

CITY OF LOMITA



COMPREHENSIVE ANNUAL FINANCIAL REPORT



YEAR ENDED JUNE 30, 2018

CITY OF LOMITA,
CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year Ended June 30, 2018



Prepared by: The Administrative Services Department

Susan Kamada, Administrative Services Director

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Year Ended June 30, 2018

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CITY COUNCIL

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



ADMINISTRATION

RYAN SMOOT
CITY MANAGER

CITY OF LOMITA

December 18, 2018

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT FISCAL YEAR 2017-2018 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, 2018. 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.

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, 2018, the City adopted Statement on Governmental Accounting Standards (GASB Statement) No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*, GASB Statement No. 85 *Omnibus 2017*, and GASB Statement No. 86 *Certain Debt Extinguishment Issues*. See Note 14 for the effect on the City's June 30, 2018 financial statements.

PROFILE OF THE GOVERNMENT

The City of Lomita, California, was founded in 1907 and incorporated on June 30, 1964, as a General Law 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 2018, the City's population is 20,715.

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 6, 2018, with three 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. As a Contract City, the City provides most of its municipal services, such as legal and public safety services, waste collection, street sweeping and others through contracts with other agencies or organizations. 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 currently six 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 64% of all governmental activities for the fiscal year.

Actual General Fund revenues were more than the amount budgeted by \$199,705 or approximately 2%. Licenses and permit revenues were a significant increase over budget by \$179,388 or 20%, primarily due to unexpected increases in building improvement activities.

Actual General Fund expenditures were \$(142,077) or 2% 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 \$341,782 for the fiscal year ending June 30, 2018.

LONG-TERM FINANCIAL PLANNING AND MAJOR INITIATIVES

A five-year Capital Improvement Program (CIP) for fiscal years 2014-2019 is currently under way. 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 System continued to provide 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 Production Facility. The use of groundwater reduces the City's reliance on imported water, thereby reducing water costs and allowing the City to continue to make improvements to the Water System.

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 and plan for necessary maintenance and improvements, the City approved a new five-year rate schedule effective March 1, 2015 with progressive annual rate increases, the last of which will take effect 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, 2018 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 unmodified 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

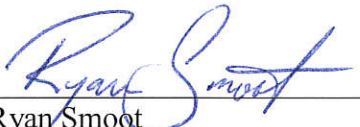
AWARDS AND ACKNOWLEDGEMENTS

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, 2017. This was the fourteenth 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 and publication of this report would not have been possible 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 unwavering 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, 2018



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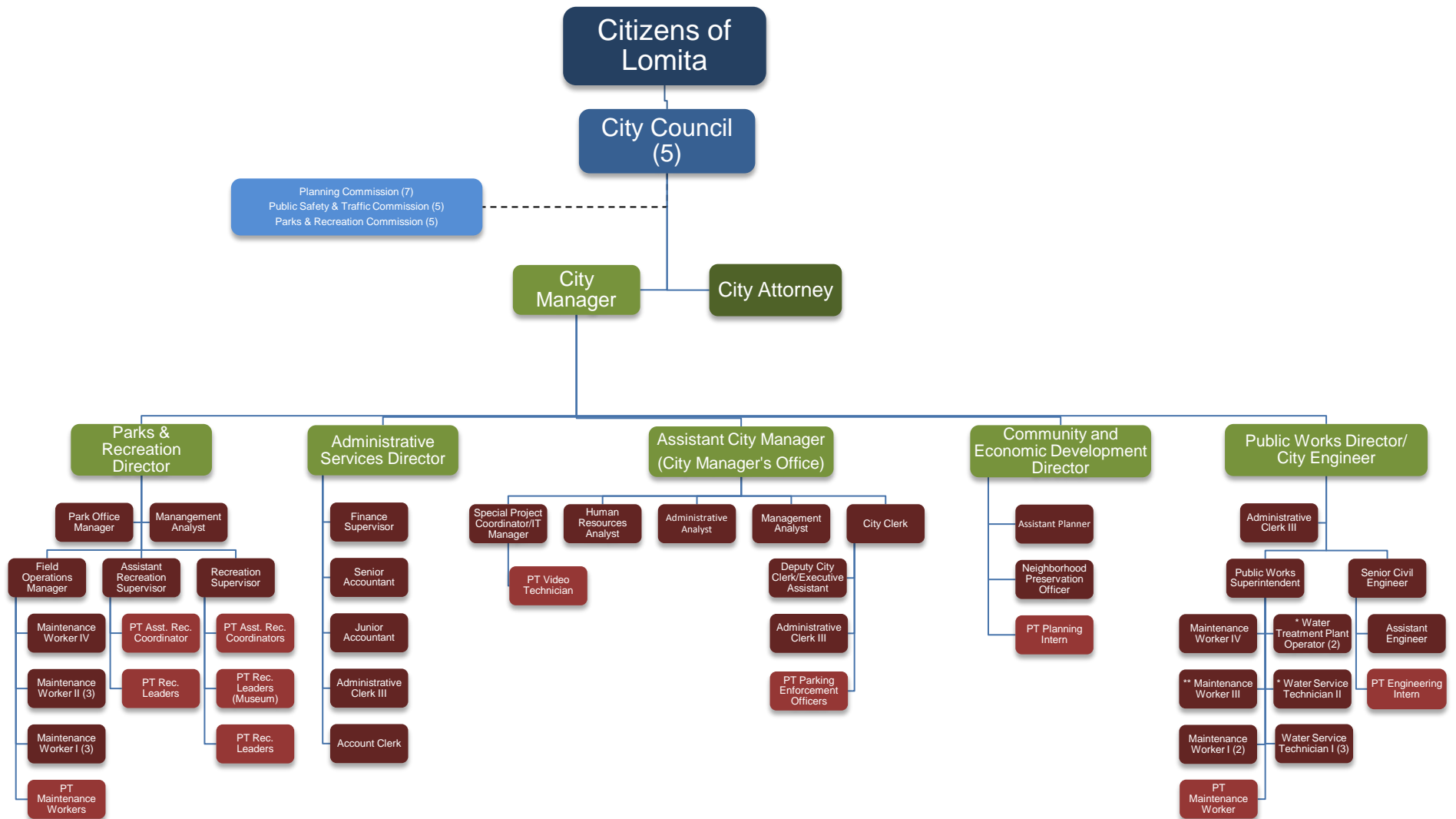
**CITY OF LOMITA
LIST OF CITY OFFICIALS
JUNE 30, 2018**

ELECTED OFFICIALS

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

CITY STAFF

City Manager	Ryan Smoot
Assistant City Manager	Gary Sugano
City Attorney	Christi Hogin, Best Best & Krieger
Administrative Services Director	Susan Kamada
Parks and Recreation Director	Cameron Harding
Interim Public Works Director/ City Engineer	Laura Vander Neut



Directors (5)

Full-time Employees (40)

Part-time Employees

* Water Treatment Plant Operator currently under filled with Water Service Technician II.

** Maintenance Worker III is under recruitment.



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, 2017

Christopher P. Morrill

Executive Director/CEO

CITY OF LOMITA

Comprehensive Annual Financial Report

June 30, 2018



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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, 2018 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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, 2018, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As described further in Note 1 to the financial statements, during the year ended June 30, 2018, the City implemented GASB Statement Nos. 75, 85 and 86. 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, schedules of proportionate share of net pension liability and plan contributions, and changes in net OPEB liability 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 29, 2018 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 29, 2018

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, 2018. 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 2017-2018 fiscal year by \$37,457,001 (total net position). Of this amount, \$(1,684,157) (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors. The negative unrestricted net position is due primarily to the adoption of the Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*.
- The City's total net position increased \$181,638. Net position of governmental activities decreased \$326,912 while net position of business-type activities increased \$508,550.
- As of the close of the 2017-2018 fiscal year, the City's governmental funds reported combined fund balances of \$8,848,257, a decrease of \$287,900 in comparison to the prior year. General Fund decreased by \$445,641.
- At the end of the 2017-2018 fiscal year, the unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) for the General Fund was \$6,387,046 or approximately 70% 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 2017-2018 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 77% 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, Measure R Highway 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 and Park Equipment Replacement 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 57-62 of this report.

The combining statements in connection with nonmajor governmental funds are presented on pages 63-70. Individual fund schedules can be found on pages 71-91.

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.

	Governmental Activities		Business-type Activities		TOTAL	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 11,520,796	\$ 11,147,205	\$ 4,635,595	\$ 3,948,516	\$ 16,156,391	\$ 15,095,721
Capital assets	19,933,570	19,262,034	23,005,533	23,185,603	42,939,103	42,447,637
Total Assets:	31,454,366	30,409,239	27,641,128	27,134,119	59,095,494	57,543,358
Deferred Outflow of Resources	1,946,984	1,970,359	456,122	1,177,048	2,403,106	3,147,407
Current liabilities	1,983,287	1,540,614	702,239	634,475	2,685,526	2,175,089
Non-current liabilities	12,867,568	11,932,779	8,293,171	9,366,709	21,160,739	21,299,488
Total Liabilities:	14,850,855	13,473,393	8,995,410	10,001,184	23,846,265	23,474,577
Deferred Inflows of Resources	171,423	200,221	23,911	46,442	195,334	246,663
Net Investment in Capital						
Assets	19,933,570	17,033,665	16,255,533	15,480,584	36,189,103	32,514,249
Restricted	2,952,055	2,641,909	-	-	2,952,055	2,641,909
Unrestricted	(4,506,553)	(969,590)	2,822,396	3,088,795	(1,684,157)	2,119,205
Total Net Position, as restated:	\$18,379,072	\$18,705,984	\$19,077,929	\$18,569,379	\$37,457,001	\$37,275,363

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

Net Position

Assets exceeded liabilities by \$37,457,001 (net position).

- \$36,189,103 (96%) 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.
- \$2,952,055 (8%) of net position is subject to external restrictions on how they may be used.
- \$(1,684,157) (0%) 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 negative unrestricted net position is due primarily to the adoption of the Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*.

The City's overall net position increased \$181,638 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 \$326,912 during the 2017-2018 fiscal year for an ending balance of \$18,379,072. Revenues for the governmental activities increased \$347,003 or approximately 2.8% primarily as a result of an increase from new development and building permits. Expenses increased by \$383,545 or approximately 3.1% 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).

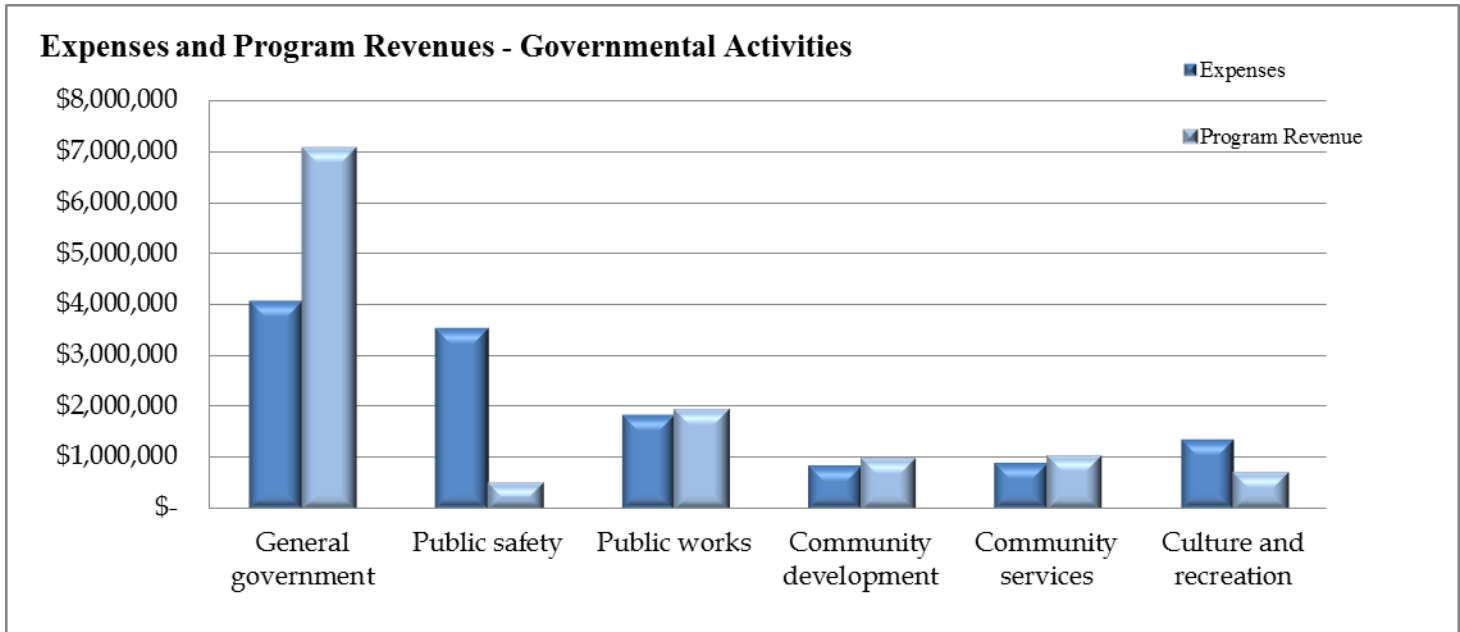
CITY OF LOMITA
Management's Discussion and Analysis (Continued)

CITY OF LOMITA'S CHANGES IN NET POSITION

	Governmental Activities		Business -type Activities		TOTAL	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program Revenues:						
Charges for services	\$ 2,393,776	\$ 2,156,648	\$ 5,330,322	\$ 4,789,815	\$ 7,724,098	\$ 6,946,463
Operating grants and contributions	2,221,458	2,194,576	-	-	2,221,458	2,194,576
Capital grants and contributions	713,374	779,612	-	-	713,374	779,612
General Revenues:						
Property taxes	1,657,387	1,523,888	-	-	1,657,387	1,523,888
Sales and other taxes	3,224,005	2,952,515	-	-	3,224,005	2,952,515
Investment income and miscellaneous	2,134,635	2,390,393	994,254	833,897	3,128,889	3,224,290
Total Revenues:	12,344,635	11,997,632	6,324,576	5,623,712	18,669,211	17,621,344
Expenses:						
General government	4,078,593	3,507,091	-	-	4,078,593	3,507,091
Public safety	3,549,113	3,309,683	-	-	3,549,113	3,309,683
Public works	1,850,296	2,028,211	-	-	1,850,296	2,028,211
Community development	878,350	763,932	-	-	878,350	763,932
Community services	926,762	1,480,018	-	-	926,762	1,480,018
Cultural and recreation	1,388,433	1,199,067	-	-	1,388,433	1,199,067
Water Enterprise operations	-	-	5,816,026	5,221,613	5,816,026	5,221,613
Total Expenses:	12,671,547	12,288,002	5,816,026	5,221,613	18,487,573	17,509,615
Increase (decrease) in Net Position before other revenues and transfers	(326,912)	(290,370)	508,550	402,099	181,638	111,729
Net position - beginning of year	18,705,984	21,224,723	18,569,379	18,887,299	37,275,363	40,112,022
Prior year adjustments (note 14)	-	(2,228,369)	-	(720,019)	-	(2,948,388)
Net position - beginning of year, as restated	18,705,984	18,996,354	18,569,379	18,167,280	37,275,363	37,163,634
Net position - end of year	\$ 18,379,072	\$ 18,705,984	\$ 19,077,929	\$ 18,569,379	\$ 37,457,001	\$ 37,275,363

Business-type Activities. The net position increased \$508,550 during the 2017-2018 fiscal year for an ending balance of \$19,077,929. The Water Enterprise business charges for water services to offset its operation expenses. Total revenues increased \$700,864 or approximately 12% from the prior year. In comparison to the prior fiscal year, the charges for services increased by \$540,507 or 11% due, in part, to a new water rate structure; this went into effect July 1, 2017. Related business-type activity expenses increased during the fiscal year by \$594,413 or 11% 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, 2018, the City's governmental funds reported combined fund balances of \$8,848,257, a decrease of \$287,900 in comparison with the prior year. \$496,897 or approximately 5.6% 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 \$23,437; 2) restricted for particular purposes \$987,480; 3) committed for particular purposes \$1,318,830; or 4) assigned for particular purposes \$6,021,613.

