



CITY OF LOMITA

COMPREHENSIVE ANNUAL FINANCIAL REPORT YEAR ENDED JUNE 30, 2017



CITY OF LOMITA,
CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year Ended June 30, 2017



Prepared by: The Administrative Services Department

Susan Kamada, Administrative Services Director

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Year Ended June 30, 2017

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CITY COUNCIL

MARK WARONEK
MICHAEL G. SAVIDAN
JIM GAZELEY
HENRY SANCHEZ JR.
BEN TRAINA



ADMINISTRATION

RYAN SMOOT
CITY MANAGER

CITY OF LOMITA

December 19, 2017

Honorable Mayor,
Members of the City Council,
and Citizens of Lomita

COMPREHENSIVE ANNUAL FINANCIAL REPORT FISCAL YEAR 2016-2017 LETTER OF TRANSMITTAL

It is with great pleasure that we present to you the City of Lomita's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2017. This report complies with the most recent financial reporting model developed by the Governmental Accounting Standards Board (GASB) Statement 34 and Generally Accepted Accounting Principles (GAAP). The most recent financial reporting model is intended to improve financial accountability by adding significant information not previously available in local government financial statements. The City's implementation of the most recent model enables the City Council and residents of Lomita to become more aware of the City's financial condition and the information contained in its annual financial statements.

This report was prepared by the Administrative Services Department in conformity with GAAP and has been audited in accordance with Generally Accepted Auditing Standards (GAAS) by a firm of licensed Certified Public Accountants. Our audit firm, Gruber and Associates is registered with the California State Board of Accountancy and, therefore, because of this, the City's auditors follow the same required rigor and quality control standards of all firms who are registered with the State. The report contains management's representation of the finances of the City. Consequently, responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed information is accurate in all material respects and is reported in a manner designed to present fairly the financial position of the City. All disclosures necessary to enable an understanding of the City's financial activities have been included.

This CAFR includes the financial activity for all funds of the City. The City provides its citizens a wide range of services either directly or through contractual arrangements including public safety, planning, building, public works, water utility, engineering, parks and recreation, and general management.

In addition to the fund-by-fund financial information presented in the City's financial statements, also included are government-wide financial statements. The government-wide financial statements, required by GASB 34, include a Statement of Net Position that provides the total net equity of the City including its infrastructure assets. The Statement of Activities illustrates the cost of providing government services.

its infrastructure assets. The Statement of Activities illustrates the cost of providing government services. These statements have been prepared using the accrual basis of accounting versus the modified accrual method used in the fund financial statements, as required by GASB 34.

The most recent reporting model includes an emphasis on the City's major funds as shown in the Governmental Fund Statements. These most recent statements combined with other financial information are further described in a narrative section called Management's Discussion and Analysis (MD&A). The MD&A provides financial highlights and interprets the financial reports by analyzing trends and by explaining changes, fluctuations and variances in the financial data. The MD&A is intended to disclose any known significant events or decisions that affect the financial condition of the City.

During the year ended June 30, 2016, the City adopted Statement on Governmental Accounting Standards (GASB Statement) No. 68, *Accounting and Financial Reporting for Pensions*, GASB Statement No. 69 *Government Combinations and Disposals of Government Operations*, and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*. See Notes 1 and 7 for the effect on the City's June 30, 2016 financial statements.

PROFILE OF THE GOVERNMENT

The City of Lomita, California, was founded in 1907 and incorporated on June 30, 1964, as a Contract City under the laws of the State of California. The City of Lomita is located 26 miles south of downtown Los Angeles and is bounded by the City of Torrance on the north and west, the City of Los Angeles to the east, and the City of Rolling Hills Estates on the southwest. Southeast of Lomita is the City of Rancho Palos Verdes and unincorporated County land. The City's total land area is 1,196.8 acres, or 1.97 square miles. As of 2016, the City's population is 20,290.

The City operates under the Council-Manager form of government. The City Council is comprised of five members elected at large for staggered four year terms of office. The last municipal election took place on November 3, 2015, with two of the five City Council seats open for election. The Mayor and Mayor Pro Tem are selected by the Council from among its members to serve a one-year term. The City Council serves as the legislative and policy-making body of the City, enacting all laws and directing such actions as are required to provide for the general welfare of the community. The City provides many municipal services in-house while providing other services, such as legal and public safety services, through contracts. The City of Lomita contracts with a private firm for its legal services. It contracts with the Los Angeles County Sheriff's Department for law enforcement services. Fire protection services are provided by the Los Angeles County Fire Department. The Lomita Public Library is administered by Los Angeles County. Building and safety services are also provided by the County. There are five City parks in Lomita including Lomita Park.

The City Manager, appointed by the City Council, serves as the Chief Executive Officer and is responsible to the City Council for administration of all City affairs and the implementation of all policies established by the City Council. The City Attorney serves under contract to the City and is also appointed by the City Council. The Assistant City Manager is appointed by and reports to the City Manager. All other department directors are also appointed by the City Manager and reports to the City Manager.

LOCAL ECONOMIC CONDITIONS AND OUTLOOK

The City of Lomita is comprised of single- and multi-family homes, condominiums and apartments with a mixture of retail, light industrial and service entities providing a tax base for the City. Property Taxes, Sales Taxes, Motor Vehicle-in-Lieu Fees, and Transient Occupancy Taxes financed approximately 50% of all governmental activities for the fiscal year.

Actual General Fund revenues were more than the amount budgeted by \$55,231 or approximately 1%. Licenses and permit revenues were a significant increase over budget by \$191,267 or 24%, primarily due to unexpected increases in fees collected for increased building improvement activities.

Actual General Fund expenditures were \$(494,112) or 6% less than budgeted primarily due to reduction in expenditures to help maintain reserves in the new budget year. Hence, actual revenues over actual departmental expenditures for the General Fund are \$549,343 for the fiscal year ending June 30, 2017.

LONG-TERM FINANCIAL PLANNING AND MAJOR INITIATIVES

A five-year Capital Improvement Program (CIP) for fiscal years 2014-2019 is in progress. An annual update of this report is an integral part of the budget process. This is a plan for short and long-term development, improvement, maintenance, and acquisition of infrastructure assets City-wide. It is a general financial plan for identifying capital improvements and the proposed means of financing them. Current projects include park and recreation facility improvements and other facility improvements; information technology upgrades; engineering studies; major street repairs; storm water best management programs; updates of the City's Water Master Plan, water system upgrades including water main, water meter, water valves and service line replacements.

In 2017, the Cypress Water Reservoir continued to receive blended water (a combination of local ground water from Well 5 and imported water from the Metropolitan Water District (MWD); approximately 75% of the City is within the Zone serviced by the Cypress Water Reservoir. The use of groundwater reduces the reliance of imported water, thereby reducing water costs.

Each year, water rate increases are passed through Metropolitan Water District (MWD) via West Basin Municipal Water (WB). In order to keep pace with these increases, the City approved a new five-year rate schedule effective March 1, 2015 with progressive rate increases that will end July 1, 2019. The City will continue with water rate studies and capital improvements in an effort to be proactive in reducing service delivery costs and determining future revenue requirements to meet the operational needs of the water system while building and maintaining reserves for capital projects, and its debt service obligations.

RELEVANT FINANCIAL POLICIES

The City's finances continue to be positively impacted by actual revenues which exceed conservative estimates, business license rates which are revised annually to reflect the changes in the consumer price index, and the updated valuation of the Infrastructure Assets which accurately reflect the true value of the city's assets.

Internal Controls

The management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft, or other misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the costs of a control should not exceed the benefits likely to be achieved. The valuation of the costs and benefits requires estimates and judgments by management.

As a recipient of Federal, State and County financial resources, the City is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. The internal control structure is subject to annual evaluation by its independent auditors and periodic evaluation by management of the City.

Budgetary Controls

In addition to internal controls, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the General Fund, Special Revenue Funds, Proprietary Funds (including Internal Service and Enterprise Funds) and Fiduciary Funds are included in the annual appropriated budget.

The budget is arranged by department, function and fund and presented to the City Council by the City Manager and Administrative Services Director. The budget is then adopted annually by the City Council prior to the beginning of the fiscal year and serves as the foundation for the City's financial planning and control. The budget is reviewed at mid-year and necessary adjustments are made to ensure that expenditures are not outpacing anticipated revenues.

The City maintains an encumbrance accounting system as an additional technique of accomplishing budgetary control. As demonstrated by the statements and schedules included in the financial section of this report, the City has enhanced its responsibility for sound financial management. The legal level of control of which expenditures cannot exceed appropriations is at the functional level. The City Council is informed of expenditures over appropriations and such amounts are informally approved as a part of the bi-monthly review of the demand warrants.

Annual Audit

Gruber and Associates was selected by the City to audit the City's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ending June 30, 2017 are free of material misstatement. As part of the City's annual audit, reviews are made to determine the adequacy of the internal control structure as well as to determine that the City has complied with applicable laws and regulations. The independent auditor concluded there was a basis for rendering an unqualified opinion and the City's financial statements are fairly presented in conformity with Generally Accepted Accounting Principles and GASB 34 requirements. The independent auditor's report is presented as the first component of the financial section of this report

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 Lomita for its CAFR for the fiscal year ended June 30, 2016. This was the thirteenth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable program requirements.

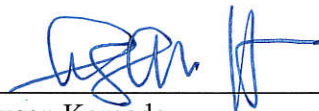
A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. However, we believe that our current CAFR continues to meet the Certificate of Achievement for Excellence in Financial Reporting Program's requirements, and we are submitting it to the GFOA to determine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

The preparation of this report could not have been accomplished without the collaborative assistance of the Department Heads and staff in all City departments. First and foremost, we want to recognize the dedicated employees of the Administrative Services Department. Their professional expertise and unassuming commitment to excellence is constantly manifested in the quality of the City's financial records and reporting. Appreciation is also expressed to the audit staff of Gruber & Associates, for their advice and assistance in the preparation of this report. Finally, we would like to thank the Mayor and members of the City Council for their support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Ryan Smoot
City Manager



Susan Kamada
Administrative Services Director

CITY OF LOMITA
Comprehensive Annual Financial Report
June 30, 2017



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CITY OF LOMITA
LIST OF CITY OFFICIALS
JUNE 30, 2017

ELECTED OFFICIALS

Mayor	Mark Waronek
Mayor Pro Tem	Michael G. Savidan
Council Member	James Gazeley
Council Member	Henry Sanchez Jr.
Council Member	Ben Traina

CITY STAFF

City Manager	Ryan Smoot
Assistant City Manager	Gary Sugano
City Attorney	Christi Hogin, Jenkins & Hogin, LLP
Administrative Services Director	Susan Kamada
Parks and Recreation Director	Cameron Harding
Public Works Director/City Engineer	Mark McAvoy



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Lomita
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

CITY OF LOMITA

Comprehensive Annual Financial Report

June 30, 2017



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An Independent CPA Firm

Honorable Mayor and City Council
City of Lomita, California

Independent Auditors' Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lomita, California (City), as of and for the year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lomita, California, as of June 30, 2017, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As described further in note one to the financial statements, during the year ended June 30, 2017, the City implemented GASB Statement Nos. 74, 80, and 82. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Lomita's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and budgetary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required By Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2017 on our consideration of the City of Lomita'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Lomita's internal control over financial reporting and compliance.

David L. Gruber and Associates, Inc.

David L. Gruber and Associates, Inc.

Newport Beach, California
November 30, 2017

CITY OF LOMITA

Management's Discussion and Analysis

The following discussion and analysis of the City of Lomita's financial statements provides an overview of the financial activities for the fiscal year ended June 30, 2017. This document should be read in conjunction with the accompanying transmittal letter which can be found on pages i-v of this report; and the basic financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the 2016-2017 fiscal year by \$40,223,751 (total net position). Of this amount, \$2,119,205 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position increased \$111,729. Net position of governmental activities decreased \$(290,370) while net position of business-type activities increased \$402,099.
- As of the close of the 2016-2017 fiscal year, the City's governmental funds reported combined fund balances of \$9,136,157, a decrease of \$(922,310) in comparison to the prior year. General Fund increased by \$453,182.
- At the end of the 2016-2017 fiscal year, the unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) for the General Fund was \$6,832,687 or approximately 84% of total General Fund expenditures.

USING THE ANNUAL REPORT

The comprehensive annual financial reports are comprised of three components: 1) government-wide financial statements provide information about the activities of the City as a whole, except for its fiduciary activities, 2) fund financial statements illustrate how City services were financed, as well as, what remains for future spending; these statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds, and 3) notes to the financial statements. This report also contains other supplementary information.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities report information about the City as a whole. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private sector companies. All of the current fiscal year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net position and changes in the net position. Net position, the difference between assets and liabilities, may serve over time as a useful indicator of a government's financial position. The City's change in net position increased during Fiscal Year 2016-2017 despite ongoing fiscal challenges. Consideration should also be given to other non-financial factors, such as the condition of the City's infrastructure, to assess the overall health of the City.

CITY OF LOMITA
Management's Discussion and Analysis (Continued)

The City's basic services fall into two categories: governmental and business-type activities. Governmental activities are activities generally financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services provided by the City. These activities are usually reported in enterprise funds. The City's only business-type activity is its Water utility.

The Statement of Net position and the Statement of Activities present information about governmental and business-type activities, including General Government, Public Safety, Public Works, Community Development, Cultural and Recreation and the Water Enterprise. Property Taxes, Sales Taxes, Motor Vehicle-in-Lieu Fees, Refuse Taxes, Business License Taxes, Franchise Taxes, and Transient Occupancy Taxes financed approximately 52% of all governmental activities for the fiscal year.

The government-wide financial statements can be found on pages 12-14 of this report.

FUND FINANCIAL STATEMENTS

The Fund Financial Statements provide specific detailed information about the most significant funds. Included are the General Fund, Proposition C Special Revenue Fund, and Water Enterprise Fund. Smaller specific funds are reported collectively as Other Governmental Funds. Some funds are required to be established by State law; however, the City establishes many other funds to help control and manage costs for specific purposes or to demonstrate compliance with legal requirements for using certain taxes, grants, and other monies. The City currently has three types of funds – governmental, proprietary, and fiduciary funds.

Governmental Funds Most of the City's basic services are reported under governmental funds. These financial statements focus on how money flows into and out of governmental funds and the balances left at fiscal year-end that are available for future appropriation. These funds are reported using the modified accrual accounting method. Under this method, revenues are recognized in the accounting period in which they become measurable and available to finance expenses of the current fiscal period while expenses are recognized in the accounting period in which the liability is incurred. There are five different types of governmental funds: the general fund, special revenue funds, debt service funds, capital projects funds, and permanent funds.

The Governmental Fund statements provide a detailed view of the City's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or less financial resources that can be spent in the near future to finance the City's programs. The relationship (or difference) between governmental activities (reported in the Statement of Net position and Statement of Activities) and Governmental Funds are described in the reconciliation at the bottom of the fund financial statements.

The basic governmental fund financial statements can be found on pages 15-18 of this report.

Proprietary Funds This category includes enterprise and internal service funds. The City's water operations are reflected in the Water Enterprise Fund. The cost of allocating vehicle and equipment purchases to all applicable departments citywide is represented in the Equipment Replacement Fund, the City's only Internal Service Fund.

The basic proprietary fund financial statements can be found on pages 19-21.

CITY OF LOMITA
Management's Discussion and Analysis (Continued)

Fiduciary Funds This fund type reflects monies held on behalf of outside entities such as the Railroad Museum Foundation, and Tom Rico Memorial Fund. These funds do not belong to the City and are not used for city government activities. Fiduciary activities are reported in separate fiduciary fund financial statements. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used exclusively for their intended purpose.

The basic fiduciary fund financial statements can be found on pages 22-23.

Notes to the 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 24-56.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information. This required supplementary information can be found on pages 59-61 of this report.

The combining statements in connection with nonmajor governmental funds are presented on pages 62-69. Individual fund schedules can be found on pages 71-90.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The analysis focuses on the net position and changes in net position of the City's governmental and business-type activities. At fiscal year-end, the City is able to report positive balances in all three categories of net position.

CITY OF LOMITA NET POSITION

	Governmental Activities		Business-type Activities		TOTAL	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 11,147,205	\$ 11,473,503	\$ 3,948,516	\$ 4,205,555	\$ 15,095,721	\$ 15,679,058
Capital assets	19,262,034	18,274,572	23,185,603	23,358,075	42,447,637	41,632,647
Total Assets:	30,409,239	29,748,075	27,134,119	27,563,630	57,543,358	57,311,705
Deferred Outflow of Resources	1,970,359	1,078,033	1,177,048	1,067,803	3,147,407	2,145,836
Current liabilities	1,540,614	1,281,839	634,475	943,241	2,175,089	2,225,080
Non-current liabilities	9,704,410	7,923,774	8,646,690	8,646,690	18,351,100	16,570,464
Total Liabilities:	11,245,024	9,205,613	9,281,165	9,589,931	20,526,189	18,795,544
Deferred Inflows of Resources	200,221	395,772	46,442	154,203	246,663	549,975
Net Investment in Capital						
Assets	19,262,034	18,274,572	16,200,603	16,158,075	35,462,637	34,432,647
Restricted	2,641,909	3,676,616	-	175,847	2,641,909	3,852,463
Unrestricted	(969,590)	(726,465)	3,088,795	2,553,377	2,119,205	1,826,912
Total Net Position:	\$20,934,353	\$21,224,723	\$19,289,398	\$18,887,299	\$40,223,751	\$40,112,022

CITY OF LOMITA
Management's Discussion and Analysis (Continued)

Net Position

Assets exceeded liabilities by \$40,223,751 (net position).

- \$35,462,637 (88%) of net position reflects investment in capital assets (e.g. land, buildings, machinery, equipment, vehicles, and infrastructure), net of related debt. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.
- \$2,641,909 (7%) of net position is subject to external restrictions on how they may be used.
- \$2,119,205 (5%) of unrestricted net position may be used to meet the ongoing obligations to citizens and creditors which include the net OPEB and Pension obligations.

The City's overall net position increased \$111,729 from the prior year. The reasons for this overall increase are discussed in the below sections for governmental activities and business-type activities:

Governmental Activities. The net position for governmental activities decreased \$(290,370) during the 2016-2017 fiscal year for an ending balance of \$20,934,353. Revenues for the governmental activities increased \$1,150,240 or approximately 10.61% primarily as a result of an increase in grant contributions for Teuchert Park and an increase in sales tax. Expenses increased by \$1,740,784 or approximately 16.50% primarily as a result of an increase in CalPERS pension expenses and capital improvement projects. Additional information can be found in the statement of activities (Primary Government, pages 13-14).

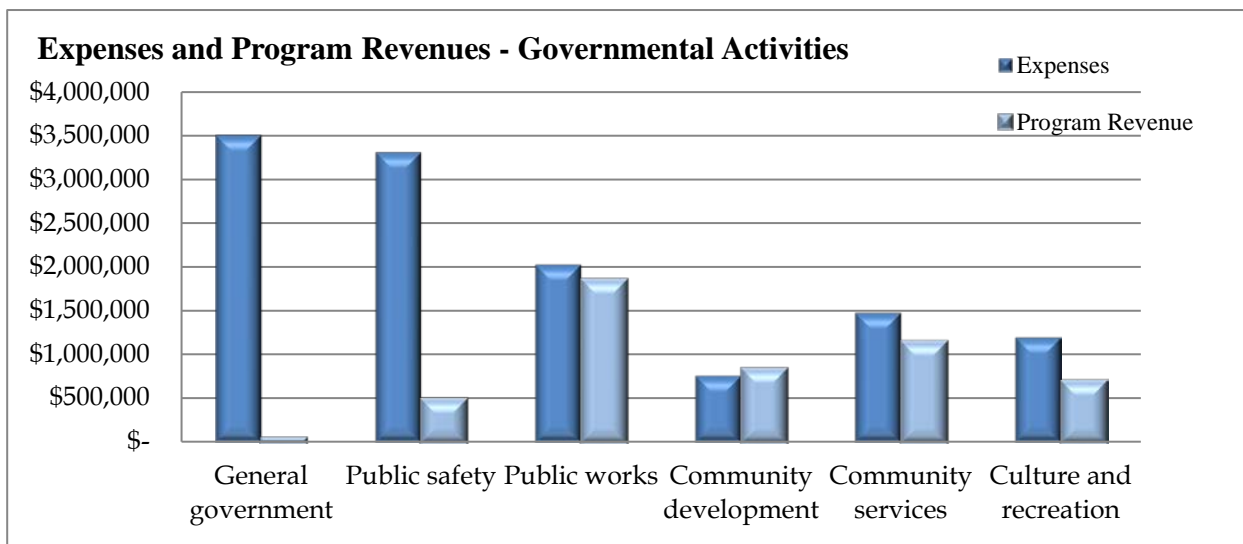
CITY OF LOMITA

Management's Discussion and Analysis (Continued)

CITY OF LOMITA'S CHANGES IN NET POSITION

	Governmental Activities		Business -type Activities		TOTAL	
	2017	2016	2017	2016	2017	2016
Revenues:						
<i>Program Revenues:</i>						
Charges for services	\$ 2,156,648	\$ 2,352,864	\$ 4,789,815	\$ 4,435,449	\$ 6,946,463	\$ 6,788,313
Operating grants and contributions	2,194,576	1,516,695	-	-	2,194,576	1,516,695
Capital grants and contributions	779,612	328,664	-	-	779,612	328,664
<i>General Revenues:</i>						
Property taxes	1,523,888	1,748,361	-	-	1,523,888	1,748,361
Sales and other taxes	2,952,515	4,762,248	-	-	2,952,515	4,762,248
Investment income and miscellaneous	2,390,393	138,560	836,630	740,822	3,227,023	879,382
Total Revenues:	11,997,632	10,847,392	5,626,445	5,176,271	17,624,077	16,023,663
Expenses:						
General government	3,507,091	3,123,342	-	-	3,507,091	3,123,342
Public safety	3,309,683	3,108,606	-	-	3,309,683	3,108,606
Public works	2,028,211	1,440,942	-	-	2,028,211	1,440,942
Community development	763,932	816,396	-	-	763,932	816,396
Community services	1,480,018	861,319	-	-	1,480,018	861,319
Cultural and recreation	1,199,067	1,196,613	-	-	1,199,067	1,196,613
Water Enterprise operations	-	-	5,224,346	4,938,566	5,224,346	4,938,566
Total Expenses:	12,288,002	10,547,218	5,224,346	4,938,566	17,512,348	15,485,784
Change in Net Position	(290,370)	300,174	402,099	237,705	111,729	537,879
Net position - beginning of year	21,224,723	20,924,549	18,887,299	18,649,594	40,112,022	39,574,143
Net position - end of year	\$ 20,934,353	\$ 21,224,723	\$ 19,289,398	\$ 18,887,299	\$ 40,223,751	\$ 40,112,022

Business-type Activities. The net position increased \$402,099 during the 2016-2017 fiscal year for an ending balance of \$19,289,398. The Water Enterprise business charges for water services to offset its operation expenses. Total revenues increased \$450,174 or approximately 8.7% from the prior year. In comparison to the prior fiscal year, the charges for services increased by \$354,366 or 8% due, in part, to a new water rate structure; this went into effect July 1, 2016. Related business-type activity costs increased during the fiscal year by \$285,780 or 5.8% compared to the previous fiscal year.



