liabilities (assets):			
CalPERS	\$ 30,219,358	\$ 3,357,706	\$ 33,577,064
PARS	(228,239)	(25,360)	(253,599)
Deferred inflows of resources:			
Difference between expected and actual experience			
CalPERS	\$ 2,297,511	\$ 255,279	\$ 2,552,790
PARS	181,788	20,198	201,986
Total difference between expected and actual experience	2,479,299	275,477	2,754,776
Difference in projected and actual earnings on pension investments:			
PARS	872,345	96,927	969,272
Total deferred inflows of resources	\$ 3,351,644	\$ 372,404	\$ 3,724,048
Pension Expense:			
CalPERS	\$ 4,465,062	\$ 496,117	\$ 4,961,179
PARS	(437,509)	(48,612)	(486,121)
Total pension expense (credit)	\$ 4,027,553	\$ 447,505	\$ 4,475,058

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 11 – Defined Benefit Pension Plan (Continued)

A. CalPERS Plan

General Information about the Pension Plan

Plan Description

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

Benefit Provided

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

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

An employee's beneficiary may receive the basic death benefit if the employee dies while actively employed. The employee must be actively employed with the City to be eligible for this benefit. An employee's survivor who is eligible for any other pre-retirement death benefit may choose to receive that death benefit instead of this basic death benefit. The basic death benefit is a lump sum in the amount of the employee's accumulated contributions, where interest is currently credited at 7.5 percent per year, plus a lump sum in the amount of one-month salary for each completed year of current service, up to a maximum of six-months salary. For purposes of this benefit, one month's salary is defined as the member's average monthly full-time rate of compensation during the 12 months preceding death. Upon the death of a retiree, a one-time lump sum payment of \$500 will be made to the retiree's designated survivor(s), or to the retiree's estate.

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

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 11 – Defined Benefit Pension Plan (Continued)

A. CalPERS Plan (Continued)

General Information about the Pension Plan (Continued)

Employees Covered by Benefit Terms

At June 30, 2023, the valuation date, the following employees were covered by the benefit terms:

Active employees	288
Transferred and terminated employees	440
Retired employees and beneficiaries	287
Total	<u>1,015</u>

Contributions

Section 20814(c) of the California Public Employees' Retirement Law ("PERL") requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the reporting period ended June 30, 2025, the classic active employee contribution rates was 7.00% of annual pay, the PEPRA active employee contribution rate was 7.75% of annual pay, and the required employer contribution rates were 9.62% of the annual payroll.

Net Pension Liability

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The June 30, 2023 valuation was rolled forward to determine the June 30, 2024 total pension liability, based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Actuarial Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table ¹	Derived using CalPERS' Membership Data for all Funds.
Post Retirement Benefit Increase	The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.30% thereafter.

¹ The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the 2021 experience study report from November 2021 that can be found on the CalPERS website.

Change of Assumptions

In 2024, there were no changes of assumptions.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 11 – Defined Benefit Pension Plan (Continued)

A. CalPERS Plan (Continued)

Net Pension Liability (Continued)

Long-term Expected Rate of Return

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points. The expected real rates of return by asset class are as follows:

Asset Class ¹	Assumed Asset Allocation	Real Return ^{1,2}
Global Equity - Cap-weighted	30.00%	4.54%
Global Equity - Non-Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
	<u>100.00%</u>	

¹ An expected inflation of 2.30% used.

² Figures are based on the 2021 Asset Liability Management study.

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Amortization of Deferred Outflows and Deferred Inflows of Resources

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

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

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 11 – Defined Benefit Pension Plan (Continued)

A. CalPERS Plan (Continued)

Amortization of Deferred Outflows and Deferred Inflows of Resources (Continued)

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

Changes in the Net Pension Liability

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(c) = (a) - (b)
Balance at June 30, 2023 (Valuation Date)	\$ 168,320,790	\$ 127,452,303	\$ 40,868,487
Changes Recognized for the Measurement Period:			
Service Cost	3,106,616	-	3,106,616
Interest on the total pension liability	11,176,888	-	11,176,888
Difference between expected and actual experience	(3,311,075)	-	(3,311,075)
Contributions from the employer	-	4,959,045	(4,959,045)
Contributions from employees	-	1,442,673	(1,442,673)
Net investment income	-	11,965,842	(11,965,842)
Benefit payments, including refunds of employee contributions	(9,158,279)	(9,158,279)	-
Administrative expense	-	(103,708)	103,708
Net changes during July 1, 2023 to June 30, 2024	1,814,150	9,105,573	(7,291,423)
Balance at June 30, 2024 (Measurement Date)	\$ 170,134,940	\$ 136,557,876	\$ 33,577,064

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 6.90%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.90%) or 1 percentage-point higher (7.90%) than the current rate:

Plan's Net Pension Liability/(Asset)		
Discount Rate - 1%	Current Discount	Discount Rate + 1%
(5.90%)	Rate (6.90%)	(7.90%)
\$ 55,602,445	\$ 33,577,064	\$ 15,382,034

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, 2025

Note 11 – Defined Benefit Pension Plan (Continued)

A. CalPERS Plan (Continued)

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

For the measurement period ended June 30, 2024, the City incurred a pension expense of \$4,961,179.

As of measurement date of June 30, 2024, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions made after the measurement date	\$ 7,685,087	\$ -
Change in assumptions	679,830	-
Difference between expected and actual experience	643,153	(2,552,790)
Net difference between projected and actual earnings on pension plan investments	2,136,078	-
Total	<u>\$ 11,144,148</u>	<u>\$ (2,552,790)</u>

The amounts above are net of outflows and inflows recognized in the 2023-2024 measurement period expense.

The expected average remaining service lifetime (“EARSL”) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired). The EARSL for the plan for the measurement period ending June 30, 2024 is 3.4 years, which was obtained by dividing the total service years of 3,416 (the sum of remaining service lifetimes of the active employees) by 1,015 (the total number of participants: active, inactive, and retired). Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members’ probability of decrementing due to an event other than receiving a cash refund.

The \$7,685,087 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, 2025 will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Year Ending June 30	Deferred Outflows/(Inflows) of Resources
	Miscellaneous Plan
2026	\$ (144,053)
2027	2,588,294
2028	(881,138)
2029	(656,832)
2030	-
Thereafter	-
Total	<u>\$ 906,271</u>

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 11 – Defined Benefit Pension Plan (Continued)

B. Retirement Enhancement Plan

General Information about the Pension Plan

Plan Description

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

Benefit Provided

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

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

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

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

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

Employees Covered by Benefit Terms

At June 30, 2023, the valuation date, the following employees were covered by the benefit terms:

Active employees	71
Terminated employees	28
Retired employees and beneficiaries	90
Total	<u>189</u>

Contributions

Employees contribute 3.00% of compensation of which the City picks-up 0.13%. The employer contributed \$638,656 during the year ended June 30, 2025.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 11 – Defined Benefit Pension Plan (Continued)

B. Retirement Enhancement Plan (Continued)

Net Pension Liability

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The June 30, 2023 valuation was rolled forward to determine the June 30, 2025 total pension liability, based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Return	5.50%
Inflation	2.30%
Payroll Growth	2.80%
Salary Increases	Consistent with the rates used to value the CalPERS Miscellaneous Public Agency Pension Plans (Entry Age 20) as of June 30, 2021.
Cost of Living Adjustment	2.00%
Withdrawal/Disability	Consistent with the Non-Industrial Rates used to value the CalPERS Miscellaneous Public Agency Pension Plans after June 30, 2021.
Mortality	Consistent with the Non-Industrial rates used to value CalPERS Miscellaneous Public Agency Pension Plans after June 30, 2021.
Retirement	Rates are based on CalPERS rates for 20 years of service retirement for Miscellaneous Public Agency "2.5% at 55" Pension Plans, with increased rates of 30% at ages 60 and 62 and 50% at age 65. Rates are one-half the CalPERS rates for ages 55-59 for the deferred retirement benefit.
Maximum Benefits and Salary	Salary used in the calculation of final average compensation is subject to the limitations of IRC 401(a)(17). The limit is assumed to increase 2.30% per annum.
Form of payment	Single Life Annuity

Change of Assumptions

There were no changes in assumptions during the measurement period June 30, 2025. The inflation rate used changed from 2.5% to 2.3% from June 30, 2021 valuation to July 1, 2023 valuation.

Discount Rate

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

Long-Term Expected Rate of Return

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

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 11 – Defined Benefit Pension Plan (Continued)

B. Retirement Enhancement Plan (Continued)

Net Pension Liability (Continued)

Long-Term Expected Rate of Return (Continued)

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

Asset Class	Index	Allocation	Long-Term Expected Arithmetic Real Rate of Return	Long-Term Expected Geometric Real Rate of Return
US Cash	BAML 3-Month T-Bills	2.00%	0.83%	0.80%
US Corporate Bonds	Bloomberg US Corp Bond TR USD	44.50%	2.91%	2.65%
US High Yield Bonds	ICE BofA US High Yield TR USD	3.50%	4.03%	3.48%
US Large Cap Equity	S&P 500 TR USD	28.50%	5.39%	3.78%
US Small Cap Equity	Russell 2000 TR USD	1.50%	6.80%	4.22%
Foreign Developed Equity	MSCI EAFE NR USD	11.25%	6.61%	4.79%
Emerging Markets Equity	MSCI EM NR USD	3.75%	8.78%	5.73%
US REITs	FTSE Nareit All Equity REITs TR USD	2.50%	6.71%	4.46%
Infrastructure - Public	S&P Global Infrastructure TR USD	2.50%	5.68%	4.18%
		100.00%		
Assumed Inflation - Mean			2.28%	2.28%
Assumed Inflation - Standard Deviation			1.47%	1.47%
Portfolio Real Mean Return			4.47%	3.86%
Portfolio Nominal Mean Return			6.75%	6.25%
Portfolio Standard Deviation				10.55%
City's 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, 2024	\$ 24,350,141	\$ 23,221,392	\$ 1,128,749
Changes Recognized for the Measurement Period:			
Service cost	347,558	-	347,558
Interest on the total pension liability	1,331,021	-	1,331,021
Benefit payments	(1,008,124)	(1,008,124)	-
Employer contributions	-	638,656	(638,656)
Member contributions	-	190,052	(190,052)
Net investment income	-	2,317,496	(2,317,496)
Administrative expense	-	(85,277)	85,277
Net changes during July 1, 2024 to June 30, 2025	670,455	2,052,803	(1,382,348)
Balance at June 30, 2025 (Measurement Date)	\$ 25,020,596	\$ 25,274,195	\$ (253,599)

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 11 – Defined Benefit Pension Plan (Continued)

B. Retirement Enhancement Plan (Continued)

Changes in Net Pension Liability (Continued)

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

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

	1% Decrease (4.50%)	Discount Rate (5.50%)	1% Increase (6.50%)
Plan's Net Pension Liability	\$ 2,844,681	\$ (253,599)	\$ (2,851,573)

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, 2025, the City incurred a pension credit of \$486,121.

As of measurement date of June 30, 2025, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 80,473	\$ -
Difference between expected and actual experience	-	(201,986)
Net difference between projected and actual earnings on pension plan investments	-	(969,272)
Total	\$ 80,473	\$ (1,171,258)

The amounts above are net of outflows and inflows recognized in the 2024-2025 measurement period expense.

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

Year Ending June 30	Deferred Outflows/(Inflows) of Resources
2026	\$ 131,649
2027	(552,041)
2028	(459,150)
2029	(211,243)
2030	-
Thereafter	-
Total	\$ (1,090,785)

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 12 – Other Postemployment Benefits (“OPEB”)

At June 30, 2025, net OPEB asset and related deferred outflows and inflows of resources are as follows:

Governmental Activities	Governmental Activities	Business-Type Activities	Total
Deferred outflows of resources:			
Change in assumptions	\$ 270,911	\$ 26,793	\$ 297,704
Difference between expected and actual experience	93,045	9,202	102,247
Total deferred outflows of resources	\$ 363,956	\$ 35,995	\$ 399,951
Net OPEB Assets:	\$ (951,355)	\$ (94,090)	\$ (1,045,445)
Deferred inflows of resources:			
Difference between expected and actual experience	\$ 1,115,928	\$ 110,366	\$ 1,226,294
Net difference between projected and actual earnings on OPEB plan investment	263,867	26,097	289,964
Total deferred inflows of resources	\$ 1,379,795	\$ 136,463	\$ 1,516,258
OPEB Expense (Credit)	\$ 330,892	\$ 32,726	\$ 363,618

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. The Plan is part of an agent multiple-employer plan administered by the Public Agency Retirement Service (PARS).

Benefit Provided

The City offers PEMHCA coverage to its retirees. The City makes the required statutory PEMHCA contribution (\$158 and \$157 per month in calendar year 2025 and 2024, 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 monthly reimbursements upon proper verification of authorized healthcare costs.

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

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

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

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

Plan Description (Continued)

Benefit Provided (Continued)

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

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

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

Employees Covered by Benefit Terms

At July 1, 2023, the date of the latest actuarial valuation, membership in the plan consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	94
Active plan members	184
Total	<u>278</u>

Contributions

The City’s required contribution is based on projected pay-as-you-go financing requirements. The City has an irrevocable OPEB trust with the Public Agency Retirement Services (PARS). Contributions to the benefits paid outside of trust and implicit benefits paid were \$442,753 and \$257,392, respectively.

Net OPEB (Asset)

The City’s net OPEB asset was measured as of June 30, 2025 and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of July 1, 2023. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

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

Net OPEB (Asset) (Continued)

Actuarial Assumptions

The total OPEB liability in the July 1, 2023 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation rate	2.50%
Salary increases	3.00%
Discount rate	6.00%
Investment rate of return	6.00%, net of OPEB plan investment expense
Healthcare cost trend rate	5.20 percent for 2025 through 2034; 5.00 percent for 2035 through 2049; 4.50 percent for 2050 through 2064; and 4.00 percent for 2065 and later years.

Mortality rates were based on the most recent CalPERS experience study. The actuarial assumptions used in the July 1, 2023 valuation were based on an actuarial experience study and a review of plan experience during the period July 1, 2021 to June 30, 2023.