The general fund is the chief operating fund of the City. At the end of the 2017-2018 fiscal year, the unassigned fund balance of the general fund was \$1,002,484, while the total fund balance decreased to \$6,387,046. 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 11% of total general fund expenditures, while total fund balance represents approximately 71% of that same amount.

The Measure R Highway Special Revenue Fund, a major fund, reported a fund balance (deficit) of \$(505,587) which was due to intergovernmental revenues of \$490,844 not being available (i.e. not collected within 60 days) after fiscal year end to reimburse the \$721,494 that was spent primarily on capital outlay during the year.

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 \$2,822,396. The total increase in net position was \$508,550.

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

GENERAL FUND BUDGETARY HIGHLIGHTS

The revised budget estimated a decrease in General Fund net change in fund balance of \$574,400; however, the actual change in fund balance was a decrease of \$445,641 to arrive at a total ending General Fund Balance of \$6,387,046. The overall difference in the original and final amended budgeted expenditures for the General Fund was a decrease of \$482,810 or 5.5%. The final amended budgeted revenues increased from the original budgeted revenues by \$229,279 mainly due to increases in intergovernmental and licenses and permits.

Revenues: In the General Fund, actual revenues were more than the amount budgeted by \$199,705 or 2%. Licenses and permits revenues had a significant increase over budget by \$179,388 or 20%, due to higher collection receipts than estimated.

Expenditures: In the General Fund, actual expenditures were less than budgeted by \$142,077 or 2%. Actual revenues over actual departmental expenditures for the General Fund were \$341,782, not including transfers out.

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 2017-2018, the City's net capital assets total \$42,939,103 in a broad range of resources as listed below:

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

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Non-depreciable assets:						
Land	\$ 4,993,906	\$ 4,993,906	\$ 70,675	\$ 70,675	\$ 5,064,581	\$ 5,064,581
Street trees	1,650,378	1,650,378	-	-	1,650,378	1,650,378
Construction in progress	772,025	980,189	46,952	75,901	818,977	1,056,090
Total non-depreciable assets	7,416,309	7,624,473	117,627	146,576	7,533,936	7,771,049
Capital assets, being depreciated:						
Buildings/structures and improvements	1,436,913	1,527,393	-	-	1,436,913	1,527,393
Equipment and furniture	358,577	107,621	100,912	25,863	459,489	133,484
Vehicles	82,750	94,990	31,253	8,023	114,003	103,013
Infrastructure	10,639,021	9,907,557	22,755,741	23,005,142	33,394,762	32,912,699
Total depreciable assets (net)	12,517,261	11,637,561	22,887,906	23,039,028	35,405,167	34,676,589
Total capital assets	\$ 19,933,570	\$ 19,262,034	\$ 23,005,533	\$ 23,185,604	\$ 42,939,103	\$ 42,447,638

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

Major capital asset events, during the 2017-2018 fiscal year, included the following:

- Completion of Reed Street Water Main Replacement
- Completion of Forrester Drive Water Main Replacement
- Completion of the 2017-2018 Slurry Seal

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'S OUTSTANDING DEBT

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Net pension liability	\$ 7,299,211	\$ 6,550,395	\$ 1,709,992	\$ 1,519,379	\$ 9,009,203	\$ 8,069,774
OPEB, as restated	5,314,261	5,155,179	-	-	5,314,261	5,155,179
Compensated absences	317,620	284,007	97,724	89,341	415,344	373,348
COP Bonds payable, net of discount	-	-	6,750,000	6,985,000	6,750,000	6,985,000
	\$12,931,092	\$11,989,581	\$8,557,716	\$8,593,720	\$21,488,808	\$20,583,301

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 \$84,640,665, 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 2018-2019 fiscal year budget:

- The unemployment rate of the City is currently 4.6 percent, which is an increase from a rate of 3.7 percent a year ago. With this increase of 0.9 percent, the unemployment rate is one percent away from reaching prerecession level of 3.6 percent.
- The City Council adopted the fiscal year 2018-2019 Annual Operating & Capital Improvement Budget in June 2018.
- Property taxes are being reassessed by LA County and are projecting a slow growth compared to past years.

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

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.

CITY OF LOMITA
Comprehensive Annual Financial Report
June 30, 2018



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BASIC FINANCIAL STATEMENTS

CITY OF LOMITA

Comprehensive Annual Financial Report

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF LOMITA

Comprehensive Annual Financial Report

June 30, 2018



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CITY OF LOMITA
Statement of Net Position
June 30, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments (note 2)	\$ 9,968,666	3,133,488	13,102,154
Receivable:			
Accounts	226,653	1,441,000	1,667,653
Taxes	238	53,053	53,291
Interest	14,260	-	14,260
Due from other governmental entities	1,287,542	-	1,287,542
Inventories	20,384	8,054	28,438
Prepaid items	3,053	-	3,053
Total current assets	<u>11,520,796</u>	<u>4,635,595</u>	<u>16,156,391</u>
Noncurrent assets:			
Capital assets (note 5):			
Non-depreciable	7,416,309	117,627	7,533,936
Depreciable, net	<u>12,517,261</u>	<u>22,887,906</u>	<u>35,405,167</u>
Total capital assets	<u>19,933,570</u>	<u>23,005,533</u>	<u>42,939,103</u>
Total noncurrent assets	<u>19,933,570</u>	<u>23,005,533</u>	<u>42,939,103</u>
Total assets	<u>31,454,366</u>	<u>27,641,128</u>	<u>59,095,494</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pensions (note 7)	<u>1,946,984</u>	<u>456,122</u>	<u>2,403,106</u>
Total deferred outflows of resources	<u>1,946,984</u>	<u>456,122</u>	<u>2,403,106</u>
LIABILITIES			
Current liabilities:			
Accounts payable	1,679,850	377,581	2,057,431
Accrued liabilities	135,257	40,832	176,089
Interest payable	-	18,281	18,281
Deposits payable	104,656	1,000	105,656
Bonds payable - due within one year (note 6)	-	245,000	245,000
Compensated absences - due within one year (note 6)	<u>63,524</u>	<u>19,545</u>	<u>83,069</u>
Total current liabilities	<u>1,983,287</u>	<u>702,239</u>	<u>2,685,526</u>
Noncurrent liabilities:			
Bonds payable - due in more than one year, net (note 6)	-	6,505,000	6,505,000
Pension Liability (notes 6 and 7)	7,299,211	1,709,992	9,009,203
OPEB (notes 6 and 8)	5,314,261	-	5,314,261
Compensated absences - due in more than one year (note 6)	<u>254,096</u>	<u>78,179</u>	<u>332,275</u>
Total noncurrent liabilities	<u>12,867,568</u>	<u>8,293,171</u>	<u>21,160,739</u>
Total liabilities	<u>14,850,855</u>	<u>8,995,410</u>	<u>23,846,265</u>
DEFERRED INFLOWS OF RESOURCES			
Pensions (note 7)	102,064	23,911	125,975
OPEB (note 8)	<u>69,359</u>	<u>-</u>	<u>69,359</u>
Total deferred inflows of resources	<u>171,423</u>	<u>23,911</u>	<u>195,334</u>
NET POSITION			
Net investment in capital assets	19,933,570	16,255,533	36,189,103
Restricted for:			
Community development and services	336,424	-	336,424
Public safety	5,860	-	5,860
Public works	1,864,749	-	1,864,749
Cultural and recreation	<u>745,022</u>	<u>-</u>	<u>745,022</u>
Total restricted	<u>2,952,055</u>	<u>-</u>	<u>2,952,055</u>
Unrestricted	<u>(4,506,553)</u>	<u>2,822,396</u>	<u>(1,684,157)</u>
Total net position	<u>\$ 18,379,072</u>	<u>19,077,929</u>	<u>37,457,001</u>

See accompanying notes to the basic financial statements.

CITY OF LOMITA
Statement of Activities
For the Year Ended June 30, 2018

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	\$ 4,078,593	60,000	-	-	60,000
Public safety	3,549,113	386,780	139,438	-	526,218
Public works	1,850,296	224,714	1,423,426	316,302	1,964,442
Community development	878,350	992,241	-	-	992,241
Community services	926,762	299,478	658,594	102,335	1,060,407
Culture and recreation	1,388,433	430,563	-	294,737	725,300
Total governmental activities	12,671,547	2,393,776	2,221,458	713,374	5,328,608
Business-type activities:					
Water	5,816,026	5,330,322	-	-	5,330,322
Total business-type activities	5,816,026	5,330,322	-	-	5,330,322
Total primary government	\$ 18,487,573	7,724,098	2,221,458	713,374	10,658,930
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					
Total general revenues and transfers					
Change in net position					
Net position - beginning of year, as restated (note 14)					
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>
(4,018,593)	-	(4,018,593)
(3,022,895)	-	(3,022,895)
114,146	-	114,146
113,891	-	113,891
133,645	-	133,645
<u>(663,133)</u>	<u>-</u>	<u>(663,133)</u>
<u>(7,342,939)</u>	<u>-</u>	<u>(7,342,939)</u>
<u>-</u>	<u>(485,704)</u>	<u>(485,704)</u>
<u>-</u>	<u>(485,704)</u>	<u>(485,704)</u>
<u>(7,342,939)</u>	<u>(485,704)</u>	<u>(7,828,643)</u>
1,657,387	-	1,657,387
1,769,925	-	1,769,925
617,755	-	617,755
345,511	-	345,511
258,776	-	258,776
180,278	-	180,278
<u>51,760</u>	<u>-</u>	<u>51,760</u>
4,881,392	-	4,881,392
2,142,009	-	2,142,009
(40,487)	10,737	(29,750)
<u>33,113</u>	<u>983,517</u>	<u>1,016,630</u>
<u>7,016,027</u>	<u>994,254</u>	<u>8,010,281</u>
(326,912)	508,550	181,638
<u>18,705,984</u>	<u>18,569,379</u>	<u>37,275,363</u>
<u>\$ 18,379,072</u>	<u>19,077,929</u>	<u>37,457,001</u>

CITY OF LOMITA

Comprehensive Annual Financial Report

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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

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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.

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

CITY OF LOMITA

Comprehensive Annual Financial Report

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CITY OF LOMITA

Balance Sheet

Governmental Funds

June 30, 2018

	General Fund	<u>Special Revenue Fund</u> Measure R Highway	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments (note 2)	\$ 6,354,792	-	3,351,942	9,706,734
Receivables:				
Accounts	208,697	-	17,956	226,653
Taxes	-	-	238	238
Interest	14,260	-	-	14,260
Due from other governments	475,722	705,514	106,306	1,287,542
Due from other funds (note 3)	250,861	-	-	250,861
Inventory	20,384	-	-	20,384
Prepaid items	-	-	3,053	3,053
Total assets	<u>\$ 7,324,716</u>	<u>705,514</u>	<u>3,479,495</u>	<u>11,509,725</u>
LIABILITIES				
Accounts payable	\$ 730,953	511,289	437,608	1,679,850
Accrued liabilities	124,304	224	10,729	135,257
Deposits payable	82,413	-	22,243	104,656
Due to other funds (note 3)	-	208,744	42,117	250,861
Total liabilities	<u>937,670</u>	<u>720,257</u>	<u>512,697</u>	<u>2,170,624</u>
DEFERRED IN FLOWS OF RESOURCES				
Unavailable revenue	-	490,844	-	490,844
Total deferred in flows of resources	<u>-</u>	<u>490,844</u>	<u>-</u>	<u>490,844</u>
FUND BALANCES				
Nonspendable	20,384	-	3,053	23,437
Restricted	-	-	987,480	987,480
Committed	89,343	-	1,229,487	1,318,830
Assigned	5,274,835	-	746,778	6,021,613
Unassigned	1,002,484	(505,587)	-	496,897
Total fund balances	<u>6,387,046</u>	<u>(505,587)</u>	<u>2,966,798</u>	<u>8,848,257</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 7,324,716</u>	<u>705,514</u>	<u>3,479,495</u>	<u>11,509,725</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, 2018

Fund balances of governmental funds	\$ 8,848,257
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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	35,144,585
- Accumulated depreciation	(15,363,324)

Certain revenues were not available to pay for current-period expenditures and, therefore, were deferred in funds.	490,844
--	---------

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.	414,241
--	---------

Deferred outflows related to contributions made after the actuarial measurement date for the net pension liability.	1,946,984
---	-----------

Deferred inflows related to unrecognized actuarial gains and losses for the net pension liability.	(102,064)
--	-----------

Proportionate share of net pension liability has not been included in governmental fund activity.	(7,299,211)
---	-------------

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.	<u>(5,701,240)</u>
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Net position of governmental activities	<u>\$ 18,379,072</u>
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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, 2018

	General Fund	<u>Special Revenue Fund</u> Measure R Highway	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes and assessments	\$ 4,881,391	-	509,538	5,390,929
Intergovernmental	2,379,766	261,331	1,962,963	4,604,060
Licenses and permits	1,081,588	-	68,906	1,150,494
Charges for services	-	-	25,384	25,384
Fines and forfeitures	444,580	-	-	444,580
Investment income	(41,122)	-	9,682	(31,440)
Rental income	242,668	-	269,222	511,890
Other revenue	33,113	-	62,584	95,697
Total revenues	<u>9,021,984</u>	<u>261,331</u>	<u>2,908,279</u>	<u>12,191,594</u>
Expenditures:				
Current:				
General government	3,047,279	-	-	3,047,279
Community development	857,609	-	-	857,609
Community services	103,061	-	921,664	1,024,725
Public works	253,358	-	678,124	931,482
Public safety	3,549,113	-	-	3,549,113
Culture and recreation	1,194,296	-	194,137	1,388,433
Capital outlay	32,793	721,494	854,066	1,608,353
Total expenditures	<u>9,037,509</u>	<u>721,494</u>	<u>2,647,991</u>	<u>12,406,994</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(15,525)</u>	<u>(460,163)</u>	<u>260,288</u>	<u>(215,400)</u>
Other financing sources (uses):				
Transfers in (note 4)	-	-	357,616	357,616
Transfers out (note 4)	(430,116)	-	-	(430,116)
Total other financing sources (uses)	<u>(430,116)</u>	<u>-</u>	<u>357,616</u>	<u>(72,500)</u>
Net change in fund balances	(445,641)	(460,163)	617,904	(287,900)
Fund balances (deficit), beginning of year	<u>6,832,687</u>	<u>(45,424)</u>	<u>2,348,894</u>	<u>9,136,157</u>
Fund balances (deficit), end of year	<u>\$ 6,387,046</u>	<u>(505,587)</u>	<u>2,966,798</u>	<u>8,848,257</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, 2018