CITY OF LOMITA
Management's Discussion and Analysis (Continued)

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

Governmental Funds. On June 30, 2017, the City's governmental funds reported combined fund balances of \$9,136,157, a decrease of \$(922,310) in comparison with the prior year. \$1,169,070 or approximately 12.8% of this amount constitutes an unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is either nonspendable, restricted, committed, or assigned to indicate that it is: 1) not in spendable form (\$25,081); 2) restricted for particular purposes (\$602,516); 3) committed for particular purposes (\$1,281,935); or 4) assigned for particular purposes (\$6,057,555).

The general fund is the chief operating fund of the City. At the end of the 2016-2017 fiscal year, the unassigned fund balance of the general fund was \$1,544,373, while the total fund balance increased to \$6,832,687. As a measure of the general fund's liquidity, it may be useful to compare both the unassigned fund balance and the total fund balance to total general fund expenditures. Unassigned fund balance represents approximately 19% of total general fund expenditures, while total fund balance represents approximately 84% of that same amount.

The Proposition C Special Revenue Fund, a major fund, reported a fund balance of \$900,196 which was due to intergovernmental revenues of \$319,248 being earned during the year with \$653,992 being spent primarily on capital outlay.

The Park Grant Special Revenue Fund, a major fund, reported a fund deficit of \$(213,015) which was due to \$326,689 being spent primarily on capital outlay.

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

Unrestricted net position of the Water Enterprise at the end of the fiscal year was \$3,088,795. The total increase in net position was \$402,099.

GENERAL FUND BUDGETARY HIGHLIGHTS

The revised budget estimated a decrease in General Fund net change in fund balance of \$(96,161); however, the actual change in fund balance was an increase of \$453,182 to arrive at a total ending General Fund Balance of \$6,832,687. The overall difference in the original and final amended budgeted expenditures for the General Fund was an increase of \$82,048. The final amended budgeted revenues increased from the original budgeted revenues by \$235,200 mainly due to increases in intergovernmental and other revenue.

Revenues: In the General Fund, actual revenues were more than the amount budgeted by \$55,231 or 1%. Licenses and permits revenues had a significant increase over budget by \$191,267 or 24%, due to higher collection receipts than estimated.

Expenditures: In the General Fund, actual expenditures were less than budgeted by (\$494,112) or 6%. Actual revenues over actual departmental expenditures for the General Fund were \$565,867, not including transfers out.

CITY OF LOMITA
Management's Discussion and Analysis (Continued)

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The assets include a broad range of capital resources including land, buildings, equipment, furniture, vehicles, etc. Also included are public domain (infrastructure) capital assets consisting of certain improvements such as roads, streets, sidewalks, buildings, storm drains and the water main system. At the end of fiscal year 2016-2017, the City's net capital assets total \$42,447,638 in a broad range of resources as listed below:

CITY OF LOMITA'S CAPITAL ASSETS
(Net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Non-depreciable assets:						
Land	\$ 4,993,906	\$ 4,699,288	\$ 70,675	\$ 70,675	\$ 5,064,581	\$ 4,769,963
Street trees	1,650,378	1,650,378	-	-	1,650,378	1,650,378
Construction in progress	980,189	169,682	75,901	1,195,305	1,056,090	1,364,987
Total non-depreciable assets	7,624,473	6,519,348	146,576	1,265,980	7,771,049	7,785,328
Capital assets, being depreciated:						
Buildings/structures and improvements	1,527,393	1,617,873	-	-	1,527,393	1,617,873
Equipment and furniture	107,621	121,999	25,863	34,474	133,484	156,473
Vehicles	94,990	107,551	8,023	9,509	103,013	117,060
Infrastructure	9,907,557	9,907,801	23,005,142	22,048,112	32,912,699	31,955,913
Total depreciable assets (net)	11,637,561	11,755,224	23,039,028	22,092,095	34,676,589	33,847,319
Total capital assets	\$ 19,262,034	\$ 18,274,572	\$ 23,185,604	\$ 23,358,075	\$ 42,447,638	\$ 41,632,647

Major capital asset events, during the 2016-2017 fiscal year, included the following:

- Completion Narbonne Ave. Pavement Rehabilitation
- Completion of the 2016-17 Slurry Seal
- Completion of the City Hall Emergency Generator
- Completion of several water main replacements throughout the City

Additional information on City's capital assets can be found in Note 5 on pages 41-43 of this report.

Long-term Debt

The City currently has several long-term obligations. The City issued a bond for the first time in its history in fiscal year 2008-09 for the construction of the new Cypress Street Reservoir, and other potential capital improvements to the City's aged water system. During fiscal year 2015-2016, the City refinanced the water revenue bonds to take advantage of lower interest rates. Other long-term liabilities include net pension liability, compensated absences, and other post-employment benefits (OPEB).

CITY OF LOMITA
Management's Discussion and Analysis (Continued)

CITY OF LOMITA'S OUTSTANDING DEBT

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Net pension liability	\$ 6,550,395	\$ 5,230,114	\$ 1,519,379	\$ 1,611,156	\$ 8,069,774	\$ 6,841,270
OPEB	2,926,810	2,522,021	-	-	2,926,810	2,522,021
Compensated absences	284,007	214,549	89,341	63,167	373,348	277,716
COP Bonds payable, net of discount	-	-	6,985,000	7,200,000	6,985,000	7,200,000
	\$9,761,212	\$7,966,684	\$8,593,720	\$8,874,323	\$18,354,932	\$16,841,007

State statutes limit the amount of general obligation debt a governmental entity may issue to 3.75 percent of the average full valuation. The current debt limitation for the City is \$80,609,774, which is significantly in excess of the City's outstanding general obligation debt.

Additional information can be found in the notes section of this report (Note 6- Long-Term Debt. pages 43-44).

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The following economic factors currently affect the City and were considered when developing the 2017-2018 fiscal year budget:

- The unemployment rate of the City is currently 3.7 percent, which is a decrease from a rate of 4.8 percent a year ago because of the economic recovery. With this decrease of 1.1 percent, the unemployment rate is one-tenth of a percent away from reaching prerecession level of 3.6 percent.
- The City Council adopted the fiscal year 2017-2018 Annual Operating & Capital Improvement Budget in June 2017.
- Property taxes are being reassessed by LA County and are projected to rise.
- Contract settlements with the City's association through December 31, 2018.
- In December 2016, CalPERS board approved a change to lower the discount rate from 7.5% to 7% over three years, which will cause rate increases to cities in the near term.

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 Administrative Services Department, 24300 Narbonne Avenue, Lomita, California 90717 or call (310) 325-7110.

BASIC FINANCIAL STATEMENTS

CITY OF LOMITA
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GOVERNMENT WIDE FINANCIAL STATEMENTS

CITY OF LOMITA
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CITY OF LOMITA
Statement of Net Position
June 30, 2017

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments (note 2)	\$ 10,093,057	2,567,768	12,660,825
Receivable:			
Accounts	173,054	1,341,288	1,514,342
Taxes	16,698	25,484	42,182
Interest	7,657	3,093	10,750
Due from other governmental entities	831,658	-	831,658
Inventories	18,896	10,883	29,779
Prepaid items	6,185	-	6,185
Total current assets	11,147,205	3,948,516	15,095,721
Noncurrent assets:			
Capital assets (note 5):			
Non-depreciable	7,624,473	146,575	7,771,048
Depreciable, net	11,637,561	23,039,028	34,676,589
Total capital assets	19,262,034	23,185,603	42,447,637
Total noncurrent assets	19,262,034	23,185,603	42,447,637
Total assets	30,409,239	27,134,119	57,543,358
DEFERRED OUTFLOWS OF RESOURCES			
Reacquisition loss on refunding bonds	-	720,019	720,019
Pensions	1,970,359	457,029	2,427,388
Total deferred outflows of resources	1,970,359	1,177,048	3,147,407
LIABILITIES			
Current liabilities:			
Accounts payable	1,306,933	361,689	1,668,622
Accrued salaries and benefits	41,998	-	41,998
Interest payable	-	18,918	18,918
Deposits payable	134,882	1,000	135,882
Bonds payable - due within one year (note 6)	-	235,000	235,000
Compensated absences - due within one year (note 6)	56,801	17,868	74,669
Total current liabilities	1,540,614	634,475	2,175,089
Noncurrent liabilities:			
Bonds payable - due in more than one year, net (note 6)	-	6,750,000	6,750,000
Pension Liability (notes 6 and 7)	6,550,395	1,519,379	8,069,774
OPEB (notes 6 and 8)	2,926,810	-	2,926,810
Compensated absences - due in more than one year (note 6)	227,205	71,473	298,678
Total noncurrent liabilities	9,704,410	8,340,852	18,045,262
Total liabilities	11,245,024	8,975,327	20,220,351
DEFERRED INFLOWS OF RESOURCES			
Pensions	200,221	46,442	246,663
NET POSITION			
Net investment in capital assets	19,262,034	16,200,603	35,462,637
Restricted for:			
Community development and services	238,268	-	238,268
Public safety	5,838	-	5,838
Public works	2,122,014	-	2,122,014
Cultural and recreation	275,789	-	275,789
Total restricted	2,641,909	-	2,641,909
Unrestricted	(969,590)	3,088,795	2,119,205
Total net position	\$ 20,934,353	19,289,398	40,223,751

See accompanying notes to the basic financial statements.

CITY OF LOMITA
Statement of Activities
For the Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Program Revenue
Primary Government:					
Governmental activities:					
General government	\$ 3,507,091	60,000	-	-	60,000
Public safety	3,309,683	373,933	129,345	-	503,278
Public works	2,028,211	193,363	1,050,176	614,046	1,857,585
Community development	763,932	846,262	-	-	846,262
Community services	1,480,018	314,290	675,880	165,566	1,155,736
Cultural and recreation	1,199,067	368,800	339,175	-	707,975
Total governmental activities	12,288,002	2,156,648	2,194,576	779,612	5,130,836
Business-type activities:					
Water	5,221,613	4,789,815	-	-	4,789,815
Total business-type activities	5,221,613	4,789,815	-	-	4,789,815
Total primary government	\$ 17,509,615	6,946,463	2,194,576	779,612	9,920,651
General revenues:					
Taxes:					
Property taxes, net					
Sales taxes					
Business license tax					
Franchise taxes					
Refuse taxes					
Transient occupancy taxes					
Other taxes					
Total taxes					
Motor vehicle in-lieu, unrestricted					
Investment income					
Other revenues					
Transfers					
Total general revenues and transfers					
Change in net position					
Net position - beginning of year					
Net position - end of year					

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Position

Primary Government

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
(3,447,091)	-	(3,447,091)
(2,806,405)	-	(2,806,405)
(170,626)	-	(170,626)
82,330	-	82,330
(324,282)	-	(324,282)
<u>(491,092)</u>	<u>-</u>	<u>(491,092)</u>
<u>(7,157,166)</u>	<u>-</u>	<u>(7,157,166)</u>
<u>-</u>	<u>(431,798)</u>	<u>(431,798)</u>
<u>-</u>	<u>(431,798)</u>	<u>(431,798)</u>
<u>(7,157,166)</u>	<u>(431,798)</u>	<u>(7,588,964)</u>
1,523,888	-	1,523,888
1,625,596	-	1,625,596
544,333	-	544,333
335,077	-	335,077
253,270	-	253,270
178,239	-	178,239
<u>16,000</u>	<u>-</u>	<u>16,000</u>
4,476,403	-	4,476,403
2,038,861	-	2,038,861
7,322	9,563	16,885
341,477	827,067	1,168,544
<u>2,733</u>	<u>(2,733)</u>	<u>-</u>
<u>6,866,796</u>	<u>833,897</u>	<u>7,700,693</u>
(290,370)	402,099	111,729
<u>21,224,723</u>	<u>18,887,299</u>	<u>40,112,022</u>
<u>\$ 20,934,353</u>	<u>19,289,398</u>	<u>40,223,751</u>

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FUND FINANCIAL STATEMENTS

Governmental Fund Financial Statements

Proprietary Fund Financial Statements

Fiduciary Fund Financial Statements

CITY OF LOMITA

Comprehensive Annual Financial Report

June 30, 2017



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GOVERNMENTAL FUND FINANCIAL STATEMENTS

General Fund - This is the primary operating fund of the City. It accounts for all activities of the general government, except those required to be accounted for in another fund.

Proposition C Fund - Used to account for Proposition C local return revenues received from County sales tax dollars.

Park Grant Fund - Used to account for the grant funds received for park development and improvements.

CITY OF LOMITA

Comprehensive Annual Financial Report

June 30, 2017



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CITY OF LOMITA

Balance Sheet

Governmental Funds

June 30, 2017

	General Fund	Special Revenue Fund Proposition C Fund	Park Grant	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments (note 2)	\$ 6,455,928	1,512,735	-	1,935,782	9,904,445
Receivables:					
Accounts	157,830	-	-	15,224	173,054
Taxes	16,281	-	-	417	16,698
Interest	3,837	1,651	-	1,985	7,473
Due from other governments	439,678	-	294,737	97,243	831,658
Due from other funds (note 3)	342,617	-	-	-	342,617
Inventory	18,896	-	-	-	18,896
Prepaid items	-	-	-	6,185	6,185
Total assets	<u>\$ 7,435,067</u>	<u>1,514,386</u>	<u>294,737</u>	<u>2,056,836</u>	<u>11,301,026</u>
LIABILITIES					
Accounts payable	\$ 446,110	614,190	13,480	233,153	1,306,933
Accrued liabilities	41,998	-	-	-	41,998
Deposits payable	114,272	-	-	20,610	134,882
Due to other funds (note 3)	-	-	199,535	143,082	342,617
Total liabilities	<u>602,380</u>	<u>614,190</u>	<u>213,015</u>	<u>396,845</u>	<u>1,826,430</u>
DEFERRED IN FLOWS OF RESOURCES					
Unavailable revenue	-	-	294,737	43,702	338,439
Total deferred in flows of resources	<u>-</u>	<u>-</u>	<u>294,737</u>	<u>43,702</u>	<u>338,439</u>
FUND BALANCES					
Nonspendable	18,896	-	-	6,185	25,081
Restricted	-	-	-	602,516	602,516
Committed	89,343	900,196	-	292,396	1,281,935
Assigned	5,180,075	-	-	877,480	6,057,555
Unassigned	1,544,373	-	(213,015)	(162,288)	1,169,070
Total fund balances	<u>6,832,687</u>	<u>900,196</u>	<u>(213,015)</u>	<u>1,616,289</u>	<u>9,136,157</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 7,435,067</u>	<u>1,514,386</u>	<u>294,737</u>	<u>2,056,836</u>	<u>11,301,026</u>

See accompanying notes to the basic financial statements.

CITY OF LOMITA
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2017

Fund balances of governmental funds	\$ 9,136,157
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities were not current financial resources. Therefore, they were not reported in the governmental funds balance sheet. Excluding the internal service funds capital assets which are reported below, capital assets were adjusted as follows:	
- Capital assets	33,876,068
- Accumulated depreciation	(14,777,659)
Certain revenues were not available to pay for current-period expenditures and, therefore, were deferred in funds.	338,439
Internal service funds were used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The assets and liabilities of the internal service funds were included in governmental activities in the government-wide statement of net position.	352,421
Deferred outflows related to contributions made after the actuarial measurement date for the net pension liability.	1,970,359
Deferred inflows related to unrecognized actuarial gains and losses for the net pension liability.	(200,221)
Proportionate share of net pension liability has not been included in governmental fund activity	(6,550,395)
Long-term liabilities (including compensated absences and OPEB liability) were not due and payable in the current period. Therefore, they were not reported in the governmental funds balance sheet. This amount excludes long-term liabilities reported in Internal Service funds.	(3,210,816)
Net position of governmental activities	<u>\$ 20,934,353</u>

See accompanying notes to the basic financial statements.

CITY OF LOMITA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017

	General Fund	Special Revenue Fund Proposition C Fund	Park Grant	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes and assessments	\$ 4,476,404	-	-	452,773	4,929,177
Intergovernmental	2,260,884	314,231	-	1,138,421	3,713,536
Licenses and permits	992,617	-	-	62,178	1,054,795
Charges for services	-	-	-	20,210	20,210
Fines and forfeitures	376,733	-	-	-	376,733
Investment income	7,322	5,197	-	7,835	20,354
Rental income	220,575	-	-	269,256	489,831
Other revenue	341,475	-	-	415,180	756,655
Total revenues	<u>8,676,010</u>	<u>319,428</u>	<u>-</u>	<u>2,365,853</u>	<u>11,361,291</u>
Expenditures:					
Current:					
General government	2,687,690	-	-	-	2,687,690
Community development	745,442	-	-	-	745,442
Community services	69,181	-	-	1,394,887	1,464,068
Public works	193,318	1,698	34,407	842,936	1,072,359
Public safety	3,309,683	-	-	-	3,309,683
Culture and recreation	1,066,213	-	-	132,854	1,199,067
Capital outlay	38,616	652,294	292,282	784,833	1,768,025
Total expenditures	<u>8,110,143</u>	<u>653,992</u>	<u>326,689</u>	<u>3,155,510</u>	<u>12,246,334</u>
Excess (deficiency) of revenues over (under) expenditures	<u>565,867</u>	<u>(334,564)</u>	<u>(326,689)</u>	<u>(789,657)</u>	<u>(885,043)</u>
Other financing sources (uses):					
Transfers in (note 4)	-	28,119	31,953	75,418	135,490
Transfers out (note 4)	<u>(112,685)</u>	<u>-</u>	<u>-</u>	<u>(60,072)</u>	<u>(172,757)</u>
Total other financing sources (uses)	<u>(112,685)</u>	<u>28,119</u>	<u>31,953</u>	<u>15,346</u>	<u>(37,267)</u>
Net change in fund balances	453,182	(306,445)	(294,736)	(774,311)	(922,310)
Fund balances, beginning of year	<u>6,379,505</u>	<u>1,206,641</u>	<u>81,721</u>	<u>2,390,600</u>	<u>10,058,467</u>
Fund balances, end of year	<u>\$ 6,832,687</u>	<u>900,196</u>	<u>(213,015)</u>	<u>1,616,289</u>	<u>9,136,157</u>

See accompanying notes to the basic financial statements.

CITY OF LOMITA
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balance to the Governmental-Wide Statement of Activities
For the Year Ended June 30, 2017

Changes in fund balances of governmental funds	\$ (922,310)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current year, net of disposals and internal service fund activity.

Capital outlay	1,516,690
Depreciation expense	(517,912)

To record as an expense the net change in compensated absences in the statement of activities.	(69,457)
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To record as an expense the net change in other post employment benefits liability in the statement of activities.	(404,789)
--	-----------

Pension obligation 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.	(232,404)
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Revenues in the government-wide statement of activities that did not provide current financial resources were not reported as revenues in the governmental funds.	338,439
---	---------

Internal service funds were used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The net revenue (expense) of the internal service funds are reported with governmental activities.	<div style="border-top: 1px solid black; display: inline-block;">1,373</div>
---	--

Change in net position of governmental activities	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block;">\$ (290,370)</div>
---	--

See accompanying notes to financial statements.

PROPRIETARY FUND FINANCIAL STATEMENTS

Water Enterprise Fund - This fund is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that costs of providing water utility services to the general public on a continuing basis be financed or recovered primarily through user charges.

Internal Service Funds - This fund is used to account for the City's cost of maintenance replacing the City's capital assets. City departments are the primary users of these services and are charged a fee on a cost reimbursement basis.

