



COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2020

#LiftUpLomita



CITY OF LOMITA,
CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year Ended June 30, 2020



Prepared by: The Administrative Services Department

Susan Kamada, Administrative Services Director

CITY OF LOMITA
Comprehensive Annual Financial Report
Year Ended June 30, 2020

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION:	
Transmittal Letter	i
List of Principal Officials	vi
Organization Charts	vii
GFOA Certificate of Achievement for Excellence in Financial Reporting	viii
FINANCIAL SECTION:	
Independent Auditors' Report	1
Management's Discussion and Analysis (Required Supplementary Information)	3
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	12
Statement of Activities	13
Fund Financial Statements:	
Government Funds:	
Balance Sheet	15
Reconciliation of the Balance Sheet of Governmental Funds to Statement of Net Position	16
Statement of Revenues, Expenditures and Changes in Fund Balances	17
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to Statement of Activities	18
Proprietary Fund:	
Statement of Net Position	19
Statement of Revenues, Expenses and Changes in Net Position	20
Statement of Cash Flows	21
Fiduciary Fund:	
Statement of Fiduciary Net Position – Trust Funds	22
Statement of Changes in Fiduciary Net Position – Trust Funds	23
Notes to the Financial Statements	24

CITY OF LOMITA
Comprehensive Annual Financial Report
Year Ended June 30, 2020

TABLE OF CONTENTS, (CONTINUED)

Page

FINANCIAL SECTION, (CONTINUED):

Required Supplementary Information

Schedule of Proportionate Share of Net Pension Liability and Related Ratios	57
Schedule of Plan Contributions	59
Schedule of Changes in the Net OPEB Liability and Related Ratios	61
Budgetary Comparison Schedule – Major Funds:	
General Fund	62
Measure R Highway Special Revenue Fund	63
Notes to Required Supplementary Information	64

Supplementary Schedules

Non-Major Government Funds:	
Combining Balance Sheet	65
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	69
Non-Major Funds:	
Budgetary Comparison Schedules	73
Fiduciary Funds:	
Combining Statements of Net Position	91
Combining Statements of Changes in Net Position	92

CITY OF LOMITA
Comprehensive Annual Financial Report
Year Ended June 30, 2020

TABLE OF CONTENTS, (CONTINUED)

	<u>Page</u>
STATISTICAL SECTION:	
Net Position by Component – Last Ten Fiscal Years	93
Changes in Net Position – Last Ten Fiscal Years	95
Fund Balances of Governmental Funds – Last ten Fiscal Years	99
Changes in Fund Balance of Governmental Funds – Last Ten Fiscal Years	101
Assessed Value and Estimated Actual Value of Taxable Property – Last Ten Fiscal Years	103
Direct and Overlapping Property Tax Rates – Last Ten Fiscal Years	104
Principal Property Owners – Current Year and Prior Year	105
Property Tax Levies and Collections – Last Ten Fiscal Years	106
Ratio of Outstanding Debt by Type – Last Ten Fiscal Years	107
Legal Debt Margin Information	109
Pledged Revenue Coverage	111
Direct and Overlapping Debt – Current Year	112
Top 25 Sales Tax Producers	113
Demographic and Economic Statistics – Last Ten Calendar Years	114
Principle Employers – Current Year and Nine Years Ago	115
Full-time and Part-time City Employees by Function – Last Ten Fiscal Years	116
Operating Indicators by Function – Last Ten Fiscal Years	117
Capital Asset Statistics by Function – Last Ten Fiscal Years	118
Water Sold by Type of Customer – Last Ten Fiscal Years	119
Water Rates – Last Ten Fiscal Years	120
Ratios of General Bonded Debt Outstanding – Last Ten Fiscal Years	121

CITY OF LOMITA

Comprehensive Annual Financial Report

June 30, 2020



(This page intentionally left blank)

CITY COUNCIL

JIM GAZELEY
MARK WARONEK
HENRY SANCHEZ JR
MICHAEL SAVIDAN
CINDY SEGAWA



ADMINISTRATION

RYAN SMOOT
CITY MANAGER

CITY OF LOMITA

December 3, 2020

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT FISCAL YEAR 2019-2020 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, 2020. 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, 2020, the City adopted Statement on Governmental Accounting Standards (GASB Statement) No. 84 *Fiduciary Activities* and GASB Statement No. 90, *Majority Equity Interest* both of which did not have an effect on the 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 2020, the City's population is 20,549.