Changes in fund balances of governmental funds	\$ (287,900)
--	--------------

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	1,276,517
Depreciation expense	(593,665)

To record as an expense the net change in compensated absences in the statement of activities.	(33,614)
--	----------

To record as an expense the net change in other post employment benefits liability in the statement of activities.	(228,441)
--	-----------

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.	(674,034)
---	-----------

Revenues in the government-wide statement of activities that did not provide current financial resources were not reported as revenues in the governmental funds.	152,405
---	---------

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;">61,820</div>
---	---

Change in net position of governmental activities	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block;">\$ (326,912)</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, 2018



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CITY OF LOMITA
Statement of Fund Net Position
Proprietary Funds
June 30, 2018

	Business-Type Activities <u>Water Enterprise Fund</u>	Governmental Activities <u>Internal Service Fund</u>
ASSETS		
Current assets:		
Cash and investments (note 2)	\$ 3,133,488	261,932
Receivables:		
Accounts	1,441,000	-
Taxes	53,053	-
Inventories	8,054	-
Total current assets	<u>4,635,595</u>	<u>261,932</u>
Noncurrent assets:		
Capital assets (note 5):		
Land	70,675	-
Construction in progress	46,952	-
Equipment	403,686	114,534
Vehicles	-	98,692
Infrastructure	30,372,570	-
Less accumulated depreciation	<u>(7,888,350)</u>	<u>(60,917)</u>
Total capital assets, net	<u>23,005,533</u>	<u>152,309</u>
Total noncurrent assets	<u>23,005,533</u>	<u>152,309</u>
Total assets	<u>27,641,128</u>	<u>414,241</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pensions	<u>456,122</u>	<u>-</u>
Total deferred outflows of resources	<u>456,122</u>	<u>-</u>
LIABILITIES		
Current liabilities:		
Accounts payable	377,581	-
Accrued liabilities	40,832	-
Interest payable	18,281	-
Deposits payable	1,000	-
Bonds payable - due within one year (note 6)	245,000	-
Compensated absences - due within one year (note 6)	<u>19,545</u>	<u>-</u>
Total current liabilities	<u>702,239</u>	<u>-</u>
Noncurrent liabilities:		
Bonds payable - due in more than one year (note 6)	6,505,000	-
Pension Liability (notes 6 and 7)	1,709,992	-
Compensated absences - due in more than one year (note 6)	<u>78,179</u>	<u>-</u>
Total noncurrent liabilities	<u>8,293,171</u>	<u>-</u>
Total liabilities	<u>8,995,410</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES		
Pensions	<u>23,911</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	16,255,533	152,309
Unrestricted	<u>2,822,396</u>	<u>261,932</u>
Total net position	<u>\$ 19,077,929</u>	<u>414,241</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, 2018

	Business-Type Activities	Governmental Activities
	Water Enterprise Fund	Internal Service Fund
Operating revenues:		
Charges for services	\$ 5,330,322	-
Other revenue	983,517	-
Total operating revenues	6,313,839	-
Operating expenses:		
Cost of water purchased	1,941,502	-
Salaries, wages and benefits	1,742,334	-
Materials and supplies	533,338	-
Contractual services	349,993	-
Repairs and maintenance	177,701	-
Rents and leases	113,225	-
Loss on the disposal of capital assets	11,552	-
Depreciation	712,852	11,316
Total operating expenses	5,582,497	11,316
Operating income (loss)	731,342	(11,316)
Non-operating revenues (expenses):		
Investment income	10,737	636
Interest expense and fees	(233,529)	-
Total non-operating revenues (expenses)	(222,792)	636
Income (loss) before transfers	508,550	(10,680)
Transfers in (note 4)	-	72,500
Change in net position	508,550	61,820
Net position, beginning of year, as restated (note 14)	18,569,379	352,421
Net position, end of year	\$ 19,077,929	414,241

See accompanying notes to the basic financial statements.

CITY OF LOMITA
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2018

	Business-Type Activities	Governmental Activities
	Water Enterprise Fund	Internal Service Fund
Cash flows from operating activities:		
Cash received from customers and other governments	\$ 6,186,558	-
Cash paid to suppliers for goods or services	(3,097,038)	-
Cash paid to employees for services	(1,524,130)	-
Net cash provided (used by) operating activities	<u>1,565,390</u>	<u>-</u>
Cash flows from capital and related financing activities:		
Purchase, acquisition and construction of capital assets	(544,334)	-
Principal paid on capital debt	(235,000)	-
Interest paid on capital-related debt	(234,166)	-
Net cash provided (used by) capital and related financing activities	<u>(1,013,500)</u>	<u>-</u>
Cash flows from investing activities:		
Investment income	<u>13,830</u>	<u>820</u>
Net cash provided (used by) investing activities	<u>13,830</u>	<u>820</u>
Cash flows from non-capital activities - cash received		
(paid) from/to other funds	<u>-</u>	<u>72,500</u>
Net increase (decrease) in cash and cash equivalents	565,720	73,320
Cash and equivalents, beginning of year	<u>2,567,768</u>	<u>188,612</u>
Cash and equivalents, end of year	<u>\$ 3,133,488</u>	<u>261,932</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income (loss)	\$ 731,342	(11,316)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	712,852	11,316
Loss on the disposal of capital assets	11,552	-
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(99,712)	-
(Increase) decrease in taxes receivable	(27,569)	-
(Increase) decrease in inventories	2,829	-
Increase (decrease) in accounts payable	15,892	-
Increase (decrease) in accrued liabilities	40,832	-
Increase (decrease) in compensated absences	8,383	-
Increase (decrease) in net pension liability, net of deferred inflows and outflows	<u>168,989</u>	<u>-</u>
Total adjustments	<u>834,048</u>	<u>11,316</u>
Net cash provided (used) by operating activities	<u>\$ 1,565,390</u>	<u>-</u>

See accompanying notes to the basic financial statements.

CITY OF LOMITA

Comprehensive Annual Financial Report

June 30, 2018



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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, 2018



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CITY OF LOMITA
Statement of Fiduciary Net Position
Trust Funds
June 30, 2018

	<u>Trust Funds</u>
ASSETS	
Current assets:	
Cash and investments (note 2)	\$ 178,054
Receivables:	
Accounts	1,441
Interest	<u>628</u>
Total assets	<u>\$ 180,123</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 5,506
Accrued liabilities	<u>272</u>
Total liabilities	<u>5,778</u>
NET POSITION	
Restricted for foundation	167,809
Restricted for memorial	<u>6,536</u>
Total net position	<u><u>\$ 174,345</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, 2018

	Trust Funds
Additions:	
Investment income	\$ 1,486
Other revenue	<u>68,775</u>
Total additions	<u>70,261</u>
Deductions:	
Miscellaneous	<u>56,210</u>
Total deductions	<u>56,210</u>
Change in net position	14,051
Net position, beginning of year	<u>160,294</u>
Net position, end of year	<u><u>\$ 174,345</u></u>

See accompanying notes to the basic financial statements.

CITY OF LOMITA
NOTES TO BASIC FINANCIAL STATEMENTS

Year ended June 30, 2018

(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.

Measure R Highway Special Revenue Fund – This fund is used to account for highway improvement projects on a cost reimbursement basis.

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. Donated capital assets, works of art and similar items, and capital assets received in service concession arrangements are valued at acquisition value at the date of donation. 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 estimated

CITY OF LOMITA
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

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

(g) Capital Assets, (Continued)

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, 2018 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. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, GASB Statement No. 85 *Omnibus 2017*, and GASB Statement No. 86 *Certain Debt Extinguishment Issues*. See Note 14 for the effect on the City's beginning net assets as a result of the change in accounting principal related to the adoption of GASB Nos. 75 and 86.

(2) Cash and Investments

Cash and investments at June 30, 2018 are reported as follows in the financial statements:

Statement of net position:	
Cash and investments	\$13,102,154
Statement of fiduciary net position:	
Cash and investments	<u>178,054</u>
	<u>\$13,280,208</u>

Cash and investments at June 30, 2018 consisted of the following:

Petty cash	\$ 2,357
Demand deposits held by City	5,330,084
Investments:	
Negotiable certificates of deposits	3,356,835
US Government Bonds	1,216,953
Corporate Bonds	242,240
Local Agency Investment Fund	<u>3,131,739</u>
Total cash and investments	<u>\$13,280,208</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>Remaining Maturity (in Years)</u>			
		<u>1 Year Or less</u>	<u>1 to 2 Years</u>	<u>2 to 3 Years</u>	<u>3 to 5 Years</u>
Negotiable Certificates of Deposit	\$ 3,356,835	98,559	332,078	537,764	2,388,434
US Government Bonds	1,216,953	-	-	-	1,216,953
Corporate Bonds	242,240	-	-	-	242,240
LAIF	<u>3,131,739</u>	<u>3,131,739</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 7,947,767</u>	<u>3,230,298</u>	<u>332,078</u>	<u>537,764</u>	<u>3,847,627</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 the valuation multiple approach which uses prices in observed transactions (i.e. comparable market prices) at the end of the fiscal year.

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, 2018:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Negotiable Certificates of Deposit	\$3,356,835	-	3,356,835	-
US Government Bonds	1,216,953	-	1,216,953	-
Corporate Bonds	<u>242,240</u>	<u>-</u>	<u>242,240</u>	<u>-</u>
Subtotal	<u>4,816,028</u>	<u>-</u>	<u>4,816,028</u>	<u>-</u>
LAIF	<u>3,131,739</u>			
Subtotal	<u>3,131,739</u>			
Total Leveled Investments	<u>\$7,947,767</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>Ratings as of Year End</u>			
			<u>AAA</u>	<u>AA1</u>	<u>Exempt From Disclosure</u>	<u>Not Rated</u>
Negotiable Certificates of Deposit	\$3,356,835	N/A	-	-	3,356,835	-
US Government Bonds	1,216,953	N/A	1,216,953	-	-	-
Corporate Bonds	242,240	N/A	-	242,240	-	-
LAIF	<u>3,131,739</u>	N/A	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,131,739</u>
Total	<u>\$7,947,767</u>		<u>1,216,953</u>	<u>242,240</u>	<u>3,356,835</u>	<u>3,131,739</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, 2018, 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, 2018 consisted of the following:

	<u>Due To Other Funds:</u>		
	Measure R Highway Fund	Nonmajor Governmental Funds	<u>Total</u>
<u>Due From Other Funds:</u>			
General Fund	<u>\$208,744</u>	<u>42,117</u>	<u>\$250,861</u>

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

(4) Interfund Transfers

Interfund transfers at June 30, 2018 consisted of the following:

	<u>Transfers In:</u>		<u>Total</u>
	Nonmajor Governmental Funds	Internal Service Fund	
<u>Transfers Out:</u>			
General Fund	<u>\$357,616</u>	<u>72,500</u>	<u>430,116</u>
Total	<u>\$357,616</u>	<u>72,500</u>	<u>430,116</u>

The most significant interfund transfer was from the General Fund to the Gas Tax fund in the amount of \$274,191. 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, 2018 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	\$ 4,993,906	-	-	4,993,906
Construction in process	980,189	721,494	929,658	772,025
Street trees	<u>1,650,378</u>	<u>-</u>	<u>-</u>	<u>1,650,378</u>
Total non-depreciable	<u>7,624,473</u>	<u>721,494</u>	<u>929,658</u>	<u>7,416,309</u>
Depreciable:				
Buildings	4,523,989	-	-	4,523,989
Equipment and furniture	642,995	290,331	8,000	925,326
Vehicles	413,938	-	-	413,938
Infrastructure	<u>20,883,899</u>	<u>1,194,350</u>	<u>-</u>	<u>22,078,249</u>
Total depreciable capital assets	<u>26,464,821</u>	<u>1,484,681</u>	<u>8,000</u>	<u>27,941,502</u>
Less accumulated depreciation for:				
Buildings	2,996,596	90,480	-	3,087,076
Equipment and furniture	535,374	39,375	8,000	566,749
Vehicles	318,948	12,240	-	331,188
Infrastructure	<u>10,976,342</u>	<u>462,886</u>	<u>-</u>	<u>11,439,228</u>
Total accumulated depreciation	<u>14,827,260</u>	<u>604,981</u>	<u>8,000</u>	<u>15,424,241</u>
Total depreciable capital assets, net	<u>11,637,561</u>	<u>879,700</u>	<u>-</u>	<u>12,517,261</u>
Total capital assets, net	<u>\$19,262,034</u>	<u>1,601,194</u>	<u>929,658</u>	<u>19,933,570</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>75,900</u>	<u>46,952</u>	<u>75,900</u>	<u>46,952</u>
Total non-depreciable	<u>146,575</u>	<u>46,952</u>	<u>75,900</u>	<u>117,627</u>
Depreciable:				
Equipment and furniture	200,483	84,636	-	285,119
Vehicles	92,997	25,570	-	118,567
Infrastructure	<u>29,987,664</u>	<u>463,076</u>	<u>78,170</u>	<u>30,372,570</u>
Total depreciable capital assets	<u>30,281,144</u>	<u>573,282</u>	<u>78,170</u>	<u>30,776,256</u>
Less accumulated depreciation for:				
Equipment and furniture	174,620	9,587	-	184,207
Vehicles	84,974	2,340	-	87,314
Infrastructure	<u>6,982,522</u>	<u>700,925</u>	<u>66,618</u>	<u>7,616,829</u>
Total accumulated depreciation	<u>7,242,116</u>	<u>712,852</u>	<u>66,618</u>	<u>7,888,350</u>
Total depreciable capital assets, net	<u>23,039,028</u>	<u>(139,570)</u>	<u>11,552</u>	<u>22,887,906</u>
Total capital assets, net	<u>\$23,185,603</u>	<u>(92,618)</u>	<u>87,452</u>	<u>23,005,533</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	\$815,433	\$ 384,567
Narbonne/ N of PCH/ Design	1,090,621	-
Walnut/ PCH to 253 rd PL	-	475,000
250 th St/ Pennsylvania to Eshelman	-	200,000
Business-type activities-water capital improvements:		
PCH water main replacement	57,204	497,796
Harbor Hills Direct Marketing	25,907	70,000

CITY OF LOMITA
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(5) Capital Assets, (Continued)

Business-type activities-water capital improvements (continued):

253 rd Pl Water Main Replacement	8,964	165,000
Walnut/ PCH to 253 rd Pl	10,783	500,000
250 th St.-Pennsylvania to Eshelman	1,298	700,000

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
General Government	\$ 95,225	-
Community Development	20,741	-
Community Services	17,892	-
Public Works	471,123	-
Water	<u>-</u>	<u>712,852</u>
Total	<u>\$604,981</u>	<u>712,852</u>

(6) Long-term Liabilities

Long-term liability activity for the year ended June 30, 2018 was as follows:

	Beginning Balance <u>As Restated</u>	<u>Additions</u>	<u>Deletions</u>	Ending Balance	Amounts Due within <u>One Year</u>
Governmental Activities:					
Net pension liability (3)	\$ 6,550,395	1,335,832	587,016	7,299,211	-
OPEB	5,155,179	272,599	113,517	5,314,261	-
Compensated absences (1)	<u>284,007</u>	<u>317,978</u>	<u>284,365</u>	<u>317,620</u>	<u>63,524</u>
Total governmental activities	<u>\$11,989,581</u>	<u>1,926,409</u>	<u>984,898</u>	<u>12,931,092</u>	<u>63,524</u>
Business-type Activities:					
Bonds payable:					
Water Revenue Refunding					
Bonds, series 2016	\$ 6,985,000	-	235,000	6,750,000	245,000
Net pension liability (4)	1,519,379	326,773	136,160	1,709,992	-
Compensated absences (2)	<u>89,341</u>	<u>134,704</u>	<u>126,321</u>	<u>97,724</u>	<u>19,545</u>
Total business-type activities	<u>8,593,720</u>	<u>461,477</u>	<u>497,481</u>	<u>8,557,716</u>	<u>264,545</u>
Total	<u>\$20,583,301</u>	<u>2,387,886</u>	<u>1,482,379</u>	<u>21,488,808</u>	<u>328,069</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.
(3) – Pension liabilities for government activities have typically been liquidated by the General Fund.
(4) – Pension liabilities 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 \$462,013 and \$1,454,931, respectively. At June 30, 2018, the ratio of the debt service payments due to the net revenues during fiscal year 2018 was .32 (32%).