CITY OF LOMITA

Comprehensive Annual Financial Report

June 30, 2017



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CITY OF LOMITA
Statement of Fund Net Position
Proprietary Funds
June 30, 2017

	Business-Type Activities <u>Water Enterprise Fund</u>	Governmental Activities <u>Internal Service Fund</u>
ASSETS		
Current assets:		
Cash and investments (note 2)	\$ 2,567,768	188,612
Receivables:		
Accounts	1,341,288	-
Taxes	25,484	-
Interest	3,093	184
Inventories	10,883	-
Total current assets	<u>3,948,516</u>	<u>188,796</u>
Noncurrent assets:		
Capital assets (note 5):		
Land	70,675	-
Construction in progress	75,900	-
Equipment	293,480	114,534
Vehicles	-	98,692
Infrastructure	29,987,664	-
Less accumulated depreciation	<u>(7,242,116)</u>	<u>(49,601)</u>
Total capital assets, net	<u>23,185,603</u>	<u>163,625</u>
Total noncurrent assets	<u>23,185,603</u>	<u>163,625</u>
Total assets	<u>27,134,119</u>	<u>352,421</u>
DEFERRED OUTFLOWS OF RESOURCES		
Reacquisition loss on refunding bonds	720,019	-
Pensions	457,029	-
Total deferred outflows of resources	<u>1,177,048</u>	<u>-</u>
LIABILITIES		
Current liabilities:		
Accounts payable	361,689	-
Accrued liabilities	-	-
Interest payable	18,918	-
Deposits payable	1,000	-
Bonds payable - due within one year (note 6)	235,000	-
Compensated absences - due within one year (note 6)	17,868	-
Total current liabilities	<u>634,475</u>	<u>-</u>
Noncurrent liabilities:		
Bonds payable - due in more than one year (note 6)	6,750,000	-
Pension Liability (notes 6 and 7)	1,519,379	-
Compensated absences - due in more than one year (note 6)	71,473	-
Total noncurrent liabilities	<u>8,340,852</u>	<u>-</u>
Total liabilities	<u>8,975,327</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES		
Pensions	46,442	-
NET POSITION		
Net investment in capital assets	16,200,603	163,625
Unrestricted	3,088,795	188,796
Total net position	<u>\$ 19,289,398</u>	<u>352,421</u>

See accompanying notes to the basic financial statements.

CITY OF LOMITA

Statement of Revenues, Expenses, and Changes in Fund Net Position

Proprietary Funds

For the year ended June 30, 2017

	Business-Type Activities	Governmental Activities
	Water Enterprise Fund	Internal Service Fund
Operating revenues:		
Charges for services	\$ 4,789,815	-
Other revenues	827,067	-
Total operating revenues	5,616,882	-
Operating expenses:		
Cost of water purchased	2,057,651	-
Salaries, wages and benefits	929,382	-
Materials and supplies	536,746	-
Contractual services	409,765	-
Repairs and maintenance	273,855	27,862
Rents and leases	111,248	-
Amortization	55,470	-
Depreciation	592,038	11,316
Total operating expenses	4,966,155	39,178
Operating income (loss)	650,727	(39,178)
Non-operating revenues (expenses):		
Investment income	9,563	551
Interest expense and fees	(255,458)	-
Total non-operating revenues (expenses)	(245,895)	551
Income (loss) before transfers	404,832	(38,627)
Transfers in (note 4)	-	40,000
Transfers out (note 4)	(2,733)	-
Change in net position	402,099	1,373
Net position, beginning of year	18,887,299	351,048
Net position, end of year	\$ 19,289,398	352,421

See accompanying notes to the basic financial statements.

CITY OF LOMITA
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2017

	Business-Type Activities Water Enterprise Fund	Governmental Activities Internal Service Fund
Cash flows from operating activities:		
Cash received from customers and other governments	\$ 5,437,257	-
Cash paid to suppliers for goods or services	(3,673,923)	(36,244)
Cash paid to employees for services	(1,281,934)	-
Net cash provided (used by) operating activities	<u>481,400</u>	<u>(36,244)</u>
Cash flows from capital and related financing activities:		
Purchase, acquisition and construction of capital assets	(475,036)	-
Principal paid on capital debt	(215,000)	-
Proceeds on the issuance of capital debt	-	-
Interest paid on capital-related debt	(224,678)	-
Net cash provided (used by) capital and related financing activities	<u>(914,714)</u>	<u>-</u>
Cash flows from investing activities:		
Investment income	8,690	469
Net cash provided (used by) investing activities	<u>8,690</u>	<u>469</u>
Cash flows from non-capital activities - cash received		
(paid) from/to other funds	(2,733)	40,000
Net increase (decrease) in cash and cash equivalents	(427,357)	4,225
Cash and equivalents, beginning of year	2,995,125	184,387
Cash and equivalents, end of year	<u>\$ 2,567,768</u>	<u>188,612</u>
Reconciliation of operating income to net cash provided		
by operating activities:		
Operating income (loss)	\$ 650,727	(39,178)
Adjustments to reconcile operating income (loss)		
to net cash provided (used) by operating activities:		
Depreciation	592,038	11,316
Amortization	55,470	-
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(168,290)	-
(Increase) decrease in taxes receivable	(11,335)	-
(Increase) decrease in inventories	10,180	-
Increase (decrease) in accounts payable	(294,838)	(8,382)
Increase (decrease) in accrued liabilities	(35,656)	-
Increase (decrease) in compensated absences	26,174	-
Increase (decrease) in net pension liability, net of		
deferred inflows and outflows	(343,070)	-
Total adjustments	<u>(169,327)</u>	<u>2,934</u>
Net cash provided (used) by operating activities	<u>\$ 481,400</u>	<u>(36,244)</u>

See accompanying notes to the basic financial statements.

CITY OF LOMITA

Comprehensive Annual Financial Report

June 30, 2017



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FIDUCIARY FUND FINANCIAL STATEMENTS

Trust Funds - Trust funds are used to report a trust arrangement. All resources of these funds including any earnings on invested resources, must be used for specific purposes as set forth in the trust agreement. The City's trust funds are for a railroad foundation and donations for a memorial.

CITY OF LOMITA
Comprehensive Annual Financial Report
June 30, 2017



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CITY OF LOMITA
Statement of Fiduciary Net Position
Trust Funds
June 30, 2017

	<u>Trust Funds</u>
ASSETS	
Cash and investments (note 2)	\$ 162,741
Receivables:	
Accounts	1,243
Interest	<u>301</u>
Total assets	<u>\$ 164,285</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 3,516
Accrued liabilities	<u>475</u>
Total Liabilities	<u>3,991</u>
NET POSITION	
Restricted for foundation	153,864
Restricted for memorial	<u>6,430</u>
Total net position	<u><u>\$ 160,294</u></u>

See accompanying notes to the basic financial statements.

CITY OF LOMITA
Statement of Changes in Fiduciary Net Position
Trust Funds
For the year ended June 30, 2017

	<u>Trust Funds</u>
Additions:	
Investment income	\$ 1,028
Other income	<u>20,358</u>
Total additions	<u>21,386</u>
Deductions:	
Miscellaneous	<u>27,555</u>
Total deductions	<u>27,555</u>
Change in net position	(6,169)
Net position, beginning of year	<u>166,463</u>
Net position, end of year	<u><u>\$ 160,294</u></u>

See accompanying notes to the basic financial statements.

CITY OF LOMITA
NOTES TO BASIC FINANCIAL STATEMENTS

Year ended June 30, 2017

(1) Reporting Entity and Summary of Significant Accounting Policies

(a) Summary of Significant Accounting Policies

The basic financial statements of the City have been prepared in conformity with generally accepted accounting principles as applicable to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Financial Reporting Entity

The City of Lomita was incorporated June 30, 1964, under the general laws of the State of California. The City operates under a Council-Administrator form of government and provides the following services: public safety (police and fire through the County of Los Angeles), community services, engineering services, planning services, public works, general administrative services, and capital improvements.

This report includes governmental activities and business-type activities of the City of Lomita (the “primary government”), as well as, the Lomita Railroad Foundation, Inc. (Foundation), the Lomita Manor Housing Authority (the Authority), and the Lomita Public Financing Authority (PFA). The Foundation, the Authority, and the PFA all meet the definition of a component unit, and are presented on a “blended” basis as if they were part of the primary government. The PFA is not currently active. Although they are legally separate entities, the City Council serves as their governing board. The City may impose its will on the Foundation and the Authority, including the ability to appoint, hire, reassign or dismiss management. There is also a financial benefit/burden relationship between the City and the other entities.

The Lomita Railroad Museum Foundation, Inc. was formed September 17, 1990, as a non-profit organization under the laws of the State of California. The corporation was formed to assist in maintaining, enhancing, and promoting the Lomita Railroad Museum. Separate financial statements are not prepared for the Foundation.

The Lomita Manor Housing Authority was formed in 1985 as a non-profit organization to administer the local U.S. Department of Housing and Urban Development (HUD) conventional housing program. The City of Lomita contracts with an outside management company to administer this program. Separate financial statements are not prepared for the Authority.

The PFA was established to simplify the issuance of tax-exempt bonds that are issued by the City for the purpose of making lower-cost financing available for certain projects that provide a public benefit, contribute to social and economic growth, and improve the overall quality of life in the City.

CITY OF LOMITA
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

(1) Reporting Entity and Summary of Significant Accounting Policies, (Continued)

(b) Basis of Accounting and Measurement Focus

The *basic financial statements* of the City are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

Financial reporting is based upon all GASB pronouncements, including the GASB Codification of Accounting and Financial Reporting Guidelines.

Government-wide Financial Statements

Government-wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities of the primary government (including its blended component units). Eliminations have been made in the Statement of Activities so that certain allocated expenses are recorded only once (by the function to which they were allocated). However, general government expenses have not been allocated as indirect expenses to the various functions of the City.

Government-wide financial statements are presented using the *economic resources measurement focus* and the *accrual basis of accounting*. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. *Basis of accounting* refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with GASB Statement No. 33 government-wide activity requirements.

CITY OF LOMITA
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

(1) Reporting Entity and Summary of Significant Accounting Policies, (Continued)

(b) Basis of Accounting and Measurement Focus, (Continued)

Program revenues include charges for services, special assessments, and payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

Fund Financial Statements

The underlying accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the primary government's governmental, proprietary, and fiduciary funds are presented after the government-wide financial statements. These statements display information about the major fund individually and nonmajor funds in the aggregate for governmental and enterprise funds. Fiduciary statements include financial information for fiduciary funds and similar component units. Fiduciary funds of the City primarily represent assets held by the City in a custodial capacity for other individuals or organizations.

Governmental Funds

In the fund financial statements, governmental funds are presented using the *modified-accrual basis of accounting*. Their revenues are recognized when they become *measurable* and *available* as net current assets. *Measurable* means that the amounts can be estimated, or otherwise determined. *Available* means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. The City uses an availability period of 60 days.

CITY OF LOMITA
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

(1) Reporting Entity and Summary of Significant Accounting Policies, (Continued)

(b) Basis of Accounting and Measurement Focus, (Continued)

Sales taxes, property taxes, franchise taxes, gas taxes, motor vehicle in lieu fees, transient occupancy taxes, grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period to the extent normally collected within the availability period. Other revenue items are considered to be measurable and available when cash is received by the government.

Revenue recognition is subject to the *measurable* and *available* criteria for the governmental funds in the fund financial statements. *Exchange transactions* are recognized as revenues in the period in which they are earned (i.e., the related goods or services are provided). *Locally imposed derived tax revenues* are recognized as revenues in the period in which the underlying exchange transaction upon which they are based takes place. *Imposed nonexchange* transactions are recognized as revenues in the period for which they were imposed. If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arises or when they are received, whichever occurs first. *Government-mandated and voluntary nonexchange transactions* are recognized as revenues when all applicable eligibility requirements have been met.

In the fund financial statements, governmental funds are presented using the *current financial resources measurement focus*. This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered to be a measure of “available spendable resources.” Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

Non-current portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus. Special reporting treatments are used to indicate; however, that they should not be considered “available spendable resources” since they do not represent net current assets.

CITY OF LOMITA
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

(1) Reporting Entity and Summary of Significant Accounting Policies, (Continued)

(b) Basis of Accounting and Measurement Focus, (Continued)

Revenues, expenditures, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement Nos. 33 and 65 which require that local governments defer grant revenue that is not received within the City's adopted policy of 60 days after the fiscal year ends to meet the "available" criteria of revenue recognition. Therefore recognition of governmental fund type revenue represented by non-current receivables are deferred inflow until they become current receivables. Non-current portions of other long-term receivables are offset by fund balance reserve accounts.

Due to the nature of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as *expenditures* in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as *other financing sources* rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

When both restricted and unrestricted resources are combined in a fund, expenses are considered to be paid first from restricted resources, and then from unrestricted resources.

Proprietary and Fiduciary Funds

The City's enterprise and internal service funds are proprietary funds. In the fund financial statements, proprietary funds are presented using the *accrual basis of accounting*. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, the proprietary fund is presented using the *economic resources measurement focus*. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

CITY OF LOMITA
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(1) Reporting Entity and Summary of Significant Accounting Policies, (Continued)

(b) Basis of Accounting and Measurement Focus, (Continued)

Proprietary and Fiduciary Funds, (Continued)

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies, taxes, and investment earnings result from nonexchange transactions or ancillary activities. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All expenses not meeting this definition are treated as non-operating expenses. Amounts paid to acquire capital assets are capitalized as assets in the enterprise fund financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the enterprise fund financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness of the enterprise fund are reported as a reduction of the related liability, rather than as an expenditure. Private-purpose trust funds are used to report a trust arrangement. All resources of these funds, including any earnings on invested resources, must be used for specific purposes.

(c) Fund Classifications

The City reports the following major funds:

General Fund. This is the primary operating fund of the City. It accounts for all activities of the general government, except those required to be accounted for in another fund.

Proposition C Special Revenue Fund - Used to account for Proposition C local return revenues received from County sales tax dollars.

Park Grant Special Revenue Fund - Used to account for the grant funds received for park development and improvements.

Water Enterprise Fund. This fund is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that costs of providing water utility services to the general public on a continuing basis be financed or recovered primarily through user charges.

The City's fund structure also includes the following fund types:

Internal Service Fund. Internal service fund is used to account for the City's cost of maintaining and replacing the City's capital assets. City departments are the primary users of these services and are charged a fee on a cost reimbursement basis.

Trust Funds. Trust funds are used to report a trust arrangement for the Railroad Foundation and Tom Rico Memorial. All resources of these funds, including any earnings on invested resources, must be used for specific purposes as set forth in trust agreement.

CITY OF LOMITA
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(1) Reporting City and Summary of Significant Accounting Policies, (Continued)

(d) Fund Balances and Spending Policy

In the Governmental Fund Financial Statements, fund balances are classified in the following categories:

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

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, contributions, laws or regulations of other governments, as well as restrictions imposed by law through constitutional provisions or enabling legislation.

Committed – Committed fund balances encompass the portion of net fund resources, the use of which is constrained by limitations that the government imposes upon itself at its highest level of decision making, the City Council is considered the highest authority for the City and approves such commitments through council resolutions and/ or similar documents. These committed amounts cannot be used for any other purposes unless the City Council removes or changes the specified use through the same type of formal action taken to establish the commitment.

Assigned – Assigned fund balances encompass the portion of net fund resources reflecting the government's intended use of resources that are neither restricted or committed. Assignment of resources can be done by the highest level of decision making (City Council Resolution) or by a committee or official designated for that purpose. The City Council has authorized the Director of Finance for the purpose to assign fund balance for specific departmental projects.

Unassigned – 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 funds other than the General Funds, 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 both restricted and unrestricted resources are available for use when an expenditure is incurred, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed. It is the City's policy to consider committed amounts as being reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

CITY OF LOMITA
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

(1) Reporting City and Summary of Significant Accounting Policies, (Continued)

(e) Cash and Investments

Investments are reported in the accompanying balance sheet at fair value. These investments are not transferable and they have terms that are not affected by changes in market interest rates. Changes in fair value that occur during a fiscal year are recognized as *investment income* reported for that fiscal year. *Investment income* reports interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investments. The City's practice is to hold investments until maturity.

As of July 1, 2015, the City adopted Governmental Accounting Standards Board ("GASB") Statement No. 72, *Fair Value Measurements and Application*. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes, applying fair value to investments, and disclosures related to all fair value measurements. The City categorized the fair value measurements for its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City follows the practice of pooling cash and investments of all funds except for funds required to be held by the outside fiscal agent under provisions of the loan payable agreement. Interest income earned on pooled cash and investments is allocated quarterly to the funds based on average monthly cash and investment balances. Interest income with cash with fiscal agent is credited directly to the related fund.

(f) Statement of Cash Flows

For purposes of the statement of cash flows the City considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. In addition, cash invested in the City's cash management pool is considered to be cash equivalents.

(g) Capital Assets

Capital assets (including additions to infrastructure) are recorded at cost where historical records are available and at an estimated original cost where no historical records exist. Contributed capital assets are valued at their estimated fair market value at the date of the contribution. Generally, capital asset purchases in excess of \$5,000 (including infrastructure) are capitalized if they have an expected useful life of one year or more. Capital assets include additions to public domain (infrastructure) general capital assets consisting of certain improvements including roads and streets, curbs, gutters and sidewalks, street lights, signs and signals, park equipment and storm drains. The City chose to value its infrastructure in its entirety (e.g., prior to 1980). Capital assets used in operations are depreciated over their

CITY OF LOMITA
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

(1) Reporting City and Summary of Significant Accounting Policies, (Continued)

(g) Capital Assets, (Continued)

estimated useful lives using the straight-line method in the government – wide financial statements and in the fund financial statements of the enterprise fund. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the respective balance sheet. The ranges of lives used for depreciation purposes for each capital asset class are as follows:

Buildings and improvements	50 years
Furniture, equipment and vehicles	3-25 years
Infrastructure - Sewer lines	25-50 years
Infrastructure – Storm drain system	20-100 years
Infrastructure - Roadways	30-100 years
Infrastructure – Waterlines	25-50 years
Infrastructure - Other	20-60 years

(h) Inventories and Prepaids

Inventories of water meters and fittings are recorded in the Water Department Enterprise Fund. Inventories in the General Fund consist of street signs. Inventories are stated at cost using the average cost method. Payments made to vendors for services that will benefit periods beyond June 30, 2017 are recorded as prepaids. The City uses the consumption method when reporting prepaid items.

(i) Property Taxes

Property taxes attach as an enforceable lien on property as of the date the tax is levied. Taxes are levied annually in August, and are payable annually in two installments in November and March. The County bills and collects the property taxes and remits them to the City in installments during the year. City property tax revenues are recognized when levied to the extent that they result in current receivables in accordance with GASB Code Section P70.

The County is permitted by State Law (Proposition 13) to levy taxes at 1% of full market value (at time of purchase) and can increase the assessed value at no more than two percent per year. The City receives a share of this basic levy.

(j) Compensated Absences

The City accounts for compensated absences in accordance with GASB Statement No. 16. In governmental funds, compensated absences are recorded as expenditures in the year paid, as it is the City's policy to liquidate any unpaid vacation or sick leave at June 30 from future resources rather than currently available expendable resources. Accordingly, the entire unpaid liability for the governmental funds is recorded in the government-wide financial statements as these amounts will be liquidated from future resources.

CITY OF LOMITA
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(1) Reporting City and Summary of Significant Accounting Policies, (Continued)

(k) Deferred Outflows/ Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for *deferred outflows of resources*. This separate financial statement element, deferred outflows of resources, represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category. Deferred outflows relating to the net pension obligation reported in the government-wide statement of net position. These outflows are the results of contributions made after the measurement period, which are expensed in the following year, and of adjustment due to difference in proportions and the difference between actual contributions made and the proportionate share of the risk pool's total contributions. These amounts are deferred and amortized over the expected average remaining service life time. Deferred outflows relating to the reacquisition loss on refunding bonds reported in the government-wide statement of net position and statement of fund position for proprietary funds. These outflows are the results of difference between the reacquisition price and the net carrying amount of the refunded bonds, which are recognized as a component of interest expense over the remaining life of the bonds.

In addition to liabilities, the statement of financial position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one item that qualifies for reporting in this category which are deferred inflows relating to the net pension obligation reported in the government-wide statement of net position. These inflows are the result of the net difference between projected and actual earnings on pension plan investments. This amount is deferred and amortized straight-line over a five-year period.

(l) Long-Term Debt and Interest Payable

In the Government-Wide Financial Statements, long-term debt and other long-term obligations are reported as liabilities in the appropriate activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are immediately expensed in the Government-Wide Financial Statements in addition to the Proprietary and Fiduciary Fund Statements in accordance with GASB No. 65. In the Fund Financial Statements, with the exception of advances from other funds, long-term liabilities are not presented. Consequently, long term debt is shown as a reconciling item in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.

CITY OF LOMITA
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

(1) Reporting City and Summary of Significant Accounting Policies, (Continued)

(l) Long-Term Debt and Interest Payable, (Continued)

In the Government-Wide Financial Statements, interest payable on long-term debt is recognized as the liability is incurred for governmental activities and business-type activities. In the Fund Financial Statements, only propriety fund types recognize the interest payable when the liability is incurred.

(m) Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

In the Government-Wide Financial Statements, net position are classified in the following categories: *Net Investment in Capital Assets* consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Position are restricted by external creditors, grantors, contributors, laws or regulations of other governments. Unrestricted Net position is all net position that do not meet the definition of “invested in capital assets, net of related debt” or “restricted net position.”

(n) Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. In addition, estimates affect the reported amount of expenses. Actual results could differ from these estimates and assumptions.

(o) Pensions

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

CITY OF LOMITA
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

(1) Reporting City and Summary of Significant Accounting Policies, (Continued)

(p) New Accounting Pronouncements

The City adopted Statement on Governmental Accounting Standards (GASB Statement) No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, GASB Statement No. 80 *Blending Requirements for Certain Component Units*, and GASB Statement No. 82 *Pension Issues*.

(2) Cash and Investments

Cash and investments at June 30, 2017 are reported as follows in the financial statements:

Statement of net position:	
Cash and investments	\$12,660,825
Statement of fiduciary net position:	
Cash and investments	<u>162,741</u>
	<u>\$12,823,566</u>

Cash and investments at June 30, 2017 consisted of the following:

Petty cash	\$ 7,350
Demand deposits held by City	4,667,602
Investments:	
Money market savings	1,001
Negotiable certificates of deposits	3,052,765
Local Agency Investment Fund	<u>5,094,848</u>
Total cash and investments	<u>\$12,823,566</u>

CITY OF LOMITA
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(2) Cash and Investments, (Continued)

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 and the City's investment policy. The table also identifies certain provisions of the California Government Code (or the City's investment policy, if more restrictive) that address interest rate risk and concentration of credit risk.