The City operates under the Council-Manager form of government. The City Council is comprised of five members elected at large for staggered four-year terms of office. The last municipal election took place on November 3, 2020, with two of the five City Council seats open for election. The Mayor and Mayor Pro-Tem are selected by the Council from among its members to serve a one-year term. The City Council serves as the legislative and policy-making body of the City, enacting all laws and directing such actions as are required to provide for the general welfare of the community. 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 report 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 60% of all governmental activities for the fiscal year.

As of June 30, 2020, the City's unemployment rate was 16.5 percent, which compares favorably to 18.5 percent for Los Angeles County and is 2.6 percent higher than the State of California. The sudden and sharp increase in the City's unemployment numbers are a result of the recent and ongoing COVID-19 outbreak, which was declared a pandemic by the World Health Organization in March 2020. The City's three largest employers are Lomita Post-Acute Care Center, Palos Verdes Health Care Center, and Thompson Building Materials, and they continue to be stable employers.

The City adopted a balanced budget for Fiscal Year 2020-2021 using a conservative approach to forecast revenues and maintain expenditures. The City's property tax and sales tax revenues performed as expected primarily due to conservative forecasting and stronger than expected sales, and other revenue sources performed as projected, if not slightly better. The budget maintained public safety services and infrastructure projects at a high level of importance.

Though hopeful that the economy continues to steadily grow, the City expects long term revenues to remain relatively flat while expenditures are expected to steadily grow. A recently approved local revenue measure will bring added revenue going forward, but the City will remain conservative in its revenue forecasts, contain costs as possible while maintaining essential services for the community. We will continue to explore ways to stimulate the local economy by vigorously pursuing economic development opportunities, and continuing beautification projects throughout Lomita to create an environment ripe for investment.

LONG-TERM FINANCIAL PLANNING AND MAJOR INITIATIVES

The City continues to work through the projects listed in its five-year Capital Improvement Program as funding is available. 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. Current projects include 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. Although the plan identified an ambitious set of capital needs, the City's ongoing annual funding over the period has simply not kept pace with the increasing costs of construction and the overall needs of the City's infrastructure. As such, currently, there remains more than \$8,332,000 in unfunded capital needs. One-time influxes of revenue and the approval of Measure L by the voters of the City will help to offset this need, but the City will need to remain creative in its financing and infrastructure improvement goals.

During the fiscal year of 2019-2020, the Cypress Water Production Facility, which generally provides water service through a blend of imported and locally produced ground water, remained offline due to an intrusion of benzene at Well No. 5 in May 2019. Water service continues to be provided to the City's residents through 100% imported water. Although fluctuations in blend ratios are anticipated over time, this transition has resulted in significant, short-term increases in the City's costs to provide water service. The City Council has approved a funding plan and is currently soliciting bids for a secondary Granular Activated Carbon filtration system to remove benzene and improve the aesthetic qualities of the City's groundwater, and has secured \$2 Million in external funding through WRD to be used toward

construction of the upgrades. In the interim, however, the City should anticipate continued increased costs for water purchases.

The City is currently undergoing a water rate study and will continue 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, 2020 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

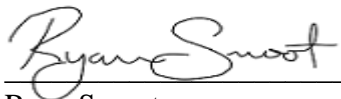
AWARDS AND ACKNOWLEDGEMENTS

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, 2019. This was the sixteenth 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, 2020



(This page intentionally left blank)