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 315% of the annual debt service requirement in fiscal year 2018. The amount of the bonds outstanding at June 30, 2018 was \$6,750,000.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	280,000	186,063	466,063
2024-2028	1,525,000	788,936	2,313,936
2029-2033	1,805,000	523,250	2,328,250
2033-2038	<u>2,115,000</u>	<u>210,599</u>	<u>2,325,599</u>
Total	<u>\$6,750,000</u>	<u>2,537,762</u>	<u>9,287,762</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, 2018, 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 \$799,367 for the year ended June 30, 2018.

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions - As of June 30, 2018, the City of Lomita reported net pension liabilities for its proportionate shares of the net pension liability of \$9,009,203.

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, 2017, 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, 2016, rolled forward to June 30, 2017, 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, 2016 and 2017 measurement dates was as follows:

Proportion – June 30, 2016	0.232299%
Proportion – June 30, 2017	<u>0.228541%</u>
Change – Increase/(Decrease)	<u>(0.003758)%</u>

CITY OF LOMITA
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

(7) Defined Benefit Pension Plans, (Continued)

For the year ended June 30, 2018, the City of Lomita recognized pension expense of \$1,263,085. At June 30, 2018, 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	\$ 799,367	
Difference between expected and actual experience		\$ (125,975)
Changes in proportions	232,382	
Difference between actual and projected contributions	22,673	
Changes in assumptions	1,083,431	
Net differences between projected and actual earnings on plan investments	<u>265,253</u>	
Total	<u>\$2,403,106</u>	<u>\$ (125,975)</u>

\$799,367 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, 2019. 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>	
2019	\$ 476,081
2020	724,146
2021	435,024
2022	(157,487)

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, 2016 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous</u>
Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Payroll Growth	3.0%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.375% (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 AA.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2016 valuation were based on the results of a actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website.

Discount Rate – The discount rate used to measure the total pension liability was 7.15 percent. 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 7.15 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
Global Equity	50.0%
Global Fixed Income	19.0%
Real Assets	11.0%
Private Equity	10.0%
Inflation Sensitive	6.0%
Liquidity	3.0%
Other	1.0%
Total	100%

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 7.15 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 (6.15 percent), or 1-percentage point higher (8.15 percent), than the current rate:

	<u>Miscellaneous</u>
1% Decrease	6.15%
Net Pension Liability	\$12,875,294
Current Discount Rate	7.15%
Net Pension Liability	\$9,009,203
1% Increase	8.15%
Net Pension Liability	\$5,807,237

CITY OF LOMITA
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(8) Other Post Employment Benefits (OPEB)

Plan Description - In addition to the pension benefits described above, the City provides retiree health insurance benefits. The City contracts with the Public Employee's Retirement System to provide benefits to retirees under the Employees' Hospital and Medical Care Act. Employees who retire from the City may elect to continue their medical insurance through the available PERS plans. When retirees reach 65, they must enroll on Medicare and then may select a Medicare supplemental plan through the PERS insurance plans. This is a single-employer defined contribution plan with the City paying the minimum allowed contribution and the employees paying the balance of the selected plan premium. Changes to the plan require a resolution approved by the City Council and submitted to PERS.

Employee Covered – As of June 30, 2017 actuarial valuation, the following current and former employees were covered by the benefit terms under the plan:

Active employees	41
Inactive employees or beneficiaries currently receiving benefits	22
Inactive employees entitled to, but not yet receiving benefits	-
Total	<u>63</u>

Contributions - Currently, the City funds retiree healthcare benefits on a pay-as-you-go basis. The City recognizes expenditure for its share of the annual premiums as these benefits become due. For fiscal year 2017-2018, the City paid \$113,517 for benefits of 22 retired employees.

Net OPEB Liability - The City of Lomita net OPEB liability was measured as of June 30, 2018 and the total OPEB liability used to calculate the net OEPB liability was determined by an actuarial valuation date June 30, 2017 that was rolled forward to determine the June 30, 2018 total OPEB liability, based on the following actuarial methods and assumptions:

Actuarial Assumptions:

Discount Rate	3.5%
Projected Salary Increase	3.0%
General Inflation	2.75%
Mortality	Varies (1)

- (1) The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2017 valuation were based on the results of a actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website.

CITY OF LOMITA
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

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

Discount Rate – The discount rate used to measure the OPEB liability was 3.5 percent, which was based on the published change in return for the applicable municipal bond index.

The Changes in the net OPEB liability for the plan are as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/ (Asset) (c)=(a)-(b)
Balance at Fiscal Year Ending 6/30/17			
<i>Measurement Date 6/30/16</i>	\$5,155,179	\$ -	\$5,155,179
Changes During the Period:			
Service Cost	179,837	-	179,837
Interest Cost	179,461	-	179,461
Expected Investment Income	-	-	-
Employer Contributions	-	113,517	(113,517)
Changes of Benefit Terms	-	-	-
Benefit Payments	(113,517)	(113,517)	-
Assumption Changes	(86,699)	-	(86,699)
Plan Experience	-	-	-
Investment Experience	-	-	-
Recognized Deferred Resources	-	-	-
Employer Contributions Subsequent to Measurement Date	-	-	-
Net Changes in Fiscal Year 2017-18	159,082	-	159,082
Balance at Fiscal Year Ending 6/30/18			
<i>Measurement Date 6/30/17</i>	\$5,314,261	\$ -	\$5,314,261

Sensitivity of the Proportionate Share of the OPEB Liability to Changes in the Discount Rate – The following presents the City of Lomita's' OPEB liability, calculated using the discount rate, as well as what the City's OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

1% Decrease	2.5%
OPEB Liability	\$6,278,717
Current Discount Rate	3.5%
OPEB Liability	\$5,314,261
1% Increase	4.5%
OPEB Liability	\$4,546,675

CITY OF LOMITA
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

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

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trends – The following presents the net OPEB liability of the City of Lomita if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for the measurement period June 30, 2018:

1% Decrease	5%
OPEB Liability	\$4,470,316
Current Discount Rate	6%
OPEB Liability	\$5,314,261
1% Increase	7%
OPEB Liability	\$6,398,051

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB – For the fiscal year ended June 30, 2018, the City of Lomita recognized OPEB expense of \$341,958. As of the fiscal year ended June 30, 2018, the City of Lomita reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in assumptions	\$ -	(69,359)
Total	\$ -	(69,359)

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

Year Ended June 30	
2019	\$ (17,340)
2020	(17,340)
2021	(17,340)
2022	(17,340)
2023	(17,339)
	<u>\$ (86,699)</u>

CITY OF LOMITA
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(9) Risk Management

A. Description of Self-Insurance Pool Pursuant to Joint Powers Agreement: The City of Lomita is a member of the CALIFORNIA JOINT POWERS INSURANCE AUTHORITY (Authority). The Authority is composed of 116 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The California JPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

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

Primary Liability Program: Claims are pooled separately between police and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$750,000 to \$50 million, are distributed based on the outcome of cost allocation within the first and second loss layers. The overall coverage limit for each member, including all layers of coverage, is \$50 million per occurrence. Subsidence losses have a sub-limit of \$40 million per occurrence. The coverage structure includes retained risk that is pooled among members, reinsurance, and excess insurance. More detailed information about the various layers of coverage is available on the following website: <https://cjpia.org/protection/coverage-programs>.

Primary Workers' Compensation Program: Claims are pooled separately between public safety (police and fire) and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$50,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$50,000 to \$100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred

CITY OF LOMITA
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(9) Risk Management (continued)

costs from \$100,000 to statutory limits are distributed based on the outcome of cost allocation within the first and second loss layers. For 2017-18 the Authority's pooled retention is \$2 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law. Employer's Liability losses are pooled among members to \$2 million. Coverage from \$2 million to \$5 million is purchased as part of a reinsurance policy, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

C. Property Insurance: The City of Lomita participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City of Lomita property is currently insured according to a schedule of covered property submitted by the City of Lomita to the Authority. City of Lomita property currently has all-risk property insurance protection in the amount of \$37,143,628. There is a \$10,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$2,500 deductible.

D. Adequacy of Protection: During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2017-18.

(10) 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.

(11) Subsequent Events

Management has evaluated subsequent events through November 29, 2018, 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

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(12) 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, 2018:

	<u>General Fund</u>	<u>Measure R Hwy Special Revenue Fund</u>	<u>Non-major Governmental Funds</u>	<u>Totals</u>
<i>Nonspendable</i>				
Prepays	\$ -	-	3,053	3,053
Inventory	<u>20,384</u>	<u>-</u>	<u>-</u>	<u>20,384</u>
<i>Total Nonspendable</i>	<u>20,384</u>	<u>-</u>	<u>3,053</u>	<u>23,437</u>
<i>Restricted</i>				
Street Maintenance	-	-	119,622	119,622
Public Transportation	-	-	209,608	209,608
Clean Air Act Programs	-	-	59,396	59,396
Park Improvement	-	-	210,429	210,429
Park Athletic Program	-	-	24,664	24,664
Low Mod Housing & CDBG	-	-	333,371	333,371
Law Enforcement, CLEEP	-	-	5,860	5,860
Mayor's Golf Classic	-	-	19,085	19,085
Landscape Maintenance	<u>-</u>	<u>-</u>	<u>5,445</u>	<u>5,445</u>
<i>Total Restricted</i>	<u>-</u>	<u>-</u>	<u>987,480</u>	<u>987,480</u>
<i>Committed</i>				
Street Improvement	-	-	1,229,487	1,229,487
Stephenson Center	<u>89,343</u>	<u>-</u>	<u>-</u>	<u>89,343</u>
<i>Total Committed</i>	<u>89,343</u>	<u>-</u>	<u>1,229,487</u>	<u>1,318,830</u>
<i>Assigned</i>				
Facilities Improvement	145,094	-	-	145,094
Capital Improvement	-	-	69,505	69,505
Street Improvement	-	-	677,273	677,273
Reserve Appropriations	4,000,000	-	-	4,000,000
Economic Development	157,616	-	-	157,616
OPEB Trust	142,280	-	-	142,280
Pension Stabilization	<u>829,845</u>	<u>-</u>	<u>-</u>	<u>1,507,118</u>
<i>Total Assigned</i>	<u>5,274,835</u>	<u>-</u>	<u>746,778</u>	<u>6,021,613</u>
<i>Unassigned</i>	<u>1,002,484</u>	<u>(505,587)</u>	<u>-</u>	<u>496,897</u>
<i>Totals</i>	<u>\$ 6,387,046</u>	<u>(505,587)</u>	<u>2,996,797</u>	<u>8,848,257</u>

CITY OF LOMITA
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(13) Other Required Disclosures

Expenditures in Excess of Appropriations

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

	<u>Appropriations</u>	<u>Expenditures</u>	Variance Favorable (Unfavorable)
General Fund			
Current:			
Community Services	102,234	103,061	(827)
Public Works	231,279	253,358	(22,079)
Public Safety	3,453,815	3,549,113	(95,298)
Non-major Special Revenue Funds:			
Founder's Day	28,012	30,363	(2,351)
Proposition A	332,746	352,953	(20,207)
Railroad Museum Expansion	48,949	49,171	(222)
Mayor's Golf Classic	29,840	31,701	(1,861)

Deficit Fund Balances

The following funds had deficit fund balances as of June 30, 2018:

 Major Special Revenue Funds:

 Measure R Highway \$505,587 (a)

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

(14) Fund Balance and Net Position Restatements

The following schedule summarizes the effects of the prior period adjustment to the Government-wide Statements as of July 1, 2017.

Government-wide:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Net position at June 30, 2017, as previously reported	\$20,934,353	19,289,398
Adjustment made to prior year:		
Change in accounting principal for adoption of GASB No. 86	-	(720,019)
Change in accounting principal for adoption of GASB No.75	(2,228,369)	-
Net position as July 1, 2017, as restated	<u>\$18,705,984</u>	<u>\$18,569,379</u>

CITY OF LOMITA

Comprehensive Annual Financial Report

June 30, 2018



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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LOMITA
Comprehensive Annual Financial Report
June 30, 2018



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CITY OF LOMITA
Schedule of Proportionate Share of the Net Pension Liability and Related Ratios
June 30, 2018

Cost Sharing Defined Benefit Pension Plan
Last 10 Fiscal Years *

	Combined June 30, 2017 ¹ Fiscal Year 2017-18	Combined June 30, 2016 ¹ Fiscal Year 2016-17	Combined June 30, 2015 ¹ Fiscal Year 2015-16	Combined June 30, 2014 ¹ Fiscal Year 2014-15
Proportion of the net pension liability (asset)	0.22854%	0.23230%	0.18033%	0.22994%
Proportionate share of the net pension liability (asset)	\$ 9,009,203	\$ 8,069,774	\$ 6,841,270	\$ 5,682,932
Covered - employee payroll ²	\$ 3,191,154	\$ 3,090,957	\$ 2,926,047	\$ 2,938,496
Proportionate Share of the net pension liability (asset) as percentage of covered-employee payroll	291.47%	275.79%	232.82%	192.32%
Plan's fiduciary net position	\$ 12,074,499,781	\$ 10,923,476,287	\$ 10,896,036,068	\$ 10,639,461,174
Plan's total pension liability	\$ 16,016,547,402	\$ 14,397,353,530	\$ 13,639,503,084	\$ 13,110,948,452
Plan's fiduciary net position as a percentage of the total pension liability	67.95%	68.65%	72.19%	76.35%

¹ Historical information is required only for measurement periods for which GASB 68 is applicable.