<u>Investment Types</u> <u>Authorized by State Law</u>	<u>Authorized</u> <u>By Investment</u> <u>Policy</u>	<u>*Maximum</u> <u>Maturity</u>	<u>*Maximum</u> <u>Percentage</u> <u>Of Portfolio</u>	<u>*Maximum</u> <u>Investment</u> <u>in One Issuer</u>
Local Agency Bonds	No	5 years	None	None
U.S. Treasury Bills	Yes	None	60%	None
U.S. Treasury Notes	Yes	5 years	40%	None
U.S. Agency Securities	Yes	5 years	20%	None
Banker's Acceptances	Yes	180 days	10%	None
Commercial Paper	Yes	180 days	10%	10%
Negotiable Certificates of Deposit	Yes	5 years	30%	None
Repurchase Agreements	No	1 year	None	None
Passbook savings demand deposits	Yes	5 years	None	None
Reverse Repurchase Agreements	No	92 days	20% of base value	None
Medium-Term Notes	Yes	5 years	30%	None
Mutual Funds that invest only in State of California authorized investments	Yes	5 years	20% combined	None
SEC registered Money Market Mutual Funds	Yes	5 years		None
Local Agency Investment Fund (LAIF)	Yes	5 years	\$40,000,000	None

* Based on state law requirements or investment policy requirements, whichever is more restrictive.

CITY OF LOMITA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(2) Cash and Investments, (Continued)

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 to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

<u>Investment Type</u>		<u>1 Year Or less</u>	<u>Remaining Maturity (in Years)</u>		
			<u>1 to 2 Years</u>	<u>2 to 3 Years</u>	<u>3 to 5 Years</u>
Money market savings	\$ 1,001	1,001	-	-	-
Negotiable Certificates of Deposit	3,052,765	103,902	99,564	694,337	2,154,962
LAIF	<u>5,094,848</u>	<u>5,094,848</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 8,148,614</u>	<u>5,199,751</u>	<u>99,564</u>	<u>694,337</u>	<u>2,154,962</u>

Fair Value Classifications

Fair value measurements are categorized based on the valuation inputs used to measure fair value: Level 1 inputs are quoted prices in active markets for identical asset assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments categorized as Level 2 are valued using market approach using quoted market prices.

CITY OF LOMITA
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(2) Cash and Investments, (Continued)

Investments' fair value measurements are as follows as of June 30, 2017:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market savings	\$ 1,001	-	1,001	-
Negotiable Certificates of Deposit	<u>3,052,765</u>	<u>-</u>	<u>3,052,765</u>	<u>-</u>
Subtotal	<u>3,053,766</u>	<u>-</u>	<u>3,053,766</u>	<u>-</u>
LAIF	<u>5,094,848</u>			
Subtotal	<u>5,094,848</u>			
Total Leveled Investments	<u>\$8,148,614</u>			

Investments in LAIF are uncategorized as deposit and withdrawals are made on the basis of \$1 and not fair value.

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 as of year end for each investment type.

<u>Investment Type</u>		<u>Minimum Legal Rating</u>	<u>AAA</u>	<u>Ratings as of Year End</u>			<u>Not Rated</u>
				<u>AA</u>	<u>A</u>		
Money market savings	\$ 1,001	N/A	-	-	-	-	1,001
Negotiable Certificates of Deposit	3,052,765	N/A	-	-	-	-	3,052,765
LAIF	<u>5,094,848</u>	N/A	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,094,848</u>
Total	<u>\$8,148,614</u>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,148,614</u>

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. The city had no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments.

CITY OF LOMITA
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(2) Cash and Investments, (Continued)

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2017, none of the City's deposits with financial institutions in excess of federal depository insurance limits were held in collateralized accounts. 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 has not agreed to such a waiver.

Investments in State Investment Pool

The City is a participant in LAIF which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

CITY OF LOMITA
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

(3) Interfund Balances

Interfund balances at June 30, 2017 consisted of the following:

<u>Due From Other Funds:</u>	<u>Due To Other Funds:</u>		<u>Total</u>
	<u>Park Grant Fund</u>	<u>Nonmajor Governmental Funds</u>	
General Fund	<u>\$199,535</u>	<u>143,082</u>	<u>\$342,617</u>

The interfund balances were to eliminate negative cash balances in non-major special revenue funds.

(4) Interfund Transfers

Interfund transfers at June 30, 2017 consisted of the following:

	<u>Prop C Fund</u>	<u>Park Grant Fund</u>	<u>Transfers In:</u>	<u>Internal Service Fund</u>	<u>Total</u>
			<u>Nonmajor Governmental Funds</u>		
<u>Transfers Out:</u>					
General Fund	\$ -	-	72,685	40,000	112,685
Nonmajor Governmental Fund	28,119	31,953	-	-	60,072
Water Enterprise Fund	-	-	<u>2,733</u>	-	<u>2,733</u>
Total	<u>\$28,119</u>	<u>31,953</u>	<u>75,418</u>	<u>40,000</u>	<u>175,490</u>

The most significant interfund transfer was from the General Fund to the Capital Improvement Capital Project fund in the amount of \$50,000. The transfers were made to fund various capital related projects in the City.

CITY OF LOMITA
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

(5) Capital Assets

Capital asset activity for the year ended June 30, 2017 was as follows:

Governmental Activities:

<u>Description</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Non-depreciable:				
Land	\$ 4,699,288	294,618	-	4,993,906
Construction in process	169,682	877,593	67,086	980,189
Street trees	<u>1,650,378</u>	<u>-</u>	<u>-</u>	<u>1,650,378</u>
Total non-depreciable	<u>6,519,348</u>	<u>1,172,211</u>	<u>67,086</u>	<u>7,624,473</u>
Depreciable:				
Buildings	4,523,989	-	-	4,523,989
Equipment and furniture	625,338	17,657	-	642,995
Vehicles	413,938	-	-	413,938
Infrastructure	<u>20,489,991</u>	<u>393,908</u>	<u>-</u>	<u>20,883,899</u>
Total depreciable capital assets	<u>26,053,256</u>	<u>411,565</u>	<u>-</u>	<u>26,464,821</u>
Less accumulated depreciation for:				
Buildings	2,906,116	90,480	-	2,996,596
Equipment and furniture	503,339	32,035	-	535,374
Vehicles	306,387	12,561	-	318,948
Infrastructure	<u>10,582,190</u>	<u>394,152</u>	<u>-</u>	<u>10,976,342</u>
Total accumulated depreciation	<u>14,298,032</u>	<u>529,228</u>	<u>-</u>	<u>14,827,260</u>
Total depreciable capital assets, net	<u>11,755,224</u>	<u>(117,663)</u>	<u>-</u>	<u>11,637,561</u>
Total capital assets, net	<u>\$18,274,572</u>	<u>1,054,548</u>	<u>67,086</u>	<u>19,262,034</u>

CITY OF LOMITA
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

(5) Capital Assets, (Continued)

Business-type Activities:

<u>Description</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Non-depreciable:				
Land	\$ 70,675	-	-	70,675
Construction in process	<u>1,195,305</u>	<u>71,423</u>	<u>1,190,828</u>	<u>75,900</u>
Total non-depreciable	<u>1,265,980</u>	<u>71,423</u>	<u>1,190,828</u>	<u>146,575</u>
Depreciable:				
Equipment and furniture	200,483	-	-	200,483
Vehicles	92,997	-	-	92,997
Infrastructure	<u>28,448,692</u>	<u>1,538,972</u>	<u>-</u>	<u>29,987,664</u>
Total depreciable capital assets	<u>28,742,172</u>	<u>1,538,972</u>	<u>-</u>	<u>30,281,144</u>
Less accumulated depreciation for:				
Equipment and furniture	166,009	8,611	-	174,620
Vehicles	83,488	1,486	-	84,974
Infrastructure	<u>6,400,582</u>	<u>581,941</u>	<u>-</u>	<u>6,982,522</u>
Total accumulated depreciation	<u>6,650,078</u>	<u>592,038</u>	<u>-</u>	<u>7,242,116</u>
Total depreciable capital assets, net	<u>22,092,095</u>	<u>946,933</u>	<u>-</u>	<u>23,039,028</u>
Total capital assets, net	<u>\$23,358,075</u>	<u>1,018,356</u>	<u>1,190,828</u>	<u>23,185,603</u>

	<u>Expenditures Spent-to-date</u>	<u>Remaining Commitment</u>
Construction commitments:		
Governmental activities- street projects:		
PCH/Walnut St & Western Ave/ PV Drive North	\$ 98,078	\$ 801,922
Narbonne/ N of PCH/ Design	621,841	578,159
Business-type activities-water capital improvements:		
PCH water main replacement	0	555,000

CITY OF LOMITA
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

(5) Capital Assets, (Continued)

Depreciation expense was charged in the following functions in the Statement of Activities:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
General Government	\$ 84,889	-
Community Development	18,490	-
Community Services	15,950	-
Public Works	409,899	-
Water	<u>-</u>	<u>592,038</u>
Total	<u>\$529,228</u>	<u>592,038</u>

(6) Long-term Liabilities

Long-term liability activity for the year ended June 30, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>
Governmental Activities:					
Net pension liability	\$ 5,230,114	1,911,825	591,544	6,550,395	-
OPEB	2,522,021	546,663	141,874	2,926,810	-
Compensated absences (1)	<u>214,549</u>	<u>321,287</u>	<u>251,829</u>	<u>284,007</u>	<u>56,801</u>
Total governmental activities	<u>\$ 7,966,684</u>	<u>2,779,775</u>	<u>985,247</u>	<u>9,761,212</u>	<u>56,801</u>
Business-type Activities:					
Bonds payable:					
Water Revenue Refunding					
Bonds, series 2016	\$ 7,200,000	-	215,000	6,985,000	235,000
Net pension liability	1,611,156	46,980	138,757	1,519,379	-
Compensated absences (2)	<u>63,167</u>	<u>124,678</u>	<u>98,504</u>	<u>89,341</u>	<u>17,868</u>
Total business-type activities	<u>8,874,323</u>	<u>171,658</u>	<u>452,261</u>	<u>8,593,720</u>	<u>252,868</u>
Total	<u>\$16,841,007</u>	<u>2,951,433</u>	<u>1,437,508</u>	<u>18,354,932</u>	<u>309,669</u>

(1) – Compensated absences for government activities have typically been liquidated by the General Fund.

(2) – Compensated absences for business-type activities have typically been liquidated by the Water Fund.

CITY OF LOMITA
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(6) Long-term Liabilities, (Continued)

2016 Water Revenue Refunding Bonds:

On May 1, 2016, the City issued the 2016 Water Revenue Refunding Bonds in the amount of \$7,200,000. The purpose of the bonds was to refinance prior debt issued for capital improvements to the City's water system. Principal payments are due in annual installments ranging from \$215,000 to \$450,000, commencing December 1, 2016 through June 1, 2038. The bonds accrue interest at a rate of 3.25%. Interest on the bonds is payable semiannually on June 1 and December 1, commencing on December 1, 2016. The bonds are payable solely from the net revenues of the water system of the city. Principal and interest paid for the current year, and net revenues were \$466,550 and \$1,307,798, respectively. At June 30, 2017, the ratio of the debt service payments due to the net revenues during fiscal year 2017 was .37 (37%).

The bond agreement for the Water Revenue Refunding Bonds requires the city to pledge its annual net revenues (defined as total revenues (including interest and gains) for the fiscal year less operation and maintenance costs (excluding depreciation and amortization)) in an amount equal to at least 125% of the annual debt service requirement for each fiscal year through final maturity of the bonds on June 1, 2038 or early retirement of the bonds, which ever first occurs. The amount of annual net revenues equaled 268% of the annual debt service requirement in fiscal year 2017. The amount of the bonds outstanding at June 30, 2017 was \$6,985,000.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 235,000	227,013	462,013
2019	245,000	219,375	464,375
2020	250,000	211,413	461,413
2021	260,000	203,288	463,288
2022	270,000	194,838	464,838
2023-2027	1,480,000	837,037	2,317,037
2028-2032	1,745,000	579,962	2,324,962
2033-2037	2,050,000	277,224	2,327,224
2038	<u>450,000</u>	<u>14,625</u>	<u>464,625</u>
Total	<u>\$6,985,000</u>	<u>2,764,775</u>	<u>9,749,775</u>

CITY OF LOMITA
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(7) Defined Benefit Pension Plans

Plan Description: All qualified permanent and probationary employees are eligible to participate in the City of Lomita's Miscellaneous Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and City of Lomita resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided: CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Public Employees' Pension Reform Act of 2013 (PEPRA) requires new benefits and member contributions for new members as defined by PEPRA, that are hired after January 1, 2013. These PEPRA members in pooled plans are reflected in the new Miscellaneous and Safety risk pools created by the CalPERS Board in response to the passage of PEPRA, beginning with the June 30, 2013, risk-pool valuations.

The Plans' provisions and benefits in effect at June 30, 2017, are summarized as follows:

	Miscellaneous		
	Prior to February 28, 2012	February 28, 2012 to January 31, 2013	On or after January 31, 2013
Hire Date			
Benefit formula	2.5% @ 55	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50-55	50-63	52 - 67
Monthly benefits, as a % of			
compensation	2.0% to 2.5%	1.092% to 2.418%	1.0% to 2.5%
Required employee contribution rates	8.00%	7.00%	6.25%
Required employer contribution rates	23.73%	8.005%	6.24%

CITY OF LOMITA
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

(7) Defined Benefit Pension Plans, (Continued)

Contributions: Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. 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 City of Lomita is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Contributions to the pension plan were \$723,176 for the year ended June 30, 2017.

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions - As of June 30, 2017, the City of Lomita reported net pension liabilities for its proportionate shares of the net pension liability of \$8,069,774.

The City's net pension liability for the Miscellaneous Plan is measured as the proportionate share of the net pension liability of the collective cost-sharing plan. The City's net pension liability of the Plan is measured as of June 30, 2015, and the total pension liability for the Miscellaneous Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015, rolled forward to June 30, 2016, using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for the

Miscellaneous Plan as of the June 30, 2015 and 2016 measurement dates was as follows:

Proportion – June 30, 2015	0.249366%
Proportion – June 30, 2016	<u>0.178780%</u>
Change – Increase/(Decrease)	<u>(0.070586)%</u>

CITY OF LOMITA
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

(7) Defined Benefit Pension Plans, (Continued)

For the year ended June 30, 2017, the City of Lomita recognized pension expense of \$600,840. At June 30, 2017, the City of Lomita reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 723,176	
Difference between expected and actual experience	20,098	
Changes in proportions	372,228	
Difference between actual and projected contributions	28,089	
Changes in assumptions		\$(246,663)
Net differences between projected and actual earnings on plan investments	<u>1,283,797</u>	
Total	<u>\$2,427,388</u>	<u>\$(246,663)</u>

\$723,176 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30</u>	
2018	\$ 290,806
2019	247,886
2020	586,340
2021	332,517

CITY OF LOMITA
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

(7) Defined Benefit Pension Plans, (Continued)

Actuarial Assumptions – The total pension liabilities in the June 30, 2015 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous</u>
Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.5% (1)
Mortality	(2)

(1) Net of pension plan investment expenses, including inflation.

(2) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2015 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

Discount Rate – The discount rate used to measure the total pension liability was 7.65 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that the City's contributions will be made at rates equal to the difference between actuarially determined contributions rates and the employee rate. Based on those assumptions, each pension 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 long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

In determining the long-term expected 7.65 percent rate of return on pension plan investments, CalPERS took into account both short and long-term market return expectations as well as the expected pension fund cash flows. Based on the expected benefit payments of the Public Employees' Retirement Fund, CalPERS indicated that a 19 year horizon was ideal in determining the level equivalent discount rate assumption. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-

CITY OF LOMITA
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(7) Defined Benefit Pension Plans, (Continued)

term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are the same for the Plan. These geometric rates of return are net of administrative expenses and are summarized in the following table:

Asset Class	New Strategic Allocation	Real Return Years 1–10 (a)	Real Return Years 11+(b)
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	20.0%	1.0%	2.4%
Real Assets	12.0%	4.5%	5.1%
Private Equity	10.0%	6.8%	7.0%
Inflation Sensitive	6.0%	0.5%	3.4%
Liquidity	1.0%	-0.6%	-1.1%
Total	<u>100%</u>		

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the City's proportionate share of the net pension liability, calculated using the discount rate of 7.65 percent, as well as what the City's proportionate share of net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.65 percent), or 1-percentage point higher (8.65 percent), than the current rate:

	<u>Miscellaneous</u>
1% Decrease	6.65%
Net Pension Liability	\$11,535,124
Current Discount Rate	7.65%
Net Pension Liability	\$8,069,774
1% Increase	8.65%
Net Pension Liability	\$5,205,833

CITY OF LOMITA
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(8) Other Post Employment Benefits (OPEB)

Plan Description: The City provides retiree medical benefits under the PERS health plan which provides medical insurance benefits to eligible retirees and their spouses in accordance with various labor agreements. Copies of the PERS' annual financial report may be obtained at the PERS Executive Office, 400 P Street, Sacramento, CA 95814.

Eligibility: Employees are eligible for retiree health benefits if they retire from the City on or after age 50 (unless disabled) and are eligible for a PERS pension. The benefits are available only to employees who retire from the City. Membership of the plan consisted of 44 eligible active employees and 23 enrolled eligible retirees at June 30, 2017. These amounts do not reflect current retirees not enrolled in the PERS health plan who are eligible to enroll in the plan at a later date.

City's Funding Policy: The contribution requirements of plan members and the City are established and may be amended by the City and the City Council. The City must agree to make a defined monthly payment towards the cost of each retiree's coverage. The required contribution is based on projected pay-as-you-go financing requirements. For the year ended June 30, 2017, the City contributed \$141,874 to the plan.

Annual OPEB Cost and Net OPEB Obligation: The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer* (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The Annual Required Contribution (ARC) as of June 30, 2017, was \$546,663. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation for these benefits:

Annual required contribution	\$546,663
Interest on net OPEB obligation	2,733
Adjustments to annual required contributions	<u>(2,733)</u>
Annual OPEB cost (expense)	546,663
Contributions made (including premiums paid)	<u>(141,874)</u>
Increase in net OPEB obligation	404,789
Net OPEB obligation-beginning of year	<u>2,522,021</u>
Net OPEB obligation-end of year	<u>\$2,926,810</u>

CITY OF LOMITA
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(8) Other Post Employment Benefits (OPEB), (Continued)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 and the three preceding years were as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/15	536,897	25.35%	2,117,661
6/30/16	546,663	21.68%	2,522,021
6/30/17	546,663	18.68%	2,926,810

Funded Status and Funding Progress: The funded status of the plan as of June 30, 2017, was as follows:

Actuarial accrued liability (AAL)	\$4,636,645
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$4,636,645</u>
Funded ratio (actuarial value of plan assets/AAL)	0.0%
Covered payroll (active plan members)	3,090,957
UAAL as a percentage of covered payroll	150%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for the benefits.

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial assets, consistent with the long-term perspective of the calculations. The plan assumes a 1% annual increase in both healthcare trend rates and inflation rates.

CITY OF LOMITA
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(8) Other Post Employment Benefits (OPEB), (Continued)

The actuarial cost method used for determining the benefit obligations is the projected unit credit method. The actuarial assumptions included a 5% percent investment rate of return, which is the assumed rate of the expected long-term investment returns on plan assets calculated based on the funded level of the plan at the valuation date and a 5% percent discount rate. The UAAL is being amortized (using a closed amortization period) as a level percentage of projected payroll over 30 years. It is assumed the City's payroll will increase 3.25% per year.

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)-Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (a-b)/c)
7/01/12	\$ -	\$3,723,508	\$3,723,508	0%	\$3,027,000	123%
7/01/14	\$ -	\$4,636,645	\$4,636,645	0%	\$2,974,409	155%

(9) Risk Management

The City is a member of the California Joint Power Insurance Authority (Authority). The Authority is composed of 117 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 coverage's. The Authority's pool 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 9-member Executive Committee.

General Liability. Each member government pays a primary deposit to cover estimated losses for a fiscal year (claims year). Six months after the close of a fiscal year, outstanding claims are valued. Costs are spread to the members as follows: the first \$30,000 of each occurrence is charged directly to the member; costs from \$30,001 to \$750,000 are pooled based on a member's share of costs under \$30,000; costs from \$750,001 to \$15,000,000 are pooled based on payroll. Costs of covered claims above \$15,000,000 are currently paid by reinsurance. The protection for each member is \$50,000,000 per occurrence and \$50,000,000 annual aggregate.

Costs of covered claims for subsidence losses are paid by reinsurance and excess insurance with a pooled sub-limit of \$30 million per occurrence. This \$30 million subsidence sub-limit is composed of (a) \$5 million retained within the pool's SIR, (b) \$15 million in reinsurance, subject to the same annual aggregate deductibles previously stated, and (c) \$10 million in excess insurance. The excess insurance layer has a \$10 million annual aggregate limit.

CITY OF LOMITA
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(9) Risk Management, (Continued)

Workers' Compensation. The City also participates in the workers' compensation pool administered by the Authority. Members retain the first \$50,000 of each claim. Claims are pooled separately between public safety and non-public safety. Loss development reserves are allocated by pool and by loss layer (\$0-\$100,000 allocated by retained amount and \$100,000 to \$2,000,000 by payroll). Losses from \$50,000 to \$100,000 and the loss development reserve associated with losses up to \$100,000 are pooled based on the member's share of losses under \$50,000. Losses from \$100,000 to \$2,000,000 and loss development reserves associated with losses from \$100,000 to \$2,000,000 are pooled based on payroll. Costs from \$2,000,000 to \$50,000,000 are transferred to an excess insurance policy. Costs in excess of \$50,000,000 are pooled among the Members based on payroll. Administrative expenses are paid from the Authority's investment earnings.