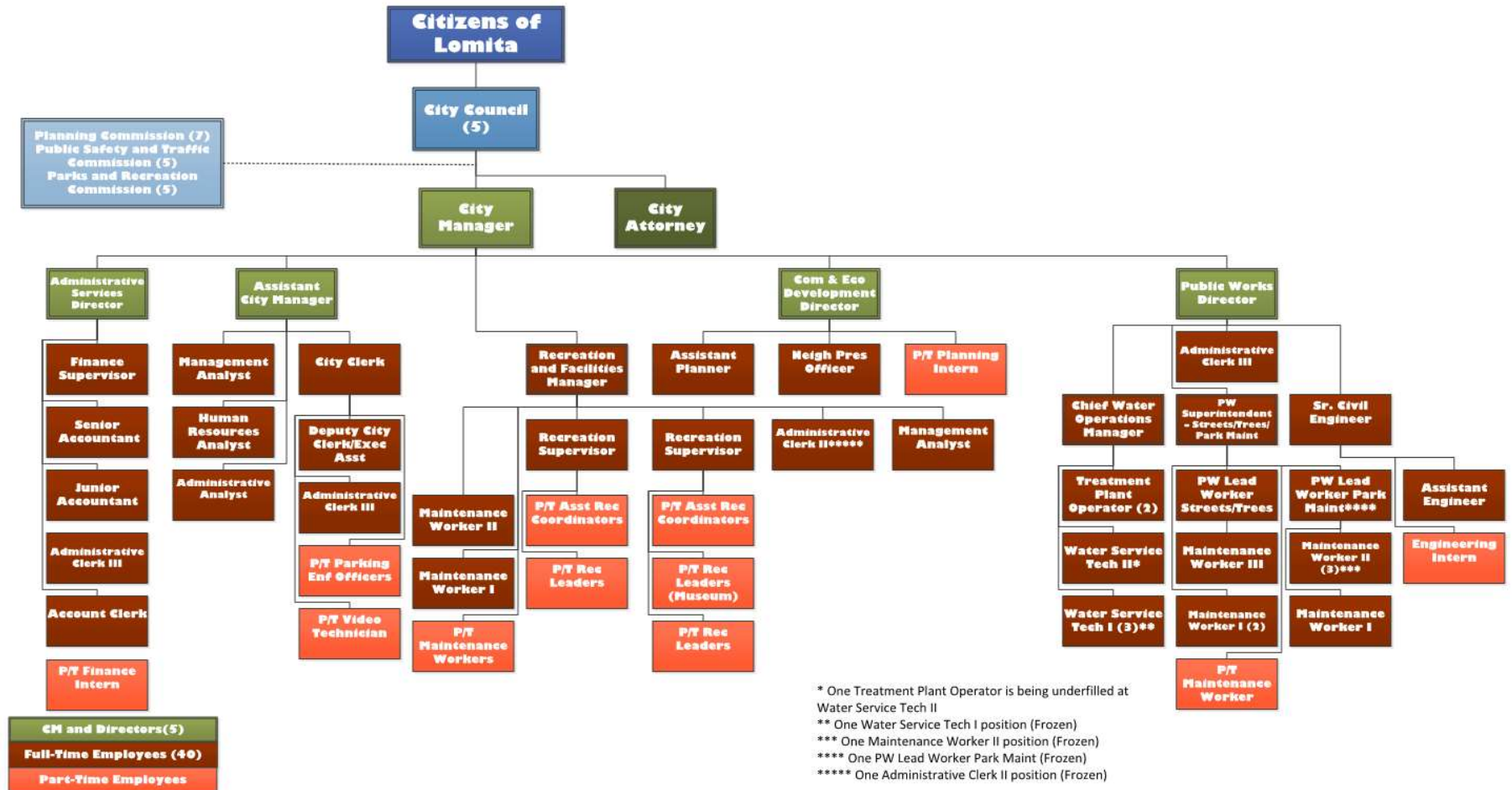
**CITY OF LOMITA
LIST OF CITY OFFICIALS
JUNE 30, 2020**

ELECTED OFFICIALS

Mayor	Jim Gazeley
Mayor Pro Tem	Mark Waronek
Council Member	Henry Sanchez, Jr.
Council Member	Michael Savidan
Council Member	Cindy Segawa

CITY STAFF

City Manager	Ryan Smoot
Assistant City Manager	Gary Sugano
City Attorney	Christi Hogin, Best Best & Krieger
Administrative Services Director	Susan Kamada
Recreation and Facilities Manager	Michael Sansbury
Public Works Director	Carla Dillon





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, 2019

Christopher P. Morill

Executive Director/CEO

CITY OF LOMITA

Comprehensive Annual Financial Report

June 30, 2020



(This page intentionally left blank)



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, 2020 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, 2020, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules of proportionate share of net pension liability and related ratios, plan contributions, and changes in the net OPEB liability and related ratios 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, and financial data schedule 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 December 5, 2020 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
December 5, 2020