² 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 7.65 percent (net of administrative expense) to 7.15 percent to correct for an adjustment to exclude administrative expense.

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

CITY OF LOMITA
Schedule of Plan Contributions ¹
June 30, 2018

Cost Sharing Defined Benefit Pension Plan
Last 10 Fiscal Years *

	Combined Fiscal Year 2017-18 ¹	Combined Fiscal Year 2016-17 ¹	Combined Fiscal Year 2015-16 ¹	Combined Fiscal Year 2014-15 ¹
Actuarially determined contribution ²	\$ 799,367	\$ 723,176	\$ 730,301	\$ 562,071
Contributions in relation to the actuarially determined contributions ²	\$ (799,367)	\$ (723,176)	\$ (730,301)	\$ (562,071)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll ³	\$ 3,191,154	\$ 3,090,957	\$ 2,926,047	\$ 2,938,496
Contributions as a percentage of covered employee payroll ³	25.05%	23.40%	24.96%	19.13%

¹ Historical information is required only for measurement periods for which GASB 68 is applicable.

² Employees are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions. CalPERS has determined that employer obligations referred to as "side funds" do not conform to the circumstances described in paragraph 120 of GASB 68, therefore are not considered separately financed specific liabilities.

³ 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:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal 2017-18 were from the June 30, 2016 public agency valuations:

Actuarial cost method	Entry-age
Amortization method/period	For detail, see June 30, 2016 Funding Valuation Report
Asset valuation method	Actuarial Value of Assets. For details see June 30, 2016 Funding Valuation Report.
Inflation	2.75%
Salary increases	Varies by Entry Age and Service
Payroll growth	3.00%
Investment rate of return	7.5% Net of Pension Plan Investment and Administrative expenses, includes inflation
Retirement age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-Retirement mortality rates included 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

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

CITY OF LOMITA
Schedule of Changes in the Net OPEB Liability and Related Ratios
for the Measurement Periods Ended June 30

<i>Measurement Period</i>	<u>2018</u>
Total OPEB Liability	
Service cost	\$ 179,837
Interest on the total OPEB Liability	179,461
Actual and expected experience difference	-
Changes in assumptions	(86,699)
Changes in benefit terms	-
Benefit payments	<u>(113,517)</u>
Net change in total OPEB liability	159,082
Total OPEB liability - beginning	<u>5,155,179</u>
Total OPEB liability - ending (a)	<u><u>\$ 5,314,261</u></u>
 Plan Fiduciary Net Position	
Contribution - employer	\$ 113,517
Net investment income	-
Benefit payments	(113,517)
Administrative expense	<u>-</u>
Net change in plan fiduciary net position	-
Plan fiduciary net position - beginning	<u>-</u>
Plan fiduciary net position - ending (b)	<u><u>\$ -</u></u>
 Net OPEB liability - ending (a)-(b)	<u><u>\$ 5,314,261</u></u>
 Covered-employee payroll	3,191,154
 Net OPEB liability as a percentage of covered-employee payroll	166.5%

Notes to Schedule

Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

CITY OF LOMITA

General Fund

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

For the Year Ended June 30, 2018

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Revenues:				
Taxes and assessments	\$ 4,764,279	4,774,279	4,881,391	107,112
Intergovernmental	2,275,221	2,368,721	2,379,766	11,045
Licenses and permits	868,500	902,200	1,081,588	179,388
Fines and forfeitures	387,000	432,000	444,580	12,580
Investment income	60,000	90,079	(41,122)	(131,201)
Rental income	220,000	220,000	242,668	22,668
Other revenue	18,000	35,000	33,113	(1,887)
Total revenues	8,593,000	8,822,279	9,021,984	199,705
Expenditures:				
Current:				
General government	2,962,033	3,241,608	3,047,279	194,329
Community development	807,788	872,838	857,609	15,229
Community services	99,584	102,234	103,061	(827)
Public works	202,924	231,279	253,358	(22,079)
Public safety	3,476,760	3,453,815	3,549,113	(95,298)
Culture and recreation	1,137,687	1,234,412	1,194,296	40,116
Capital outlay	10,000	43,400	32,793	10,607
Total expenditures	8,696,776	9,179,586	9,037,509	142,077
Excess (deficiency) of revenues over (under) expenditures	(103,776)	(357,307)	(15,525)	341,782
Other financing sources (uses):				
Transfers in	120,869	-	-	-
Transfers out	(147,962)	(217,093)	(430,116)	(213,023)
Total other financing sources (uses)	(27,093)	(217,093)	(430,116)	(213,023)
Net change in fund balances	(130,869)	(574,400)	(445,641)	128,759
Fund balance, beginning of year	6,832,687	6,832,687	6,832,687	-
Fund balance, end of year	\$ 6,701,818	6,258,287	6,387,046	128,759

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, 2018

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ 807,276	850,978	261,331	(589,647)
Total revenues	807,276	850,978	261,331	(589,647)
Expenditures:				
Capital outlay	807,276	807,276	721,494	85,782
Total expenditures	807,276	807,276	721,494	85,782
Net change in fund balances	-	43,702	(460,163)	(503,865)
Fund balance (deficit), beginning of year	(45,424)	(45,424)	(45,424)	-
Fund balance (deficit), end of year	\$ (45,424)	(1,722)	(505,587)	(503,865)

CITY OF LOMITA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2018

(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, 2018



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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.

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

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.

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

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

Parks 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.

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

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 Improvement 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, 2018

	Special Revenue Funds				
	State Gas Tax	Measure M	Measure R	Founder's Day	Community Development Block Grant
<u>ASSETS</u>					
Cash and investments	\$ 117,377	213,433	522,427	12,880	-
Receivables:					
Accounts	-	-	-	653	-
Taxes	-	-	-	-	-
Due from other governments	43,244	-	-	-	63,062
Prepaid items	-	-	-	-	-
Total assets	<u>\$ 160,621</u>	<u>213,433</u>	<u>522,427</u>	<u>13,533</u>	<u>63,062</u>
<u>LIABILITIES</u>					
Accounts payable	\$ 33,888	-	16,685	13,533	20,937
Accrued liabilities	7,111	-	-	-	-
Deposits payable	-	-	-	-	-
Due to other funds	-	-	-	-	42,117
Total liabilities	<u>40,999</u>	<u>-</u>	<u>16,685</u>	<u>13,533</u>	<u>63,054</u>
<u>FUND BALANCES</u>					
Nonspendable	-	-	-	-	-
Restricted	119,622	-	-	-	8
Committed	-	213,433	505,742	-	-
Assigned	-	-	-	-	-
Total fund balances	<u>119,622</u>	<u>213,433</u>	<u>505,742</u>	<u>-</u>	<u>8</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 160,621</u>	<u>213,433</u>	<u>522,427</u>	<u>13,533</u>	<u>63,062</u>

Special Revenue Funds

Lomita Housing Authority	Proposition A	Air Quality Plan AB 2766	Park Grant	Landscape Maintenance	Parks Facilities
8,004	295,211	54,178	81,722	5,587	128,707
-	173	6,717	-	-	-
-	-	-	-	238	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>8,004</u>	<u>295,384</u>	<u>60,895</u>	<u>81,722</u>	<u>5,825</u>	<u>128,707</u>
282	84,527	1,499	-	380	-
868	1,249	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,150</u>	<u>85,776</u>	<u>1,499</u>	<u>-</u>	<u>380</u>	<u>-</u>
-	-	-	-	-	-
6,854	209,608	59,396	81,722	5,445	128,707
-	-	-	-	-	-
-	-	-	-	-	-
<u>6,854</u>	<u>209,608</u>	<u>59,396</u>	<u>81,722</u>	<u>5,445</u>	<u>128,707</u>
<u>8,004</u>	<u>295,384</u>	<u>60,895</u>	<u>81,722</u>	<u>5,825</u>	<u>128,707</u>

CITY OF LOMITA
Nonmajor Governmental Funds, Continued
Combining Balance Sheet
June 30, 2018

	Special Revenue Funds					
	Park Athletic	Proposition C	Lomita Manor Development	CLEEP	Railroad Museum Expansion	Mayor's Golf Classic
<u>ASSETS</u>						
Cash and investments	\$ 21,172	696,391	384,101	5,860	-	21,006
Receivables:						
Accounts	8,717	-	391	-	-	1,305
Taxes	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-
Prepaid items	-	-	3,053	-	-	-
Total assets	<u>\$ 29,889</u>	<u>696,391</u>	<u>387,545</u>	<u>5,860</u>	<u>-</u>	<u>22,311</u>
<u>LIABILITIES</u>						
Accounts payable	\$ 4,233	185,570	35,740	-	-	3,226
Accrued liabilities	992	509	-	-	-	-
Deposits payable	-	-	22,243	-	-	-
Due to other funds	-	-	-	-	-	-
Total liabilities	<u>5,225</u>	<u>186,079</u>	<u>57,983</u>	<u>-</u>	<u>-</u>	<u>3,226</u>
<u>FUND BALANCES</u>						
Nonspendable	-	-	3,053	-	-	-
Restricted	24,664	-	326,509	5,860	-	19,085
Committed	-	510,312	-	-	-	-
Assigned	-	-	-	-	-	-
Total fund balances	<u>24,664</u>	<u>510,312</u>	<u>329,562</u>	<u>5,860</u>	<u>-</u>	<u>19,085</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 29,889</u>	<u>696,391</u>	<u>387,545</u>	<u>5,860</u>	<u>-</u>	<u>22,311</u>

<u>Capital Projects Funds</u>		
<u>Capital Improvement Fund</u>	<u>Street Improvement Fund</u>	<u>Total Non-major Governmental Funds</u>
69,505	714,381	3,351,942
-	-	17,956
-	-	238
-	-	106,306
-	-	3,053
<u>69,505</u>	<u>714,381</u>	<u>3,479,495</u>
-	37,108	437,608
-	-	10,729
-	-	22,243
-	-	42,117
<u>-</u>	<u>37,108</u>	<u>512,697</u>
-	-	3,053
-	-	987,480
-	-	1,229,487
<u>69,505</u>	<u>677,273</u>	<u>746,778</u>
<u>69,505</u>	<u>677,273</u>	<u>2,966,798</u>
<u>69,505</u>	<u>714,381</u>	<u>3,479,495</u>

CITY OF LOMITA
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2018

	Special Revenue Funds				
	State Gas Tax	Measure M	Measure R	Founder's Day	Community Development Block Grant
Revenues:					
Taxes and assessments	\$ 410,565	-	-	-	-
Intergovernmental	119,553	213,085	235,134	-	115,861
Licenses and permits	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment income	70	348	1,601	-	-
Rental income	-	-	-	-	-
Other revenue	28,564	-	-	1,019	-
Total revenues	<u>558,752</u>	<u>213,433</u>	<u>236,735</u>	<u>1,019</u>	<u>115,861</u>
Expenditures:					
Current:					
Community services	-	-	-	-	115,855
Public works	596,455	-	23,389	-	-
Cultural and recreation	-	-	-	30,363	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>596,455</u>	<u>-</u>	<u>23,389</u>	<u>30,363</u>	<u>115,855</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(37,703)</u>	<u>213,433</u>	<u>213,346</u>	<u>(29,344)</u>	<u>6</u>
Other financing sources (uses):					
Transfers in	<u>274,191</u>	<u>-</u>	<u>-</u>	<u>29,344</u>	<u>-</u>
Total other financing sources (uses)	<u>274,191</u>	<u>-</u>	<u>-</u>	<u>29,344</u>	<u>-</u>
Net change in fund balances	236,488	213,433	213,346	-	6
Fund balances, beginning of year	<u>(116,866)</u>	<u>-</u>	<u>292,396</u>	<u>-</u>	<u>2</u>
Fund balances, end of year	<u>\$ 119,622</u>	<u>213,433</u>	<u>505,742</u>	<u>-</u>	<u>8</u>

Special Revenue Funds

Lomita Housing Authority	Proposition A	Air Quality Plan AB 2766	Park Grant	Landscape Maintenance	Parks Facilities
-	-	-	-	11,673	87,300
30,000	378,475	26,029	294,737	-	-
-	-	-	-	-	-
-	25,384	-	-	-	-
-	924	201	-	-	188
-	-	-	-	-	-
-	-	-	-	-	-
<u>30,000</u>	<u>404,783</u>	<u>26,230</u>	<u>294,737</u>	<u>11,673</u>	<u>87,488</u>
35,978	352,953	-	-	-	-
-	-	20,498	-	11,856	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>35,978</u>	<u>352,953</u>	<u>20,498</u>	<u>-</u>	<u>11,856</u>	<u>-</u>
<u>(5,978)</u>	<u>51,830</u>	<u>5,732</u>	<u>294,737</u>	<u>(183)</u>	<u>87,488</u>
<u>11,243</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,838</u>	<u>-</u>
<u>11,243</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,838</u>	<u>-</u>
5,265	51,830	5,732	294,737	2,655	87,488
<u>1,589</u>	<u>157,778</u>	<u>53,664</u>	<u>(213,015)</u>	<u>2,790</u>	<u>41,219</u>
<u>6,854</u>	<u>209,608</u>	<u>59,396</u>	<u>81,722</u>	<u>5,445</u>	<u>128,707</u>

CITY OF LOMITA

Nonmajor Governmental Funds

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

For the Year ended June 30, 2018

	Special Revenue Funds					
	Park Athletic	Proposition C	Lomita Manor Development	CLEEP	Railroad Museum Expansion	Mayor's Golf Classic
Revenues:						
Taxes and assessments	\$ -	-	-	-	-	-
Intergovernmental	-	313,496	236,593	-	-	-
Licenses and permits	68,906	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Investment income	87	2,806	249	22	-	82
Rental income	-	-	269,222	-	-	-
Other revenue	2,472	-	3,699	-	-	26,830
Total revenues	<u>71,465</u>	<u>316,302</u>	<u>509,763</u>	<u>22</u>	<u>-</u>	<u>26,912</u>
Expenditures:						
Current:						
Community services	-	-	416,878	-	-	-
Public works	-	15,284	-	-	-	-
Cultural and recreation	82,902	-	-	-	49,171	31,701
Capital outlay	-	690,902	-	-	-	-
Total expenditures	<u>82,902</u>	<u>706,186</u>	<u>416,878</u>	<u>-</u>	<u>49,171</u>	<u>31,701</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(11,437)</u>	<u>(389,884)</u>	<u>92,885</u>	<u>22</u>	<u>(49,171)</u>	<u>(4,789)</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(11,437)</u>	<u>(389,884)</u>	<u>92,885</u>	<u>22</u>	<u>(49,171)</u>	<u>(4,789)</u>
Fund balances, beginning of year	<u>36,101</u>	<u>900,196</u>	<u>236,677</u>	<u>5,838</u>	<u>49,171</u>	<u>23,874</u>
Fund balances, end of year	<u>\$ 24,664</u>	<u>510,312</u>	<u>329,562</u>	<u>5,860</u>	<u>-</u>	<u>19,085</u>