Property Protection. The City participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. The City property is currently insured according to a schedule of covered property submitted by the City to the Authority. There is \$5,000 per loss deductible. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

Adequacy of Protection. Claims expenses and liabilities were reported when they were probable that a loss had occurred and the amount of that loss can be reasonably estimated. During the past three fiscal (claims) year, none of the above programs of protection have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability coverage from coverage in the prior year. Hence, at June 30, 2017 and June 30, 2016, the amount of claim liabilities was \$0 and was the City's best estimate based on available information.

CITY OF LOMITA
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(10) Classification of Fund Balances

The City follows the provisions of GASB Statement No. 54, "Fund Balance and Governmental Fund Type Definitions. GASB 54 established fund balance classification based largely upon the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The governmental fund statements conform to the new classification and are summarized as follows as of June 30, 2017:

	<u>General Fund</u>	<u>Proposition C Fund</u>	<u>Park Grant Fund</u>	<u>Non-major Governmental Funds</u>	<u>Totals</u>
<i>Nonspendable</i>					
Prepays	\$ -	-	-	6,185	6,185
Inventory	<u>18,896</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,896</u>
<i>Total Nonspendable</i>	<u>18,896</u>	<u>-</u>	<u>-</u>	<u>6,185</u>	<u>25,081</u>
<i>Restricted</i>					
Public Transportation	-	-	-	157,778	157,778
Clean Air Act Programs	-	-	-	53,664	53,664
Park Improvement	-	-	-	41,219	41,219
Park Athletic Program	-	-	-	36,101	36,101
Low and moderate income housing	-	-	-	232,081	232,081
Law Enforcement, Cleep	-	-	-	5,838	5,838
Railroad Museum Expansion	-	-	-	49,171	49,171
Mayor's Golf Classic	-	-	-	23,874	23,874
Landscape Maintenance	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,790</u>	<u>2,790</u>
<i>Total Restricted</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>602,516</u>	<u>602,516</u>
<i>Committed</i>					
Street Improvement	-	900,196	-	292,396	1,192,592
Stephenson Center	<u>89,343</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>89,343</u>
<i>Total Committed</i>	<u>89,343</u>	<u>900,196</u>	<u>-</u>	<u>292,396</u>	<u>1,281,935</u>
<i>Assigned</i>					
Facilities Improvement	149,434	-	-	-	149,434
Capital Improvement	-	-	-	877,480	877,480
Reserve Appropriations	4,000,000	-	-	-	4,000,000
Economic Development	100,000	-	-	-	100,000
OPEB Trust	125,796	-	-	-	125,796
Pension Stabilization	<u>804,845</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>804,845</u>
<i>Total Assigned</i>	<u>5,180,075</u>	<u>-</u>	<u>-</u>	<u>877,480</u>	<u>6,057,555</u>
<i>Unassigned</i>	<u>1,544,373</u>	<u>-</u>	<u>(213,015)</u>	<u>(162,288)</u>	<u>1,169,070</u>
<i>Totals</i>	<u>\$ 6,832,687</u>	<u>900,196</u>	<u>(213,015)</u>	<u>1,616,289</u>	<u>9,136,157</u>

CITY OF LOMITA
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

(11) Other Required Disclosures

Expenditures in Excess of Appropriations

The following departments / funds reported expenditures in excess of appropriations:

	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance Favorable (Unfavorable)</u>
Non-major Special Revenue Funds:			
Measure R	54,500	55,786	(1,286)
Lomita Manor Development	421,664	547,039	(125,375)
Mayor's Golf Classic	29,840	29,939	(99)

Deficit Fund Balances

The following funds had deficit fund balances as of June 30, 2017:

Major Special Revenue Funds:

Park Grant Fund	\$213,015 (a)
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Non-major Special Revenue Funds:

State Gas Tax	\$116,866 (a)
Measure R Highway	\$45,424 (a)

(a) The deficit fund balance was due to actual expenses exceeding the reimbursable revenues.

CITY OF LOMITA
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(12) Commitments and Contingencies

A. *Lawsuits in the Normal Course of Business*

The City is presently involved in certain matters of litigation that have arisen in the normal course of conducting City business. City management believes, based upon consultation with the City Attorney, that these cases, in the aggregate, are not expected to result in a material adverse financial impact on the City. Additionally, City management believes that the City's insurance programs are sufficient to cover any potential losses should an unfavorable outcome materialize.

B. *Federal and State Grant Programs*

The City participates in several federal and state grant programs. These programs have been audited by the City's independent auditors in accordance with the provisions of the federal Single Audit Act, as amended and applicable state requirements. No cost disallowances were proposed as a result of these audits. However, these programs are still subject to further examination by the grantors and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time.

(13) Subsequent Events

Management has evaluated subsequent events through November 30, 2017, which is the date the financial statements were available to be issued, and has determined that there are no transactions that will have a significant impact on the City.

CITY OF LOMITA
Comprehensive Annual Financial Report
June 30, 2017



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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LOMITA
Comprehensive Annual Financial Report
June 30, 2017



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CITY OF LOMITA

Schedule of Proportionate Share of the Net Pension Liability

Fiscal Year Ending June 30, Last Ten Fiscal Years *

	2014	2015	2016
Proportion of the net pension liability	0.229940%	0.180327%	0.178780%
Proportionate share of the net pension liability	\$ 5,682,932	\$ 6,841,270	\$ 8,069,774
Covered - employee payroll ¹	\$ 2,938,496	\$ 2,926,047	\$ 3,090,957
Proportionate Share of the net pension liability as percentage of covered-employee payroll	193.40%	233.81%	261.08%
Plan's fiduciary net position	\$ 18,343,987	\$ 17,754,437	\$ 17,669,815
Plan fiduciary net position as a percentage of the total pension liability	76.35%	72.19%	68.65%

¹ Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2015. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes)

Changes in assumptions: The discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent to correct for an adjustment to exclude administrative expense.

* - Fiscal year 2015 was the 1st year of implementation, therefore only three years are shown.

CITY OF LOMITA

Schedule of Plan Contributions

Fiscal Year Ending June 30, Last Ten Fiscal Years *

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Contractually required contribution (actuarially determined)	\$ 562,071	\$ 730,301	\$ 723,176
Contributions in relation to the actuarially determined contributions	<u>\$ (562,071)</u>	<u>\$ (730,301)</u>	<u>\$ (723,176)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 2,938,496	2,926,047	3,090,957
Contributions as a percentage of covered payroll	19.13%	24.96%	23.40%

Notes to Schedule:

Valuation date: 6/30/2015

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	15 years
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases	3.00%
Investment rate of return	7.50%
Retirement age	62
Mortality	Derived using CalPERS' membership data for all funds

* - Fiscal year 2015 was the 1st year of implementation, therefore only three years are shown.

CITY OF LOMITA

General Fund

Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual

For the Year Ended June 30, 2017

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Revenues:				
Taxes and assessments	\$ 4,586,869	4,561,069	4,476,404	(84,665)
Intergovernmental	2,172,335	2,260,335	2,260,884	549
Licenses and permits	763,350	801,350	992,617	191,267
Fines and forfeitures	382,000	382,000	376,733	(5,267)
Investment income	60,025	60,025	7,322	(52,703)
Rental income	213,000	213,000	220,575	7,575
Other revenue	208,000	343,000	341,475	(1,525)
Total revenues	<u>8,385,579</u>	<u>8,620,779</u>	<u>8,676,010</u>	<u>55,231</u>
Expenditures:				
Current:				
General government	2,993,844	2,941,340	2,687,690	253,650
Community development	889,623	889,623	745,442	144,181
Community services	89,619	89,619	69,181	20,438
Public works	172,765	194,765	193,318	1,447
Public safety	3,347,071	3,376,071	3,309,683	66,388
Culture and recreation	1,029,285	1,074,220	1,066,213	8,007
Capital outlay	<u>-</u>	<u>38,617</u>	<u>38,616</u>	<u>1</u>
Total expenditures	<u>8,522,207</u>	<u>8,604,255</u>	<u>8,110,143</u>	<u>494,112</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(136,628)</u>	<u>16,524</u>	<u>565,867</u>	<u>549,343</u>
Other financing sources (uses):				
Transfers out	<u>(110,528)</u>	<u>(112,685)</u>	<u>(112,685)</u>	<u>-</u>
Total other financing sources (uses)	<u>(110,528)</u>	<u>(112,685)</u>	<u>(112,685)</u>	<u>-</u>
Net change in fund balances	(247,156)	(96,161)	453,182	549,343
Fund balance, beginning of year	<u>6,379,505</u>	<u>6,379,505</u>	<u>6,379,505</u>	<u>-</u>
Fund balance, end of year	<u>\$ 6,132,349</u>	<u>6,283,344</u>	<u>6,832,687</u>	<u>549,343</u>

CITY OF LOMITA
Proposition C Special Revenue Fund
Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2017

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Revenues:				
Intergovernmental	\$ 315,097	315,097	314,231	(866)
Investment income	1,000	1,000	5,197	4,197
Total revenues	<u>316,097</u>	<u>316,097</u>	<u>319,428</u>	<u>3,331</u>
Expenditures:				
Current:				
Public works	16,166	16,166	1,698	14,468
Capital outlay	<u>1,200,000</u>	<u>1,266,000</u>	<u>652,294</u>	<u>613,706</u>
Total expenditures	<u>1,216,166</u>	<u>1,282,166</u>	<u>653,992</u>	<u>628,174</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(900,069)</u>	<u>(966,069)</u>	<u>(334,564)</u>	<u>631,505</u>
Other financing sources (uses):				
Transfers in	-	28,119	28,119	-
Transfers out	<u>(51,433)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(51,433)</u>	<u>28,119</u>	<u>28,119</u>	<u>-</u>
Net change in fund balances	(951,502)	(937,950)	(306,445)	631,505
Fund balance, beginning of year	<u>1,206,641</u>	<u>1,206,641</u>	<u>1,206,641</u>	<u>-</u>
Fund balance, end of year	<u>\$ 255,139</u>	<u>268,691</u>	<u>900,196</u>	<u>631,505</u>

CITY OF LOMITA

Park Grant Special Revenue Fund

Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual

For the Year Ended June 30, 2017

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Intergovernmental	\$ -	-	-	-
Total revenues	-	-	-	-
Expenditures:				
Current:				
Public works	-	34,407	34,407	-
Capital outlay	-	292,283	292,282	1
Total expenditures	-	326,690	326,689	1
Excess (deficiency) of revenues				
over (under) expenditures	-	(326,690)	(326,689)	1
Other financing sources (uses):				
Transfers in	-	11,840	31,953	20,113
Total other financing sources (uses)	-	11,840	31,953	20,113
Net change in fund balances	-	(314,850)	(294,736)	20,114
Fund balance, beginning of year	81,721	-	81,721	-
Fund balance, end of year	<u>\$ 81,721</u>	<u>\$ (314,850)</u>	<u>(213,015)</u>	<u>20,114</u>

CITY OF LOMITA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2017

(1) Budgets and Budgetary Accounting

The City prepares its budgets on the modified accrual basis and, accordingly, the budget amounts included in the accompanying financial statements are presented in accordance with generally accepted accounting principles.

Each year, the City Administrator submits a proposed budget to the City Council during early May. The City Council holds budget hearings during May and early June. The final budget is adopted by the City Council during late June. Funds that have irregular activity are not budgeted. The legal level of control of which expenditures cannot exceed appropriations is at the functional level. The City Council is informed of expenditures over appropriations and such amounts are informally approved as a part of the bi-monthly review of the demand warrants.

The City holds a mid-year budget review meeting. During the meeting, all budget expenditures are reviewed and projections for the whole year are made.

Unexpended and unencumbered appropriations of the governmental funds automatically lapse at the end of the year.

SUPPLEMENTARY INFORMATION

CITY OF LOMITA
Comprehensive Annual Financial Report
June 30, 2017



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NON-MAJOR GOVERNMENTAL FUNDS

The following funds have been classified as non-major funds in the accompanying financial statements.

SPECIAL REVENUE FUNDS:

State Gas Tax Fund - Used to account for monies received from the State and County for gas sales.

Transportation Development Act B Special Revenue Fund - Used to account for funds received from the State for improvements of local streets and roads.

Measure R Fund - Used to account for street improvement projects.

Founder's Day Fund - Used to account for City of Lomita's Founder's Day Celebration.

Community Development Block Grant Fund - Used to account for federal grants for programs benefiting low-income persons and/or families.

Lomita Housing Authority Fund - Used to account for the revenues and expenditures of the Lomita Housing Authority.

Proposition A Fund - Used to account for the City's share of Proposition A Local Return Funds from County sales tax dollars.

Air Quality Plan AB 2766 Fund - Used to account for funds received from the South Coast AQMD that were derived from clean air fees.

Measure R Highway Fund - Used to account for street improvement projects on a cost reimbursement basis.

Landscape Maintenance Fund - Used to account for assessment funds collected on property tax bills for Landscape Maintenance District #1.

Park Facilities Fund - Used to account for Park Development Tax and QUIMBY Act funds.

Park Athletic Fund - Used to account for user charges for park athletic programs.

Lomita Manor Development Fund - Used to account for the local U.S. HUD conventional housing programs of the City-owned senior housing complex, Lomita Manor.

CLEEP Fund - Used to account for the purchase of specialized equipment and software to enhance public safety.

Railroad Museum Expansion Fund - Used to account for grant monies and one time settlement.

Mayor's Golf Classic Fund - Used to account for donations and entry fees.

CAPITAL PROJECTS FUNDS:

Capital Improvement Fund - Used to account for the acquisition, construction and improvement of capital facilities and infrastructure. The projects are funded by transfers from the General Fund.

Street Improvements Fund - Used to account for the acquisition, construction and improvement of street improvements and infrastructure. The projects are funded by transfers from the General Fund.

CITY OF LOMITA
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2017

	Special Revenue Funds				
	State Gas Tax	Transportation Development Act	Measure R	Founder's Day	Community Development Block Grant
<u>ASSETS</u>					
Cash and investments	\$ -	-	299,858	5,786	-
Receivables:					
Accounts	-	-	-	-	-
Taxes	-	-	-	-	-
Interest	-	-	323	-	-
Due from other governments	-	-	-	-	53,541
Prepaid items	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>-</u>	<u>300,181</u>	<u>5,786</u>	<u>53,541</u>
<u>LIABILITIES</u>					
Accounts payable	\$ 44,643	-	7,785	5,786	27,814
Accrued liabilities	-	-	-	-	-
Deposits payable	-	-	-	-	-
Due to other funds	<u>72,223</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,725</u>
Total liabilities	<u>116,866</u>	<u>-</u>	<u>7,785</u>	<u>5,786</u>	<u>53,539</u>
<u>DEFERRED IN FLOWS OF RESOURCES</u>					
Unavailable revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred in flows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>FUND BALANCES</u>					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	292,396	-	-
Assigned	-	-	-	-	-
Unassigned	<u>(116,866)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2</u>
Total fund balances (deficits)	<u>(116,866)</u>	<u>-</u>	<u>292,396</u>	<u>-</u>	<u>2</u>
Total liabilities, deferred inflows and fund balances	<u>\$ -</u>	<u>-</u>	<u>300,181</u>	<u>5,786</u>	<u>53,541</u>

Special Revenue Funds

Lomita Housing Authority	Proposition A	Air Quality Plan AB 2766	Measure R Highway	Landscape Maintenance	Parks Facilities
1,608	203,645	49,802	-	3,413	41,150
-	316	6,586	-	-	-
-	-	-	-	417	-
-	214	56	-	-	69
-	-	-	43,702	-	-
-	-	-	-	-	-
<u>1,608</u>	<u>204,175</u>	<u>56,444</u>	<u>43,702</u>	<u>3,830</u>	<u>41,219</u>
19	46,397	2,780	290	1,040	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	45,134	-	-
<u>19</u>	<u>46,397</u>	<u>2,780</u>	<u>45,424</u>	<u>1,040</u>	<u>-</u>
-	-	-	43,702	-	-
-	-	-	43,702	-	-
-	-	-	-	-	-
1,589	157,778	53,664	-	2,790	41,219
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	(45,424)	-	-
<u>1,589</u>	<u>157,778</u>	<u>53,664</u>	<u>(45,424)</u>	<u>2,790</u>	<u>41,219</u>
<u>1,608</u>	<u>204,175</u>	<u>56,444</u>	<u>43,702</u>	<u>3,830</u>	<u>41,219</u>

CITY OF LOMITA
Nonmajor Governmental Funds, Continued
Combining Balance Sheet
June 30, 2017

	Special Revenue Funds				
	Park Athletic	Lomita Manor Development	CLEEP	Railroad Museum Expansion	Mayor's Golf Classic
<u>ASSETS</u>					
Cash and investments	\$ 34,750	325,098	5,831	49,116	29,484
Receivables:					
Accounts	6,486	515	-	-	1,321
Taxes	-	-	-	-	-
Interest	29	221	7	55	-
Due from other governments	-	-	-	-	-
Prepaid items	-	6,185	-	-	-
Total assets	<u>\$ 41,265</u>	<u>332,019</u>	<u>5,838</u>	<u>49,171</u>	<u>30,805</u>
<u>LIABILITIES</u>					
Accounts payable	\$ 5,164	74,732	-	-	6,931
Accrued liabilities	-	-	-	-	-
Deposits payable	-	20,610	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	<u>5,164</u>	<u>95,342</u>	<u>-</u>	<u>-</u>	<u>6,931</u>
<u>DEFERRED IN FLOWS OF RESOURCES</u>					
Unavailable revenue	-	-	-	-	-
Total deferred in flows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>FUND BALANCES</u>					
Nonspendable	-	6,185	-	-	-
Restricted	36,101	230,492	5,838	49,171	23,874
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances (deficits)	<u>36,101</u>	<u>236,677</u>	<u>5,838</u>	<u>49,171</u>	<u>23,874</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 41,265</u>	<u>332,019</u>	<u>5,838</u>	<u>49,171</u>	<u>30,805</u>

<u>Capital Projects Funds</u>		
<u>Capital Improvement Fund</u>	<u>Street Improvement Fund</u>	<u>Total Non-major Governmental Funds</u>
63,041	823,200	1,935,782
-	-	15,224
-	-	417
88	923	1,985
-	-	97,243
-	-	6,185
<u>63,129</u>	<u>824,123</u>	<u>2,056,836</u>
-	9,772	233,153
-	-	-
-	-	20,610
-	-	143,082
-	9,772	396,845
-	-	43,702
-	-	43,702
-	-	6,185
-	-	602,516
-	-	292,396
63,129	814,351	877,480
-	-	(162,288)
<u>63,129</u>	<u>814,351</u>	<u>1,616,289</u>
<u>63,129</u>	<u>824,123</u>	<u>2,056,836</u>

CITY OF LOMITA
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2017

	Special Revenue Funds				
	State Gas Tax	Transportation Development Act	Measure R	Founder's Day	Community Development Block Grant
Revenues:					
Taxes and assessments	\$ 388,999	-	-	-	-
Intergovernmental	-	28,119	235,413	-	121,644
Licenses and permits	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment income	37	-	858	-	-
Rental income	-	-	-	-	-
Other revenue	-	-	-	1,274	-
Total revenues	<u>389,036</u>	<u>28,119</u>	<u>236,271</u>	<u>1,274</u>	<u>121,644</u>
Expenditures:					
Current:					
Community services	-	-	-	-	-
Public works	601,211	-	55,786	-	121,642
Cultural and recreation	-	-	-	28,119	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>601,211</u>	<u>-</u>	<u>55,786</u>	<u>28,119</u>	<u>121,642</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(212,175)</u>	<u>28,119</u>	<u>180,485</u>	<u>(26,845)</u>	<u>2</u>
Other financing sources (uses):					
Transfers in	-	-	-	10,424	360
Transfers out	-	(28,119)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(28,119)</u>	<u>-</u>	<u>10,424</u>	<u>360</u>
Net change in fund balances	(212,175)	-	180,485	(16,421)	362
Fund balances, beginning of year	<u>95,309</u>	<u>-</u>	<u>111,911</u>	<u>16,421</u>	<u>(360)</u>
Fund balances, end of year	<u>\$ (116,866)</u>	<u>-</u>	<u>292,396</u>	<u>-</u>	<u>2</u>

Special Revenue Funds

Lomita Housing Authority	Proposition A	Air Quality Plan AB 2766	Measure R Highway	Landscape Maintenance	Parks Facilities
-	-	-	-	11,574	52,200
30,000	378,322	25,910	7,533	-	-
-	-	-	-	-	-
-	20,210	-	-	-	-
-	970	188	-	-	149
-	-	-	-	-	-
-	10	-	-	-	-
<u>30,000</u>	<u>399,512</u>	<u>26,098</u>	<u>7,533</u>	<u>11,574</u>	<u>52,349</u>
48,955	798,893	-	-	-	-
-	-	41,458	-	10,685	-
-	-	-	-	-	-
-	-	-	50,532	-	-
<u>48,955</u>	<u>798,893</u>	<u>41,458</u>	<u>50,532</u>	<u>10,685</u>	<u>-</u>
<u>(18,955)</u>	<u>(399,381)</u>	<u>(15,360)</u>	<u>(42,999)</u>	<u>889</u>	<u>52,349</u>
10,000	-	2,733	-	1,901	-
-	-	-	-	-	(31,953)
<u>10,000</u>	<u>-</u>	<u>2,733</u>	<u>-</u>	<u>1,901</u>	<u>(31,953)</u>
(8,955)	(399,381)	(12,627)	(42,999)	2,790	20,396
10,544	557,159	66,291	(2,425)	-	20,823
<u>1,589</u>	<u>157,778</u>	<u>53,664</u>	<u>(45,424)</u>	<u>2,790</u>	<u>41,219</u>