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, 2020. 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 2019-2020 fiscal year by \$40,823,756 (total net position). Of this amount, \$(3,099,302) (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 \$955,427. Net position of governmental activities increased \$290,644 and net position of business-type activities increased \$664,783.
- As of the close of the 2019-2020 fiscal year, the City's governmental funds reported combined fund balances of \$11,555,244, an increase of \$812,019 in comparison to the prior year. General Fund decreased by \$(260,452).
- At the end of the 2019-2020 fiscal year, fund balance (the total of the committed, assigned, and unassigned components of fund balance) for the General Fund was \$6,682,088 or approximately 74% 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 2019-2020 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. General revenues such as Property Taxes, Sales Taxes, Motor Vehicle-in-Lieu Fees, Refuse Taxes, Business License Taxes, Franchise Taxes, and Transient Occupancy Taxes financed approximately 60% 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 57-61 of this report.

The combining statements in connection with nonmajor governmental funds are presented on pages 65-72. Individual fund schedules can be found on pages 73-92.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

CITY OF LOMITA NET POSITION						
	Governmental Activities		Business-type Activities		TOTAL	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 13,486,131	\$ 13,003,921	\$ 4,929,375	\$ 4,246,829	\$ 18,415,506	\$ 17,250,750
Capital assets	20,331,203	20,579,331	24,707,593	24,500,090	45,038,796	45,079,421
Total Assets:	33,817,334	33,583,252	29,636,968	28,746,919	63,454,302	62,330,171
Deferred Outflow of Resources	1,575,151	1,566,165	419,890	335,536	1,995,041	1,901,701
Current liabilities	1,429,375	1,680,464	989,128	1,320,376	2,418,503	3,000,840
Non-current liabilities	12,556,159	12,712,732	8,432,871	7,842,723	20,989,030	20,555,455
Total Liabilities:	13,985,534	14,393,196	9,421,999	9,163,099	23,407,533	23,556,295
Deferred Inflows of Resources	918,676	558,590	299,378	136,102	1,218,054	694,692
Net Investment in Capital						
Assets	20,331,203	20,579,331	18,452,593	17,995,090	38,783,796	38,574,421
Restricted	5,139,262	4,002,512	-	-	5,139,262	4,002,512
Unrestricted	(4,982,190)	(4,384,212)	1,882,888	1,675,608	(3,099,302)	(2,708,604)
Total Net Position, as restated:	\$ 20,488,275	\$ 20,197,631	\$ 20,335,481	\$ 19,670,698	\$ 40,823,756	\$ 39,868,329

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

Net Position

Assets exceeded liabilities by \$40,823,756 (net position).

- \$38,783,796 (95%) 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.
- \$5,139,262 (13%) of net position is subject to external restrictions on how they may be used.
- \$(3,099,302) (-.08%) 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 \$955,427 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 increased \$290,644 during the 2019-2020 fiscal year for an ending balance of \$20,488,275. Revenues for the governmental activities decreased \$(2,186,453) or approximately 15% primarily as a result of decreases in program revenues, community development, culture & recreation, and transient occupancy taxes. The COVID-19 pandemic contributed to decreased revenues in the remaining sources. In March 2020, the World Health Organization declared that the COVID-19 outbreak as a pandemic. On March 19, 2020, the State of California issued an executive order directing all Californians to stay home except to go to an essential job or shop for essential need. The state order prevented the full use of City's recreational spaces and City's ability to provide a full range of recreational activity. Reduction in travel and consumer spending, creating revenue losses in transient occupancy taxes and sales and use taxes, respectively.

Expenses decreased by \$657,288 or approximately 5% primarily due to a decrease in pension-related expenses (payoff of CalPERS side-fund) and a decrease in maintenance-related fees for facilities & recreation. The longevity and severity of the ensuing pandemic has resulted in and will continue to result in economic consequences from the state level down to local cities.

Additional information can be found in the statement of activities (Primary Government, pages 13-14).