<u>Capital Projects Funds</u>		
<u>Capital Improvement Fund</u>	<u>Street Improvement Fund</u>	<u>Total Non-major Governmental Funds</u>
-	-	509,538
-	-	1,962,963
-	-	68,906
-	-	25,384
194	2,910	9,682
-	-	269,222
-	-	62,584
<u>194</u>	<u>2,910</u>	<u>2,908,279</u>
-	-	921,664
-	10,642	678,124
-	-	194,137
<u>13,818</u>	<u>149,346</u>	<u>854,066</u>
<u>13,818</u>	<u>159,988</u>	<u>2,647,991</u>
<u>(13,624)</u>	<u>(157,078)</u>	<u>260,288</u>
<u>20,000</u>	<u>20,000</u>	<u>357,616</u>
<u>20,000</u>	<u>20,000</u>	<u>357,616</u>
6,376	(137,078)	617,904
<u>63,129</u>	<u>814,351</u>	<u>2,348,894</u>
<u>69,505</u>	<u>677,273</u>	<u>2,966,798</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, 2018

	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes and assessments	\$ 455,759	410,565	(45,194)
Intergovernmental	117,007	119,553	2,546
Investment income	-	70	70
Other revenue	-	28,564	28,564
Total revenues	<u>572,766</u>	<u>558,752</u>	<u>(14,014)</u>
Expenditures:			
Current:			
Public works	646,277	596,455	49,822
Capital outlay	<u>114,640</u>	<u>-</u>	<u>114,640</u>
Total expenditures	<u>760,917</u>	<u>596,455</u>	<u>164,462</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(188,151)</u>	<u>(37,703)</u>	<u>150,448</u>
Other financing sources (uses):			
Transfers in	<u>190,000</u>	<u>274,191</u>	<u>84,191</u>
Total other financing sources (uses)	<u>190,000</u>	<u>274,191</u>	<u>84,191</u>
Net change in fund balances	1,849	236,488	234,639
Fund balance (deficit), beginning of year	<u>(116,866)</u>	<u>(116,866)</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ (115,017)</u></u>	<u><u>119,622</u></u>	<u><u>234,639</u></u>

CITY OF LOMITA
Measure M Special Revenue Fund
Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2018

	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 252,760	213,085	(39,675)
Investment income	-	348	348
Total revenues	<u>252,760</u>	<u>213,433</u>	<u>(39,327)</u>
Expenditures:			
Capital outlay	<u>300,000</u>	<u>-</u>	<u>300,000</u>
Total expenditures	<u>300,000</u>	<u>-</u>	<u>300,000</u>
Net change in fund balances	(47,240)	213,433	260,673
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ (47,240)</u>	<u>213,433</u>	<u>260,673</u>

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, 2018

	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 234,766	235,134	368
Investment income	<u>300</u>	<u>1,601</u>	<u>1,301</u>
Total revenues	<u>235,066</u>	<u>236,735</u>	<u>1,669</u>
Expenditures:			
Current:			
Public works	54,500	23,389	31,111
Capital outlay	<u>375,000</u>	<u>-</u>	<u>375,000</u>
Total expenditures	<u>429,500</u>	<u>23,389</u>	<u>406,111</u>
Net change in fund balances	(194,434)	213,346	407,780
Fund balance, beginning of year	<u>292,396</u>	<u>292,396</u>	<u>-</u>
Fund balance, end of year	<u>\$ 97,962</u>	<u>505,742</u>	<u>407,780</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, 2018

	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Other revenue	\$ 15,000	1,019	(13,981)
Total revenues	15,000	1,019	(13,981)
Expenditures:			
Current:			
Culture and recreation	28,012	30,363	(2,351)
Total expenditures	28,012	30,363	(2,351)
Excess (deficiency) of revenues over (under) expenditures	(13,012)	(29,344)	(16,332)
Other financing sources (uses):			
Transfers in	13,012	29,344	16,332
Total other financing sources (uses)	13,012	29,344	16,332
Net change in fund balances	-	-	-
Fund balance, beginning of year	-	-	-
Fund balance, end of year	\$ -	-	-

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, 2018

	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 258,128	115,861	(142,267)
Total revenues	<u>258,128</u>	<u>115,861</u>	<u>(142,267)</u>
Expenditures:			
Current:			
Public works	<u>258,128</u>	<u>115,855</u>	<u>142,273</u>
Total expenditures	<u>258,128</u>	<u>115,855</u>	<u>142,273</u>
Net change in fund balances	-	6	6
Fund balance, beginning of year	<u>2</u>	<u>2</u>	<u>-</u>
Fund balance, end of year	<u>\$ 2</u>	<u>8</u>	<u>6</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, 2018

	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 40,000	30,000	(10,000)
Total revenues	40,000	30,000	(10,000)
Expenditures:			
Current:			
Community services	42,490	35,978	6,512
Total expenditures	42,490	35,978	6,512
Excess (deficiency) of revenues over (under) expenditures	(2,490)	(5,978)	(3,488)
Other financing sources (uses):			
Transfers in	11,243	11,243	-
Total other financing sources (uses)	11,243	11,243	-
Net change in fund balances	8,753	5,265	(3,488)
Fund balance, beginning of year	1,589	1,589	-
Fund balance, end of year	\$ 10,342	6,854	(3,488)

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, 2018

	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 377,367	378,475	1,108
Charges for services	20,000	25,384	5,384
Investment income	<u>500</u>	<u>924</u>	<u>424</u>
Total revenues	<u>397,867</u>	<u>404,783</u>	<u>6,916</u>
Expenditures:			
Current:			
Community services	<u>332,746</u>	<u>352,953</u>	<u>(20,207)</u>
Total expenditures	<u>332,746</u>	<u>352,953</u>	<u>(20,207)</u>
Net change in fund balances	65,121	51,830	(13,291)
Fund balance, beginning of year	<u>157,778</u>	<u>157,778</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 222,899</u></u>	<u><u>209,608</u></u>	<u><u>(13,291)</u></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, 2018

	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 25,000	26,029	1,029
Investment income	50	201	151
Total revenues	<u>25,050</u>	<u>26,230</u>	<u>1,180</u>
Expenditures:			
Current:			
Public works	18,000	20,498	(2,498)
Capital outlay	<u>30,000</u>	<u>-</u>	<u>30,000</u>
Total expenditures	<u>48,000</u>	<u>20,498</u>	<u>27,502</u>
Net change in fund balances	(22,950)	5,732	28,682
Fund balance, beginning of year	<u>53,664</u>	<u>53,664</u>	<u>-</u>
Fund balance, end of year	<u>\$ 30,714</u>	<u>59,396</u>	<u>28,682</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, 2018

	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 294,737	294,737	-
Total revenues	<u>294,737</u>	<u>294,737</u>	<u>-</u>
Expenditures:			
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	294,737	294,737	-
Fund balance (deficit), beginning of year	<u>(213,015)</u>	<u>(213,015)</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 81,722</u></u>	<u><u>81,722</u></u>	<u><u>-</u></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, 2018

	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes and assessments	\$ 11,738	11,673	(65)
Total revenues	<u>11,738</u>	<u>11,673</u>	<u>(65)</u>
Expenditures:			
Current:			
Public works	14,576	11,856	2,720
Total expenditures	<u>14,576</u>	<u>11,856</u>	<u>2,720</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,838)</u>	<u>(183)</u>	<u>2,655</u>
Other financing sources (uses):			
Transfers in	2,838	2,838	-
Total other financing sources (uses)	<u>2,838</u>	<u>2,838</u>	<u>-</u>
Net change in fund balances	-	2,655	2,655
Fund balance, beginning of year	<u>2,790</u>	<u>2,790</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 2,790</u></u>	<u><u>5,445</u></u>	<u><u>2,655</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, 2018

	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes and assessments	\$ 6,000	87,300	81,300
Investment income	400	188	(212)
Total revenues	<u>6,400</u>	<u>87,488</u>	<u>81,088</u>
Expenditures:			
Current:			
Culture and recreation	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	6,400	87,488	81,088
Fund balance, beginning of year	<u>41,219</u>	<u>41,219</u>	<u>-</u>
Fund balance, end of year	<u>\$ 47,619</u>	<u>128,707</u>	<u>81,088</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, 2018

	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Licenses and permits	\$ 73,529	68,906	(4,623)
Investment income	50	87	37
Other revenue	<u>2,000</u>	<u>2,472</u>	<u>472</u>
Total revenues	<u>75,579</u>	<u>71,465</u>	<u>(4,114)</u>
Expenditures:			
Current:			
Culture and recreation	<u>84,854</u>	<u>82,902</u>	<u>1,952</u>
Total expenditures	<u>84,854</u>	<u>82,902</u>	<u>1,952</u>
Net change in fund balances	(9,275)	(11,437)	(2,162)
Fund balance, beginning of year	<u>36,101</u>	<u>36,101</u>	<u>-</u>
Fund balance, end of year	<u>\$ 26,826</u>	<u>24,664</u>	<u>(2,162)</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, 2018

	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 313,016	313,496	480
Investment income	1,000	2,806	1,806
Total revenues	<u>314,016</u>	<u>316,302</u>	<u>2,286</u>
Expenditures:			
Current:			
Public works	17,030	15,284	1,746
Capital outlay	<u>794,830</u>	<u>690,902</u>	<u>103,928</u>
Total expenditures	<u>811,860</u>	<u>706,186</u>	<u>105,674</u>
Net change in fund balances	(497,844)	(389,884)	107,960
Fund balance, beginning of year	<u>900,196</u>	<u>900,196</u>	-
Fund balance, end of year	<u><u>\$ 402,352</u></u>	<u><u>510,312</u></u>	<u><u>107,960</u></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, 2018

	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 149,883	236,593	86,710
Investment income	-	249	249
Rental income	269,016	269,222	206
Other revenue	3,900	3,699	(201)
Total revenues	<u>422,799</u>	<u>509,763</u>	<u>86,964</u>
Expenditures:			
Current:			
Community services	<u>417,724</u>	<u>416,878</u>	<u>846</u>
Total expenditures	<u>417,724</u>	<u>416,878</u>	<u>846</u>
Net change in fund balances	5,075	92,885	87,810
Fund balance, beginning of year	<u>236,677</u>	<u>236,677</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 241,752</u></u>	<u><u>329,562</u></u>	<u><u>87,810</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, 2018

	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Investment income	\$ -	22	22
Total revenues	-	22	22
Expenditures:			
Current:			
Public safety	-	-	-
Total expenditures	-	-	-
Net change in fund balances	-	22	22
Fund balance, beginning of year	5,838	5,838	-
Fund balance, end of year	<u>\$ 5,838</u>	<u>5,860</u>	<u>22</u>

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, 2018

	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Investment income	\$ 50	-	(50)
Total revenues	50	-	(50)
Expenditures:			
Current:			
Culture and recreation	48,949	49,171	(222)
Total expenditures	48,949	49,171	(222)
Net change in fund balances	(48,899)	(49,171)	(272)
Fund balance, beginning of year	49,171	49,171	-
Fund balance, end of year	\$ 272	-	(272)

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, 2018

	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Investment income	\$ -	82	82
Other revenue	<u>29,840</u>	<u>26,830</u>	<u>(3,010)</u>
Total revenues	<u>29,840</u>	<u>26,912</u>	<u>(2,928)</u>
Expenditures:			
Current:			
Culture and recreation	<u>29,840</u>	<u>31,701</u>	<u>(1,861)</u>
Total expenditures	<u>29,840</u>	<u>31,701</u>	<u>(1,861)</u>
Net change in fund balances	-	(4,789)	(4,789)
Fund balance, beginning of year	<u>23,874</u>	<u>23,874</u>	<u>-</u>
Fund balance, end of year	<u>\$ 23,874</u>	<u>19,085</u>	<u>(4,789)</u>

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, 2018

	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Investment income	\$ 300	194	(106)
Total revenues	300	194	(106)
Expenditures:			
Capital outlay	14,000	13,818	182
Total expenditures	14,000	13,818	182
Excess (deficiency) of revenues over (under) expenditures	(13,700)	(13,624)	76
Other financing sources (uses):			
Transfers in	-	20,000	20,000
Total other financing sources (uses)	-	20,000	20,000
Net change in fund balances	(13,700)	6,376	20,076
Fund balance, beginning of year	63,129	63,129	-
Fund balance, end of year	\$ 49,429	69,505	20,076

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, 2018

	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Investment income	\$ 400	2,910	2,510
Total revenues	400	2,910	2,510
Expenditures:			
Current:			
Public works	25,000	10,642	14,358
Capital outlay	205,170	149,346	55,824
Total expenditures	230,170	159,988	70,182
Excess (deficiency) of revenues over (under) expenditures	(229,770)	(157,078)	72,692
Other financing sources (uses):			
Transfers in	-	20,000	20,000
Total other financing sources (uses)	-	20,000	20,000
Net change in fund balances	(229,770)	(137,078)	92,692
Fund balance, beginning of year	814,351	814,351	-
Fund balance, end of year	\$ 584,581	677,273	92,692

FIDUCIARY FUNDS

CITY OF LOMITA

Comprehensive Annual Financial Report

June 30, 2018



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CITY OF LOMITA
Combining Schedule of Fiduciary Net Position
Trust Funds
June 30, 2018

	<u>Railroad Foundation</u>	<u>Tom Rico Memorial</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and investments	\$ 171,278	6,776	178,054
Receivables:			
Accounts	1,441	-	1,441
Interest	<u>628</u>	<u>-</u>	<u>628</u>
Total assets	<u>\$ 173,347</u>	<u>6,776</u>	<u>180,123</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 5,266	240	5,506
Accrued liabilities	<u>272</u>	<u>-</u>	<u>272</u>
Total liabilities	<u>5,538</u>	<u>240</u>	<u>5,778</u>
NET POSITION			
Restricted for foundation	167,809	-	167,809
Restricted for memorial	<u>-</u>	<u>6,536</u>	<u>6,536</u>
Total net position	<u>\$ 167,809</u>	<u>6,536</u>	<u>174,345</u>

CITY OF LOMITA
Combining Schedule of Changes in Fiduciary Net Position
Trust Funds
For the Year Ended June 30, 2018

	<u>Railroad Foundation</u>	<u>Tom Rico Memorial</u>	<u>Total</u>
ADDITIONS:			
Investment income	\$ 1,486	-	1,486
Other revenue	<u>66,775</u>	<u>2,000</u>	<u>68,775</u>
Total additions	<u>68,261</u>	<u>2,000</u>	<u>70,261</u>
DEDUCTIONS:			
Miscellaneous	<u>54,316</u>	<u>1,894</u>	<u>56,210</u>
Total deductions	<u>54,316</u>	<u>1,894</u>	<u>56,210</u>
Change in net position	13,945	106	14,051
Net position, beginning of year	<u>153,864</u>	<u>6,430</u>	<u>160,294</u>
Net position, end of year	<u>\$ 167,809</u>	<u>6,536</u>	<u>174,345</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				
	2018	2017	2016	2015	2014
Governmental activities:					
Net investment in capital assets	\$ 19,933,570	\$ 17,033,665	\$ 18,274,572	\$ 18,192,046	\$ 17,423,028
Restricted	2,952,055	2,641,909	3,676,616	3,354,468	3,516,178
Unrestricted	<u>(4,506,553)</u>	<u>(969,590)</u>	<u>(726,465)</u>	<u>(621,965)</u>	<u>3,431,164</u>
Total governmental activities net position	<u>\$ 18,379,072</u>	<u>\$ 18,705,984</u>	<u>\$ 21,224,723</u>	<u>\$ 20,924,549</u>	<u>\$ 24,370,370</u>
Business-type activities:					
Net investment in capital assets	\$ 16,255,533	\$ 15,480,584	\$ 16,158,075	\$ 15,498,223	\$ 15,313,322
Restricted	-	-	175,847	678,501	678,500
Unrestricted	<u>2,822,396</u>	<u>3,088,795</u>	<u>2,553,377</u>	<u>2,472,870</u>	<u>3,675,085</u>
Total business-type activities net position	<u>\$ 19,077,929</u>	<u>\$ 18,569,379</u>	<u>\$ 18,887,299</u>	<u>\$ 18,649,594</u>	<u>\$ 19,666,907</u>
Primary government:					
Net investment in capital assets	\$ 36,189,103	\$ 32,514,249	\$ 34,432,647	\$ 33,690,269	\$ 32,736,350
Restricted	2,952,055	2,641,909	3,852,463	4,032,969	4,194,678
Unrestricted ⁽¹⁾	<u>(1,684,157)</u>	<u>2,119,205</u>	<u>1,826,912</u>	<u>1,850,905</u>	<u>7,106,249</u>
Total primary government net position	<u>\$ 37,457,001</u>	<u>\$ 37,275,363</u>	<u>\$ 40,112,022</u>	<u>\$ 39,574,143</u>	<u>\$ 44,037,277</u>

⁽¹⁾ GASB 75 was implemented June 30, 2018. The recording of the City's net OPEB liability resulted in a negative unrestricted net asset balance.