CITY OF LOMITA

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances, Continued

For the Year ended June 30, 2017

	Special Revenue Funds				
	Park Athletic	Lomita Manor Development	CLEEP	Railroad Museum Expansion	Mayor's Golf Classic
Revenues:					
Taxes and assessments	\$ -	-	-	-	-
Intergovernmental	-	311,480	-	-	-
Licenses and permits	62,178	-	-	-	-
Charges for services	-	-	-	-	-
Investment income	95	1,089	23	185	63
Rental income	-	269,256	-	-	-
Other revenue	347	22,755	-	-	31,852
Total revenues	<u>62,620</u>	<u>604,580</u>	<u>23</u>	<u>185</u>	<u>31,915</u>
Expenditures:					
Current:					
Community services	-	547,039	-	-	-
Public works	-	-	-	-	-
Cultural and recreation	74,796	-	-	-	29,939
Capital outlay	-	-	-	-	-
Total expenditures	<u>74,796</u>	<u>547,039</u>	<u>-</u>	<u>-</u>	<u>29,939</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(12,176)</u>	<u>57,541</u>	<u>23</u>	<u>185</u>	<u>1,976</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(12,176)	57,541	23	185	1,976
Fund balances, beginning of year	<u>48,277</u>	<u>179,136</u>	<u>5,815</u>	<u>48,986</u>	<u>21,898</u>
Fund balances, end of year	<u>\$ 36,101</u>	<u>236,677</u>	<u>5,838</u>	<u>49,171</u>	<u>23,874</u>

<u>Capital Projects Funds</u>		
<u>Capital Improvement Fund</u>	<u>Street Improvement Fund</u>	<u>Total Non-major Governmental Funds</u>
-	-	452,773
-	-	1,138,421
-	-	62,178
-	-	20,210
602	3,576	7,835
-	-	269,256
-	358,942	415,180
<u>602</u>	<u>362,518</u>	<u>2,365,853</u>
-	-	1,394,887
-	12,154	842,936
-	-	132,854
<u>217,856</u>	<u>516,445</u>	<u>784,833</u>
<u>217,856</u>	<u>528,599</u>	<u>3,155,510</u>
<u>(217,254)</u>	<u>(166,081)</u>	<u>(789,657)</u>
50,000	-	75,418
-	-	(60,072)
<u>50,000</u>	<u>-</u>	<u>15,346</u>
(167,254)	(166,081)	(774,311)
<u>230,383</u>	<u>980,432</u>	<u>2,390,600</u>
<u>63,129</u>	<u>814,351</u>	<u>1,616,289</u>

CITY OF LOMITA
State Gas Tax Special Revenue Fund
Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2017

	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes and assessments	\$ 541,186	388,999	(152,187)
Investment income	<u>-</u>	<u>37</u>	<u>37</u>
Total revenues	<u>541,186</u>	<u>389,036</u>	<u>(152,150)</u>
Expenditures:			
Current:			
Public works	<u>607,301</u>	<u>601,211</u>	<u>6,090</u>
Total expenditures	<u>607,301</u>	<u>601,211</u>	<u>6,090</u>
Net change in fund balances	(66,115)	(212,175)	(146,060)
Fund balance, beginning of year	<u>95,309</u>	<u>95,309</u>	<u>-</u>
Fund balance, end of year	<u>\$ 29,194</u>	<u>(116,866)</u>	<u>(146,060)</u>

CITY OF LOMITA
Transportation Development Act Special Revenue Fund
Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2017

	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 28,119.00	28,119	-
Total revenues	28,119	28,119	-
Expenditures:			
Capital outlay	-	-	-
Total expenditures	-	-	-
Excess (deficiency) of revenues over (under) expenditures	28,119	28,119	-
Other financing sources (uses):			
Transfers out	(28,119)	(28,119)	-
Total other financing sources (uses)	(28,119)	(28,119)	-
Net change in fund balances	-	-	-
Fund balance, beginning of year	-	-	-
Fund balance, end of year	\$ -	-	-

CITY OF LOMITA

Measure R Special Revenue Fund

Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual

For the Year Ended June 30, 2017

	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 236,305	235,413	(892)
Investment income	300	858	558
Total revenues	<u>236,605</u>	<u>236,271</u>	<u>(334)</u>
Expenditures:			
Current:			
Public works	<u>54,500</u>	<u>55,786</u>	<u>(1,286)</u>
Total expenditures	<u>54,500</u>	<u>55,786</u>	<u>(1,286)</u>
Net change in fund balances	182,105	180,485	(1,620)
Fund balance, beginning of year	<u>111,911</u>	<u>111,911</u>	<u>-</u>
Fund balance, end of year	<u>\$ 294,016</u>	<u>292,396</u>	<u>(1,620)</u>

CITY OF LOMITA
Founder's Day Special Revenue Fund
Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2017

	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Other revenue	\$ 25,176	1,274	(23,902)
Total revenues	<u>25,176</u>	<u>1,274</u>	<u>(23,902)</u>
Expenditures:			
Current:			
Cultural and recreation	<u>30,176</u>	<u>28,119</u>	<u>2,057</u>
Total expenditures	<u>30,176</u>	<u>28,119</u>	<u>2,057</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,000)</u>	<u>(26,845)</u>	<u>(21,845)</u>
Other financing sources (uses):			
Transfers in	<u>-</u>	<u>10,424</u>	<u>10,424</u>
Total other financing sources (uses)	<u>-</u>	<u>10,424</u>	<u>10,424</u>
Net change in fund balances	(5,000)	(16,421)	(11,421)
Fund balance, beginning of year	<u>16,421</u>	<u>16,421</u>	<u>-</u>
Fund balance, end of year	<u>\$ 11,421</u>	<u>-</u>	<u>(11,421)</u>

CITY OF LOMITA
Community Development Block Grant Special Revenue Fund
Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2017

	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 123,426	121,644	(1,782)
Total revenues	<u>123,426</u>	<u>121,644</u>	<u>(1,782)</u>
Expenditures:			
Current:			
Public works	<u>123,426</u>	<u>121,642</u>	<u>1,784</u>
Total expenditures	<u>123,426</u>	<u>121,642</u>	<u>1,784</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>2</u>	<u>2</u>
Other financing sources (uses):			
Transfers in	<u>-</u>	<u>360</u>	<u>360</u>
Total other financing sources (uses)	<u>-</u>	<u>360</u>	<u>360</u>
Net change in fund balances	-	362	362
Fund balance, beginning of year	<u>(360)</u>	<u>(360)</u>	<u>-</u>
Fund balance, end of year	<u>\$ (360)</u>	<u>2</u>	<u>362</u>

CITY OF LOMITA
Lomita Housing Authority Special Revenue Fund
Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2017

	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 30,000	30,000	-
Total revenues	30,000	30,000	-
Expenditures:			
Current:			
Community services	61,947	48,955	12,992
Total expenditures	61,947	48,955	12,992
Excess (deficiency) of revenues over (under) expenditures	(31,947)	(18,955)	12,992
Other financing sources (uses):			
Transfers in	10,000	10,000	-
Total other financing sources (uses)	10,000	10,000	-
Net change in fund balances	(21,947)	(8,955)	12,992
Fund balance, beginning of year	10,544	10,544	-
Fund balance, end of year	\$ (11,403)	1,589	12,992

CITY OF LOMITA
Proposition A Special Revenue Fund
Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2017

	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 379,876	378,322	(1,554)
Charges for services	20,000	20,210	210
Investment income	500	970	470
Other revenue	<u>-</u>	<u>10</u>	<u>10</u>
Total revenues	<u>400,376</u>	<u>399,512</u>	<u>(864)</u>
Expenditures:			
Current:			
Community services	<u>826,344</u>	<u>798,893</u>	<u>27,451</u>
Total expenditures	<u>826,344</u>	<u>798,893</u>	<u>27,451</u>
Net change in fund balances	(425,968)	(399,381)	26,587
Fund balance, beginning of year	<u>557,159</u>	<u>557,159</u>	<u>-</u>
Fund balance, end of year	<u>\$ 131,191</u>	<u>157,778</u>	<u>26,587</u>

CITY OF LOMITA

Air Quality Plan AB 2766 Special Revenue Fund

Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual

For the Year Ended June 30, 2017

	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 25,000	25,910	910
Investment income	50	188	138
Total revenues	<u>25,050</u>	<u>26,098</u>	<u>1,048</u>
Expenditures:			
Current:			
Public works	<u>68,000</u>	<u>41,458</u>	<u>26,542</u>
Total expenditures	<u>68,000</u>	<u>41,458</u>	<u>26,542</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(42,950)</u>	<u>(15,360)</u>	<u>27,590</u>
Other financing sources (uses):			
Transfers in	<u>-</u>	<u>2,733</u>	<u>2,733</u>
Total other financing sources (uses)	<u>-</u>	<u>2,733</u>	<u>2,733</u>
Net change in fund balances	(42,950)	(12,627)	30,323
Fund balance, beginning of year	<u>66,291</u>	<u>66,291</u>	<u>-</u>
Fund balance, end of year	<u>\$ 23,341</u>	<u>53,664</u>	<u>30,323</u>

CITY OF LOMITA

Measure R Highway Special Revenue Fund

Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual

For the Year Ended June 30, 2017

	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 814,960	7,533	(807,427)
Total revenues	<u>814,960</u>	<u>7,533</u>	<u>(807,427)</u>
Expenditures:			
Current:			
Capital outlay	<u>814,960</u>	<u>50,532</u>	<u>764,428</u>
Total expenditures	<u>814,960</u>	<u>50,532</u>	<u>764,428</u>
Net change in fund balances	-	(42,999)	(42,999)
Fund balance, beginning of year	<u>-</u>	<u>(2,425)</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>(45,424)</u>	<u>(42,999)</u>

CITY OF LOMITA
Landscape Maintenance Special Revenue Fund
Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2017

	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes and assessments	\$ 11,000	11,574	574
Total revenues	<u>11,000</u>	<u>11,574</u>	<u>574</u>
Expenditures:			
Current:			
Public works	<u>12,901</u>	<u>10,685</u>	<u>2,216</u>
Total expenditures	<u>12,901</u>	<u>10,685</u>	<u>2,216</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,901)</u>	<u>889</u>	<u>2,790</u>
Other financing sources (uses):			
Transfers in	<u>1,901</u>	<u>1,901</u>	<u>-</u>
Total other financing sources (uses)	<u>1,901</u>	<u>1,901</u>	<u>-</u>
Net change in fund balances	-	2,790	2,790
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ -</u></u>	<u><u>2,790</u></u>	<u><u>2,790</u></u>

CITY OF LOMITA
Parks Facilities Special Revenue Fund
Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2017

	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes and assessments	\$ 6,000	52,200	46,200
Investment income	<u>400</u>	<u>149</u>	<u>(251)</u>
Total revenues	<u>6,400</u>	<u>52,349</u>	<u>45,949</u>
Expenditures:			
Current:			
Cultural and recreation	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,400</u>	<u>52,349</u>	<u>45,949</u>
Other financing sources (uses):			
Transfers out	<u>(11,840)</u>	<u>(31,953)</u>	<u>20,113</u>
Total other financing sources (uses)	<u>(11,840)</u>	<u>(31,953)</u>	<u>20,113</u>
Net change in fund balances	(5,440)	20,396	66,062
Fund balance, beginning of year	<u>20,823</u>	<u>20,823</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 15,383</u></u>	<u><u>41,219</u></u>	<u><u>66,062</u></u>

CITY OF LOMITA
Park Athletic Special Revenue Fund
Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2017

	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Licenses and permits	\$ 71,300	62,178	(9,122)
Investment income	50	95	45
Other revenue	<u>12,459</u>	<u>347</u>	<u>(12,112)</u>
Total revenues	<u>83,809</u>	<u>62,620</u>	<u>(21,189)</u>
Expenditures:			
Current:			
Cultural and recreation	<u>80,762</u>	<u>74,796</u>	<u>5,966</u>
Total expenditures	<u>80,762</u>	<u>74,796</u>	<u>5,966</u>
Net change in fund balances	3,047	(12,176)	(15,223)
Fund balance, beginning of year	<u>48,277</u>	<u>48,277</u>	<u>-</u>
Fund balance, end of year	<u>\$ 51,324</u>	<u>36,101</u>	<u>(15,223)</u>

CITY OF LOMITA

Lomita Manor Development Special Revenue Fund

Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual

For the Year Ended June 30, 2017

	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 168,256	311,480	143,224
Investment income	-	1,089	1,089
Rental income	273,744	269,256	(4,488)
Other revenue	<u>3,900</u>	<u>22,755</u>	<u>18,855</u>
Total revenues	<u>445,900</u>	<u>604,580</u>	<u>158,680</u>
Expenditures:			
Current:			
Community services	<u>421,664</u>	<u>547,039</u>	<u>(125,375)</u>
Total expenditures	<u>421,664</u>	<u>547,039</u>	<u>(125,375)</u>
Net change in fund balances	24,236	57,541	33,305
Fund balance, beginning of year	<u>179,136</u>	<u>179,136</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 203,372</u></u>	<u><u>236,677</u></u>	<u><u>33,305</u></u>

CITY OF LOMITA
CLEEP Special Revenue Fund
Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2017

	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Investment income	\$ -	23	23
Total revenues	-	23	23
Expenditures:			
Current:			
Public safety	-	-	-
Total expenditures	-	-	-
Net change in fund balances	-	23	23
Fund balance, beginning of year	5,815	5,815	-
Fund balance, end of year	\$ 5,815	5,838	23

CITY OF LOMITA
Railroad Museum Expansion Special Revenue Fund
Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2017

	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Investment income	\$ 50	185	135
Total revenues	50	185	135
Expenditures:			
Current:			
Cultural and recreation	-	-	-
Total expenditures	-	-	-
Net change in fund balances	50	185	135
Fund balance, beginning of year	48,986	48,986	-
Fund balance, end of year	\$ 49,036	49,171	135

CITY OF LOMITA

Mayor's Golf Classic Special Revenue Fund

Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual

For the Year Ended June 30, 2017

	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Investment income	\$ -	63	63
Other revenue	29,840	31,852	2,012
Total revenues	29,840	31,915	2,075
Expenditures:			
Current:			
Cultural and recreation	29,840	29,939	(99)
Total expenditures	29,840	29,939	(99)
Net change in fund balances	-	1,976	1,976
Fund balance, beginning of year	21,898	21,898	-
Fund balance, end of year	\$ 21,898	23,874	1,976

CITY OF LOMITA
Capital Improvement Capital Projects Fund
Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2017

	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Investment income	\$ 300	602	302
Total revenues	300	602	302
Expenditures:			
Capital outlay	280,157	217,856	62,301
Total expenditures	280,157	217,856	62,301
Excess (deficiency) of revenues over (under) expenditures	(279,857)	(217,254)	62,603
Other financing sources (uses):			
Transfers in	50,000	50,000	-
Total other financing sources (uses)	50,000	50,000	-
Net change in fund balances	(229,857)	(167,254)	62,603
Fund balance, beginning of year	230,383	230,383	-
Fund balance, end of year	\$ 526	63,129	62,603

CITY OF LOMITA
Street Improvement Capital Projects Fund
Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2017

	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Investment income	\$ 400	3,576	3,176
Other revenue	<u>359,000</u>	<u>358,942</u>	<u>(58)</u>
Total revenues	<u>359,400</u>	<u>362,518</u>	<u>3,118</u>
Expenditures:			
Public works	25,000	12,154	12,846
Capital outlay	<u>650,000</u>	<u>516,445</u>	<u>133,555</u>
Total expenditures	<u>675,000</u>	<u>528,599</u>	<u>146,401</u>
Net change in fund balances	(315,600)	(166,081)	149,519
Fund balance, beginning of year	<u>980,432</u>	<u>980,432</u>	<u>-</u>
Fund balance, end of year	<u>\$ 664,832</u>	<u>814,351</u>	<u>149,519</u>

CITY OF LOMITA
Comprehensive Annual Financial Report
June 30, 2017



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FIDUCIARY FUNDS

CITY OF LOMITA
Comprehensive Annual Financial Report
June 30, 2017



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CITY OF LOMITA
Combining Schedule of Fiduciary Net Position
Trust Funds
June 30, 2017

	<u>Railroad Foundation</u>	<u>Tom Rico Memorial</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and investments	\$ 156,311	6,430	162,741
Receivables:			
Accounts	1,243	-	1,243
Interest	<u>301</u>	<u>-</u>	<u>301</u>
Total assets	<u>\$ 157,855</u>	<u>6,430</u>	<u>164,285</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 3,516	-	3,516
Accrued liabilities	<u>475</u>	<u>-</u>	<u>475</u>
Total Liabilities	<u>3,991</u>	<u>-</u>	<u>3,991</u>
NET POSITION			
Restricted for foundation	153,864	-	153,864
Restricted for memorial	<u>-</u>	<u>6,430</u>	<u>6,430</u>
Total net position	<u>\$ 153,864</u>	<u>6,430</u>	<u>160,294</u>

CITY OF LOMITA
Combining Schedule of Changes in Fiduciary Net Position
Trust Funds
For the Year Ended June 30, 2017

	<u>Railroad Foundation</u>	<u>Tom Rico Memorial</u>	<u>Total</u>
ADDITIONS:			
Investment income	\$ 1,028	-	1,028
Other revenues	<u>18,661</u>	<u>1,697</u>	<u>20,358</u>
Total additions	<u>19,689</u>	<u>1,697</u>	<u>21,386</u>
DEDUCTIONS:			
Miscellaneous	<u>27,195</u>	<u>360</u>	<u>27,555</u>
Total deductions	<u>27,195</u>	<u>360</u>	<u>27,555</u>
Change in net position	(7,506)	1,337	(6,169)
Net position, beginning of year	<u>161,370</u>	<u>5,093</u>	<u>166,463</u>
Net position, end of year	<u>\$ 153,864</u>	<u>6,430</u>	<u>160,294</u>

Statistical Section

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

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment with in which the government's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services that the government provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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

	Fiscal Year				
	2017	2016	2015	2014	2013
Governmental activities:					
Net investment in capital assets	\$ 19,262,034	\$ 18,274,572	\$ 18,192,046	\$ 17,423,028	\$ 16,117,031
Restricted	2,641,909	3,676,616	3,354,468	3,516,178	3,749,288
Unrestricted	<u>(969,590)</u>	<u>(726,465)</u>	<u>(621,965)</u>	<u>3,431,164</u>	<u>3,680,676</u>
Total governmental activities net position	<u>\$ 20,934,353</u>	<u>\$ 21,224,723</u>	<u>\$ 20,924,549</u>	<u>\$ 24,370,370</u>	<u>\$ 23,546,995</u>
Business-type activities:					
Net investment in capital assets	\$ 16,200,603	\$ 16,158,075	\$ 15,498,223	\$ 15,313,322	\$ 14,698,904
Restricted	-	175,847	678,501	678,500	678,499
Unrestricted	<u>3,088,795</u>	<u>2,553,377</u>	<u>2,472,870</u>	<u>3,675,085</u>	<u>4,220,830</u>
Total business-type activities net position	<u>\$ 19,289,398</u>	<u>\$ 18,887,299</u>	<u>\$ 18,649,594</u>	<u>\$ 19,666,907</u>	<u>\$ 19,598,233</u>
Primary government:					
Net investment in capital assets	\$ 35,462,637	\$ 34,432,647	\$ 33,690,269	\$ 32,736,350	\$ 30,815,935
Restricted	2,641,909	3,852,463	4,032,969	4,194,678	4,427,787
Unrestricted	<u>2,119,205</u>	<u>1,826,912</u>	<u>1,850,905</u>	<u>7,106,249</u>	<u>7,901,506</u>
Total primary government net position	<u>\$ 40,223,751</u>	<u>\$ 40,112,022</u>	<u>\$ 39,574,143</u>	<u>\$ 44,037,277</u>	<u>\$ 43,145,228</u>

Fiscal Year				
2012	2011	2010	2009	2008
\$ 16,173,212	\$ 15,152,395	\$ 13,512,766	\$ 13,930,034	\$ 38,071,580
3,419,892	4,384,848	4,297,733	3,992,420	2,163,791
<u>3,800,061</u>	<u>4,108,042</u>	<u>5,083,888</u>	<u>5,511,978</u>	<u>6,929,094</u>
<u>\$ 23,393,165</u>	<u>\$ 23,645,285</u>	<u>\$ 22,894,387</u>	<u>\$ 23,434,432</u>	<u>\$ 47,164,465</u>
\$ 14,853,385	\$ 13,512,093	\$ 12,788,149	\$ 9,299,857	\$ 7,277,143
4,069,689	3,809,105	1,906,069	7,115,225	-
<u>891,320</u>	<u>2,910,470</u>	<u>5,204,042</u>	<u>3,309,358</u>	<u>10,431,339</u>
<u>\$ 19,814,394</u>	<u>\$ 20,231,668</u>	<u>\$ 19,898,260</u>	<u>\$ 19,724,440</u>	<u>\$ 17,708,482</u>
\$ 31,026,597	\$ 28,664,488	\$ 26,300,915	\$ 23,229,891	\$ 45,348,723
7,489,581	8,193,953	6,203,802	11,107,645	2,163,791
<u>4,691,381</u>	<u>7,018,512</u>	<u>10,287,930</u>	<u>8,821,336</u>	<u>17,360,433</u>
<u>\$ 43,207,559</u>	<u>\$ 43,876,953</u>	<u>\$ 42,792,647</u>	<u>\$ 43,158,872</u>	<u>\$ 64,872,947</u>