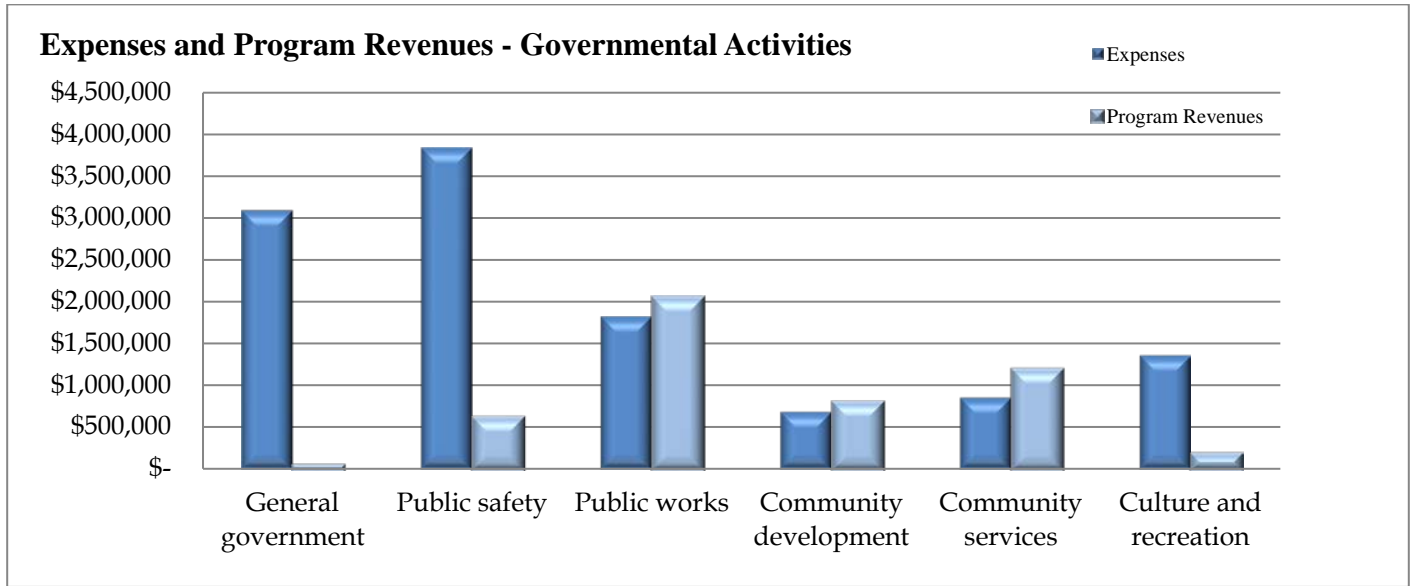
CITY OF LOMITA
Management's Discussion and Analysis (Continued)

CITY OF LOMITA'S CHANGES IN NET POSITION

	Governmental Activities		Business -type Activities		TOTAL	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program Revenues:						
Charges for services	\$ 2,106,087	\$ 3,007,570	\$ 6,023,257	\$ 5,629,363	\$ 8,129,344	\$ 8,636,933
Operating grants and contributions	2,320,210	2,910,425	-	-	2,320,210	2,910,425
Capital grants and contributions	531,777	516,581	-	-	531,777	516,581
General Revenues:						
Property taxes	1,776,468	1,639,059	-	-	1,776,468	1,639,059
Sales and other taxes	3,368,680	3,520,103	-	-	3,368,680	3,520,103
Investment income and miscellaneous	1,877,959	2,573,896	1,837,967	989,375	3,715,926	3,563,271
Total Revenues:	11,981,181	14,167,634	7,861,224	6,618,738	19,842,405	20,786,372
Expenses:						
General government	3,097,344	4,488,587	-	-	3,097,344	4,488,587
Public safety	3,843,357	3,633,645	-	-	3,843,357	3,633,645
Public works	1,830,924	1,496,818	-	-	1,830,924	1,496,818
Community development	691,477	683,449	-	-	691,477	683,449
Community services	861,971	920,398	-	-	861,971	920,398
Cultural and recreation	1,365,464	1,124,928	-	-	1,365,464	1,124,928
Water Enterprise operations	-	-	7,196,441	6,025,969	7,196,441	6,025,969
Total Expenses:	11,690,537	12,347,825	7,196,441	6,025,969	18,886,978	18,373,794
Increase (decrease) in Net Position before other revenues and transfers	290,644	1,819,809	664,783	592,769	955,427	2,412,578
Net position - beginning of year	20,197,631	18,379,072	19,670,698	19,077,929	39,868,329	37,457,001
Prior year adjustments (Note 13)	-	(1,250)	-	-	-	(1,250)
Net position - beginning of year, as restated	20,197,631	18,377,822	19,670,698	19,077,929	39,868,329	37,455,751
Net position - end of year	\$ 20,488,275	\$ 20,197,631	\$ 20,335,481	\$ 19,670,698	\$ 40,823,756	\$ 39,868,329