Fiscal Year				
2013	2012	2011	2010	2009
\$ 16,117,031	\$ 16,173,212	\$ 15,152,395	\$ 13,512,766	\$ 13,930,034
3,749,288	3,419,892	4,384,848	4,297,733	3,992,420
<u>3,680,676</u>	<u>3,800,061</u>	<u>4,108,042</u>	<u>5,083,888</u>	<u>5,511,978</u>
<u>\$ 23,546,995</u>	<u>\$ 23,393,165</u>	<u>\$ 23,645,285</u>	<u>\$ 22,894,387</u>	<u>\$ 23,434,432</u>
\$ 14,698,904	\$ 14,853,385	\$ 13,512,093	\$ 12,788,149	\$ 9,299,857
678,499	4,069,689	3,809,105	1,906,069	7,115,225
<u>4,220,830</u>	<u>891,320</u>	<u>2,910,470</u>	<u>5,204,042</u>	<u>3,309,358</u>
<u>\$ 19,598,233</u>	<u>\$ 19,814,394</u>	<u>\$ 20,231,668</u>	<u>\$ 19,898,260</u>	<u>\$ 19,724,440</u>
\$ 30,815,935	\$ 31,026,597	\$ 28,664,488	\$ 26,300,915	\$ 23,229,891
4,427,787	7,489,581	8,193,953	6,203,802	11,107,645
<u>7,901,506</u>	<u>4,691,381</u>	<u>7,018,512</u>	<u>10,287,930</u>	<u>8,821,336</u>
<u>\$ 43,145,228</u>	<u>\$ 43,207,559</u>	<u>\$ 43,876,953</u>	<u>\$ 42,792,647</u>	<u>\$ 43,158,872</u>

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

	Fiscal Year				
	2018	2017	2016	2015	2014
Expenses:					
Governmental activities:					
General government	\$ 4,078,593	\$ 3,507,091	\$ 3,123,342	\$ 2,899,057	\$ 3,098,164
Public safety	3,549,113	3,309,683	3,108,606	3,016,259	3,110,281
Public works	1,850,296	2,028,211	1,440,942	868,679	1,154,889
Community development	878,350	763,932	816,396	732,230	870,304
Community services	926,762	1,480,018	861,319	1,177,247	911,817
Culture and Recreation	1,388,433	1,199,067	1,196,613	1,205,707	1,162,065
Total governmental activities expenses	12,671,547	12,288,002	10,547,218	9,899,179	10,307,520
Business-type activities:					
Water Enterprise Operating Expenses	5,816,026	5,221,613	4,938,566	4,982,663	5,064,405
Total business-type activities expenses	5,816,026	5,221,613	4,938,566	4,982,663	5,064,405
Total primary government expenses	18,487,573	17,509,615	15,485,784	14,881,842	15,371,925
Program revenues:					
Governmental activities:					
Charges for services:					
General government	60,000	60,000	60,000	60,000	61,281
Public safety	386,780	373,933	364,735	377,159	297,550
Public works	224,714	193,363	211,337	189,668	402,407
Community development	992,241	846,262	1,075,688	1,413,611	1,159,824
Community services	299,478	314,290	306,110	267,026	267,952
Cultural and Recreation	430,563	368,800	334,994	261,195	236,828
Operating grants and contributions	2,221,458	2,194,576	1,516,695	1,831,908	1,481,169
Capital grants and contributions	713,374	779,612	328,664	417,909	982,808
Total governmental activities program revenues	5,328,608	5,130,836	4,198,223	4,818,476	4,889,819
Business-type activities:					
Charges for services:					
Water	5,330,322	4,789,815	4,435,449	4,594,551	4,566,793
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-
Total business-type activities program revenues	5,330,322	4,789,815	4,435,449	4,594,551	4,566,793
Total primary government program revenues	10,658,930	9,920,651	8,633,672	9,413,027	9,456,612
Net revenues (expenses):					
Governmental activities	(7,342,939)	(7,157,166)	(6,348,995)	(5,080,703)	(5,417,701)
Business-type activities	(485,704)	(431,798)	(503,117)	(388,112)	(497,612)
Total net revenues (expenses)	(7,828,643)	(7,588,964)	(6,852,112)	(5,468,815)	(5,915,313)

Fiscal Year				
2013	2012	2011	2010	2009
\$ 3,394,294	\$ 2,683,514	\$ 2,567,078	\$ 2,598,869	\$ 2,564,416
2,968,882	2,434,891	2,440,625	2,421,257	2,414,024
1,060,021	1,154,708	829,852	1,084,117	1,409,513
714,681	825,680	778,062	768,267	684,610
952,770	1,978,025	2,082,016	1,828,425	1,704,503
803,562	1,571,008	1,780,184	1,664,400	1,632,523
9,894,210	10,647,826	10,477,817	10,365,335	10,409,589
5,136,123	5,162,425	5,312,026	4,295,546	3,699,235
5,136,123	5,162,425	5,312,026	4,295,546	3,699,235
15,030,333	15,810,251	15,789,843	14,660,881	14,108,824
60,000	60,000	60,000	50,000	35,500
318,850	347,295	346,926	358,943	452,445
91,857	200,656	181,250	179,417	177,665
789,105	734,175	882,291	850,551	672,082
254,750	249,001	232,548	239,629	308,794
199,132	212,337	235,775	144,196	170,287
1,907,148	2,168,219	2,310,168	1,688,071	2,079,543
225,288	486,629	313,126	180,378	745,989
3,846,130	4,458,312	4,562,084	3,691,185	4,642,305
4,258,907	4,066,221	3,857,164	3,739,778	3,528,720
-	-	-	-	-
-	-	-	-	-
4,258,907	4,066,221	3,857,164	3,739,778	3,528,720
8,105,037	8,524,533	8,419,248	7,430,963	8,171,025
(6,048,080)	(6,189,514)	(5,915,733)	(6,674,150)	(5,767,284)
(877,216)	(1,096,204)	(1,454,862)	(555,768)	(170,515)
(6,925,296)	(7,285,718)	(7,370,595)	(7,229,918)	(5,937,799)

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

	Fiscal Year				
	2018	2017	2016	2015	2014
General revenues and other changes in net position:					
Governmental activities:					
Taxes:					
Property taxes	1,657,387	1,523,888	1,748,361	1,807,043	1,840,685
Sales tax	1,769,925	1,625,596	1,474,499	1,289,649	1,336,438
Transient occupancy taxes	180,278	178,239	150,091	133,642	122,510
Refuse Tax	258,776	253,270	243,783	242,841	235,523
Business Licence Tax	617,755	544,333	550,167	584,131	505,590
Franchise Taxes	345,511	335,077	400,033	357,134	360,228
Other taxes	51,760	16,000	4,000	20,550	7,000
Motor vehicle in lieu, unrestricted	2,142,009	2,038,861	1,939,675	1,842,511	1,762,032
Investment income	(40,487)	7,322	138,154	67,806	60,760
Other general revenues	33,113	341,477	406	11,226	10,310
Gain on sales of property	-	-	-	-	-
Transfers	-	2,733	-	-	-
Total governmental activities	<u>7,016,027</u>	<u>6,866,796</u>	<u>6,649,169</u>	<u>6,356,533</u>	<u>6,241,076</u>
Business-type activities:					
Investment income	10,737	9,563	7,447	4,128	5,035
Other	983,517	827,067	733,375	871,796	750,446
Transfers	-	(2,733)	-	-	-
Total business-type activities	<u>994,254</u>	<u>833,897</u>	<u>740,822</u>	<u>875,924</u>	<u>755,481</u>
Total primary government	<u>8,010,281</u>	<u>7,700,693</u>	<u>7,389,991</u>	<u>7,232,457</u>	<u>6,996,557</u>
Changes in net position					
Governmental activities	(326,912)	(290,370)	300,174	1,275,830	823,375
Business-type activities	<u>508,550</u>	<u>402,099</u>	<u>237,705</u>	<u>487,812</u>	<u>257,869</u>
Total primary government	<u>\$ 181,638</u>	<u>\$ 111,729</u>	<u>\$ 537,879</u>	<u>\$ 1,763,642</u>	<u>\$ 1,081,244</u>

²

Fiscal Year				
2013	2012	2011	2010	2009
1,881,746	1,601,729	1,553,509	1,504,971	1,642,860
1,332,490	1,262,673	1,229,663	1,059,726	1,061,285
126,700	117,751	105,571	112,096	106,690
230,116	226,746	227,602	209,360	150,764
493,867	449,933	434,689	463,802	461,346
361,385	365,187	356,129	351,634	400,589
4,000	4,000	35,000	539,632	2,000
1,709,397	1,671,605	1,759,912	1,737,621	1,751,215
45,982	32,481	67,619	148,971	234,548
16,227	205,289	8,554	86,010	7,857
-	-	-	-	-
-	-	-	-	-
6,201,910	5,937,394	5,778,248	6,213,823	5,819,154
9,682	16,076	30,083	51,521	224,887
651,373	662,854	785,236	641,315	2,158,938
-	-	-	-	-
661,055	678,930	815,319	692,836	2,383,825
6,862,965	6,616,324	6,593,567	6,906,659	8,202,979
153,830	(252,120)	(137,485)	(460,327)	51,870
(216,161) ¹	(417,274) ⁷	(639,543) ⁶	137,068 ⁵	2,213,310 ³
\$ (62,331)	\$ (669,394)	\$ (777,028)	\$ (323,259)	\$ 2,265,180

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

	Fiscal Year				
	2018	2017	2016	2015	2014
General fund:					
Nonspendable	\$ 20,384	\$ 18,896	\$ 499,516	\$ 281,510	\$ 354,869
Committed	89,343	89,343	104,132	22,500	-
Assigned	5,274,835	5,180,075	4,986,341	4,111,396	3,885,436
Unassigned	<u>1,002,484</u>	<u>1,544,373</u>	<u>789,516</u>	<u>1,516,969</u>	<u>832,656</u>
Total general fund	<u>6,387,046</u>	<u>6,832,687</u>	<u>6,379,505</u>	<u>5,932,375</u>	<u>5,072,961</u>
All other governmental funds:					
Nonspendable	3,053	6,185	1,130	1,227	1,376
Restricted	987,480	602,516	1,151,250	1,137,673	1,727,257
Committed	1,229,487	1,192,592	1,318,552	1,548,912	-
Assigned	746,778	877,480	1,210,815	843,681	1,908,056
Unassigned	<u>(505,587)</u>	<u>(375,303)</u>	<u>(2,785)</u>	<u>(177,025)</u>	<u>(120,511)</u>
Total all other governmental funds	<u>2,461,211</u>	<u>2,303,470</u>	<u>3,678,962</u>	<u>3,354,468</u>	<u>3,516,178</u>
Grand Total	8,848,257	9,136,157	10,058,467	9,286,843	8,589,139

Fiscal Year				
2013	2012	2011	2010	2009
\$ 356,719	\$ 331,495	\$ 271,290	\$ 341,594	\$ 363,680
-	295,000	3,912,982	5,310,127 ⁴	4,905,388
4,296,698	4,041,320	115,484	-	-
292,226	373,356	619,957	-	-
<u>4,945,643</u>	<u>5,041,171</u>	<u>4,919,713</u>	<u>5,651,721</u>	<u>5,269,068</u>
2,394	4,581	-	-	-
1,383,207	2,697,907	3,085,907	3,504,189	3,181,581
-	580,384	350,000	-	-
2,564,065	135,830	948,941	744,733	807,210
(200,378)	1,190	(20,180)	4,292	3,629
<u>3,749,288</u>	<u>3,419,892</u>	<u>4,364,668</u>	<u>4,253,214</u>	<u>3,992,420</u>
8,694,931	8,461,063	9,284,381	9,904,935	9,261,488

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

	Fiscal Year				
	2018	2017	2016	2015	2014
Revenues:					
Taxes and assessments	\$ 5,390,929	\$ 4,929,177	\$ 5,036,023	\$ 5,100,944	\$ 5,050,191
Intergovernmental	4,604,060	3,713,536	3,715,286	3,485,555	3,914,285
Licenses and permits	1,150,494	1,054,795	1,250,947	1,558,515	1,356,968
Charges for services	25,384	20,210	19,571	20,628	20,051
Fines and forfeitures	444,580	376,733	372,735	387,659	297,550
Investment income	(31,440)	20,354	147,297	72,312	67,288
Rental income	511,890	489,831	514,200	444,488	430,481
Other	95,697	756,655	62,772	59,673	62,136
Total revenues	<u>12,191,594</u>	<u>11,361,291</u>	<u>11,118,831</u>	<u>11,129,774</u>	<u>11,198,950</u>
Expenditures					
Current:					
General government	3,047,279	2,687,690	2,735,363	2,553,174	2,694,870
Community development	857,609	745,442	799,282	722,548	849,720
Community services	908,870	1,464,068	846,556	1,168,895	894,060
Public works	1,047,337	1,072,359	925,359	783,041	747,972
Public safety	3,549,113	3,309,683	3,108,606	3,016,259	3,110,281
Cultural and recreation	1,388,433	1,199,067	1,196,613	1,205,707	1,162,065
Capital outlay	1,608,353	1,768,025	710,564	927,446	1,820,774
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>12,406,994</u>	<u>12,246,334</u>	<u>10,322,343</u>	<u>10,377,070</u>	<u>11,279,742</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(215,400)</u>	<u>(885,043)</u>	<u>796,488</u>	<u>752,704</u>	<u>(80,792)</u>
Other financing sources (uses):					
Transfers in	357,616	135,490	339,569	317,553	467,221
Transfers out	(430,116)	(172,757)	(439,569)	(372,553)	(492,221)
Proceeds from sale of property	-	-	-	-	-
Issuance of bonds	-	-	-	-	-
Payment to bond escrow agent	-	-	-	-	-
Total other financing sources (uses)	<u>(72,500)</u>	<u>(37,267)</u>	<u>(100,000)</u>	<u>(55,000)</u>	<u>(25,000)</u>
Net change in fund balances	<u>(287,900)</u>	<u>(922,310)</u>	<u>696,488</u>	<u>697,704</u>	<u>(105,792)</u>