Discount Rate

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

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

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

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

The City has an irrevocable trust account for prefunding OPEB liabilities. Plan assets are expected to be sufficient. The discount rate used to measure the total OPEB liability is equal to the long-term expected rate of return.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of real rates of return for each major asset class, based on published capital market assumptions, are summarized in the following table:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Rate of Return</u>
Board U.S. Equity	50.00%	5.30%
U.S. Fixed	50.00%	0.90%

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

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

Net OPEB Liability (Continued)

Investment Rate of Return

The City’s policy regarding the allocation of the plan’s invested assets is established and may be amended by City management. The current investment selection is the PARS Moderate HighMark PLUS. The dual goals of the Moderate Strategy are growth of principal and income. The asset allocation ranges for this objective are listed below:

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

For the year ended on the measurement date, the annual money-weighted rate of return on investments, net of investment expense, was 11.87 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, 2024	\$ 12,491,563	\$ 12,871,884	\$ (380,321)
Changes Recognized for the Measurement Period:			
Service cost	498,977	-	498,977
Interest on the total OPEB liability	758,734	-	758,734
Contributions from the employer	-	700,145	(700,145)
Benefit payments, including refunds of employee contributions	(700,145)	(700,145)	-
Administrative expense	-	(67,863)	67,863
Net Changes during July 1, 2024 to June 30, 2025	557,566	1,222,690	(665,124)
Balance at June 30, 2025 (Measurement Date)	<u>\$ 13,049,129</u>	<u>\$ 14,094,574</u>	<u>\$ (1,045,445)</u>

Sensitivity of the Net OPEB (Asset) to Changes in the Discount Rate

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

Plan's Net OPEB Liability/(Asset)		
Discount Rate - 1% (5.00%)	Current Discount Rate (6.00%)	Discount Rate + 1% (7.00%)
<u>\$ 627,769</u>	<u>\$ (1,045,445)</u>	<u>\$ (2,457,044)</u>

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

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

Change in the Net OPEB Liability (Continued)

Sensitivity of the Net OPEB (Asset) to Changes in the Healthcare Cost Trend Rates

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

Plan's Net OPEB Liability/(Asset)		
Healthcare Cost		
1% Decrease (4.20% current, 3.00% ultimate)	Trend Rates (5.20% current, 4.00% ultimate)	Trend Rate + 1% (6.20 current, 5.00% ultimate)
\$ (2,596,713)	\$ (1,045,445)	\$ 835,059

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

For the year ended June 30, 2025, the City' recognized OPEB expense of \$363,618. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 297,704	\$ -
Difference between expected and actual experience	102,247	(1,226,294)
Net difference between projected and actual earnings on pension plan investments	-	(289,964)
Total	\$ 399,951	\$ (1,516,258)

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 which is 9.4 years at the beginning of the measurement period June 30, 2025.

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

Year Ending June 30	Deferred Outflows/(Inflows) of Resources OPEB Plan
2026	\$ 206,730
2027	(347,424)
2028	(371,292)
2029	(248,707)
2030	(158,634)
Thereafter	(196,980)
Total	\$ (1,116,307)

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 13 – Deferred Compensation Plan

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

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

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

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 (the "Authority"). The Authority is composed of 126 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The California JPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

B. Primary Self-Insurance Programs of the Authority

Each member pays an annual contribution at the beginning of the coverage period. The total funding requirement for primary self-insurance programs is based on an actuarial analysis. Costs are allocated to individual agencies based on payroll and claims history, relative to other members of the risk-sharing pool.

Primary Liability Program

Claims are pooled separately between police and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$100,000 to \$500,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$500,000 to \$50 million, are distributed based on the outcome of cost allocation within the first and second loss layers.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

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

B. Primary Self-Insurance Programs of the 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 also have a \$50 million per occurrence limit. The coverage structure is composed of a combination of pooled self-insurance, reinsurance, and excess insurance. Additional information concerning the coverage structure is available on the Authority's website: <https://cjpia.org/coverage/risk-sharing-pools/>.

Primary Workers' Compensation Program

Claims are pooled separately between public safety (police and fire) and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$75,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$75,000 to \$200,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$200,000 to statutory limits are distributed based on the outcome of cost allocation within the first and second loss layers.

For 2024-25 the Authority's pooled retention is \$1 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law. Employer's Liability losses are pooled among members to \$1 million. Coverage from \$1 million to \$5 million is purchased through reinsurance policies, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

C. Purchased Insurance

Pollution Legal Liability Insurance

The City participates in the pollution legal liability insurance program which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City of Lakewood. Coverage is on a claims-made basis. There is a \$250,000 deductible. The Authority has an aggregate limit of \$20 million.

Property Insurance

The City participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. The City's property is currently insured according to a schedule of covered property submitted by the City to the Authority. The City's property currently has all-risk property insurance protection in the amount of \$120,976,555. There is a \$10,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$2,500 deductible.

Earthquake and Flood Insurance

The City purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Authority. The City's property currently has earthquake protection in the amount of \$51,961,787. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000.

City of Lakewood
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

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

C. Purchased Insurance (Continued)

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.

Contract with Los Angeles County Sheriff’s Department

The City contracts for policing services through the Los Angeles County Sheriff’s Department. As part of the agreement for services, the City is required to pay an additional 4% premium over the contract price to the Sheriff’s Department for liability insurance. The term of the original agreement was from July 1, 2019 through June 30, 2024 and agreement was renewed in 2025 and may be extended for successive years. The total premium paid during the fiscal year ended June 30, 2025 was \$1,382,299.

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 2024-2025.

Complete financial statements for the 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. Agreement for Allocation of Tax Increment Revenue

On June 13, 1989, the former Lakewood Redevelopment Agency (the “Agency”) entered into an agreement for the allocation of tax increment revenue generated from Project Area No. 2. As part of the agreement, the Agency is required to reimburse the Consolidated Fire Protection District of Los Angeles County 17.26% of tax increment revenues and Los Angeles County 54.59% of tax increment revenue. The Los Angeles County portion may be deferred in any year under certain terms of the agreement until total tax increment of the Agency reaches a cumulative total of \$60,000,000. After the total reaches \$60,000,000, the Agency is required to reimburse Los Angeles County 100% of tax increment revenue (net of the allocation to the Consolidated Fire Protection District of Los Angeles County) until the deferred sums have been repaid. Interest on any deferral amounts was prepaid in a lump sum of \$842,000 in fiscal year 1990-91. At June 30, 2025, 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, 2025

Note 15 – Commitments and Contingencies (Continued)

C. Construction Commitments

The City had outstanding construction commitments in the amount of \$17,358,368 as of June 30, 2025 as follows:

Governmental Funds:

General Fund	\$ 14,528,818
Lakewood Capital Improvements Capital Projects Fund	475,227
Nonmajor Governmental Fund	1,459,546

Proprietary Fund:

Water Enterprise Fund	894,777
Total	<u><u>\$ 17,358,368</u></u>

D. BKK Landfill

Many years ago the City was put on notice that parties who have reached settlement regarding the environmental cleanup of the BKK Landfill in West Covina, California someday would be seeking contribution toward that settlement from the City, based on waste from the City having been transported to BKK during the years that it was open. Recently, the City learned that the amount being sought from the City is in excess of \$10,000,000. While the City believes it has some exposure to liability, that amount seems extremely excessive. It is too early in the legal process to provide a realistic estimate of the amount of financial exposure. The City has agreed to participate in (non-binding) mediation to attempt to reach a settlement. Litigation against the City has not been commenced, but it is possible perhaps even probable that the parties will be unable to resolve this prior to the filing of a lawsuit. The City had some insurance coverage which might be applicable to this matter and is in contact with multiple insurers. The coverage limits were very low, but there may be an obligation to pay the City's defense costs, notwithstanding the very low coverage limits.

Note 16 – Individual Fund Disclosures

Funds with a deficit fund balance/net position at June 30, 2025, are as follows:

Governmental Funds:

Prop A Recreation Special Revenue Fund	\$ (25,032)
CA Natural Resources Agency Grant Special Revenue Fund	(539)

Fiduciary Fund:

Successor Agency Private Purpose Trust Fund	\$ (15,048,574)
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The Governmental Funds' deficits are primarily the result of the unavailability of certain revenues at June 30, 2025 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.

City of Lakewood
Notes to the Basic Financial Statements
For the Year Ended June 30, 2025

Note 17 – Net Investment in Capital Assets

The following is the calculation of net investment in capital assets at June 30, 2025:

	Governmental Activities	Business-Type Activities
Capital assets, net of accumulated depreciation/amortization	\$ 131,495,704	\$ 35,593,015
Plus: unspent bond proceed	10,648,964	-
Less: outstanding principal on capital related debts	(10,526,663)	(4,976,877)
Less: retention payable	(237,189)	-
Less: capital assets related accounts payable	(1,039,843)	(16,170)
Net investment in capital assets	<u>\$ 130,340,973</u>	<u>\$ 30,599,968</u>

Note 18 – Agreements with Paramount Petroleum and Station Cities Public Safety Authority

Agreement with Paramount Petroleum

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

Because of changes in the oil industry and the nature of development surrounding the tank farm, Ordinance No. 2005-14 amended the provisions of the Lakewood Municipal Code 9392.B.1 (g) allowing Paramount Petroleum to operate an additional 10 years, ending in January 2017. The agreement also allowed for automatic two-year extensions, with the current extension valid through December 2025.

Joint Powers Agreement – Station Cities Public Safety Authority

Effective January 1, 2025, the City, together with the Cities of Bellflower and Paramount, formed the Station Cities Public Safety Authority (“SCPSA”) under a Joint Powers Agreement pursuant to Government Code Section 6500 et seq. SCPSA was established to improve public safety. It also exists to advance other public safety purposes, including securing federal, state, and county funding. Each member contributed \$10,000 during fiscal year 2024–25 for initial administrative costs.

SCPSA is a legally separate entity, and its debts and obligations are not those of the member cities unless specifically assumed. Ongoing budget contributions and participation in its activities will be determined annually beginning in fiscal year 2025–26. SCPSA is considered a blended component unit of the City, as the City’s Council serves as part of the governing board and SCPSA’s operations are financially interdependent with the City.

City of Lakewood
Notes to the Basic Financial Statements
For the Year Ended June 30, 2025

Note 19 – Restatement of Beginning Net Position

Implementation of GASB Statement No. 101, Compensated Absences

Effective for the fiscal year ended June 30, 2025, the City implemented GASB Statement No. 101, *Compensated Absences*. This statement establishes accounting and financial reporting standards for compensated absences, including vacation, sick leave, and other paid time off. The implementation of GASB 101 resulted in a change in accounting principle, and prior year amounts have been restated accordingly.

Under GASB 101, a liability must be recognized for leave that is attributable to services already rendered, accumulates and carries forward to future periods, and is more likely than not to be used or paid. This represents a shift from previous guidance, particularly in how likelihood and eligibility are assessed. The effect of the restatement is as shown below:

	Governmental Activities	Business-Type Activities
Beginning net position, as previously reported	\$ 240,557,740	\$ 44,709,671
Change in accounting principal:		
GASB 101 - Compensated Absences	(113,255)	(4,881)
Beginning net position, as restated	<u>\$ 240,444,485</u>	<u>\$ 44,704,790</u>



**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**



City of Lakewood
Required Supplementary Information (Unaudited)
Notes to the Budgetary Comparison Schedules
For the Year Ended June 30, 2025

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 Prop A Incentive NTD Special Revenue Fund since no budgets were adopted for the 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 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, 2025, based on calculations by City Management, proceeds of taxes did not exceed related appropriations. Further, Section 5 of Article XIII B allows the City to designate a portion of fund balance for general contingencies, to be used in future years without limitation. In fiscal year 2010, the City Council passed a resolution setting aside all unappropriated fund balances in the General Fund as contingency funds.



City of Lakewood
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes	\$ 46,281,780	\$ 45,526,000	\$ 44,723,747	\$ (802,253)
Licenses and permits	2,137,800	2,093,100	2,442,507	349,407
Fines and forfeitures	649,100	679,163	735,077	55,914
Investment income, rents and concession	4,606,550	6,241,555	7,221,177	979,622
Intergovernmental revenues	12,290,800	12,515,382	12,518,824	3,442
Current service charges	9,981,000	10,620,040	10,766,933	146,893
Other	1,802,050	1,870,088	1,853,171	(16,917)
Total revenues	77,749,080	79,545,328	80,261,436	716,108
EXPENDITURES:				
Current:				
General government	14,428,707	17,793,097	16,647,565	1,145,532
Public safety	21,958,185	21,835,921	21,266,046	569,875
Transportation	4,985,892	5,185,355	4,523,479	661,876
Community development	11,871,241	11,542,530	9,670,490	1,872,040
Health and sanitation	7,623,863	7,470,929	7,418,814	52,115
Culture and leisure	14,516,142	14,647,424	14,063,894	583,530
Capital outlay:				
General government	230,800	124,505	44,928	79,577
Public safety	180,000	335,000	59,776	275,224
Transportation	475,000	3,514,840	967,407	2,547,433
Community development	-	-	-	-
Culture and leisure	208,100	29,876,506	3,937,653	25,938,853
Debt service:				
Principal retirement	125,149	125,149	125,149	-
Interest and fiscal charges	2,582	2,582	2,582	-
Total expenditures	76,605,661	112,453,838	78,727,783	33,726,055
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,143,419	(32,908,510)	1,533,653	34,442,163
OTHER FINANCING SOURCES (USES):				
Transfers in	4,274,200	4,524,777	4,509,359	(15,418)
Transfers out	-	-	(26,097)	(26,097)
Proceeds from issuance of debt	-	10,500,000	10,500,000	-
Proceeds from sale of properties	5,000	30,000	71,388	41,388
Total other financing sources (use)	4,279,200	15,054,777	15,054,650	(127)
NET CHANGE IN FUND BALANCE	\$ 5,422,619	\$ (17,853,733)	16,588,303	\$ 34,442,036
FUND BALANCE:				
Beginning of year			98,972,686	
End of year			<u>\$ 115,560,989</u>	

City of Lakewood
Required Supplementary Information (Unaudited)
Schedule of Changes in Net Pension Liability and Related Ratios
For the Year Ended June 30, 2025

Last Ten Fiscal Years

California Public Employees' Retirement System Defined Benefit Plan

Measurement period	2014-15	2015-16	2016-17	2017-18	2018-19
Total pension liability					
Service cost	\$ 2,028,208	\$ 2,109,082	\$ 2,355,437	\$ 2,527,432	\$ 2,573,466
Interest	8,236,636	8,472,508	8,766,071	9,163,433	9,686,135
Changes of benefit terms	-	-	-	-	-
Changes of assumptions	(1,943,097)	-	7,049,669	(603,969)	-
Differences between expected and actual experience	(2,731,071)	(2,102,094)	(581,254)	738,883	2,203,972
Benefit payments, including refunds of employee contributions	(4,981,710)	(5,258,099)	(5,386,901)	(6,182,947)	(7,031,685)
Net change in total pension liability	608,966	3,221,397	12,203,022	5,642,832	7,431,888
Total pension liability - beginning	113,819,356	114,428,322	117,649,719	129,852,741	135,495,573
Total pension liability - ending (a)	<u>\$ 114,428,322</u>	<u>\$ 117,649,719</u>	<u>\$ 129,852,741</u>	<u>\$ 135,495,573</u>	<u>\$ 142,927,461</u>
Pension fiduciary net position					
Contributions - employer	\$ 1,871,751	\$ 2,717,060	\$ 2,344,596	\$ 2,573,441	\$ 2,938,083
Contributions - employee	939,852	1,051,966	1,098,583	1,161,949	1,045,867
Net investment income	2,111,030	554,532	10,269,191	8,596,094	6,920,916
Benefit payments, including refunds of employee contributions	(4,981,710)	(5,258,099)	(5,386,901)	(6,182,947)	(7,031,685)
Net plan to plan resource movement	-	-	-	(248)	-
Administrative expense	(105,557)	(57,099)	(136,863)	(157,210)	(76,058)
Other Miscellaneous Income/(Expense) ¹	-	-	-	(298,545)	248
Net change in plan fiduciary net position	(164,634)	(991,640)	8,188,606	5,692,534	3,797,371
Plan fiduciary net position - beginning	93,854,960	93,690,326	92,698,686	100,887,292	106,579,826
Plan fiduciary net position - ending (b)²	<u>\$ 93,690,326</u>	<u>\$ 92,698,686</u>	<u>\$ 100,887,292</u>	<u>\$ 106,579,826</u>	<u>\$ 110,377,197</u>
Plan net pension liability - ending (a) - (b)	<u>\$ 20,737,996</u>	<u>\$ 24,951,033</u>	<u>\$ 28,965,449</u>	<u>\$ 28,915,747</u>	<u>\$ 32,550,264</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>81.88%</u>	<u>78.79%</u>	<u>77.69%</u>	<u>78.66%</u>	<u>77.23%</u>
Covered Payroll³	<u>\$ 15,213,079</u>	<u>\$ 16,033,770</u>	<u>\$ 16,036,475</u>	<u>\$ 16,673,912</u>	<u>\$ 16,911,782</u>
Plan net pension liability as a percentage of covered payroll	<u>136.32%</u>	<u>155.62%</u>	<u>180.62%</u>	<u>173.42%</u>	<u>192.47%</u>

¹During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75. Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68).