City of Lomita
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2017	2016	2015	2014	2013
Expenses:					
Governmental activities:					
General government	\$ 3,507,091	\$ 3,123,342	\$ 2,899,057	\$ 3,098,164	\$ 3,394,294
Public safety	3,309,683	3,108,606	3,016,259	3,110,281	2,968,882
Public works	2,028,211	1,440,942	868,679	1,154,889	1,060,021
Community development	763,932	816,396	732,230	870,304	714,681
Community services	1,480,018	861,319	1,177,247	911,817	952,770
Culture and Recreation	1,199,067	1,196,613	1,205,707	1,162,065	803,562
Total governmental activities expenses	12,288,002	10,547,218	9,899,179	10,307,520	9,894,210
Business-type activities:					
Water Enterprise Operating Expenses	5,221,613	4,938,566	4,982,663	5,064,405	5,136,123
Total business-type activities expenses	5,221,613	4,938,566	4,982,663	5,064,405	5,136,123
Total primary government expenses	17,509,615	15,485,784	14,881,842	15,371,925	15,030,333
Program revenues:					
Governmental activities:					
Charges for services:					
General government	60,000	60,000	60,000	61,281	60,000
Public safety	373,933	364,735	377,159	297,550	318,850
Public works	193,363	211,337	189,668	402,407	91,857
Community development	846,262	1,075,688	1,413,611	1,159,824	789,105
Community services	314,290	306,110	267,026	267,952	254,750
Cultural and Recreation	368,800	334,994	261,195	236,828	199,132
Operating grants and contributions	2,194,576	1,516,695	1,831,908	1,481,169	1,907,148
Capital grants and contributions	779,612	328,664	417,909	982,808	225,288
Total governmental activities program revenues	5,130,836	4,198,223	4,818,476	4,889,819	3,846,130
Business-type activities:					
Charges for services:					
Water	4,789,815	4,435,449	4,594,551	4,566,793	4,258,907
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-
Total business-type activities program revenues	4,789,815	4,435,449	4,594,551	4,566,793	4,258,907
Total primary government program revenues	9,920,651	8,633,672	9,413,027	9,456,612	8,105,037
Net revenues (expenses):					
Governmental activities	(7,157,166)	(6,348,995)	(5,080,703)	(5,417,701)	(6,048,080)
Business-type activities	(431,798)	(503,117)	(388,112)	(497,612)	(877,216)
Total net revenues (expenses)	(7,588,964)	(6,852,112)	(5,468,815)	(5,915,313)	(6,925,296)

Fiscal Year				
2012	2011	2010	2009	2008
\$ 2,683,514	\$ 2,567,078	\$ 2,598,869	\$ 2,564,416	\$ 2,369,133
2,434,891	2,440,625	2,421,257	2,414,024	2,702,006
1,154,708	829,852	1,084,117	1,409,513	1,120,808
825,680	778,062	768,267	684,610	784,357
1,978,025	2,082,016	1,828,425	1,704,503	1,273,153
1,571,008	1,780,184	1,664,400	1,632,523	1,564,939
10,647,826	10,477,817	10,365,335	10,409,589	9,814,396
5,162,425	5,312,026	4,295,546	3,699,235	3,388,249
5,162,425	5,312,026	4,295,546	3,699,235	3,388,249
15,810,251	15,789,843	14,660,881	14,108,824	13,202,645
60,000	60,000	50,000	35,500	2,303
347,295	346,926	358,943	452,445	322,939
200,656	181,250	179,417	177,665	471,362
734,175	882,291	850,551	672,082	397,398
249,001	232,548	239,629	308,794	-
212,337	235,775	144,196	170,287	323,071
2,168,219	2,310,168	1,688,071	2,079,543	3,119,637
486,629	313,126	180,378	745,989	-
4,458,312	4,562,084	3,691,185	4,642,305	4,636,710
4,066,221	3,857,164	3,739,778	3,528,720	4,147,983
-	-	-	-	-
-	-	-	-	-
4,066,221	3,857,164	3,739,778	3,528,720	4,147,983
8,524,533	8,419,248	7,430,963	8,171,025	8,784,693
(6,189,514)	(5,915,733)	(6,674,150)	(5,767,284)	(5,177,686)
(1,096,204)	(1,454,862)	(555,768)	(170,515)	759,734
(7,285,718)	(7,370,595)	(7,229,918)	(5,937,799)	(4,417,952)

City of Lomita
Changes in Net Position, Continued
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2017	2016	2015	2014	2013
General revenues and other changes in net position:					
Governmental activities:					
Taxes:					
Property taxes	1,523,888	1,748,361	1,807,043	1,840,685	1,881,746
Sales tax	1,625,596	1,474,499	1,289,649	1,336,438	1,332,490
Transient occupancy taxes	178,239	150,091	133,642	122,510	126,700
Refuse Tax	253,270	243,783	242,841	235,523	230,116
Business Licence Tax	544,333	550,167	584,131	505,590	493,867
Franchise Taxes	335,077	400,033	357,134	360,228	361,385
Other taxes	16,000	4,000	20,550	7,000	4,000
Motor vehicle in lieu, unrestricted	2,038,861	1,939,675	1,842,511	1,762,032	1,709,397
Investment income	7,322	138,154	67,806	60,760	45,982
Other general revenues	341,477	406	11,226	10,310	16,227
Gain on sales of property	-	-	-	-	-
Transfers	2,733	-	-	-	-
Total governmental activities	6,866,796	6,649,169	6,356,533	6,241,076	6,201,910
Business-type activities:					
Investment income	9,563	7,447	4,128	5,035	9,682
Other	827,067	733,375	871,796	750,446	651,373
Transfers	(2,733)	-	-	-	-
Total business-type activities	833,897	740,822	875,924	755,481	661,055
Total primary government	7,700,693	7,389,991	7,232,457	6,996,557	6,862,965
Changes in net position					
Governmental activities	(290,370)	300,174	1,275,830	823,375	153,830
Business-type activities	402,099	237,705	487,812	257,869 ²	(216,161) ¹
Total primary government	\$ 111,729	\$ 537,879	\$ 1,763,642	\$ 1,081,244	\$ (62,331)

Fiscal Year				
2012	2011	2010	2009	2008
1,601,729	1,553,509	1,504,971	1,642,860	1,753,800
1,262,673	1,229,663	1,059,726	1,061,285	1,265,921
117,751	105,571	112,096	106,690	124,790
226,746	227,602	209,360	150,764	149,759
449,933	434,689	463,802	461,346	492,507
365,187	356,129	351,634	400,589	314,817
4,000	35,000	539,632	2,000	8,418
1,671,605	1,759,912	1,737,621	1,751,215	1,697,752
32,481	67,619	148,971	234,548	335,290
205,289	8,554	86,010	7,857	-
-	-	-	-	-
<u>5,937,394</u>	<u>5,778,248</u>	<u>6,213,823</u>	<u>5,819,154</u>	<u>6,143,054</u>
16,076	30,083	51,521	224,887	367,878
662,854	785,236	641,315	2,158,938	-
-	-	-	-	-
<u>678,930</u>	<u>815,319</u>	<u>692,836</u>	<u>2,383,825</u>	<u>367,878</u>
<u>6,616,324</u>	<u>6,593,567</u>	<u>6,906,659</u>	<u>8,202,979</u>	<u>6,510,932</u>
(252,120)	(137,485)	(460,327)	51,870	965,368
<u>(417,274)</u> ⁷	<u>(639,543)</u> ⁶	<u>137,068</u> ⁵	<u>2,213,310</u>	<u>1,127,612</u> ³
<u>\$ (669,394)</u>	<u>\$ (777,028)</u>	<u>\$ (323,259)</u>	<u>\$ 2,265,180</u>	<u>\$ 2,092,980</u>

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

	Fiscal Year				
	2017	2016	2015	2014	2013
General fund:					
Nonspendable	\$ 18,896	\$ 499,516	\$ 281,510	\$ 354,869	\$ 356,719
Committed	89,343	104,132	22,500	-	-
Assigned	5,180,075	4,986,341 ¹²	4,111,396 ¹¹	3,885,436 ¹⁰	4,296,698 ⁹
Unassigned	<u>1,544,373</u>	<u>789,516</u>	<u>1,516,969</u>	<u>832,656</u>	<u>292,226</u>
Total general fund	<u>6,832,687</u>	<u>6,379,505</u>	<u>5,932,375</u>	<u>5,072,961</u>	<u>4,945,643</u>
All other governmental funds:					
Nonspendable	6,185	1,130	1,227	1,376	2,394
Restricted	602,516	1,151,250	1,137,673	1,727,257 ¹⁰	1,383,207 ⁹
Committed	1,192,592	1,318,552	1,548,912	-	-
Assigned	877,480	1,210,815 ¹²	843,681 ¹¹	1,908,056 ¹⁰	2,564,065 ⁹
Unassigned	<u>(375,303)</u>	<u>(2,785)</u>	<u>(177,025)</u>	<u>(120,511)</u>	<u>(200,378)</u>
Total all other governmental funds	<u>2,303,470</u>	<u>3,678,962</u>	<u>3,354,468</u>	<u>3,516,178</u>	<u>3,749,288</u>
Grand Total	9,136,157	10,058,467	9,286,843	8,589,139	8,694,931

¹ \$80,000 transfer from General fund to Capital projects fund.

² \$500,000 transfer from General Fund to Capital projects fund.

³ \$125,000 transfer from Capital projects fund to General fund.

⁴ \$468,000 transfer from Internal Service fund to General Fund.

⁵ \$650,000 transfer to Capital Fund and \$100,000 to Internal Service Fund, from General Fund.

⁶ \$100,000 transfer from General Fund to Internal Service Fund.

⁷ \$3.8 million reserves- 50% of general fund expenses are now reported as assigned.

⁹ \$304,206 transfer from General Fund to Capital projects fund and Internal Fund.

⁹ \$1.5 million from restricted to assigned (Prop C)- Crenshaw Blvd- Lomita Blvd Rebuild/Overlay project.

¹⁰ \$399,452 transfer from General Fund: \$266,452 to Street projects fund; and \$133,000 to Capital projects fund.

¹¹ \$379,000 transfer from General Fund: \$225,000 to Street projects fund; and \$154,000 to Capital projects fund.

¹² \$300,000 transfer from General Fund to Street projects fund for various capital projects.

Fiscal Year				
2012	2011	2010	2009	2008
\$ 331,495	\$ 271,290	\$ 341,594	\$ 363,680	\$ 333,310
295,000 ⁶	3,912,982 ⁵	5,310,127 ⁴	4,905,388 ³	4,836,688
4,041,320 ⁷	115,484 ⁵	-	-	-
373,356	619,957	-	-	-
<u>5,041,171</u>	<u>4,919,713</u>	<u>5,651,721</u>	<u>5,269,068</u>	<u>5,169,998</u>
4,581				
2,697,907	3,085,907 ⁵	3,504,189	3,181,581 ³	1,438,664
580,384	350,000			
135,830	948,941	744,733	807,210	2,160,043
1,190	(20,180)	4,292	3,629	3,747
<u>3,419,892</u>	<u>4,364,668</u>	<u>4,253,214</u>	<u>3,992,420</u>	<u>3,602,454</u>
8,461,063	9,284,381	9,904,935	9,261,488	8,772,452

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

	Fiscal Year				
	2017	2016	2015	2014	2013
Revenues:					
Taxes and assessments	\$ 4,929,177	\$ 5,036,023	\$ 5,100,944	\$ 5,050,191	\$ 4,941,989
Intergovernmental	3,713,536	3,715,286	3,485,555	3,914,285	3,168,952
Licenses and permits	1,054,795	1,250,947	1,558,515	1,356,968	963,438
Charges for services	20,210	19,571	20,628	20,051	19,832
Fines and forfeitures	376,733	372,735	387,659	297,550	318,850
Investment income	20,354	147,297	72,312	67,288	53,994
Rental income	489,831	514,200	444,488	430,481	310,054
Other	756,655	62,772	59,673	62,136	38,441
Total revenues	<u>11,361,291</u>	<u>11,118,831</u>	<u>11,129,774</u>	<u>11,198,950</u>	<u>9,815,550</u>
Expenditures					
Current:					
General government	2,687,690	2,735,363	2,553,174	2,694,870	3,044,973
Community development	745,442	799,282	722,548	849,720	695,333
Community services	1,464,068	846,556	1,168,895	894,060	936,080
Public works	1,072,359	925,359	783,041	747,972	697,504
Public safety	3,309,683	3,108,606	3,016,259	3,110,281	2,968,882
Cultural and recreation	1,199,067	1,196,613	1,205,707	1,162,065	803,562
Capital outlay	1,768,025	710,564	927,446	1,820,774	335,348
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>12,246,334</u>	<u>10,322,343</u>	<u>10,377,070</u>	<u>11,279,742</u>	<u>9,481,682</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(885,043)</u>	<u>796,488</u>	<u>752,704</u>	<u>(80,792)</u>	<u>333,868</u>
Other financing sources (uses):					
Transfers in	135,490 ¹⁰	339,569 ⁹	317,553 ⁸	467,221 ⁷	244,848 ⁶
Transfers out	(172,757) ¹⁰	(439,569) ⁹	(372,553) ⁸	(492,221) ⁷	(344,848) ⁶
Proceeds from sale of property	-	-	-	-	-
Issuance of bonds	-	-	-	-	-
Payment to bond escrow agent	-	-	-	-	-
Total other financing sources (uses)	<u>(37,267)</u>	<u>(100,000)</u>	<u>(55,000)</u>	<u>(25,000)</u>	<u>(100,000)</u>
Net change in fund balances	<u>(922,310)</u>	<u>696,488</u>	<u>697,704</u>	<u>(105,792)</u>	<u>233,868</u>

¹ \$500,000 transfer from General Fund to Capital projects fund.

² \$125,000 transfer from Capital projects fund to General Fund.

³ \$468,000 transfer from Internal Service fund to General Fund.

⁴ \$650,000 transfer to Capital Fund and \$100,000 to Internal Service Fund, from General Fund.

⁵ \$100,000 transfer from General Fund to Internal Service Fund.

⁶ \$304,206 transfer from General Fund to Capital projects fund and Internal Service Fund.

⁷ \$399,452 transfer from General Fund: \$266,452 to Street projects fund; and \$133,000 to Capital projects fund.

⁸ \$379,000 transfer from General Fund: \$225,000 to Street projects fund; and \$154,000 to Capital projects fund.

⁹ \$300,000 transfer from General Fund to Street projects fund for various capital projects.

¹⁰ \$50,000 transfer from the General Fund to the Capital Improvement fund for capital projects.

Fiscal Year				
2012	2011	2010	2009	2008
\$ 4,635,086	\$ 4,497,190	\$ 4,241,221	\$ 4,360,605	\$ 4,500,610
4,069,098	3,893,206	3,697,584	4,144,709	3,980,080
894,010	955,706	919,281	776,354	887,207
15,548	94,008	84,112	12,584	16,108
347,295	346,926	358,943	452,445	322,939
44,797	66,888	144,398	270,875	386,169
422,549	402,342	410,400	411,155	394,296
60,400	40,606	86,010	70,486	93,661
<u>10,488,783</u>	<u>10,296,872</u>	<u>9,941,949</u>	<u>10,499,213</u>	<u>10,581,070</u>
2,183,290	2,099,058	2,224,534	2,410,760	2,244,237
821,494	777,133	767,326	682,729	696,557
1,969,648	2,071,464	1,817,790	1,693,861	1,273,153
786,802	790,514	795,906	1,155,099	778,775
2,434,891	2,440,625	2,421,257	2,414,024	2,668,436
1,569,385	1,765,396	1,649,522	1,588,488	1,577,109
1,546,591	873,236	67,003	65,216	1,111,799
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>11,312,101</u>	<u>10,817,426</u>	<u>9,743,338</u>	<u>10,010,177</u>	<u>10,350,066</u>
<u>(823,318)</u>	<u>(520,554)</u>	<u>198,611</u>	<u>489,036</u>	<u>231,004</u>
230,540 ⁵	811,446 ⁴	654,165 ³	257,593 ²	597,882 ¹
(230,540) ⁵	(911,446) ⁴	(186,165) ³	(257,593) ²	(597,882) ¹
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	(100,000)	468,000	-	-
<u>(823,318)</u>	<u>(620,554)</u>	<u>666,611</u>	<u>489,036</u>	<u>231,004</u>

City of Lomita

Assessed Value and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years

Fiscal Year Ended June 30	City				Percent Change	Parcel Counts				Total Direct Tax Rate
	Secured	Unsecured	Less: Exemptions ¹	Taxable		Residential	Income	Industrial	Total	
				Assessed Value						
2007/08	1,666,800,860	30,296,301		1,697,097,161	6.86%	3,767	985	299	5,051	0.10263%
2008/09	1,746,905,014	31,558,449		1,778,463,463	4.79%	3,776	985	299	5,060	0.10263%
2009/10	1,743,293,123	31,195,413		1,774,488,536	-0.22%	3,776	985	299	5,060	0.10263%
2010/11	1,723,591,949	26,571,807		1,750,163,756	-1.37%	3,776	985	299	5,060	0.10263%
2011/12	1,732,503,468	26,294,640		1,758,798,108	0.49%	3,776	985	299	5,060	0.10263%
2012/13	1,767,489,542	33,311,686		1,800,801,228	2.39%	4,577	480	16	5,060	0.10263%
2013/14	1,835,389,728	30,658,161		1,866,047,889	3.62%	4,581	475	16	5,072	0.10263%
2014/15	1,909,903,891	32,194,065		1,942,097,956	4.08%	4,583	473	16	5,072	0.10263%
2015/16	2,014,069,980	31,249,739		2,045,319,719	5.31%	4,579	477	16	5,072	0.10263%
2016/17	2,117,244,522	32,349,456		2,149,593,978	5.10%	4,580	477	15	5,072	0.10263%

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 reassessed 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.

Source: HdL, Coren & Cone
County of Los Angeles, Auditor-Controller Office/Tax Division

City of Lomita
Direct and Overlapping Property Tax Rates
(Rate per \$100 of assessed value)
Last Ten Fiscal Years

	Fiscal Year									
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
City Direct Rates:										
City Lomita Tax District 1	0.066550	0.066550	0.066550	0.066550	0.066550	0.066550	0.066550	0.066550	0.066550	0.066550
Lomita Waterworks	<u>0.036080</u>	<u>0.036080</u>	<u>0.036080</u>	<u>0.036080</u>	<u>0.036080</u>	<u>0.036080</u>	<u>0.036080</u>	<u>0.036080</u>	<u>0.036080</u>	<u>0.036080</u>
Total City Direct Rate	0.102630	0.102630	0.102630	0.102630	0.102630	0.102630	0.102630	0.102630	0.102630	0.102630
LA County General	0.214700	0.214700	0.214700	0.214700	0.214700	0.214700	0.214700	0.214700	0.215040	0.215040
LA County Other	0.209110	0.209110	0.209110	0.209110	0.209110	0.209110	0.109300	0.109300	0.289000	0.289000
Water Replenishment S.C.	0.000160	0.000160	0.000160	0.000160	0.000160	0.000160	0.000160	0.000160	0.000160	0.000160
LA Sanitary District	0.011090	0.011090	0.011090	0.011090	0.011090	0.011090	0.110900	0.110900	0.110900	0.110900
LA Unified School District	0.207830	0.207830	0.207830	0.207830	0.207830	0.207830	0.207830	0.207830	0.207830	0.207830
Educational Revenue										
Augmentation Fund	0.204800	0.204800	0.204800	0.204800	0.204800	0.204800	0.204800	0.204800	0.024440	0.024440
LA Community College	0.028200	0.028200	0.028200	0.028200	0.028200	0.028200	0.028200	0.028200	0.028520	0.028520
LA County Library	0.021480	0.021480	0.021480	0.021480	0.021480	0.021480	0.021480	0.021480	0.021480	0.021480
Total Prop 13 Rate	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000
Overlapping Rates:										
LA County Bonds	0.035960	0.035750	0.040170	0.044540	0.037560	0.035300	0.040310	0.023110	0.022120	0.008780
LA County Storm Drain	-	-	-	-	-	-	-	-	-	-
LA Unified School Bonds	0.131100	0.129710	0.146880	0.146440	0.186800	0.168190	0.186950	0.151810	0.124810	0.123340
Palos Verdes Peninsula	-	-	0.023290	0.023110	0.024100	0.022510	0.022490	-	-	-
West Basin MWD	0.003500	0.003500	0.003500	0.003500	0.003500	0.003700	0.003700	0.004300	0.004300	0.004500
Voter Approved Rate	<u>0.170560</u>	<u>0.168960</u>	<u>0.213840</u>	<u>0.217590</u>	<u>0.251960</u>	<u>0.229700</u>	<u>0.253450</u>	<u>0.179220</u>	<u>0.151230</u>	<u>0.136620</u>
Total Tax Rate	<u>1.170560</u>	<u>1.168960</u>	<u>1.213840</u>	<u>1.217590</u>	<u>1.251960</u>	<u>1.229700</u>	<u>1.253450</u>	<u>1.179220</u>	<u>1.151230</u>	<u>1.136620</u>

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 Los Angeles Unified School District bonds.