Business-type Activities. The net position increased \$664,783 during the 2019-2020 fiscal year for an ending balance of \$20,335,481. The Water Enterprise business charges for water services to offset its operation expenses. Total revenues increased \$1,242,486 or approximately 5% from the prior year. In comparison to the prior fiscal year, the charges for services increased by \$299,041 or 19% due, in part, to an \$800,000 transfer from the General Fund, as well as, to a new water rate structure; this went into effect July 1, 2019. Related business-type activity expenses increased during the fiscal year by \$1,170,472 or 16% 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, 2020, the City's governmental funds reported combined fund balances of \$11,555,244, an increase of \$812,019 in comparison with the prior year. \$714,148 or approximately 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 \$28,656; 2) restricted for particular purposes \$1,879,238; 3) committed for particular purposes \$2,486,547; or 4) assigned for particular purposes \$6,446,655.

The general fund is the chief operating fund of the City. At the end of the 2019-2020 fiscal year, the unassigned fund balance of the general fund was \$980,273, while the total fund balance decreased by \$(260,452) to \$6,682,088. 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 15% of total general fund balance, while total fund balance represents approximately 74% of that total general fund expenditures.

The Measure R Highway Special Revenue Fund, a major fund, reported a fund balance (deficit) of \$(266,125) which was due to intergovernmental revenues of \$191,559 not being available (i.e. not collected within 60 days) after fiscal year end to reimburse the \$641,311 that was spent primarily on capital outlay during the prior 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 \$1,882,888. The total increase in net position was \$664,783.

GENERAL FUND BUDGETARY HIGHLIGHTS

The revised budget estimated a decrease in General Fund net change in fund balance of \$(1,222,500); however, the actual change in fund balance was an decrease of \$(260,452) to arrive at a total ending General Fund

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

Balance of \$6,682,088. The overall difference in the original and final amended budgeted expenditures for the General Fund was an increase of \$70,000 or 0.8%. The final amended budgeted revenues decreased from the original budgeted revenues by (\$25,000).

Revenues: In the General Fund, actual revenues were more than the amount budgeted by \$186,407 or 2%. Intergovernmental revenues had a significant increase over budget by \$135,212 or 5%, due to an increase in the Motor Vehicle in Lieu taxes.

Expenditures: In the General Fund, actual expenditures were less than budgeted by \$775,563 or 8%. Actual revenues over actual departmental expenditures for the General Fund were \$551,548, 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 2019-2020, the City's net capital assets total \$45,038,796 in a broad range of resources as listed below:

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

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
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	6,989	539,027	98,378	2,238,414	105,367	2,777,441
Total non-depreciable assets	6,651,273	7,183,311	169,053	2,309,089	6,820,326	9,492,400
Capital assets, being depreciated:						
Buildings/structures and improvements	1,255,953	1,346,433	-	-	1,255,953	1,346,433
Equipment and furniture	370,984	371,620	103,446	111,570	474,430	483,190
Vehicles	105,416	73,085	71,112	27,209	176,528	100,294
Infrastructure	11,947,577	11,604,882	24,363,982	22,052,223	36,311,559	33,657,105
Total depreciable assets (net)	13,679,930	13,396,020	24,538,540	22,191,002	38,218,470	35,587,022
Total capital assets	\$ 20,331,203	\$ 20,579,331	\$ 24,707,593	\$ 24,500,091	\$ 45,038,796	\$ 45,079,422

Major capital asset events, during the 2019-2020 fiscal year, included the following:

- Completed construction of Walnut Street Water Main Replacement and Street Improvement Project
- Completed and closed Measure R Highway Program project, which included intersection improvements at Western Avenue/Palos Verdes Dr North and Pacific Coast Highway/Walnut St.
- Completed the design and bid package for Slurry Seal Program for three city zones (C, F, and G) in the northern portion of Lomita