Fiscal Year				
2013	2012	2011	2010	2009
\$ 4,941,989	\$ 4,635,086	\$ 4,497,190	\$ 4,241,221	\$ 4,360,605
3,168,952	4,069,098	3,893,206	3,697,584	4,144,709
963,438	894,010	955,706	919,281	776,354
19,832	15,548	94,008	84,112	12,584
318,850	347,295	346,926	358,943	452,445
53,994	44,797	66,888	144,398	270,875
310,054	422,549	402,342	410,400	411,155
38,441	60,400	40,606	86,010	70,486
9,815,550	10,488,783	10,296,872	9,941,949	10,499,213
3,044,973	2,183,290	2,099,058	2,224,534	2,410,760
695,333	821,494	777,133	767,326	682,729
936,080	1,969,648	2,071,464	1,817,790	1,693,861
697,504	786,802	790,514	795,906	1,155,099
2,968,882	2,434,891	2,440,625	2,421,257	2,414,024
803,562	1,569,385	1,765,396	1,649,522	1,588,488
335,348	1,546,591	873,236	67,003	65,216
-	-	-	-	-
-	-	-	-	-
9,481,682	11,312,101	10,817,426	9,743,338	10,010,177
333,868	(823,318)	(520,554)	198,611	489,036
244,848	230,540	811,446	654,165	257,593
(344,848)	(230,540)	(911,446)	(186,165)	(257,593)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
(100,000)	-	(100,000)	468,000	-
233,868	(823,318)	(620,554)	666,611	489,036

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 Assessed Value		Residential	Income	Industrial	Total	
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%
2017/18	2,225,454,844	31,629,569		2,257,084,413	5.00%	4,580	475	15	5,070	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>2018</u>	<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>
City Direct Rates:										
City Lomita Tax District 1	0.066600	0.066550	0.066550	0.066550	0.066550	0.066550	0.066550	0.066550	0.066550	0.066550
Lomita Waterworks	<u>0.036100</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	0.102700	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	0.214700	0.215040
LA County Other	0.209050	0.209110	0.209110	0.209110	0.209110	0.209110	0.209110	0.109300	0.109300	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	0.011090	0.110900	0.110900	0.110900
LA Unified School District	0.207800	0.207830	0.207830	0.207830	0.207830	0.207830	0.207830	0.207830	0.207830	0.207830
Educational Revenue	0.204800	0.204800	0.204800	0.204800	0.204800	0.204800	0.204800	0.204800	0.204800	0.024440
Augmentation Fund	0.028200	0.028200	0.028200	0.028200	0.028200	0.028200	0.028200	0.028200	0.028200	0.028520
LA Community College	0.021500	0.021480	0.021480	0.021480	0.021480	0.021480	0.021480	0.021480	0.021480	0.021480
LA County Library	0.021500	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	0.045990	0.035960	0.035750	0.040170	0.044540	0.037560	0.035300	0.040310	0.023110	0.022120
LA County Storm Drain	-	-	-	-	-	-	-	-	-	-
LA Unified School Bonds	0.122190	0.131100	0.129710	0.146880	0.146440	0.186800	0.168190	0.186950	0.151810	0.124810
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	0.003500	0.003700	0.003700	0.004300	0.004300
Voter Approved Rate	<u>0.171680</u>	<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>
Total Tax Rate	<u>1.171680</u>	<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>

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 2008/09-2017/18 Tax Rate Table, HdL, Coren & Cone

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

Taxpayer	Parcels	Use	2017/18		2016/17	
			Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Weiss Investment Properties LP	2	r	16,990,701	0.75%	16,657,700	0.77%
Time Warner NY Cable LLC	3	u	12,675,638	0.56%	12,450,819	0.58%
William S. & Margaret H. Kang Trust	1	c	8,074,580	0.36%	7,916,256	0.37%
Palani Group 5 LLC	1	r	8,043,568	0.36%	7,886,005	0.37%
Eshelman Associates LLC	1	r	7,846,393	0.35%	7,692,543	0.36%
One Eshelman LLC	1	r	7,761,091	0.34%	7,608,914	0.35%
CC Fund II	2	c	7,650,000	0.34%	7,500,000	0.35%
2201 Pacific Coast Highway	2	c	7,617,500	0.34%	-	0.00%
Comm 2006 FL 12 California SPE LP	3	c	7,209,292	0.32%	-	0.00%
Diamond Head Apartments Grp	1	c	6,566,691	0.29%	6,438,581	0.30%
Lomita Plaza	1	c	-	0.00%	6,349,248	0.30%
MMRSO LLC	1	c	-	0.00%	5,982,619	0.28%
Top Ten Totals			<u>90,435,454</u>	<u>4.01%</u>	<u>86,482,685</u>	<u>4.02%</u>
City Totals			\$ 2,257,084,413		\$ 2,149,593,978	
USE:						
Commercial		c				
Residential		r				
Unsecured		u				
Vacant		v				

Source: L.A. County Assessor 2017/18 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
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%
2018	2,279,687	110,520	4.85%	86,460	196,980	8.64%

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		
	Bonds	Bonds	Ref Bonds	Participation	Other	
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	-
2018	n/a	n/a	n/a	n/a	n/a	-

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

Business-type Activities					
Certificates of Participation ⁽¹⁾	Other	Total Business-type Activities	Total Primary Government	Percentage of Personal Income	Debt per Capita
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
6,750,000	n/a	6,750,000	6,750,000	9.90%	326

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

	2018	2017	2016	2015	2014
Assessed valuation	\$ 2,257,084,413	\$ 2,149,593,978	\$ 2,045,319,719	\$ 1,942,097,956	\$ 1,866,047,889
Conversion percentage	25.00%	25.00%	25.00%	25.00%	25.00%
Adjusted assessed valuation	564,271,103	537,398,495	511,329,930	485,524,489	466,511,972
Debt limit percentage	15.00%	15.00%	15.00%	15.00%	15.00%
Debt limit	84,640,665	80,609,774	76,699,489	72,828,673	69,976,796
Total net debt applicable to limit:					
General obligation bonds	-	-	-	-	-
Legal debt margin	\$ 84,640,665	\$ 80,609,774	\$ 76,699,489	\$ 72,828,673	\$ 69,976,796
Total net debt applicable to the limit					
as a percent of debt limit	0%	0%	0%	0%	0%
Lomita Long Term Debt outstanding:	6,750,000	6,985,000	7,200,000	6,665,000	6,825,000
Debt per capita:	325.85	342.35	354.85	322.92	330.83
Debt as a percentage of personal income:	9.90%	8.82%	8.16%	9.01%	8.83%

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.

2013	2012	2011	2010	2009
\$ 1,800,801,228	\$ 1,758,798,108	\$ 1,750,163,756	\$ 1,774,488,536	\$ 1,778,463,463
25.00%	25.00%	25.00%	25.00%	25.00%
450,200,307	439,699,527	437,540,939	443,622,134	444,615,866
15.00%	15.00%	15.00%	15.00%	15.00%
67,530,046	65,954,929	65,631,141	66,543,320	66,692,380
-	-	-	-	-
\$ 67,530,046	\$ 65,954,929	\$ 65,631,141	\$ 66,543,320	\$ 66,692,380
0%	0%	0%	0%	0%
6,980,000	7,130,000	7,275,000	7,415,000	7,550,000
340.22	349.58	346.18	354.62	361.23
8.48%	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		
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	
2018	\$ 5,876,367	\$ 4,686,279	\$ 1,190,088	\$ 235,000	\$ 227,013	\$ 462,013	2.58	

* 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, 2018

City Assessed Valuation		\$	2,257,084,413	
Redevelopment Agency Incremental Valuation			-	
Total Assessed Valuation		\$	<u>2,257,084,413</u>	
	Percentage Applicable ¹	Outstanding Debt 6/30/17		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	0.284%	4,165,830,000	11,840,666	
LA Unified School District Certificates of Participation	0.350%	10,604,230,000	37,139,661	
West Basin County Water District Certificates of Participation	0.197%	29,354,442	57,812	
Total overlapping other debt			<u>14,799,414,442</u>	<u>49,038,139</u>
Total overlapping debt		\$	<u>14,799,414,442</u>	<u>49,038,139</u>
City direct debt				<u>-</u>
Total direct and overlapping debt				¹ \$ <u>49,038,139</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
(Miscellaneous Information)
Current Fiscal Year and Nine Years Ago

Fiscal Year 2017/18			Fiscal Year 2008/09		
	Tax Payers	Business Type		Tax Payers	Business Type
1	99 Cents Only	Variety Stores		99 Cents Only	Variety Stores
2	ARCO AM/PM	Service Stations		A One Coast Rentals	Equipment Rentals
3	ARCO AM/PM	Service Stations		Albertsons	Grocery Stores
4	Auto Zone	Automotive Supply Stores		Arco AM/PM	Service Stations
5	Battaglia's Title	Building Materials		Arco AM/PM	Service Stations
6	Big Lots	Variety Stores		AutoZone	Automotive Supply Stores
7	California Pro Sports	Sporting Goods/Bike Stores		Big Lots	Variety Stores
8	Carl's Jr.	Quick-Service Restaurants		California Pro Sports	Sporting Goods/Bike Stores
9	CVS Pharmacy	Drug Stores		Carl's Jr.	Quick-Service Restaurants
10	Cycle Gear	Boats/Motorcycles		CVS Pharmacy	Drug Stores
11	Discount Pool & Spa Supply	Specialty Stores		Cycle Gear	Boats/Motorcycles
12	Enterprise Rent A Car	Transportation/Rentals		Discount Pool & Spa Supply	Specialty Stores
13	Exclusive Rent A Car	Transportation/Rentals		Harbor Freight Tools	Building Materials
14	Harbor Freight Tools	Building Materials		Hot N Tot	Casual Dining
15	Hot N Tot	Casual Dining		KFC	Quick-Service Restaurants
16	Jims Auto Sales	Used Automotive Dealers		Lees Tires	Automotive Supply Stores
17	KFC	Quick-Service Restaurants		Liberty Home Appliance	Electronics/Appliance Stores
18	Lomita Feed Store	Gardening/Agricultural Supplies		Lomita Feed Store	Gardening/Agricultural Supplies
19	Lomita Mobil	Service Stations		Lomita Mobil	Service Stations
20	Lomita Shell	Service Stations		Lomita Shell	Service Stations
21	Lomita's Best	Casual Dining		Southwestern Tile	Building Materials
22	Sushi Delight	Casual Dining		Szechwan Chinese	Casual Dining
23	Szechwan Chinese	Casual Dining		Taco Bell/Pizze Hut	Quick-Service Restaurants
24	Taco Bell/Pizze Hut	Quick-Service Restaurants		Thompson Building Materials	Building Materials
25	Thompson Building Materials	Building Materials		Vol Dee Supply	Building Materials

-Account for 57.03%
of the total sales tax collected.

-Account for 60.71%
of the total sales tax collected.

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

Source: HdL Companies, State Board of Equalization, California Department of Taxes and Fees Administration, State Controller's Office
Period: April 2017 Thru March 2018

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⁾
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%
2018	20,715	40.4	668,303	32,261	4.6%

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	2018		2009	
		Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Lomita Post-Acute Care Center	Nursing Facility	89	0.75%	n/a	n/a
City of Lomita	Government	85	0.72%	n/a	n/a
St Margaret Mary Catholic Church	School	55	0.47%	n/a	n/a
Palos Verdes Health Care Center	Nursing Facility	53	0.45%	n/a	n/a
99 Cents only Store	Retail	40	0.34%	n/a	n/a
Big Lots	Retail	35	0.30%	n/a	n/a
Thompson Building Materials	Building	35	0.30%	n/a	n/a
CVS	Retail	32	0.27%	n/a	n/a
Travers Tree Service	Service	31	0.26%	n/a	n/a
Los Angeles Building and Safety	Government	20	0.17%	n/a	n/a
Total Top Ten Employers		475		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	<u>Full-Time and Part-time Employees as of June 30</u>									
	2018	2017	2016 ⁽²⁾	2015	2014	2013	2012	2011	2010	2009
General government	9	12	11	12	13	13	13	13	13	14
Public safety ⁽¹⁾	-	-	-	-	-	-	-	-	-	-
Public works	10	9	7	8	6	6	6	6	6	7
Community Services	4	10	8	10	16	16	16	16	16	16
Water	7	7	6	6	5	5	5	5	5	5
Community Development	6	6	4	3	5	5	5	5	5	5
Parks and Recreation	<u>49</u>	<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>
Total	<u>85</u>	<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>

⁽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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
(1) Police:										
Arrests	865	913	n/a	n/a	n/a	n/a	n/a	n/a	n/a	785
Parking citations issued	6,201	5,564	5,380	6,124	4,048	3,257	4,452	4,577	4,551	5,063
(2) Fire:										
Number of emergency calls	1827	1816	1770	1476	n/a	1223	n/a	n/a	n/a	1,618
Inspections	763	579	n/a	n/a	n/a	n/a	n/a	n/a	n/a	440
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	278	328	295	269	193	121	201	212	212	203
Number of facility rentals	475	402	344	422	530	542	507	288	288	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									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
(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	7	6	6	6	6	6	6	6
Rail Road Museum	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) ⁽³⁾	228,015	228,015	228,015	228,015	217,305	217,305	217,305	217,305	217,305	217,305
Number of Pump Stations	3	3	3	3	3	3	3	3	3	3
Number of Catch Basin	69	42	42	42	42	42	42	42	42	42
Number of Service Connection	4,314	4,312	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 Protection and Fire Personnel are provided through a contract with the Los Angeles County Fire Department.

(3) Corrected length of pipes in lateral feet to match our 2015 Water Master Plan and 2004 Water Master Plan.

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									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Type of Customer:										
Residential	3,971 ⁽¹⁾	3,960 ⁽¹⁾	3,849 ⁽²⁾	3,917 ⁽¹⁾	3,902 ⁽³⁾	3,922	3,918	3,918	3,916 ⁽²⁾	3,943
Schools	25	21	21 ⁽¹⁾	17	17	17	17	17	17	17
Commercial	266	261	246	246	246 ⁽³⁾	226 ⁽²⁾	220 ⁽²⁾	232	273	273
Churches	31	32	32	31	31	31	32	33	33	33
Government	17	14	12	10	10	10	10	10	10	10
City	19	18	15	13	13	13	13	13	13	13
Total	4,329	4,306	4,175	4,234	4,219	4,219	4,210	4,223	4,262	4,289
Total direct rate per 748 gallons	4.12	3.81	3.53	3.53	3.01	2.80	2.40	2.33	2.33	2.20

⁽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
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
2018	42.90	4.12

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		
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
2018	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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