²Includes any beginning of year adjustment.

³Includes one year's payroll growth using 2.80% payroll growth assumption for fiscal years ended in 2022 and 2024; 2.75% payroll growth assumption for fiscal years ended in 2018 through 2021; 3.00% payroll growth assumption for fiscal years ended in 2014 through 2017.

Notes to Schedule:

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

In 2022, SB 1168 increased the standard retiree lump sum death benefit from \$500 to \$2,000 for any death occurring on or after July 1, 2023. The impact, if any, is included in the changes of benefit terms.

Changes of Assumptions: There were no assumption changes in 2023 or 2024. Effective with the June 30, 2021, valuation date (June 30, 2022, measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. In addition, demographic assumptions and the price inflation assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates June 30, 2017, through June 30, 2021, and 7.65% for measurement dates June 30, 2015, through June 30, 2016.

City of Lakewood
Required Supplementary Information (Unaudited)
Schedule of Changes in Net Pension Liability and Related Ratios (Continued)
For the Year Ended June 30, 2025

Last Ten Fiscal Years

California Public Employees' Retirement System Defined Benefit Plan (Continued)

Measurement period	2019-20	2020-21	2021-22	2022-23	2023-24
Total pension liability					
Service cost	\$ 2,616,888	\$ 2,546,101	\$ 2,973,011	\$ 2,934,655	\$ 3,106,616
Interest	10,069,685	10,347,723	10,555,722	11,040,943	11,176,888
Changes of benefit terms	-	-	-	184,767	-
Changes of assumptions	-	-	4,758,807	-	-
Differences between expected and actual experience	335,690	(949,532)	(1,508,930)	1,561,945	(3,311,075)
Benefit payments, including refunds of employee contributions	(7,473,686)	(8,152,296)	(8,045,870)	(8,402,294)	(9,158,279)
Net change in total pension liability	5,548,577	3,791,996	8,732,740	7,320,016	1,814,150
Total pension liability - beginning	142,927,461	148,476,038	152,268,034	161,000,774	168,320,790
Total pension liability - ending (a)	\$ 148,476,038	\$ 152,268,034	\$ 161,000,774	\$ 168,320,790	\$ 170,134,940
Pension fiduciary net position					
Contributions - employer	\$ 3,476,806	\$ 3,879,340	\$ 4,405,183	\$ 4,722,046	\$ 4,959,045
Contributions - employee	1,304,659	1,183,929	1,227,185	1,240,587	1,442,673
Net investment income	5,455,014	25,307,127	(10,131,229)	7,521,280	11,965,842
Benefit payments, including refunds of employee contributions	(7,473,686)	(8,152,296)	(8,045,870)	(8,402,294)	(9,158,279)
Net plan to plan resource movement	-	-	-	-	-
Administrative expense	(155,605)	(112,865)	(84,153)	(90,052)	(103,708)
Other Miscellaneous Income/(Expense) ¹	-	-	-	-	-
Net change in plan fiduciary net position	2,607,188	22,105,235	(12,628,884)	4,991,567	9,105,573
Plan fiduciary net position - beginning	110,377,197	112,984,385	135,089,620	122,460,736	127,452,303
Plan fiduciary net position - ending (b)²	\$ 112,984,385	\$ 135,089,620	\$ 122,460,736	\$ 127,452,303	\$ 136,557,876
Plan net pension liability - ending (a) - (b)	\$ 35,491,653	\$ 17,178,414	\$ 38,540,038	\$ 40,868,487	\$ 33,577,064
Plan fiduciary net position as a percentage of the total pension liability	76.10%	88.72%	76.06%	75.72%	80.26%
Covered Payroll³	\$ 17,025,948	\$ 16,695,742	\$ 17,813,128	\$ 17,721,348	\$ 18,816,572
Plan net pension liability as a percentage of covered payroll	208.46%	102.89%	216.36%	230.62%	178.44%

City of Lakewood
Required Supplementary Information (Unaudited)
Schedule of Changes in Net Pension Liability and Related Ratios (Continued)
For the Year Ended June 30, 2025

Last Ten Fiscal Years

Public Agency Retirement System Defined Benefit Plan

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the current GASB standards, they should not be reported.

City of Lakewood
Required Supplementary Information (Unaudited)
Schedule of Changes in Net Pension Liability and Related Ratios (Continued)
For the Year Ended June 30, 2025

Last Ten Fiscal Years

Public Agency Retirement System Defined Benefit Plan (Continued)

Measurement period	2020-21	2021-22	2022-23	2023-24	2024-25
Total pension liability					
Service cost	\$ 422,216	\$ 364,553	\$ 374,578	\$ 338,091	\$ 347,558
Interest	1,275,638	1,319,474	1,263,556	1,299,653	1,331,021
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	-	(1,804,110)	-	(281,900)	-
Changes of assumptions	-	-	-	195,433	-
Benefit payments, including refunds of employee contributions	(792,274)	(895,425)	(918,195)	(973,181)	(1,008,124)
Net change in total pension liability	905,580	(1,015,508)	719,939	578,096	670,455
Total pension liability - beginning	23,162,034	24,067,614	23,052,106	23,772,045	24,350,141
Total pension liability - ending (a)	<u>\$24,067,614</u>	<u>\$ 23,052,106</u>	<u>\$23,772,045</u>	<u>\$ 24,350,141</u>	<u>\$25,020,596</u>
Pension fiduciary net position					
Contributions - employer	\$ 828,452	\$ 925,173	\$ 924,177	\$ 1,549,054	\$ 638,656
Contributions - employee	214,864	221,400	198,880	197,304	190,052
Net investment income, net of investment expenses	3,871,904	(2,755,385)	1,439,405	2,367,091	2,317,496
Benefit payments, including refunds of employee contributions	(792,274)	(895,425)	(918,195)	(973,181)	(1,008,124)
Administrative expenses	(72,882)	(78,117)	(72,436)	(76,314)	(85,277)
Net change in plan fiduciary net position	4,050,064	(2,582,354)	1,571,831	3,063,954	2,052,803
Plan fiduciary net position - beginning	17,117,897	21,167,961	18,585,607	20,157,438	23,221,392
Plan fiduciary net position - ending (b)	<u>\$21,167,961</u>	<u>\$ 18,585,607</u>	<u>\$20,157,438</u>	<u>\$ 23,221,392</u>	<u>\$25,274,195</u>
Plan net pension liability (asset) - ending (a) - (b)	<u>\$ 2,899,653</u>	<u>\$ 4,466,499</u>	<u>\$ 3,614,607</u>	<u>\$ 1,128,749</u>	<u>\$ (253,599)</u>
Plan fiduciary net position as a percentage of the total pension liability (asset)	<u>87.95%</u>	<u>80.62%</u>	<u>84.79%</u>	<u>95.36%</u>	<u>101.01%</u>
Covered payroll	<u>\$ 7,789,532</u>	<u>\$ 7,789,532</u>	<u>\$6,783,311</u>	<u>\$7,041,948</u>	<u>\$6,891,304</u>
Net pension liability (asset) as a percentage of covered payroll	<u>37.22%</u>	<u>57.34%</u>	<u>53.29%</u>	<u>16.03%</u>	<u>-3.68%</u>

City of Lakewood
Required Supplementary Information (Unaudited)
Schedule of Contributions - Pensions
For the Year Ended June 30, 2025

Last Ten Fiscal Years¹

California Public Employees' Retirement System Defined Benefit Plan

	2015-16	2016-17	2017-18	2018-19	2019-20
Actuarially determined contribution	\$ 2,136,551	\$ 2,344,596	\$ 2,573,441	\$ 2,938,083	\$ 3,476,806
Contributions in relation to the actuarially determined contribution ²	(2,717,060)	(2,344,596)	(2,573,441)	(2,938,083)	(3,476,806)
Contribution deficiency (excess)	\$ (580,509)	\$ -	\$ -	\$ -	\$ -
Covered payroll ³	\$ 16,033,770	\$ 16,036,475	\$ 16,673,112	\$ 16,911,782	\$ 17,025,948
Contributions as a percentage of covered payroll ³	16.95%	14.62%	15.43%	17.37%	20.42%

¹ As prescribed in GASB 68, paragraph 46, the information presented in the Schedule of Plan Contributions should also be presented as of the employer's most recent fiscal year-end. The employer is responsible for determining this information as prescribed by the standard as this data is not available to CalPERS.

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

³ Includes one year's payroll growth using 2.80% payroll growth assumption for fiscal year ended June 30, 2022 through 2024; 2.75% payroll growth assumption for fiscal years ended June 30, 2018-21; 3.00% payroll growth assumption for fiscal years ended June 30, 2014-17.

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2023-24 were derived from the June 30, 2021 funding valuation report.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	For details, see June 30, 2021, funding valuation report.
Asset valuation method	Fair Value of Assets. For details, see June 30, 2021, funding valuation report.
Inflation	2.30%
Salary increases	Varies by entry age and service
Payroll Growth	2.80%
Investment rate of return	6.80% Net of pension plan investment and administrative expenses; includes Inflation.
Retirement age	The probabilities of retirement are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.
Mortality	The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 1997 to 2015. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries.

City of Lakewood
Required Supplementary Information (Unaudited)
Schedule of Contributions - Pensions (Continued)
For the Year Ended June 30, 2025

Last Ten Fiscal Years

California Public Employees' Retirement System Defined Benefit Plan (Continued)

	2020-21	2021-22	2022-23	2023-24	2024-25
Actuarially determined contribution	\$ 3,879,340	\$ 4,405,183	\$ 4,722,046	\$ 4,959,045	\$ 5,685,087
Contributions in relation to the actuarially determined contribution ²	(3,879,340)	(4,405,183)	(4,722,046)	(4,959,045)	(7,685,087)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ (2,000,000)
Covered payroll ³	\$ 16,695,742	\$ 17,813,128	\$ 17,721,348	\$ 18,816,572	\$ 19,343,436
Contributions as a percentage of covered payroll ³	23.24%	24.73%	26.65%	26.35%	39.73%

City of Lakewood
Required Supplementary Information (Unaudited)
Schedule of Contributions - Pensions (Continued)
For the Year Ended June 30, 2025

Last Ten Fiscal Years

Public Agency Retirement System Defined Benefit Plan

	2015-16	2016-17	2017-18	2018-19	2019-20
Actuarially determined contribution	\$ 874,736	\$ 594,125	\$ 493,923	\$ 814,859	\$ 660,417
Contributions in relation to the actuarially determined contribution	(54,800)	(54,800)	(568,494)	(644,970)	(708,372)
Contribution deficiency (excess)	\$ 819,936	\$ 539,325	\$ (74,571)	\$ 169,889	\$ (47,955)
Covered payroll	\$ 11,643,566	\$ 11,992,873	\$ 9,975,323	\$ 8,214,154	\$ 8,440,043
Contributions as a percentage of covered payroll	0.47%	0.46%	5.70%	7.85%	8.39%

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the current GASB standards, they should not be reported.

Notes to Schedule:

Valuation date: June 30, 2023

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar, Closed
Remaining amortization period at June 30, 2023	13 Years
Inflation	2.30%
Payroll growth	2.80%
Investment rate of return	5.50%
Salary increases	Consistent with the rates used to value the CalPERS Miscellaneous Public Agency pension plans (Entry Age 20) at June 30, 2021. Annual increase from 10.44% to 3.50% 3.6% at 30+ year of service.
Cost of Living Adjustment	2.00%
Withdraw/Disability	Consistent with the Non-Industrial Rates used to value the CalPERS Miscellaneous Public Agency Pension Plans after June 30, 2021.
Mortality	Consistent with the Non-Industrial rates used to value the CalPERS Miscellaneous Public Agency Pension Plans after June 30, 2021.
Retirement age	Rates are based on CalPERS rates for 20 years of service retirement for Miscellaneous Public Agency "2.5% at 55" Pension Plans, with increased rates of 30% at ages 60 and 62 and 50% at age 65. Rates are one-half the CalPERS rates for ages 55-59 for the deferred retirement benefit.
Maximum Benefits and Salary	Salary used in the calculation of final average compensation is subject to the limitations of IRC 401(a)(17). The limit is assumed to increase 2.30% per annum.
Form of Payment	Single Life Annuity

City of Lakewood
Required Supplementary Information (Unaudited)
Schedule of Contributions - Pensions (Continued)
For the Year Ended June 30, 2025

Last Ten Fiscal Years

Public Agency Retirement System Defined Benefit Plan (Continued)

	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>
Actuarially determined contribution	\$ 816,996	\$ 754,027	\$ 338,440	\$ 295,241	\$ 624,621
Contributions in relation to the actuarially determined contribution	<u>(828,452)</u>	<u>(925,173)</u>	<u>(924,177)</u>	<u>(1,549,054)</u>	<u>(638,656)</u>
Contribution deficiency (excess)	<u>\$ (11,456)</u>	<u>\$ (171,146)</u>	<u>\$ (585,737)</u>	<u>\$ (1,253,813)</u>	<u>\$ (14,035)</u>
Covered payroll	\$ 7,789,532	\$ 8,003,744	\$ 6,783,311	\$ 7,041,948	\$ 6,891,304
Contributions as a percentage of covered payroll	10.64%	11.56%	13.62%	22.00%	9.27%

City of Lakewood
Required Supplementary Information (Unaudited)
Schedule of Changes in Net Other Postemployment Benefits Asset and Related Ratios
For the Year Ended June 30, 2025

Last Ten Fiscal Years

Other Postemployment Benefits Plan

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

¹ Historical information is presented only for measurement periods after GASB 75 implementation in 2017-18. Additional years of information will be displayed as it becomes available.