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

CITY OF LOMITA

Management's Discussion and Analysis (Continued)

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	
	2020	2019	2020	2019	2020	2019
Net pension liability	\$ 5,792,266	\$ 6,515,866	\$ 2,274,977	\$ 1,587,610	\$ 8,067,243	\$ 8,103,476
OPEB, as restated	6,451,577	5,886,124	-	-	6,451,577	5,886,124
Compensated absences	390,395	388,427	203,617	140,836	594,012	529,263
COP Bonds payable, net of discount	-	-	6,255,000	6,505,000	6,255,000	6,505,000
	\$ 12,634,238	\$ 12,790,417	\$ 8,733,594	\$ 8,233,446	\$ 21,367,832	\$ 21,023,863

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 \$94,285,101, which is significantly in excess of the City's outstanding general obligation debt of \$6,255,000.

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 2020-2021 fiscal year budget:

- The City will continue to grapple with revenue losses and spending increases associated with the COVID-19 pandemic.
- The City's current unemployment rate of 16.5 percent is 2.6 percent higher than the State's unemployment rate of 13.9 percent. The sudden and sharp increase in the City's unemployment number is a result of the COVID-19 pandemic.
- The City Council adopted the fiscal year 2020-2021 Annual Operating & Capital Improvement Budget in June 2020.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Administrative Services Department, 24300 Narbonne Avenue, Lomita, California 90717 or call (310) 325-7110.

BASIC FINANCIAL STATEMENTS

CITY OF LOMITA

Comprehensive Annual Financial Report

June 30, 2020



(This page intentionally left blank)

GOVERNMENT WIDE FINANCIAL STATEMENTS

CITY OF LOMITA

Comprehensive Annual Financial Report

June 30, 2020



(This page intentionally left blank)

CITY OF LOMITA
Statement of Net Position
June 30, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments (note 2)	\$ 12,474,413	3,312,430	15,786,843
Receivable:			
Accounts	125,549	1,589,150	1,714,699
Taxes	81	19,717	19,798
Interest	11,478	-	11,478
Due from other governmental entities	845,954	-	845,954
Inventories	24,561	8,078	32,639
Prepaid items	4,095	-	4,095
Total current assets	<u>13,486,131</u>	<u>4,929,375</u>	<u>18,415,506</u>
Noncurrent assets:			
Capital assets (note 5):			
Non-depreciable	6,651,273	169,053	6,820,326
Depreciable, net	13,679,930	24,538,540	38,218,470
Total capital assets	<u>20,331,203</u>	<u>24,707,593</u>	<u>45,038,796</u>
Total noncurrent assets	<u>20,331,203</u>	<u>24,707,593</u>	<u>45,038,796</u>
Total assets	<u>33,817,334</u>	<u>29,636,968</u>	<u>63,454,302</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pensions (note 7)	1,069,073	419,890	1,488,963
OPEB (note 8)	506,078	-	506,078
Total deferred outflows of resources	<u>1,575,151</u>	<u>419,890</u>	<u>1,995,041</u>
LIABILITIES			
Current liabilities:			
Accounts payable	1,061,083	617,343	1,678,426
Accrued salaries and benefits	109,335	53,121	162,456
Interest payable	-	16,941	16,941
Deposits payable	180,878	1,000	181,878
Bonds payable - due within one year (note 6)	-	260,000	260,000
Compensated absences - due within one year (note 6)	78,079	40,723	118,802
Total current liabilities	<u>1,429,375</u>	<u>989,128</u>	<u>2,418,503</u>
Noncurrent liabilities:			
Bonds payable - due in more than one year, net (note 6)	-	5,995,000	5,995,000
Pension Liability (notes 6 and 7)	5,792,266	2,274,977	8,067,243
OPEB (notes 6 and 8)	6,451,577	-	6,451,577
Compensated absences - due in more than one year (note 6)	312,316	162,894	475,210
Total noncurrent liabilities	<u>12,556,159</u>	<u>8,432,871</u>	<u>20,989,030</u>
Total liabilities	<u>13,985,534</u>	<u>9,421,999</u>	<u>23,407,533</u>
DEFERRED INFLOWS OF RESOURCES			
Pensions (note 7)	762,239	299,378	1,061,617
OPEB (note 8)	156,437	-	156,437
Total deferred inflows of resources	<u>918,676</u>	<u>299,378</u>	<u>1,218,054</u>
NET POSITION			
Net investment in capital assets	20,331,203	18,452,593	38,783,796
Restricted for:			
Community development and services	939,414	-	939,414
Public safety	6,196	-	6,196
Public works	3,884,892	-	3,884,892
Cultural and recreation	308,760	-	308,760
Total restricted	<u>5,139,262</u>	<u>-</u>	<u>5,139,262</u>
Unrestricted	(4,982,190)	1,882,888	(3,099,302)
Total net position	<u>\$ 20,488,275</u>	<u>20,335,481</u>	<u>40,823,756</u>