Source: L.A. County Assessor 2007/08-2016/17 Tax Rate Table, HdL, Coren & Cone

City of Lomita
Principal Property Owners
Current Year and Prior Year
Top Ten

Taxpayer	Parcels	Use	2016/17		2015/16	
			Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Donna F Lam (Weiss Investment Properties LP)	2	r	16,657,700	0.77%	6,988,009	0.34%
Time Warner NY Cable LLC	1	u	12,450,819	0.58%	12,197,752	0.60%
William S. & Margaret H. Kang Trust	1	c	7,916,256	0.37%	7,797,348	0.38%
Palani Group 5 LLC	1	r	7,886,005	0.37%	7,767,668	0.38%
Eshelman Associates LLC	1	r	7,692,543	0.36%	7,576,994	0.37%
One Eshelman LLC	1	r	7,608,914	0.35%	7,494,622	0.37%
CC Fund II	2	c	7,500,000	0.35%	-	0.00%
Diamond Head Apartments Group	1	r	6,438,581	0.30%	6,342,365	0.31%
Lomita Plaza LLC	1	c	6,349,248	0.30%	6,253,878	0.31%
MMRSO LLC	1	c	5,982,619	0.28%	5,892,755	0.29%
26100 Hillside Plaza Apts LLC	1	r	-	0.00%	5,740,562	0.28%
Top Ten Totals			<u>86,482,685</u>	<u>4.02%</u>	<u>74,051,953</u>	<u>3.62%</u>
City Totals			\$ 2,149,593,978		\$ 2,045,319,719	
USE:						
Commercial		c				
Residential		r				
Unsecured		u				
Vacant		v				

Source: L.A. County Assessor 2016/17 Combined Tax Rolls and the SBE Non Unitary Tax Roll, HdL, Coren & Cone

City of Lomita
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 Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2008	1,670,268	150,720	9.02%	171,279	321,999	19.28%
2009	1,769,218	149,774	8.47%	182,520	332,294	18.78%
2010	1,758,694	138,144	7.85%	189,670	327,814	18.64%
2011	1,734,047	116,211	6.70%	186,674	302,885	17.47%
2012	1,751,520	155,164	8.86%	188,542	343,706	19.62%
2013	1,792,841	60,484	3.37%	183,720	244,204	13.62%
2014	1,815,291	51,992	2.86%	138,221	190,213	10.48%
2015	1,945,923	61,109	3.14%	136,902	198,011	10.18%
2016	2,056,573	69,970	3.40%	136,059	206,028	10.02%
2017	2,158,376	89,443	4.14%	85,746	175,188	8.12%

NOTE: The amounts presented include City property taxes and Redevelopment Agency tax increment. This schedule also includes amounts collected by the City and Redevelopment Agency that were passed-through to other agencies.

Source: Los Angeles County Auditor Controller's Office

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

Fiscal Year Ended June 30	Governmental Activities					Total Governmental Activities
	Tax Allocation	Revenue	Pension Obligation	Certificates of	Other	
	Bonds	Bonds	Ref Bonds	Participation		
2008	n/a	n/a	n/a	n/a	n/a	-
2009	n/a	n/a	n/a	n/a	n/a	-
2010	n/a	n/a	n/a	n/a	n/a	-
2011	n/a	n/a	n/a	n/a	n/a	-
2012	n/a	n/a	n/a	n/a	n/a	-
2013	n/a	n/a	n/a	n/a	n/a	-
2014	n/a	n/a	n/a	n/a	n/a	-
2015	n/a	n/a	n/a	n/a	n/a	-
2016	n/a	n/a	n/a	n/a	n/a	-
2017	n/a	n/a	n/a	n/a	n/a	-

Business-type Activities					
Certificates of Participation ⁽²⁾	Other	Total Business-type Activities	Total Primary Government	Percentage of Personal Income	Debt per Capita
-	n/a	-	-	0.0%	-
7,550,000	n/a	7,550,000	7,550,000	7.80%	361
7,336,296	n/a	7,336,296	7,336,296	7.72%	355
7,199,106	n/a	7,199,106	7,199,106	8.33%	346
7,056,916	n/a	7,056,916	7,056,916	8.36%	350
6,909,726	n/a	6,909,726	6,909,726	8.48%	340
6,757,536	n/a	6,757,536	6,757,536	8.83%	331
6,600,347	n/a	6,600,347	6,600,347	9.01%	323
7,200,000	n/a	7,200,000	7,200,000	8.16%	355
6,985,000	n/a	6,985,000	6,985,000	8.82%	342

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
In May 2016, the City refunded the Series 2008 Revenue Certificates of Participation Bonds with a Private Placement Loan in the amount of \$7,200,000.

⁽¹⁾ Net of discount

City of Lomita
Legal Debt Margin Information
Last Ten Fiscal Years (in thousands of dollars)

	2017	2016	2015	2014	2013
Assessed valuation	\$ 2,149,593,978	\$ 2,045,319,719	\$ 1,942,097,956	\$ 1,866,047,889	\$ 1,800,801,228
Conversion percentage	25.00%	25.00%	25.00%	25.00%	25.00%
Adjusted assessed valuation	537,398,495	511,329,930	485,524,489	466,511,972	450,200,307
Debt limit percentage	15.00%	15.00%	15.00%	15.00%	15.00%
Debt limit	80,609,774	76,699,489	72,828,673	69,976,796	67,530,046
Total net dept applicable to limit:					
General obligation bonds	-	-	-	-	-
Legal debt margin	\$ 80,609,774	\$ 76,699,489	\$ 72,828,673	\$ 69,976,796	\$ 67,530,046
Total net debt applicable to the limit as a percent of debt limit	0%	0%	0%	0%	0%
Lomita Long Term Debt outstanding:	6,985,000	7,200,000	6,665,000	6,825,000	6,980,000
Debt per capita:	342.35	354.85	322.92	330.83	340.22
Debt as a percentage of personal income:	8.82%	8.16%	9.01%	8.83%	8.48%

Section 43605 of the Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% OF MARKET VALUE. Effective with 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The

Computations shown above reflect a conversion of assessed valuation data for each fiscal year from current full valuation perspective to the 25% level that was in effect at the time the legal debt margin was enacted by the State of California for local governments located within the State.

In May 2016, the City refunded the Series 2008 Revenue Certificates of Participation Bonds with a Private Placement Loan in the amount of \$7,200,000.

2012	2011	2010	2009	2008
\$ 1,758,798,108	\$ 1,750,163,756	\$ 1,774,488,536	\$ 1,778,463,463	N/A
25.00%	25.00%	25.00%	25.00%	
439,699,527	437,540,939	443,622,134	444,615,866	
15.00%	15.00%	15.00%	15.00%	
65,954,929	65,631,141	66,543,320	66,692,380	
-	-	-	-	
\$ 65,954,929	\$ 65,631,141	\$ 66,543,320	\$ 66,692,380	
0%	0%	0%	0%	
7,130,000	7,275,000	7,415,000	7,550,000	
349.58	346.18	354.62	361.23	
8.36%	8.33%	7.72%	7.80%	

City of Lomita
Pledged Revenue Coverage
Last Ten Years

Fiscal Year Ended June 30	Certificates of Participation						
	Water Revenue*	Less Operating Expenses**	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
2008	NA		-			-	-
2009	\$ 4,428,288	\$ 3,206,523	\$ 1,221,765	\$ 135,000	\$ 278,697	413,697	2.95
2010	\$ 4,395,171	\$ 3,693,711	\$ 701,460	\$ 135,000	\$ 367,512	\$ 502,512	1.40
2011	\$ 4,672,483	\$ 3,994,672	\$ 677,811	\$ 140,000	\$ 362,112	\$ 502,112	1.35
2012	\$ 4,745,151	\$ 4,309,032	\$ 436,119	\$ 145,000	\$ 356,513	\$ 501,513	0.87
2013	\$ 4,919,962	\$ 4,290,039	\$ 629,923	\$ 150,000	\$ 350,713	\$ 500,713	1.26
2014	\$ 5,317,239	\$ 4,254,309	\$ 1,062,930	\$ 155,000	\$ 344,713	\$ 499,713	2.13
2015	\$ 5,466,347	\$ 4,080,838	\$ 1,385,509	\$ 160,000	\$ 338,513	\$ 498,513	2.78
2016	\$ 5,168,824	\$ 4,032,400	\$ 1,136,424	\$ 170,000	\$ 332,113	\$ 502,113	2.26
2017	\$ 5,616,882	\$ 4,321,380	\$ 1,295,502	\$ 215,000	\$ 251,550	\$ 466,550	2.78

* Excludes interest income

** Excludes depreciation and interest income

Notes: Details regarding the City's Water Fund outstanding debt can be found in the notes to the financial statements.
In May 2016, the City refunded the Series 2008 Revenue Certificates of Participation Bonds with
a Private Placement Loan in the amount of \$7,200,000.

Source: City of Lomita, Administrative Services Department - Finance

City of Lomita
Direct and Overlapping Debt
June 30, 2017

City Assessed Valuation		\$	2,149,593,978	
Redevelopment Agency Incremental Valuation			-	
Total Assessed Valuation		\$	<u>2,149,593,978</u>	
	Percentage Applicable ¹	Outstanding Debt 6/30/16		Estimated Share of Overlapping Debt
Overlapping Debt Repaid with Property Taxes:				
LA Unified School District General Obligation Bonds	0.000%	\$ -	-	
LA Community College District	0.000%	-	-	
LA Unified School District Lease Tax Obligations	0.000%	-	-	
LA County Water District, I.D. No. 54	0.000%	-	-	
LA County Water District, I.D. No. 55	0.000%	-	-	
Total overlapping debt repaid with property taxes			<u>-</u>	<u>-</u>
Overlapping Other Debt:				
Palos Verdes Pen USD		\$ -	-	
LA County Board of Education Certificates of Participation	0.288%	3,847,880,000	11,074,580	
LA Unified School District Certificates of Participation	0.355%	9,815,110,000	34,817,789	
West Basin County Water District Certificates of Participation	0.199%	36,281,674	72,133	
Total overlapping other debt			<u>13,699,271,674</u>	<u>45,964,503</u>
Total overlapping debt		\$	<u>13,699,271,674</u>	<u>45,964,503</u>
City direct debt				<u>6,985,000</u>
Total direct and overlapping debt				¹ <u>\$ 52,949,503</u>

Notes:

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.

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 the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Source: HdL Coren & Cone, Los Angeles County Assessor's Office

City of Lomita
Top 25 Sales Tax Producers ⁽¹⁾
(Miscellaneous Information)
Current Fiscal Year and Nine Years Ago

Fiscal Year 2016/17			Fiscal Year 2007/08		
Tax Payers		Business Type	Tax Payers		Business Type
1	99 Cents Only	Department Store	A One Coast Rentals		Equipment Rentals
2	ARCO AM/PM	Service Stations	Ace Shell		Service Stations
3	ARCO AM/PM	Service Stations	Albertsons		Grocery Stores
4	Auto Zone	Automotive Supply	Arco AM/PM		Service Stations
5	Battaglia's Title	Building Materials	Arco AM/PM		Service Stations
6	Big Lots	Department Store	AutoZone		Automotive Supply
7	California Pro Sports	Sporting Goods Stores	Big Lots		Department Store
8	Carl's Jr.	Restaurants	California Pro Sports		Sporting Goods Stores
9	CVS Pharmacy	Pharmacies/Drug Stores	Carl's Jr.		Restaurants
10	Cycle Gear	Boats/Motorcycles	CVS Pharmacy		Pharmacies/Drug Stores
11	Discount Pool & Spa Supply	Other Retail	Cycle Gear		Boats/Motorcycles
12	Enterprise Rent A Car	Car Rental/Leasing	Discount Pool & Spa Supply		Other Retail
13	Exclusive Rent A Car	Car Rental/Leasing	Enterprise Rent A Car		Car Rental/Leasing
14	Harbor Freight Tools	Hardware Stores	Harbor Freight Tools		Hardware Stores
15	Hot N Tot	Restaurants	Jims Auto Sales		Auto Sales
16	Jims Auto Sales	Auto Sales	Keep Clean Products		Light Industrial/Printers
17	Lees Tires	Automotive Supply	Lees Tires		Automotive Supply
18	Lomita Feed Store	Agricultural Supplies	Liberty Home Appliance		Electronics/Appliance Stores
19	Lomita Mobil	Service Stations	Lomita Feed Store		Agricultural Supplies
20	Lomita Shell	Service Stations	Lomita Mobil		Service Stations
21	Sushi Delight	Restaurants	Lomita Shell		Service Stations
22	Szechwan Chinese	Restaurants	South Bay Triumph		Boats/Motorcycles
23	Taco Bell/Pizze Hut	Restaurants	Southwestern Tile		Contractors
24	Thompson Building Materials	Building Materials	Thompson Building Materials		Building Materials
25	Vol Dee Supply	Building Materials	Vol Dee Supply		Building Materials

-Account for 59.35%
of the total sales tax collected.

-Account for 58.53%
of the total sales tax collected.

*** The names are listed in alphabetical order, not sales tax volume.

Source: HdL, Coren & Cone, State Board of Equalization

⁽¹⁾ Period: from July 1 to June 30 of the following year.

City of Lomita

Demographic and Economic Statistics

Last Ten Calendar Years

Calendar Year	City of Lomita Population ⁽¹⁾	Median Age ⁽²⁾	Personal Income (in thousands) ⁽³⁾	Per Capital Personal Income ⁽⁴⁾	Lomita Unemployment Rate ⁽⁵⁾
2008	20,923	37.6	584,019	27,913	3.6%
2009	20,901	36.9	588,527	28,158	5.4%
2010	20,910	36.9	572,728	27,390	8.4%
2011	21,015	36.6	606,262	28,849	9.2%
2012	20,396	37.8	596,195	29,231	9.0%
2013	20,516	38.5	592,215	28,866	6.7%
2014	20,630	39.5	602,417	29,201	5.5%
2015	20,640	40.3	600,583	29,098	5.9%
2016	20,290	40.3	587,263	28,943	4.8%
2017	20,403	40.8	615,782	30,180	3.7%

Source: ⁽¹⁾ California State Department of Finance
⁽²⁾ U.S. Department of Commerce Bureau of Economic Analysis, Census Bureau
⁽³⁾ U.S. Department of Commerce Bureau of Economic Analysis, Census Bureau
⁽⁴⁾ U.S. Department of Commerce Bureau of Economic Analysis, Census Bureau
⁽⁵⁾ California Employment Development Department

City of Lomita
Principal Employers
Current Year and Nine Years Ago

Employer	Business Type	2017		2008	
		Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Lomita Post-Acute Care Center	Nursing Facility	109	0.92%	n/a	n/a
City of Lomita	Government	90	0.76%	n/a	n/a
Palos Verdes Health Care Center	Nursing Facility	53	0.45%	n/a	n/a
St Margaret Mary Catholic Church	School	51	0.43%	n/a	n/a
99 Cents only Store	Retail	47	0.40%	n/a	n/a
CVS	Retail	43	0.36%	n/a	n/a
Big Lots	Retail	38	0.32%	n/a	n/a
Thompson Building Materials	Building	38	0.32%	n/a	n/a
Travers Tree Service	Service	30	0.25%	n/a	n/a
Los Angeles Building and Safety	Government	20	0.17%	n/a	n/a
Total Top Ten Employers		519		n/a	
Total City Employment ⁽¹⁾		11,800		n/a	

NOTE: Non-Governmental Employers.

Several potential businesses that may qualify for Top 10 ranking. However, current employee counts were unattainable at the time of report preparation. Previous historical data is not available.

⁽¹⁾ Total City employment provided by EDD-Labor Market Information Division. The information before 2010 was not available.

Source: City of Lomita, Economic Development Department

City of Lomita
Full-time and Part-time City Employees
by Function
Last Ten Fiscal Years

Function	Full-Time and Part-time Employees as of June 30									
	2017	2016 ⁽²⁾	2015	2014	2013	2012	2011	2010	2009	2008
General government	12	11	12	13	13	13	13	13	14	15
Public safety ⁽¹⁾	-	-	-	-	-	-	-	-	-	-
Public works	9	7	8	6	6	6	6	6	7	7
Community Services	10	8	10	16	16	16	16	16	16	16
Water	7	6	6	5	5	5	5	5	5	5
Community Development	6	4	3	5	5	5	5	5	5	5
Parks and Recreation	<u>46</u>	<u>43</u>	<u>42</u>	<u>40</u>	<u>40</u>	<u>40</u>	<u>40</u>	<u>40</u>	<u>40</u>	<u>40</u>
Total	<u>90</u>	<u>79</u>	<u>81</u>	<u>85</u>	<u>85</u>	<u>85</u>	<u>85</u>	<u>85</u>	<u>87</u>	<u>88</u>

⁽¹⁾ Police and fire services are provided by Los Angeles County.

⁽²⁾ Correction for fiscal year 2016.

Source: City of Lomita, Administrative Services Department - Finance

City of Lomita
Operating Indicators
by Function
Last Ten Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
(1) Police:										
Arrests	913	n/a	n/a	n/a	n/a	n/a	n/a	n/a	785	930
Parking citations issued	5,564	5,380	6,124	4,048	3,257	4,452	4,577	4,551	5,063	5,359
(2) Fire:										
Number of emergency calls	1816	1770	1476	n/a	1223	n/a	n/a	n/a	1,618	1,460
Inspections	579	n/a	n/a	n/a	n/a	n/a	n/a	n/a	440	305
Public works:										
Street resurfacing (miles)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Parks and recreation:										
Number of recreation classes	328	295	269	193	121	201	212	212	203	203
Number of facility rentals	402	344	422	530	542	507	288	288	166	166
Water:										
New connections	-	-	-	-	-	-	-	-	-	-
Average daily consumption (thousands of gallons)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Sewer:										
New connections	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Average daily sewage treatment (thousands of gallons)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

(1) Deputy Sheriffs and Community Service Officers are provided through a contract with the Los Angeles County Sheriff's Department.

(2) Fire Protection and Fire Personnel are provided through a contract with the Los Angeles County Fire Department.

n/a Data is unavailable to include in this report.

Source: City of Lomita, Administrative Services Department
Los Angeles County Fire Department

City of Lomita
Capital Asset Statistics
by Function
Last Ten Fiscal Years

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
(1) Police:										
Stations	1	1	1	1	1	1	1	1	1	1
(2) Fire:										
Fire stations	1	1	1	1	1	1	1	1	1	1
Public works:										
Streets (miles)	31.00	31.00	31.00	31.00	31.00	31.00	31.00	31.00	31.00	31.00
Streetlights	58	58	58	58	58	58	58	58	58	58
Traffic signals	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Parks and recreation:										
Parks	7	7	6	6	6	6	6	6	6	6
Rail Road Mueum	1	1	1	1	1	1	1	1	1	1
Community centers	1	1	1	1	1	1	1	1	1	1
Water System :										
Length of Pipes (LF)	100,612	100,612	100,612	100,612	100,612	100,612	100,612	100,612	100,612	100,612
Number of Pump Stations	3	3	3	3	3	3	3	3	3	3
Number of Catch Basin	42	42	42	42	42	42	42	42	42	42
Number of Service Connection	4,312	4,241	4,241	4,241	4,241	4,241	4,241	4,241	4,241	4,241
Sewer System:										
Length of Pipes (LF)	173,931	173,931	173,931	173,931	173,931	173,931	173,931	173,931	173,931	173,931
Number of manholes	882	882	882	882	882	882	882	882	882	882
Maximum daily treatment capacity (thousands of gallons)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

(1) Deputy Sheriffs and Community Service Officers are provided through a contract with the Los Angeles County Sheriff's Department.

(2) Fire Protecxtion and Fire Personnel are provided through a contract with the Los Angeles County Fire Department.

n/a Data is unavailable to include in this report.

Source: City of Lomita, Administrative Services Department
Los Angeles County Fire Department

City of Lomita
Water Department
Water Sold by Type of Customer
Last Ten Fiscal Years

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Type of Customer:										
Residential	3,960 ⁽¹⁾	3,849 ⁽²⁾	3,917 ⁽¹⁾	3,902 ⁽³⁾	3,922	3,918	3,918	3,916 ⁽²⁾	3,943	3,943
Schools	21	21 ⁽¹⁾	17	17	17	17	17	17	17	17
Commercial	261	246	246	246 ⁽³⁾	226 ⁽²⁾	220 ⁽²⁾	232	273	273	273
Churches	32	32	31	31	31	32	33	33	33	33
Government	14	12	10	10	10	10	10	10	10	10
City	18	15	13	13	13	13	13	13	13	13
Total	4,306	4,175	4,234	4,219	4,219	4,210	4,223	4,262	4,289	4,289
Total direct rate per 748 gallons	3.81	3.53	3.53	3.01	2.80	2.40	2.33	2.33	2.20	2.07

⁽¹⁾ New development

⁽²⁾ Vacancies

⁽³⁾ Type correction

Source: City of Lomita, Administrative Services Department - Finance

City of Lomita
Water Department
Water Rates
Last Ten Fiscal Years

Fiscal Year Ended June 30	Bi-Monthly Base Rate	Rate per 748 Gallons
2008	30.94	2.07
2009	33.70	2.20
2010	36.46	2.33
2011	36.46	2.33
2012	37.59	2.40
2013 (1)	36.49	2.80
2014	39.16	3.01
2015 (2)	36.90	3.53
2016	36.90	3.53
2017	39.73	3.81

NOTE:

Rates are based on 5/8" meter, which is the standard household meter size.

- (1) A new water rate structure went into effect August 1, 2012.
It includes a base rate with a three-tiered rate for water usage.
- (2) A new water rate structure went into effect March 1, 2015.

City of Lomita

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years (dollars in thousands, except per capita)

Fiscal Year Ended June 30	General Bonded Debt Outstanding					Percentage of Actual Value of Property (1)	Per Capita (2)
	Revenue Bonds	Tax Allocation Bonds	Pension Obligation Ref Bonds	Certificates of Participation	Total		
2008							
2009	n/a	n/a	n/a	n/a	-	n/a	n/a
2010	n/a	n/a	n/a	n/a	-	n/a	n/a
2011	n/a	n/a	n/a	n/a	-	n/a	n/a
2012	n/a	n/a	n/a	n/a	-	n/a	n/a
2013	n/a	n/a	n/a	n/a	-	n/a	n/a
2014	n/a	n/a	n/a	n/a	-	n/a	n/a
2015	n/a	n/a	n/a	n/a	-	n/a	n/a
2016	n/a	n/a	n/a	n/a	-	n/a	n/a
2017	n/a	n/a	n/a	n/a	-	n/a	n/a

(1) See Schedule 6 for property value data.

(2) Population data can be found in Schedule 16.

Ten years of data is not available.



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