City of Lakewood
Required Supplementary Information (Unaudited)
Schedule of Changes in Net Other Postemployment Benefits Asset and Related Ratios (Continued)
For the Year Ended June 30, 2025

Last Ten Fiscal Years

Other Postemployment Benefits Plan (Continued)

Measurement period	2022-23	2023-24	2024-25
Total OPEB liability			
Service cost	\$ 407,536	\$ 485,386	\$ 498,977
Interest	721,812	726,032	758,734
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	(475,187)	-
Changes of assumptions	-	-	-
Benefit payments, including refunds of employee contributions	(662,941)	(660,386)	(700,145)
Net change in total OPEB liability	466,407	75,845	557,566
Total OPEB liability - beginning	11,949,311	12,415,718	12,491,563
Total OPEB liability - ending (a)	<u>\$ 12,415,718</u>	<u>\$ 12,491,563</u>	<u>\$ 13,049,129</u>
Plan fiduciary net position			
Contributions - employer	\$ 662,941	\$ 660,386	\$ 700,145
Net investment income	820,756	1,368,573	1,290,553
Benefit payments, including refunds of employee contributions	(662,941)	(660,386)	(700,145)
Administrative expense	(57,968)	(61,751)	(67,863)
Net change in plan fiduciary net position	762,788	1,306,822	1,222,690
Plan fiduciary net position - beginning	10,802,274	11,565,062	12,871,884
Plan fiduciary net position - ending (b)	<u>\$ 11,565,062</u>	<u>\$ 12,871,884</u>	<u>\$ 14,094,574</u>
Plan net OPEB liability (asset) - ending (a) - (b)	<u>\$ 850,656</u>	<u>\$ (380,321)</u>	<u>\$ (1,045,445)</u>
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	<u>93.15%</u>	<u>103.04%</u>	<u>108.01%</u>
Covered employee payroll	<u>\$ 13,194,612</u>	<u>\$ 14,549,535</u>	<u>\$ 16,527,190</u>
Plan net OPEB liability (asset) as a percentage of covered employee payroll	<u>6.45%</u>	<u>-2.61%</u>	<u>-6.33%</u>

City of Lakewood
Required Supplementary Information (Unaudited)
Schedule of Contributions - Other Postemployment Benefits
For the Year Ended June 30, 2025

Last Ten Fiscal Years

Other Postemployment Benefits Plan

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

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

Notes to Schedule:

Valuation date	July 1, 2023
Reporting period	July 1, 2024 to June 30, 2025
Measurement period	July 1, 2024 to June 30, 2025
Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Amortization period	30 years
Asset valuation method	Market value
Inflation	2.50%
Salary increases	3.00%
Investment rate of return	6.00 %, net of OPEB plan investment expense
Healthcare cost trend rates	5.20 percent for 2024 through 2034; 5.00 percent for 2035 through 2049; 4.50 percent for 2050 through 2064; and 4.00 percent for 2065 and later years
Mortality	Based on the most recent experience study for CalPERS members.

City of Lakewood
Required Supplementary Information (Unaudited)
Schedule of Contributions - Other Postemployment Benefits (Continued)
For the Year Ended June 30, 2025

Last Ten Fiscal Years

Other Postemployment Benefits Plan (Continued)

Fiscal year	2022-23	2023-24	2024-25
Actuarially determined contribution	\$ 375,733	\$ 534,594	\$ 550,632
Contributions in relation to the actuarially determined contribution	(662,941)	(660,386)	(700,145)
Contribution deficiency (excess)	<u>\$ (287,208)</u>	<u>\$ (125,792)</u>	<u>\$ (149,513)</u>
Covered employee payroll	\$ 13,194,612	\$ 14,549,535	\$ 16,527,190
Contributions as a percentage of covered employee payroll	5.02%	4.54%	4.24%



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, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment income, rents and concession	\$ 150	\$ 150	\$ 76,406	\$ 76,256
Other income	185,000	355,000	333,000	(22,000)
Total revenues	<u>185,150</u>	<u>355,150</u>	<u>409,406</u>	<u>54,256</u>
EXPENDITURES:				
Current:				
Public safety	-	294,900	294,898	2
Community development	377,000	448,262	447,213	1,049
Total expenditures	<u>377,000</u>	<u>743,162</u>	<u>742,111</u>	<u>1,051</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(191,850)</u>	<u>(388,012)</u>	<u>(332,705)</u>	<u>53,205</u>
OTHER FINANCING (USES):				
Transfers out	-	(349,999)	(349,999)	-
Total other financing (uses)	<u>-</u>	<u>(349,999)</u>	<u>(349,999)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ (191,850)</u>	<u>\$ (738,011)</u>	<u>(682,704)</u>	<u>\$ 53,205</u>
FUND BALANCE:				
Beginning of year			9,238,724	
End of year			<u>\$ 8,556,020</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, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental revenues	\$ 2,243,900	\$ 2,243,900	\$ 1,558,767	\$ (685,133)
Total revenues	<u>2,243,900</u>	<u>2,243,900</u>	<u>1,558,767</u>	<u>(685,133)</u>
EXPENDITURES:				
Capital outlay:				
Transportation	-	7,950,512	1,979,857	5,970,655
Culture and leisure	-	1,999,925	-	1,999,925
Total expenditures	<u>-</u>	<u>9,950,437</u>	<u>1,979,857</u>	<u>7,970,580</u>
NET CHANGE IN FUND BALANCE	<u>\$ 2,243,900</u>	<u>\$ (7,706,537)</u>	<u>(421,090)</u>	<u>\$ 7,285,447</u>
FUND BALANCE:				
Beginning of year			3,147,804	
End of year			<u>\$ 2,726,714</u>	

NONMAJOR GOVERNMENTAL FUNDS

Nonmajor Special Revenue Funds:

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

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

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

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

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

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

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

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

Measure W Fund - To account for funding allocated by the Los Angeles County Flood Control District to support projects that increase stormwater and urban runoff capture, improve water quality, and reduce stormwater and urban runoff pollution.

State Grant Fund - To account for funding received from the State of California, Department of Parks and Recreation for the Weingart Senior Center Project. This grant supports public works improvements within the City, including planning, design, and construction activities associated with the project.

Miscellaneous Grants Special Revenue Fund - To account for multiple special revenue such as (1) LEAP grant – to assist the preparation and adoption of planning documents, and process improvements that accelerate housing production and facilitate compliance to implement the sixth-cycle Regional Housing Needs Assessment; (2) Measure H grant – to account for the Gateway Cities Innovation Plan to combat homelessness; (3) CalRecycle-SB 1383 grant – to assist with the efforts to reduce, recycle and reuse solid waste thereby preserving landfill capacity and protecting public health and safety and the environment; (4) Habitat for Humanity – to assist with cost in preparation to sell vacant lots; and lastly (5) Prop 84 grant – to assist in installing smart irrigation system at 3 City parks.

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.

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

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

NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

Nonmajor Special Revenue Funds (Continued):

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 A Incentive NTD Fund - To account for incentive revenues received from the Los Angeles County Metropolitan Transportation Authority under the National Transit Database (NTD) program.

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.

Permanent Local Housing Allocation Program ("PLHA") Grant Special Revenue Fund - To account for the State Senate Bill (SB)2 Building Homes and Jobs Act's Permanent Local Housing Allocation (PLHA) program to provide a source of funding for cities and counties to help increase the availability of affordable homes.

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

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

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

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

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

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

City of Lakewood
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2025

	Special Revenue Funds				
	AB 2766	Beverage Container Recycle Grant	CA Natural Resources Agency Grant	CDBG	JAG
ASSETS					
Cash and investments	\$ 138,150	\$ 54,869	\$ -	\$ 173,876	\$ -
Accounts receivables	27,903	-	-	52,076	-
Notes receivable	-	-	-	470,690	-
Total assets	\$ 166,053	\$ 54,869	\$ -	\$ 696,642	\$ -
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 100	\$ -	\$ 14,626	\$ -
Retention payable	-	-	-	9,000	-
Due to other funds	-	-	539	354,498	-
Unearned revenue	-	-	-	-	-
Total liabilities	-	100	539	378,124	-
Deferred Inflows of Resources:					
Unavailable revenues	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Fund Balances (Deficit):					
Restricted for:					
Public safety	-	-	-	-	-
Transportation	166,053	-	-	-	-
Community development	-	-	-	318,518	-
Health and sanitation	-	54,769	-	-	-
Culture and leisure	-	-	-	-	-
Unassigned (deficit)	-	-	(539)	-	-
Total fund balances (deficit)	166,053	54,769	(539)	318,518	-
Total liabilities, deferred inflows of resources and fund balances	\$ 166,053	\$ 54,869	\$ -	\$ 696,642	\$ -

(Continued)

City of Lakewood
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2025

	Special Revenue Funds				
	LA County Measure M	Measure R	Measure W	Miscellaneous Grants	Open Space
ASSETS					
Cash and investments	\$ 7,029,512	\$ 5,886,683	\$ 4,428,284	\$ 83,755	\$ -
Accounts receivables	-	-	902,900	134,304	-
Notes receivable	-	-	-	-	-
Total assets	\$ 7,029,512	\$ 5,886,683	\$ 5,331,184	\$ 218,059	\$ -
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 102,335	\$ 701	\$ 6,359	\$ 10,693	\$ -
Retention payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	102,335	701	6,359	10,693	-
Deferred Inflows of Resources:					
Unavailable revenues	-	-	902,900	124,912	-
Total deferred inflows of resources	-	-	902,900	124,912	-
Fund Balances (Deficit):					
Restricted for:					
Public safety	-	-	-	-	-
Transportation	6,927,177	5,885,982	-	82,454	-
Community development	-	-	-	-	-
Health and sanitation	-	-	-	-	-
Culture and leisure	-	-	4,421,925	-	-
Unassigned (deficit)	-	-	-	-	-
Total fund balances (deficit)	6,927,177	5,885,982	4,421,925	82,454	-
Total liabilities, deferred inflows of resources and fund balances	\$ 7,029,512	\$ 5,886,683	\$ 5,331,184	\$ 218,059	\$ -

(Continued)

City of Lakewood
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2025

	Special Revenue Funds				
	Park Dedication	Prop A Recreation	Prop A Transit	Prop A Incentive NTD	Prop C Transportation
ASSETS					
Cash and investments	\$ 265,441	\$ -	\$ 1,597,686	\$ 86,367	\$ 6,591,206
Accounts receivables	-	34,329	-	-	-
Notes receivable	-	-	-	-	-
Total assets	\$ 265,441	\$ 34,329	\$ 1,597,686	\$ 86,367	\$ 6,591,206
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 35,208	\$ -	\$ 5,108
Retention payable	-	-	-	-	-
Due to other funds	-	25,032	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	-	25,032	35,208	-	5,108
Deferred Inflows of Resources:					
Unavailable revenues	-	34,329	-	-	-
Total deferred inflows of resources	-	34,329	-	-	-
Fund Balances (Deficit):					
Restricted for:					
Public safety	-	-	-	-	-
Transportation	-	-	1,562,478	86,367	6,586,098
Community development	-	-	-	-	-
Health and sanitation	-	-	-	-	-
Culture and leisure	265,441	-	-	-	-
Unassigned (deficit)	-	(25,032)	-	-	-
Total fund balances (deficit)	265,441	(25,032)	1,562,478	86,367	6,586,098
Total liabilities, deferred inflows of resources and fund balances	\$ 265,441	\$ 34,329	\$ 1,597,686	\$ 86,367	\$ 6,591,206

(Continued)

City of Lakewood
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2025

	Special Revenue Funds				
	PLHA Grant	Road Maintenance and Rehab Account	Sewer Reconstruction	State COPS Grant	State Gasoline Tax
ASSETS					
Cash and investments	\$ 1,126,360	\$ 8,764,900	\$ 112,159	\$ 148,525	\$ -
Accounts receivables	-	395,739	-	-	194,272
Notes receivable	-	-	-	-	-
Total assets	\$ 1,126,360	\$ 9,160,639	\$ 112,159	\$ 148,525	\$ 194,272
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 10,209	\$ -	\$ 33,333	\$ -
Retention payable	-	-	-	-	-
Due to other funds	-	-	-	-	194,272
Unearned revenue	1,126,360	-	-	-	-
Total liabilities	1,126,360	10,209	-	33,333	194,272
Deferred Inflows of Resources:					
Unavailable revenues	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Fund Balances (Deficit):					
Restricted for:					
Public safety	-	-	-	115,192	-
Transportation	-	9,150,430	-	-	-
Community development	-	-	-	-	-
Health and sanitation	-	-	112,159	-	-
Culture and leisure	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-
Total fund balances (deficit)	-	9,150,430	112,159	115,192	-
Total liabilities, deferred inflows of resources and fund balances	\$ 1,126,360	\$ 9,160,639	\$ 112,159	\$ 148,525	\$ 194,272

(Continued)

City of Lakewood
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2025

	Special Revenue Funds		
	TDA Article Grant	Used Oil Grant	Total
ASSETS			
Cash and investments	\$ 31,427	\$ 21,592	\$ 36,540,792
Accounts receivables	-	-	1,741,523
Notes receivable	-	-	470,690
Total assets	\$ 31,427	\$ 21,592	\$ 38,753,005
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 31,427	\$ 10,244	\$ 260,343
Retention payable	-	-	9,000
Due to other funds	-	-	574,341
Unearned revenue	-	11,348	1,137,708
Total liabilities	31,427	21,592	1,981,392
Deferred Inflows of Resources:			
Unavailable revenues	-	-	1,062,141
Total deferred inflows of resources	-	-	1,062,141
Fund Balances (Deficit):			
Restricted for:			
Public safety	-	-	115,192
Transportation	-	-	30,447,039
Community development	-	-	318,518
Health and sanitation	-	-	166,928
Culture and leisure	-	-	4,687,366
Unassigned (deficit)	-	-	(25,571)
Total fund balances (deficit)	-	-	35,709,472
Total liabilities, deferred inflows of resources and fund balances	\$ 31,427	\$ 21,592	\$ 38,753,005

(Concluded)

City of Lakewood
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Special Revenue Funds				
	AB2766	Beverage Container Recycle Grant	CA Natural Resources Agency Grant	CDBG	JAG
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Investment income, rents, and concession	3,986	2,957	-	21	-
Intergovernmental revenues	106,850	20,281	-	524,183	20,043
Other	-	-	-	-	-
Total revenues	110,836	23,238	-	524,204	20,043
EXPENDITURES:					
Current:					
General government	-	-	-	3,858	20,043
Public safety	-	-	-	-	-
Transportation	10,000	-	-	-	-
Community development	-	-	-	129,997	-
Health and sanitation	-	93,646	-	-	-
Culture and leisure	-	-	-	109,507	-
Capital outlay:					
General government	-	-	-	-	-
Transportation	-	-	-	-	-
Community development	-	-	-	319,796	-
Culture and leisure	-	-	-	-	-
Total expenditures	10,000	93,646	-	563,158	20,043
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	100,836	(70,408)	-	(38,954)	-
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Proceed from sale of assets	42,940	-	-	-	-
Total other financing sources (uses)	42,940	-	-	-	-
NET CHANGE IN FUND BALANCES	143,776	(70,408)	-	(38,954)	-
FUND BALANCES (DEFICIT):					
Beginning of year	22,277	125,177	(539)	357,472	-
End of year	\$ 166,053	\$ 54,769	\$ (539)	\$ 318,518	\$ -

(Continued)

City of Lakewood
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Special Revenue Funds				
	LA County Measure M	Measure R	Measure W	Miscellaneous Grants	Open Space
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Investment income, rents, and concession	306,466	235,489	186,724	-	-
Intergovernmental revenues	1,482,070	1,308,132	1,099,338	367,787	917,681
Other	-	-	-	-	-
Total revenues	<u>1,788,536</u>	<u>1,543,621</u>	<u>1,286,062</u>	<u>367,787</u>	<u>917,681</u>
EXPENDITURES:					
Current:					
General government	-	-	-	40,269	-
Public safety	-	-	-	125,647	-
Transportation	124,515	421,306	507,137	-	-
Community development	-	-	-	-	-
Health and sanitation	-	-	-	4,795	-
Culture and leisure	-	-	43,464	-	-
Capital outlay:					
General government	-	-	-	226,876	-
Transportation	1,528,550	207,650	(510)	-	-
Community development	-	-	-	-	-
Culture and leisure	-	-	-	-	907,142
Total expenditures	<u>1,653,065</u>	<u>628,956</u>	<u>550,091</u>	<u>397,587</u>	<u>907,142</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>135,471</u>	<u>914,665</u>	<u>735,971</u>	<u>(29,800)</u>	<u>10,539</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Proceed from sale of assets	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>135,471</u>	<u>914,665</u>	<u>735,971</u>	<u>(29,800)</u>	<u>10,539</u>
FUND BALANCES (DEFICIT):					
Beginning of year	<u>6,791,706</u>	<u>4,971,317</u>	<u>3,685,954</u>	<u>112,254</u>	<u>(10,539)</u>
End of year	<u>\$ 6,927,177</u>	<u>\$ 5,885,982</u>	<u>\$ 4,421,925</u>	<u>\$ 82,454</u>	<u>\$ -</u>

(Continued)

City of Lakewood
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Special Revenue Funds				
	Park Dedication	Prop A Recreation	Prop A Transit	Prop A Incentive NTD	Prop C Transportation
REVENUES:					
Taxes	\$ 44,880	\$ -	\$ 2,103,138	\$ -	\$ 1,744,500
Licenses and permits	-	-	-	-	-
Investment income, rents, and concession	-	-	80,743	-	260,823
Intergovernmental revenues	-	38,059	-	-	-
Other	-	-	-	-	-
Total revenues	44,880	38,059	2,183,881	-	2,005,323
EXPENDITURES:					
Current:					
General government	-	-	23,530	-	-
Public safety	-	-	-	-	-
Transportation	-	-	2,372,035	11,200	620,825
Community development	-	-	-	-	-
Health and sanitation	-	-	-	-	-
Culture and leisure	-	34,329	-	-	-
Capital outlay:					
General government	-	-	-	-	-
Transportation	-	-	-	-	209,390
Community development	-	-	-	-	-
Culture and leisure	-	-	-	-	-
Total expenditures	-	34,329	2,395,565	11,200	830,215
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	44,880	3,730	(211,684)	(11,200)	1,175,108
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	97,567	-
Transfers out	-	-	(97,567)	-	-
Proceed from sale of assets	-	-	-	-	-
Total other financing sources (uses)	-	-	(97,567)	97,567	-
NET CHANGE IN FUND BALANCES	44,880	3,730	(309,251)	86,367	1,175,108
FUND BALANCES (DEFICIT):					
Beginning of year	220,561	(28,762)	1,871,729	-	5,410,990
End of year	\$ 265,441	\$ (25,032)	\$ 1,562,478	\$ 86,367	\$ 6,586,098

(Continued)

City of Lakewood
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Special Revenue Funds				
	PLHA Grant	Road Maintenance and Rehab Account	Sewer Reconstruction	State COPS Grants	State Gasoline Tax
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	227	-	-
Investment income, rents, and concession	-	354,579	-	6,296	58,179
Intergovernmental revenues	26,423	2,245,702	-	241,766	2,279,384
Other	-	-	-	-	-
Total revenues	<u>26,423</u>	<u>2,600,281</u>	<u>227</u>	<u>248,062</u>	<u>2,337,563</u>
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	200,000	-
Transportation	-	715,832	-	-	-
Community development	26,423	-	-	-	-
Health and sanitation	-	-	-	-	-
Culture and leisure	-	-	-	-	-
Capital outlay:					
General government	-	-	-	-	-
Transportation	-	8,263	-	-	-
Community development	-	-	-	-	-
Culture and leisure	-	-	-	-	-
Total expenditures	<u>26,423</u>	<u>724,095</u>	<u>-</u>	<u>200,000</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>1,876,186</u>	<u>227</u>	<u>48,062</u>	<u>2,337,563</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	(2,337,563)
Proceed from sale of assets	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,337,563)</u>
NET CHANGE IN FUND BALANCES	<u>-</u>	<u>1,876,186</u>	<u>227</u>	<u>48,062</u>	<u>-</u>
FUND BALANCES (DEFICIT):					
Beginning of year	-	7,274,244	111,932	67,130	-
End of year	<u>\$ -</u>	<u>\$ 9,150,430</u>	<u>\$ 112,159</u>	<u>\$ 115,192</u>	<u>\$ -</u>

(Continued)

City of Lakewood
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Special Revenue Funds		
	TDA Article Grant	Used Oil Grant	Total
REVENUES:			
Taxes	\$ -	\$ -	\$ 3,892,518
Licenses and permits	-	-	227
Investment income, rents, and concession	14	-	1,496,277
Intergovernmental revenues	82,311	11,467	10,771,477
Other	-	-	-
Total revenues	82,325	11,467	16,160,499
EXPENDITURES:			
Current:			
General government	-	-	87,700
Public safety	-	-	325,647
Transportation	-	-	4,782,850
Community development	-	-	156,420
Health and sanitation	-	11,175	109,616
Culture and leisure	-	-	187,300
Capital outlay:			
General government	-	-	226,876
Transportation	82,714	-	2,036,057
Community development	-	-	319,796
Culture and leisure	-	-	907,142
Total expenditures	82,714	11,175	9,139,404
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(389)	292	7,021,095
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	97,567
Transfers out	-	(26,097)	(2,461,227)
Proceed from sale of assets	-	-	42,940
Total other financing sources (uses)	-	(26,097)	(2,320,720)
NET CHANGE IN FUND BALANCES	(389)	(25,805)	4,700,375
FUND BALANCES (DEFICIT):			
Beginning of year	389	25,805	31,009,097
End of year	\$ -	\$ -	\$ 35,709,472

(Concluded)

City of Lakewood
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
AB2766 Special Revenue Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment income, rents, and concession	\$ 3,000	\$ 3,000	\$ 3,986	\$ 986
Intergovernmental revenues	100,000	100,000	106,850	6,850
Total revenues	<u>103,000</u>	<u>103,000</u>	<u>110,836</u>	<u>7,836</u>
EXPENDITURES:				
Current:				
Transportation	10,000	10,000	10,000	-
Total expenditures	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>93,000</u>	<u>93,000</u>	<u>100,836</u>	<u>7,836</u>
OTHER FINANCING SOURCES:				
Proceed from sale of property	-	39,190	42,940	3,750
Total other financing sources	<u>-</u>	<u>39,190</u>	<u>42,940</u>	<u>3,750</u>
NET CHANGE IN FUND BALANCE	<u>\$ 93,000</u>	<u>\$ 132,190</u>	<u>143,776</u>	<u>\$ 11,586</u>
FUND BALANCE:				
Beginning of year			22,277	
End of year			<u>\$ 166,053</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, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment income, rents, and concession	\$ 3,000	\$ 3,000	\$ 2,957	\$ (43)
Intergovernmental revenues	17,000	17,000	20,281	3,281
Total revenues	<u>20,000</u>	<u>20,000</u>	<u>23,238</u>	<u>3,238</u>
EXPENDITURES:				
Current:				
Health and sanitation	\$ 111,996	\$ 97,062	\$ 93,646	\$ 3,416
Total expenditures	<u>111,996</u>	<u>97,062</u>	<u>93,646</u>	<u>3,416</u>
NET CHANGE IN FUND BALANCE	<u>\$ (91,996)</u>	<u>\$ (77,062)</u>	(70,408)	<u>\$ 6,654</u>
FUND BALANCE:				
Beginning of year			125,177	
End of year			<u>\$ 54,769</u>	

City of Lakewood
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
CA Natural Resources Agency Grant Special Revenue Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental revenues	\$ 2,000,000	\$ -	\$ -	\$ -
Total revenues	<u>2,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES:				
Capital outlay:				
Culture and leisure	-	1,999,461	-	1,999,461
Total expenditures	<u>-</u>	<u>1,999,461</u>	<u>-</u>	<u>1,999,461</u>
NET CHANGE IN FUND BALANCE	<u>\$ 2,000,000</u>	<u>\$ (1,999,461)</u>	<u>-</u>	<u>\$ 1,999,461</u>
FUND BALANCE (DEFICIT):			-	
Beginning of year			(539)	
End of year			<u>\$ (539)</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, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment income, rents, and concession	\$ 3,000	\$ 3,000	\$ 21	\$ (2,979)
Intergovernmental revenues	500,000	500,000	524,183	24,183
Total revenues	<u>503,000</u>	<u>503,000</u>	<u>524,204</u>	<u>21,204</u>
EXPENDITURES:				
Current:				
General government	3,000	3,000	3,858	(858)
Community development	173,900	173,900	129,997	43,903
Culture and leisure	95,443	95,443	109,507	(14,064)
Capital outlay:				
Community development	40,200	1,288,248	319,796	968,452
Total expenditures	<u>312,543</u>	<u>1,560,591</u>	<u>563,158</u>	<u>997,433</u>
NET CHANGE IN FUND BALANCE	<u>\$ 190,457</u>	<u>\$ (1,057,591)</u>	<u>(38,954)</u>	<u>\$ 1,018,637</u>
FUND BALANCE:				
Beginning of year			357,472	
End of year			<u>\$ 318,518</u>	

City of Lakewood
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
JAG Grant Special Revenue Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental revenues	\$ 20,043	\$ 38,523	\$ 20,043	\$ (18,480)
Total revenues	<u>20,043</u>	<u>38,523</u>	<u>20,043</u>	<u>(18,480)</u>
EXPENDITURES:				
Current:				
General government	20,050	38,530	20,043	18,487
Total expenditures	<u>20,050</u>	<u>38,530</u>	<u>20,043</u>	<u>18,487</u>
NET CHANGES IN FUND BALANCE	<u>\$ (7)</u>	<u>\$ (7)</u>	-	<u>\$ 7</u>
FUND BALANCE:				
Beginning of year			-	
End of year			<u>\$ -</u>	

City of Lakewood
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
LA County Measure M Special Revenue Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment income, rents, and concession	\$ 70,000	\$ 200,000	\$ 306,466	\$ 106,466
Intergovernmental revenues	1,589,510	1,589,510	1,482,070	(107,440)
Total revenues	<u>1,659,510</u>	<u>1,789,510</u>	<u>1,788,536</u>	<u>(974)</u>
EXPENDITURES:				
Current:				
Transportation	175,000	175,000	124,515	50,485
Capital outlay:				
Transportation	117,520	5,594,908	1,528,550	4,066,358
Total expenditures	<u>292,520</u>	<u>5,769,908</u>	<u>1,653,065</u>	<u>4,116,843</u>
NET CHANGE IN FUND BALANCE	<u>\$ 1,366,990</u>	<u>\$ (3,980,398)</u>	135,471	<u>\$ 4,115,869</u>
FUND BALANCE:				
Beginning of year			6,791,706	
End of year			<u>\$ 6,927,177</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, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment income, rents, and concession	\$ 60,000	\$ 150,000	\$ 235,489	\$ 85,489
Intergovernmental revenues	1,402,510	1,402,510	1,308,132	(94,378)
Total revenues	<u>1,462,510</u>	<u>1,552,510</u>	<u>1,543,621</u>	<u>(8,889)</u>
EXPENDITURES:				
Current:				
Transportation	881,407	892,408	421,306	471,102
Capital outlay:				
Transportation	167,520	3,284,535	207,650	3,076,885
Total expenditures	<u>1,048,927</u>	<u>4,176,943</u>	<u>628,956</u>	<u>3,547,987</u>
NET CHANGE IN FUND BALANCE	<u>\$ 413,583</u>	<u>\$ (2,624,433)</u>	914,665	<u>\$ 3,539,098</u>
FUND BALANCE:				
Beginning of year			4,971,317	
End of year			<u>\$ 5,885,982</u>	

City of Lakewood
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Measure W Special Revenue Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment income, rents, and concession	\$ 50,000	\$ 126,000	\$ 186,724	\$ 60,724
Intergovernmental revenues	1,550,066	1,550,789	1,099,338	(451,451)
Total revenues	<u>1,600,066</u>	<u>1,676,789</u>	<u>1,286,062</u>	<u>(390,727)</u>
EXPENDITURES:				
Current:				
Transportation	545,828	680,624	507,137	173,487
Culture and leisure	50,000	64,050	43,464	20,586
Total expenditures	<u>595,828</u>	<u>744,674</u>	<u>550,601</u>	<u>194,073</u>
NET CHANGE IN FUND BALANCE	<u>\$ 1,004,238</u>	<u>\$ 932,115</u>	735,461	<u>\$ (196,654)</u>
FUND BALANCE:				
Beginning of year			3,685,954	
End of year			<u>\$ 4,421,415</u>	

City of Lakewood
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Miscellaneous Special Revenue Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental revenues	\$ 610,011	\$ 413,821	\$ 367,787	\$ (46,034)
Total revenues	<u>610,011</u>	<u>413,821</u>	<u>367,787</u>	<u>(46,034)</u>
EXPENDITURES:				
Current:				
General government	67,500	53,861	40,269	13,592
Public safety	150,000	132,600	125,647	6,953
Health and sanitation	215,635	4,446	4,795	(349)
Capital outlay:				
General government	-	226,876	226,876	-
Total expenditures	<u>433,135</u>	<u>417,783</u>	<u>397,587</u>	<u>20,196</u>
NET CHANGE IN FUND BALANCE	<u>\$ 176,876</u>	<u>\$ (3,962)</u>	<u>(29,800)</u>	<u>\$ (25,838)</u>
FUND BALANCE:				
Beginning of year			112,254	
End of year			<u>\$ 82,454</u>	

City of Lakewood
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Open Space Special Revenue Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental revenues	\$ 978,281	\$ 917,682	\$ 917,681	\$ (1)
Total revenues	<u>978,281</u>	<u>917,682</u>	<u>917,681</u>	<u>(1)</u>
EXPENDITURES:				
Capital outlay:				
Culture and leisure	-	1,025,347	907,142	118,205
Total expenditures	<u>-</u>	<u>1,025,347</u>	<u>907,142</u>	<u>118,205</u>
NET CHANGE IN FUND BALANCE	<u>\$ 978,281</u>	<u>\$ (107,665)</u>	10,539	<u>\$ 118,204</u>
FUND BALANCE (DEFICIT):				
Beginning of year			(10,539)	
End of year			<u>\$ -</u>	

City of Lakewood
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Park Dedication Special Revenue Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes	\$ 27,000	\$ 43,230	\$ 44,880	\$ 1,650
Total revenues	<u>27,000</u>	<u>43,230</u>	<u>44,880</u>	<u>1,650</u>
NET CHANGE IN FUND BALANCE	<u>\$ 27,000</u>	<u>\$ 43,230</u>	44,880	<u>\$ 1,650</u>
FUND BALANCE:				
Beginning of year			220,561	
End of year			<u>\$ 265,441</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, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental revenues	\$ 37,000	\$ 38,060	\$ 38,059	\$ (1)
Total revenues	<u>37,000</u>	<u>38,060</u>	<u>38,059</u>	<u>(1)</u>
EXPENDITURES:				
Current:				
Culture and leisure	66,990	66,990	34,329	32,661
Total expenditures	<u>66,990</u>	<u>66,990</u>	<u>34,329</u>	<u>32,661</u>
NET CHANGE IN FUND BALANCE	<u>\$ (29,990)</u>	<u>\$ (28,930)</u>	3,730	<u>\$ 32,660</u>
FUND BALANCE (DEFICIT):				
Beginning of year			(28,762)	
End of year			<u>\$ (25,032)</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, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes	\$ 2,254,460	\$ 2,254,460	\$ 2,103,138	\$ (151,322)
Investment income, rents, and concession	31,000	75,000	80,743	5,743
Total revenues	<u>2,285,460</u>	<u>2,329,460</u>	<u>2,183,881</u>	<u>(145,579)</u>
EXPENDITURES:				
Current:				
General government	23,218	25,633	23,530	2,103
Transportation	2,340,475	2,374,425	2,372,035	2,390
Community development	4,900	4,500	-	4,500
Capital outlay:				
Transportation	-	125,000	-	125,000
Total expenditures	<u>2,368,593</u>	<u>2,529,558</u>	<u>2,395,565</u>	<u>133,993</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(83,133)</u>	<u>(200,098)</u>	<u>(211,684)</u>	<u>(279,572)</u>
OTHER FINANCING USES:				
Transfers out	-	-	(97,567)	97,567
Total other financing uses	<u>-</u>	<u>-</u>	<u>(97,567)</u>	<u>97,567</u>
NET CHANGE IN FUND BALANCE	<u>\$ (83,133)</u>	<u>\$ (200,098)</u>	<u>(309,251)</u>	<u>\$ (109,153)</u>
FUND BALANCE:				
Beginning of year			<u>1,871,729</u>	
End of year			<u>\$ 1,562,478</u>	

City of Lakewood
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Prop A Incentive NTD Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
EXPENDITURES:				
Current:				
Transportation	\$ -	\$ -	\$ 11,200	\$ (11,200)
Total expenditures	<u>-</u>	<u>-</u>	<u>11,200</u>	<u>(11,200)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>(11,200)</u>	<u>11,200</u>
OTHER FINANCING SOURCES:				
Transfers in	-	-	97,567	(97,567)
Total other financing sources	<u>-</u>	<u>-</u>	<u>97,567</u>	<u>(97,567)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>86,367</u>	<u>\$ 86,367</u>
FUND BALANCE:				
Beginning of year			<u>-</u>	
End of year			<u>\$ 86,367</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, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes	\$ 1,870,010	\$ 1,870,010	\$ 1,744,500	\$ (125,510)
Investment income, rents, and concession	60,000	160,000	260,823	100,823
Total revenues	<u>1,930,010</u>	<u>2,030,010</u>	<u>2,005,323</u>	<u>(24,687)</u>
EXPENDITURES:				
Current:				
Transportation	985,137	692,482	620,825	71,657
Capital outlay:				
Transportation	-	5,439,391	209,390	5,230,001
Total expenditures	<u>985,137</u>	<u>6,131,873</u>	<u>830,215</u>	<u>5,301,658</u>
NET CHANGE IN FUND BALANCE	<u>\$ 944,873</u>	<u>\$ (4,101,863)</u>	1,175,108	<u>\$ 5,276,971</u>
FUND BALANCE:				
Beginning of year			<u>5,410,990</u>	
End of year			<u>\$ 6,586,098</u>	

City of Lakewood
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Permanent Local Housing Allocation Program ("PLHA") Grant Special Revenue Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental revenues	\$ 50,620	\$ 1,152,783	\$ 26,423	\$ (1,126,360)
Total revenues	<u>50,620</u>	<u>1,152,783</u>	<u>26,423</u>	<u>(1,126,360)</u>
EXPENDITURES:				
Current:				
Community development	50,620	27,080	26,423	657
Total expenditures	<u>50,620</u>	<u>27,080</u>	<u>26,423</u>	<u>657</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ 1,125,703</u>	-	<u>\$ (1,125,703)</u>
FUND BALANCE:				
Beginning of year			-	
End of year			<u>\$ -</u>	

City of Lakewood
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Road Maintenance and Rehab Account Special Revenue Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment income, rents, and concession	\$ -	\$ -	\$ 354,579	\$ 354,579
Intergovernmental revenues	1,900,000	2,151,774	2,245,702	93,928
Total revenues	<u>1,900,000</u>	<u>2,151,774</u>	<u>2,600,281</u>	<u>448,507</u>
EXPENDITURES:				
Current:				
Transportation	780,000	780,000	715,832	64,168
Capital outlay:				
Transportation	-	8,037,790	8,263	8,029,527
Total expenditures	<u>780,000</u>	<u>8,817,790</u>	<u>724,095</u>	<u>8,093,695</u>
NET CHANGE IN FUND BALANCE	<u>\$ 1,120,000</u>	<u>\$ (6,666,016)</u>	1,876,186	<u>\$ 8,542,202</u>
FUND BALANCE:				
Beginning of year			<u>7,274,244</u>	
End of year			<u>\$ 9,150,430</u>	

City of Lakewood
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Sewer Reconstruction Special Revenue Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
License and permits	\$ 300	\$ 300	\$ 227	\$ (73)
Total revenues	<u>300</u>	<u>300</u>	<u>227</u>	<u>(73)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 300</u>	<u>\$ 300</u>	227	<u>\$ (73)</u>
FUND BALANCE:				
Beginning of year			111,932	
End of year			<u>\$ 112,159</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, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment income, rents, and concession	\$ 3,000	\$ 5,000	\$ 6,296	\$ 1,296
Intergovernmental revenues	220,000	244,000	241,766	(2,234)
Total revenues	<u>223,000</u>	<u>249,000</u>	<u>248,062</u>	<u>(938)</u>
EXPENDITURES:				
Current:				
Public safety	200,000	200,000	200,000	-
Total expenditures	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ 23,000</u>	<u>\$ 49,000</u>	48,062	<u>\$ (938)</u>
FUND BALANCE:				
Beginning of year			67,130	
End of year			<u>\$ 115,192</u>	

City of Lakewood
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
State Gasoline Tax Special Revenue Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment income, rents, and concession	\$ 20,000	\$ 40,000	\$ 58,179	\$ 18,179
Intergovernmental revenues	2,258,500	2,332,977	2,279,384	(53,593)
Total revenues	<u>2,278,500</u>	<u>2,372,977</u>	<u>2,337,563</u>	<u>(35,414)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,278,500)</u>	<u>(2,372,977)</u>	<u>(2,337,563)</u>	<u>35,414</u>
OTHER FINANCING (USES):				
Transfers out	(2,278,500)	(2,278,500)	(2,337,563)	(59,063)
Total other financing (uses)	<u>(2,278,500)</u>	<u>(2,278,500)</u>	<u>(2,337,563)</u>	<u>59,063</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ 94,477</u>	<u>-</u>	<u>\$ (94,477)</u>
FUND BALANCE:				
Beginning of year			-	
End of year			<u>\$ -</u>	

City of Lakewood
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
TDA Article Grant Special Revenue Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment income, rents, and concession	\$ 50	\$ 50	\$ 14	\$ (36)
Intergovernmental revenues	82,300	82,300	82,311	11
Total revenues	<u>82,350</u>	<u>82,350</u>	<u>82,325</u>	<u>(25)</u>
EXPENDITURES:				
Capital outlay:				
Transportation	82,350	82,720	82,714	6
Total expenditures	<u>82,350</u>	<u>82,720</u>	<u>82,714</u>	<u>6</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ (370)</u>	(389)	<u>\$ (19)</u>
FUND BALANCE:				
Beginning of year			389	
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, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental revenues	\$ 11,316	\$ 11,316	\$ 11,467	\$ 151
Total revenues	<u>11,316</u>	<u>11,316</u>	<u>11,467</u>	<u>151</u>
EXPENDITURES:				
Current:				
Health and sanitation	11,316	696	11,175	(10,479)
Total expenditures	<u>11,316</u>	<u>696</u>	<u>11,175</u>	<u>(10,479)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>10,620</u>	<u>292</u>	<u>10,630</u>
OTHER FINANCING (USES):				
Transfers out	-	-	(26,097)	(26,097)
Total other financing (uses)	<u>-</u>	<u>-</u>	<u>(26,097)</u>	<u>26,097</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ 10,620</u>	<u>(25,805)</u>	<u>\$ (36,425)</u>
FUND BALANCE:				
Beginning of year			25,805	
End of year			<u>\$ -</u>	

STATISTICAL SECTION



City of Lakewood
Description of Statistical Section Contents
June 30, 2025

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

Contents:	Pages
Financial Trends - These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	156-165
Revenue Capacity - These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	167-175
Debt Capacity - These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.	176-183
Demographic and Economic Information - These schedules offer demographics and economic indicators to help the reader understand the environment within which the City's financial activities take place.	184
Operating Information - These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report related to the services the City provides and activities it performs.	185-189

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

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

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

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

	Fiscal Year				
	2021	2022	2023	2024**	2025
Government activities:					
Net investment in capital assets	\$ 115,207,736	\$ 118,073,852	\$ 121,076,026	\$ 125,001,849	\$ 130,340,973
Restricted	36,051,636	38,566,384	41,623,987	40,965,862	47,257,791
Unrestricted	21,717,181	37,163,986	55,003,027	74,476,774	82,270,526
Total governmental activities net position	<u>\$ 172,976,553</u>	<u>\$ 193,804,222</u>	<u>\$ 217,703,040</u>	<u>\$ 240,444,485</u>	<u>\$ 259,869,290</u>
Business-type activities:					
Net investment in capital assets	\$ 27,173,204	\$ 27,686,379	\$ 27,470,407	\$ 31,927,110	\$ 30,599,968
Restricted	-	-	-	-	119,450
Unrestricted	14,792,197	14,779,213	15,583,527	12,777,680	16,925,151
Total business-type activities net position	<u>\$ 41,965,401</u>	<u>\$ 42,465,592</u>	<u>\$ 43,053,934</u>	<u>\$ 44,704,790</u>	<u>\$ 47,644,569</u>
Primary government:					
Net investment in capital assets	\$ 142,380,940	\$ 145,760,231	\$ 148,546,433	\$ 156,928,959	\$ 160,940,941
Restricted	36,051,636	38,566,384	41,623,987	40,965,862	47,377,241
Unrestricted	36,509,378	51,943,199	70,586,554	87,254,454	99,195,677
Total primary government net position	<u>\$ 214,941,954</u>	<u>\$ 236,269,814</u>	<u>\$ 260,756,974</u>	<u>\$ 285,149,275</u>	<u>\$ 307,513,859</u>

** 2024 unrestricted net positions are restated as result of implementation of GASB Statement No. 101.

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

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

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

	Fiscal Year				
	2021	2022	2023	2024	2025
Expenses:					
Governmental Activities:					
General government	\$ 11,542,121	\$ 9,982,626	\$ 11,937,554	\$ 14,693,300	\$ 16,649,381
Public Safety	16,955,187	17,505,002	19,143,257	19,847,784	21,716,420
Transportation	6,551,094	6,503,537	7,344,923	9,196,277	8,857,706
Community development	6,018,023	5,291,189	6,852,859	11,541,397	9,711,914
Health and sanitation	5,705,506	6,083,718	6,601,028	7,018,202	7,524,212
Culture and leisure	14,449,389	13,651,705	15,790,357	16,854,174	14,284,375
Unallocated infrastructure depreciation	2,772,636	2,723,750	2,853,732	2,960,331	2,852,149
Interest on long-term debt	25,131	6,525	11,291	7,388	223,514
Total governmental activities expenses	<u>64,019,087</u>	<u>61,748,052</u>	<u>70,535,001</u>	<u>82,118,853</u>	<u>81,819,671</u>
Business-type activities:					
Water	<u>10,534,148</u>	<u>11,481,342</u>	<u>11,752,016</u>	<u>10,916,222</u>	<u>11,119,465</u>
Total primary government expenses	<u>\$ 74,553,235</u>	<u>\$ 73,229,394</u>	<u>\$ 82,287,017</u>	<u>\$ 93,035,075</u>	<u>\$ 92,939,136</u>
Program revenues:					
Governmental activities:					
Charges for services:					
General government	\$ 1,549,999	\$ 1,450,370	\$ 2,701,247	\$ 1,471,591	\$ 1,204,600
Public safety	721,881	838,925	413,873	393,394	419,290
Community development	1,890,846	1,962,283	3,164,754	2,984,948	3,301,936
Health and sanitation	6,332,537	6,483,492	7,145,242	7,530,143	8,130,286
Culture and leisure	578,668	1,232,960	1,738,400	2,290,947	1,898,804
Operating grants and contributions	13,234,375	13,575,994	16,264,335	26,237,087	16,195,885
Capital grants and contributions	10,424,134	2,957,680	2,532,217	1,534,046	4,208,826
Total governmental activities program revenues	<u>34,732,440</u>	<u>28,501,704</u>	<u>33,960,068</u>	<u>42,442,156</u>	<u>35,359,627</u>
Business-type activities:					
Charges for services:					
Water	13,965,629	13,787,798	13,497,514	12,992,428	15,133,110
Operating grants and contributions	-	-	-	734,065	-
Total business-type activities program revenues	<u>13,965,629</u>	<u>13,787,798</u>	<u>13,497,514</u>	<u>13,726,493</u>	<u>15,133,110</u>
Total primary government program revenues	<u>\$ 48,698,069</u>	<u>\$ 42,289,502</u>	<u>\$ 47,457,582</u>	<u>\$ 56,168,649</u>	<u>\$ 50,492,737</u>
Net revenues (expenses):					
Governmental activities	\$ (29,286,647)	\$ (33,246,348)	\$ (36,574,933)	\$ (39,676,697)	\$ (46,460,044)
Business-type activities	<u>3,431,481</u>	<u>2,306,456</u>	<u>1,745,498</u>	<u>2,810,271</u>	<u>4,013,645</u>
Total net revenues (expenses)	<u>\$ (25,855,166)</u>	<u>\$ (30,939,892)</u>	<u>\$ (34,829,435)</u>	<u>\$ (36,866,426)</u>	<u>\$ (42,446,399)</u>

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

	Fiscal Year				
	2016	2017	2018	2019	2020
General revenues and other changes in net position:					
Governmental activities:					
Taxes:					
Sales taxes	\$ 15,961,352	\$ 14,133,828	\$ 14,303,519	\$ 14,635,987	\$ 13,555,147
Property taxes	12,747,876	13,039,739	13,795,722	14,637,510	15,657,307
Franchise taxes	1,699,343	1,430,601	1,598,487	1,543,020	1,519,485
Business operation taxes	1,016,140	674,880	650,728	651,364	462,677
Utility user taxes	3,398,962	3,314,095	3,163,738	3,061,021	2,650,026
Other taxes	378,213	442,393	424,144	409,432	469,328
Gain on sale of property	-	114,000	-	77,715	-
Transfers in	-	-	-	-	-
Investment income (loss)	482,676	459,477	274,743	1,833,314	2,228,072
Total governmental activities	<u>35,684,562</u>	<u>33,609,013</u>	<u>34,211,081</u>	<u>36,849,363</u>	<u>36,542,042</u>
Business-type activities:					
Gain on sale of capital assets	-	1,035,021	-	-	-
Transfers out	-	-	-	-	-
Investment income	100,188	131,040	182,728	254,365	281,857
Total business-type activities	<u>100,188</u>	<u>1,166,061</u>	<u>182,728</u>	<u>254,365</u>	<u>281,857</u>
Total primary government	<u>\$ 35,784,750</u>	<u>\$ 34,775,074</u>	<u>\$ 34,393,809</u>	<u>\$ 37,103,728</u>	<u>\$ 36,823,899</u>
Changes in net position, before special item					
Governmental activities	\$ (348,547)	\$ 1,505,018	\$ 7,765,654	\$ 6,886,789	\$ 8,803,768
Business-type activities	<u>856,312</u>	<u>2,468,544</u>	<u>1,739,397</u>	<u>1,133,265</u>	<u>914,050</u>
Special item ⁽¹⁾	(1,636,193)	-	-	-	-
Changes in net position					
Governmental activities	\$ (1,984,740)	\$ 1,505,018	\$ 7,765,654	\$ 6,886,789	\$ 8,803,768
Business-type activities	<u>856,312</u>	<u>2,468,544</u>	<u>1,739,397</u>	<u>1,133,265</u>	<u>914,050</u>
Total primary government	<u>\$ (1,128,428)</u>	<u>\$ 3,973,562</u>	<u>\$ 9,505,051</u>	<u>\$ 8,020,054</u>	<u>\$ 9,717,818</u>

⁽¹⁾ Note on special item: The fiscal year 2016 special item represents the unrealized loss recognized on the City loan to the Successor Agency resulting from an interest rate recalculation in accordance with State law.

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

	Fiscal Year				
	2021	2022	2023	2024	2025
General revenues and other changes in net position:					
Governmental activities:					
Taxes:					
Sales taxes	\$ 26,182,543	\$ 31,256,373	\$ 31,642,524	\$ 31,208,121	\$ 30,843,759
Property taxes	16,600,433	16,945,351	18,058,390	18,819,630	19,446,829
Franchise taxes	1,535,167	1,582,709	1,706,982	1,722,859	1,592,476
Business operation taxes	560,252	578,867	645,799	699,707	1,021,013
Utility user taxes	3,034,416	3,361,075	3,851,673	3,836,274	3,934,710
Other taxes	541,524	582,151	404,168	409,272	780,927
Gain on sale of property	-	-	146,530	85,029	185,716
Transfers in	1,795,700	1,795,700	1,795,700	1,580,728	1,769,603
Investment income (loss)	182,662	(2,028,209)	2,221,985	4,169,777	6,309,816
Total governmental activities	<u>50,432,697</u>	<u>54,074,017</u>	<u>60,473,751</u>	<u>62,531,397</u>	<u>65,884,849</u>
Business-type activities:					
Gain on sale of capital assets	-	-	-	-	-
Transfers out	(1,795,700)	(1,795,700)	(1,795,700)	(1,580,728)	(1,769,603)
Investment income	135,094	(10,565)	638,544	426,194	695,737
Total business-type activities	<u>(1,660,606)</u>	<u>(1,806,265)</u>	<u>(1,157,156)</u>	<u>(1,154,534)</u>	<u>(1,073,866)</u>
Total primary government	<u>\$ 48,772,091</u>	<u>\$ 52,267,752</u>	<u>\$ 59,316,595</u>	<u>\$ 61,376,863</u>	<u>\$ 64,810,983</u>
Changes in net position, before special item					
Governmental activities	\$ 16,911,085	\$ 20,827,669	\$ 23,898,818	\$ 22,854,700	\$ 19,424,805
Business-type activities	<u>(1,132,454)</u>	<u>500,191</u>	<u>588,342</u>	<u>1,655,737</u>	<u>2,939,779</u>
Special item	-	-	-	-	-
Changes in net position					
Governmental activities	\$ 16,911,085	\$ 20,827,669	\$ 23,898,818	\$ 22,854,700	\$ 19,424,805
Business-type activities	<u>(1,132,454)</u>	<u>500,191</u>	<u>588,342</u>	<u>1,655,737</u>	<u>2,939,779</u>
Total primary government	<u>\$ 15,778,631</u>	<u>\$ 21,327,860</u>	<u>\$ 24,487,160</u>	<u>\$ 24,510,437</u>	<u>\$ 22,364,584</u>

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

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

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

	Fiscal Year				
	2021	2022	2023	2024	2025
General fund:					
Nonspendable	\$ 10,333,944	\$ 10,562,095	\$ 10,869,234	\$ 11,246,722	\$ 11,587,505
Restricted	-	-	-	-	10,648,964
Committed	27,296,545	30,913,516	32,671,856	36,564,625	49,651,326
Assigned	4,905,102	20,357,986	33,777,497	48,544,750	43,002,693
Unassigned	10,327,717	2,535,221	4,094,060	2,616,589	670,501
Total general fund	<u>\$ 52,863,308</u>	<u>\$ 64,368,818</u>	<u>\$ 81,412,647</u>	<u>\$ 98,972,686</u>	<u>\$ 115,560,989</u>
All other governmental funds:					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	32,367,386	37,715,646	38,803,316	40,287,661	44,291,063
Committed	-	-	1,836,455	3,147,804	2,726,714
Unassigned (deficit)	(2,228,398)	(363,859)	(184,691)	(39,840)	(25,571)
Total all other governmental funds	<u>\$ 30,138,988</u>	<u>\$ 37,351,787</u>	<u>\$ 40,455,080</u>	<u>\$ 43,395,625</u>	<u>\$ 46,992,206</u>

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

	Fiscal Year				
	2016	2017	2018	2019	2020
Revenues:					
Taxes	\$ 28,512,153	\$ 27,428,381	\$ 27,840,342	\$ 28,653,388	\$ 27,684,978
Licenses and permits	1,305,394	1,271,711	1,213,898	1,356,208	1,311,229
Fines and forfeitures	792,042	726,158	803,671	877,832	734,643
Investment income, rents and concessions	1,579,999	1,628,636	1,549,043	3,172,061	3,392,410
From other agencies	13,040,289	16,801,522	21,529,691	22,305,483	21,703,390
Current service charges	7,820,247	7,676,870	7,727,896	8,102,123	7,789,524
Other	1,319,267	1,332,492	1,296,960	1,369,123	1,066,017
Total revenues	<u>54,369,391</u>	<u>56,865,770</u>	<u>61,961,501</u>	<u>65,836,218</u>	<u>63,682,191</u>
Expenditures:					
Current:					
General government	7,469,038	7,598,738	7,775,703	7,928,367	8,241,505
Public safety	14,035,382	13,957,135	14,643,744	15,297,771	15,583,762
Transportation	4,848,633	4,794,659	4,938,424	4,994,979	5,279,004
Community development	4,877,917	5,266,588	5,448,344	5,576,834	5,544,163
Health and sanitation	4,908,103	5,064,902	5,173,879	5,406,156	5,477,528
Culture and leisure	11,356,886	11,845,756	12,296,334	12,275,314	11,886,225
Capital outlay:					
General government	60,392	71,163	125,383	201,076	-
Public safety	894,527	-	-	-	-
Transportation	2,474,885	7,838,438	6,122,168	9,821,988	7,137,458
Community Development	85,996	30,256	7,116	24,532	7,414
Culture and leisure	2,443,762	1,313,659	4,163,308	1,994,314	881,672
Debt service:					
Principal retirement	31,313	35,564	37,626	39,807	185,206
Interest and fiscal charges	15,143	14,308	12,246	10,065	28,067
Total expenditures	<u>53,501,977</u>	<u>57,831,166</u>	<u>60,744,275</u>	<u>63,571,203</u>	<u>60,252,004</u>
Excess of revenues over (under) expenditures	<u>867,414</u>	<u>(965,396)</u>	<u>1,217,226</u>	<u>2,265,015</u>	<u>3,430,187</u>
Other financing sources (uses):					
Issuance of lease payable	278,121	-	-	750,000	-
Transfers in	1,771,504	1,564,966	1,808,209	1,571,741	2,213,002
Transfers out	(1,771,504)	(1,564,966)	(1,808,209)	(1,571,741)	(2,213,002)
Proceeds from issuance of debt	-	-	-	-	-
Sale of capital assets	-	114,000	-	77,715	-
Proceeds from lease issuance	-	-	-	-	-
Total other financing sources (uses)	<u>278,121</u>	<u>114,000</u>	<u>-</u>	<u>827,715</u>	<u>-</u>
SPECIAL ITEMS:					
Gain(loss) on interest adjustment on the loans to the Successor Agency	<u>(1,636,193)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (490,658)</u>	<u>\$ (851,396)</u>	<u>\$ 1,217,226</u>	<u>\$ 3,092,730</u>	<u>\$ 3,430,187</u>
Debt service as a percentage of noncapital expenditures	0.10%	0.10%	0.10%	0.10%	0.41%

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

	Fiscal Year				
	2021	2022	2023	2024	2025
Revenues:					
Taxes	\$ 41,098,863	\$ 47,537,386	\$ 49,054,580	\$ 48,946,691	\$ 48,616,265
Licenses and permits	1,451,338	1,454,830	2,215,035	2,153,053	2,442,734
Fines and forfeitures	748,656	743,167	682,411	751,654	735,077
Investment income, rents and concessions	924,009	(1,204,812)	3,947,978	6,575,053	8,793,860
From other agencies	31,019,031	21,443,120	23,569,755	32,984,600	24,849,068
Current service charges	8,076,990	8,686,921	9,658,905	9,963,139	10,766,933
Other	1,096,083	2,661,610	3,315,184	2,339,738	2,186,171
Total revenues	<u>84,414,970</u>	<u>81,322,222</u>	<u>92,443,848</u>	<u>103,713,928</u>	<u>98,390,108</u>
Expenditures:					
Current:					
General government	10,841,466	10,940,429	11,443,139	13,153,299	16,735,265
Public safety	16,673,133	17,740,952	18,731,590	19,494,476	21,886,591
Transportation	6,008,396	7,155,428	6,985,144	8,788,922	9,306,329
Community development	5,772,175	5,583,986	6,686,615	11,267,874	10,274,123
Health and sanitation	5,706,406	6,099,067	6,468,720	6,847,261	7,528,430
Culture and leisure	12,511,815	14,249,773	14,215,149	15,286,527	14,251,194
Capital outlay:					
General government	146,425	503,288	657,821	1,216,637	271,804
Public safety	103,239	14,400	293,083	131,106	59,776
Transportation	6,675,851	3,868,435	5,560,484	2,456,184	4,983,321
Community Development	22,048	205,203	315,945	405,559	319,796
Culture and leisure	1,097,870	2,266,698	1,528,898	4,092,426	4,844,795
Debt service:					
Principal retirement	191,498	243,609	270,147	271,906	125,149
Interest and fiscal charges	21,775	16,757	12,333	8,458	2,582
Total expenditures	<u>65,772,097</u>	<u>68,888,025</u>	<u>73,169,068</u>	<u>83,420,635</u>	<u>90,589,155</u>
Excess of revenues over (under) expenditures	<u>18,642,873</u>	<u>12,434,197</u>	<u>19,274,780</u>	<u>20,293,293</u>	<u>7,800,953</u>
Other financing sources (uses):					
Issuance of lease payable	-	-	-	-	-
Transfers in	3,593,665	3,854,822	4,302,783	4,506,716	4,606,926
Transfers out	(1,797,965)	(2,059,122)	(3,695,351)	(4,384,454)	(2,837,323)
Proceeds from issuance of debt	-	-	-	-	10,500,000
Sale of capital assets	-	-	146,530	85,029	114,328
Proceeds from lease issuance	-	31,616	118,380	-	-
Total other financing sources (uses)	<u>1,795,700</u>	<u>1,827,316</u>	<u>872,342</u>	<u>207,291</u>	<u>12,383,931</u>
SPECIAL ITEMS:					
Gain(loss) on interest adjustment on the loans to the Successor Agency	-	-	-	-	-
Net change in fund balances	<u>\$ 20,438,573</u>	<u>\$ 14,261,513</u>	<u>\$ 20,147,122</u>	<u>\$ 20,500,584</u>	<u>\$ 20,184,884</u>
Debt service as a percentage of noncapital expenditures	0.37%	0.42%	0.44%	0.37%	0.16%



City of Lakewood
Major Tax Revenue By Sources
Last Ten Fiscal Years
(accrual basis of accounting)

Fiscal Year Ended June 30	Sales Taxes	Property Taxes	Franchise Taxes	Business Operation Taxes	Utility User Taxes	Other Taxes	Total
2016	\$ 15,961,352	\$ 12,747,876	\$ 1,699,343	\$ 1,016,140	\$ 3,398,962	\$ 378,213	\$ 35,201,886
2017	14,133,828	13,039,739	1,430,601	674,880	3,314,095	442,393	33,035,536
2018	14,303,519	13,795,722	1,598,487	650,728	3,163,738	424,144	33,936,338
2019	14,635,987	14,637,510	1,543,020	662,914	3,061,021	409,432	34,949,884
2020	13,555,147	15,657,307	1,519,485	462,677	2,650,026	469,328	34,313,970
2021	26,182,543	15,783,601	1,535,167	1,213,169	3,034,416	541,524	48,290,420
2022	31,256,373	16,945,351	1,582,709	578,867	3,361,075	582,151	54,306,526
2023	31,642,524	18,058,390	1,706,982	645,799	3,851,673	404,168	56,309,536
2024	31,208,121	18,819,630	1,722,859	699,707	3,836,274	409,272	56,695,863
2025	30,843,759	19,446,829	1,592,476	1,021,013	3,934,710	780,927	57,619,714

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

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

Source: HdL Companies

Based on the calendar year; therefore, the most recent year is 2024.

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

	Fiscal Years				
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Apparel Stores	\$ 69,217	\$ 120,346	\$ 105,673	\$ 97,218	\$ 96,833
General Merchandise	285,728	346,224	381,187	382,858	377,886
Food Stores	54,744	53,932	55,399	55,936	56,136
Eating and Drinking Places	166,013	206,461	228,794	234,169	244,538
Building Materials	79,150	79,143	91,515	89,668	94,736
Auto Dealers and Supplies	128,152	176,857	268,377	250,982	236,889
Service Stations	67,688	98,487	135,060	111,597	104,798
Other Retail Stores	162,233	209,987	202,119	189,181	184,582
All Other Outlets	313,924	335,951	366,192	349,303	366,488
	<u>\$ 1,326,849</u>	<u>\$ 1,627,388</u>	<u>\$ 1,834,316</u>	<u>\$ 1,760,912</u>	<u>\$ 1,762,886</u>

Source: HdL Companies

Based on the calendar year; therefore, the most recent year is 2024.

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

	Fiscal Years									
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
City Sales Tax rate	9.000%	8.750%	9.500%	9.500%	9.500%	10.250%	10.250%	10.250%	10.250%	10.500%

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

Fiscal Year Ended June 30	Secured	Nonunitary	Unsecured	Taxable Assessed Value	Total Direct Tax Rate
2016	\$ 8,155,338	258	\$ 142,831	\$ 8,298,427	0.060%
2017	8,561,782	258	136,052	8,698,092	0.060%
2018	9,028,557	225	136,546	9,165,328	0.060%
2019	9,513,618	225	141,465	9,655,308	0.060%
2020	9,983,645	226	145,044	10,128,915	0.060%
2021	10,474,857	226	143,457	10,618,540	0.060%
2022	10,913,386	1	129,486	11,042,873	0.060%
2023	11,574,142	1	140,919	11,715,062	0.060%
2024	12,124,727	1	154,954	12,279,682	0.598%
2025	12,660,153	1	165,876	12,826,030	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>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
City Direct Rates:										
City basic rate	\$ 0.0604	\$ 0.0603	\$ 0.0602	\$ 0.0602	\$ 0.0601	\$ 0.0600	\$ 0.0600	\$ 0.0599	\$ 0.0598	\$ 0.0597
Overlapping Rates:										
Los Angeles County	-	-	-	-	-	-	-	-	-	-
School Districts	0.3101	0.4015	0.5274	0.5233	0.6309	0.5320	0.5346	0.5425	0.5836	0.5881
Sanitation and Water	-	-	-	-	-	-	-	-	-	-
Water Districts	0.0035	0.0035	0.0035	0.0035	0.0035	0.0035	0.0035	0.0035	0.0035	0.0070
Other	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>
Total Direct Rate	<u>\$ 1.3706</u>	<u>\$ 1.4619</u>	<u>\$ 1.5876</u>	<u>\$ 1.5870</u>	<u>\$ 1.6944</u>	<u>\$ 1.5955</u>	<u>\$ 1.5981</u>	<u>\$ 1.6059</u>	<u>\$ 1.6468</u>	<u>\$ 1.6548</u>

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

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

	2025		2016	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
<u>Taxpayer</u>				
Macerich Lakewood LLC	\$ 416,976,140	3.25%	\$ 359,386,955	4.33%
B9 MF 12350 DEL AMO LLC	147,667,507	1.15%	N/A	N/A
Lakewood Manor Apartments LLC	104,106,034	0.81%	87,150,393	1.05%
The Regents	65,640,791	0.51%	N/A	N/A
Lakewood Marketplace LLC	45,171,759	0.35%	38,166,005	0.46%
May Company Department Stores	39,537,574	0.31%	34,123,276	0.41%
Douglas Park Associates IV LLC	39,052,454	0.30%	N/A	N/A
Carwood Center LLC	37,281,223	0.29%	31,640,274	0.38%
The 5800 Apartment Homes LLC	35,871,661	0.28%	N/A	N/A
Regency Center LLC	35,785,653	0.28%	29,125,890	0.35%
Total	<u>\$ 967,090,796</u>	<u>7.53%</u>	<u>\$ 579,592,793</u>	<u>7.0%</u>

Note: The amounts shown above include assessed value data for both the City and the Redevelopment Agency. There are companies shown in 2025 that were not in Lakewood in 2016; thus, the N/A value in the 2016 columns.



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
2016	\$ 4,553,569	\$ 4,452,399	97.78%	\$ 101,169	\$ 4,553,568	100.00%
2017	4,613,693	4,456,610	96.60%	157,083	4,613,693	100.00%
2018	4,960,161	4,808,236	96.94%	151,925	4,960,161	100.00%
2019	5,235,071	5,104,779	97.51%	130,292	5,235,071	100.00%
2020	5,406,685	5,286,360	97.77%	120,325	5,406,685	100.00%
2021	5,716,914	5,557,978	97.22%	158,936	5,716,914	100.00%
2022	5,943,809	5,615,340	94.47%	328,469	5,943,809	100.00%
2023	6,496,145	6,158,370	94.80%	337,775	6,496,145	100.00%
2024	6,597,752	6,280,152	95.19%	317,600	6,597,752	100.00%
2025	6,691,120	6,517,582	97.41%	173,538	6,691,120	100.00%

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

Governmental-Activities				
Fiscal Year Ended June 30	Capital Financing Program	Lease Payable	SBITA Payable	Total Governmental Activities
2016	\$ -	\$ 246,808	\$ -	\$ 246,808
2017	-	211,244	-	211,244
2018	-	173,617	-	173,617
2019	-	883,811	-	883,811
2020	-	698,605	-	698,605
2021	-	507,107	-	507,107
2022	-	460,465	115,020	575,485
2023	-	264,466	159,252	423,718
2024	-	60,475	91,337	151,812
2025	10,500,000	8,585	18,078	10,526,663

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

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

Business-type Activities							
Water Revenue Bonds	Loan Payable to Water Replacement District	Lease Payable	SBITA Payable	Total Business-type Activities	Total Primary Government	Percentage of Personal Income ⁽¹⁾	Debt Per Capita ⁽¹⁾
\$ -	\$ 789,921	\$ 1,762,532	\$ -	\$ 2,552,453	\$ 2,799,261	0.12%	35
-	592,441	10,494,954	-	11,087,395	11,298,639	0.45%	139
-	394,961	10,139,347	-	10,534,308	10,707,925	0.42%	132
-	197,480	9,378,045	-	9,575,525	10,459,336	0.38%	131
-	-	8,594,758	-	8,594,758	9,293,363	0.34%	116
-	-	7,788,848	-	7,788,848	8,295,955	0.29%	103
-	-	6,959,657	561,570	7,521,227	8,096,712	0.23%	93
-	-	6,106,508	414,611	6,521,119	6,944,837	0.20%	87
-	-	5,506,717	257,433	5,764,150	5,915,962	0.17%	74
-	-	4,888,614	88,263	4,976,877	15,503,540	0.43%	192

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



City of Lakewood
Direct and Overlapping Debt
As of June 30, 2025

Total Assessed Valuation		<u><u>\$12,826,031,757</u></u>	
	<u>Percentage Applicable ¹</u>	<u>Outstanding Debt 06/30/25</u>	<u>Estimated Share of Overlapping Debt</u>
Overlapping Debt:			
Metropolitan Water District	0.315	\$ 17,155,000	\$ 54,038
Cerritos Community College District	7.159	510,110,300	36,518,796
Compton Community College District	2.522	140,875,266	3,552,874
Long Beach Community College District	8.326	522,659,800	43,516,655
ABC Unified School District	10.281	175,060,042	17,997,923
Bellflower Unified School District	27.979	68,220,000	19,087,274
Long Beach Unified School District	8.325	1,612,000,158	134,199,013
Paramount Unified School District	9.028	173,576,371	15,670,475
Total overlapping debt		<u>\$ 3,219,656,937</u>	<u>\$ 270,597,048</u>
City Direct Debt:			
Capital financing program	100.000%	10,500,000	10,500,000
Lease payable	100.000%	8,585	8,585
SBITA payable	100.000%	18,078	<u>18,078</u>
Total Direct and Overlapping Debt			<u><u>\$ 281,123,711</u></u>

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

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

City of Lakewood
Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Years				
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Assessed valuation (In thousands)	\$ 8,298,427	\$ 8,698,092	\$ 9,165,328	\$ 9,655,309	\$ 10,128,915
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit (In thousands)	1,244,764	1,304,714	1,374,799	1,448,296	1,448,296
Total net debt applicable to the limit:					
General obligation bonds (In thousands)	-	-	-	-	-
Legal debt margin (In thousands)	<u>\$ 1,244,764</u>	<u>\$ 1,304,714</u>	<u>\$ 1,374,799</u>	<u>\$ 1,448,296</u>	<u>\$ 1,448,296</u>
Total debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	0.0%	0.0%	0.0%

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

The City of Lakewood has no general bonded indebtedness.

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

	Fiscal Years				
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Assessed valuation (In thousands)	\$ 10,618,540	\$ 11,042,873	\$ 11,715,062	\$ 12,279,682	\$ 12,826,030
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit (In thousands)	1,592,781	-	1,757,259	1,841,952	1,923,905
Total net debt applicable to the limit:					
General obligation bonds (In thousands)	-	-	-	-	-
Legal debt margin (In thousands)	<u>\$ 1,592,781</u>	<u>\$ -</u>	<u>\$ 1,757,259</u>	<u>\$ 1,841,952</u>	<u>\$ 1,923,905</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					
	Less: ¹		Net			Coverage
	Water Revenue	Operating Expenses	Available Revenue	Debt Service		
				Principal	Interest	
2016	\$ 10,931	\$ 7,849	\$ 3,082	\$ 687	\$ 67	4.09
2017	10,873	7,280	3,593	233	45	12.92
2018	13,004	9,589	3,415	233	38	12.60
2019	13,355	10,473	2,882	245	32	10.40
2020	12,869	10,112	2,757	251	27	9.92
2021	13,965	8,313	5,652	257	20	20.40
2022	13,787	9,286	4,501	271	7	16.19
2023	13,497	9,479	4,018	-	-	100.00
2024	12,992	8,524	4,468	-	-	100.00
2025	15,828	8,492	7,336	-	-	100.00

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

Fiscal Year Ended June 30	Tax Allocation Bonds				
	Tax Increment	Debt Service		Coverage	
		Principal	Interest		
2016	\$ 1,430	\$ 1,265	\$ 165	1.00	
2017	1,432	1,330	102	1.00	
2018	1,425	1,390	35	1.00	
2019	-	-	-	-	
2020	-	-	-	-	
2021	-	-	-	-	
2022	-	-	-	-	
2023	-	-	-	-	
2024	-	-	-	-	
2025	-	-	-	-	

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements. The City had no outstanding tax allocation bonds, and therefore no related pledged-revenue coverage, after fiscal year 2018. Operating expenses do not include interest, depreciation, or amortization expenses.

City of Lakewood
Demographic and Economic Statistics
Last Ten Calendar Years

Calendar Year	Population (1)	Personal Income (thousands of dollars) (2)	Per Capita Personal Income (2)	Unemployment Rate (3)
2015	78,471	\$ 2,426,233	\$ 30,918	5.2%
2016	79,272	2,406,040	30,351	4.0%
2017	81,179	2,490,791	30,682	3.3%
2018	81,352	2,579,207	31,704	4.4%
2019	79,919	2,743,438	34,327	4.1%
2020	80,218	2,836,725	35,362	12.2%
2021	80,876	2,909,229	35,971	8.3%
2022	80,154	3,184,601	39,731	4.3%
2023	80,162	3,511,442	43,804	4.3%
2024	80,596	3,578,185	44,396	5.1%

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

<u>Division</u>	<u>Fiscal Years</u>									
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
City Administration	30	30	29	29	29	13	13	16	15	18
Communications						12	11	7	12	10
City Clerk	2	2	2	2	2	2	2	5	2	2
Administrative Services	21	21	20	20	20	23	22	21	23	23
Community Development	14	14	14	14	13	14	14	15	14	14
Public Safety						7	7	7	8	8
Public Works	32	32	32	32	32	33	30	33	34	35
Recreation and Community Services	62	62	61	61	58	59	58	60	61	60
Water Resources	<u>19</u>	<u>19</u>	<u>17</u>	<u>17</u>	<u>17</u>	<u>17</u>	<u>15</u>	<u>17</u>	<u>17</u>	<u>16</u>
Total	<u>180</u>	<u>180</u>	<u>175</u>	<u>175</u>	<u>171</u>	<u>180</u>	<u>172</u>	<u>181</u>	<u>186</u>	<u>186</u>

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

City of Lakewood
Operating Indicators by Function
Last Ten Fiscal Years

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

*Includes both residential and commercial permits.

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

	Fiscal Years				
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Public works:					
Street resurfacing (miles)	-	9.4	9.0	-	-
Recreation and community services:					
Number of recreation classes	3,608	1,365	1,397	1,483	1,184
Number of facility rentals	539***	1,356	1,402	1,315	1,098
Water					
New connections	8	14	34	16	16
Number of consumers	20,159	20,123	20,178	20,185	20,027
Average daily consumption (thousands of gallons)	5,988	5,986	5,667	5,611	6,155
Community development					
Number of building permits issued *	3,960	4,111	4,953	4,065	4,246

*Includes both residential and commercial permits.

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

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

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

	Fiscal Years				
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Public works:					
Streets (miles)	196	196	196	196	196
Streetlights	6,654	6,654	6,654	6,654	6,654
Recreation and community services:					
Number of recreation facilities	13	13	13	13	13
Acreage of facilities	189	189	189	189	189
Number of pools	2	2	2	2	2
Water					
Water mains (miles)	195	195	195	195	195
Wastewater					
Sewers (miles)	167	167	167	167	167

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

	Fiscal Years				
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</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	189	189	189	189
Number of pools	2	2	2	2	2
Water					
Water mains (miles)	195	195	195	195	195
Wastewater					
Sewers (miles)	167	167	167	167	167



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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (“*Government Auditing Standards*”), the financial statements of the City of Lakewood, California (the “City”), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated November 26, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

To the Honorable Mayor and the Members of the City Council
of the City of Lakewood
Lakewood, California
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Report on Compliance and Other Matters

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

Purpose of this Report

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

The PwC Group, LLP

Santa Ana, California
November 26, 2025