See accompanying notes to the basic financial statements.

CITY OF LOMITA
Statement of Activities
For the Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues			
		Charges for	Operating	Capital	Total
		Services	Grants and	Grants and	Program
			Contributions	Contributions	Revenue
Primary Government:					
Governmental activities:					
General government	\$ 3,097,344	60,000	-	-	60,000
Public safety	3,843,357	473,892	156,127	-	630,019
Public works	1,830,924	233,172	1,445,536	378,976	2,057,684
Community development	691,477	811,739	-	-	811,739
Community services	861,971	330,030	718,547	152,801	1,201,378
Cultural and recreation	<u>1,365,464</u>	<u>197,254</u>	<u>-</u>	<u>-</u>	<u>197,254</u>
Total governmental activities	<u>11,690,537</u>	<u>2,106,087</u>	<u>2,320,210</u>	<u>531,777</u>	<u>4,958,074</u>
Business-type activities:					
Water	<u>7,196,441</u>	<u>6,023,257</u>	<u>-</u>	<u>-</u>	<u>6,023,257</u>
Total business-type activities	<u>7,196,441</u>	<u>6,023,257</u>	<u>-</u>	<u>-</u>	<u>6,023,257</u>
Total primary government	<u>\$ 18,886,978</u>	<u>8,129,344</u>	<u>2,320,210</u>	<u>531,777</u>	<u>10,981,331</u>

General revenues:

Taxes:

Property taxes, net

Sales taxes

Business license tax

Franchise taxes

Refuse taxes

Transient occupancy taxes

Other taxes

Total taxes

Motor vehicle in-lieu, unrestricted

Investment income

Other revenues

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning of year

Net position - end of year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Position

<u>Primary Government</u>		
<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
(3,037,344)	-	(3,037,344)
(3,213,338)	-	(3,213,338)
226,760	-	226,760
120,262	-	120,262
339,407	-	339,407
<u>(1,168,210)</u>	<u>-</u>	<u>(1,168,210)</u>
<u>(6,732,463)</u>	<u>-</u>	<u>(6,732,463)</u>
<u>-</u>	<u>(1,173,184)</u>	<u>(1,173,184)</u>
<u>-</u>	<u>(1,173,184)</u>	<u>(1,173,184)</u>
<u>(6,732,463)</u>	<u>(1,173,184)</u>	<u>(7,905,647)</u>
1,776,468	-	1,776,468
1,884,061	-	1,884,061
650,737	-	650,737
350,249	-	350,249
285,240	-	285,240
148,228	-	148,228
50,165	-	50,165
5,145,148	-	5,145,148
2,390,550	-	2,390,550
202,981	73,877	276,858
84,428	964,090	1,048,518
<u>(800,000)</u>	<u>800,000</u>	<u>-</u>
<u>7,023,107</u>	<u>1,837,967</u>	<u>8,861,074</u>
290,644	664,783	955,427
<u>20,197,631</u>	<u>19,670,698</u>	<u>39,868,329</u>
<u>\$ 20,488,275</u>	<u>20,335,481</u>	<u>40,823,756</u>

CITY OF LOMITA

Comprehensive Annual Financial Report

June 30, 2020



(This page intentionally left blank)

FUND FINANCIAL STATEMENTS

Governmental Fund Financial Statements

Proprietary Fund Financial Statements

Fiduciary Fund Financial Statements

CITY OF LOMITA

Comprehensive Annual Financial Report

June 30, 2020



(This page intentionally left blank)

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 street improvement projects on a cost reimbursement basis.

CITY OF LOMITA

Comprehensive Annual Financial Report

June 30, 2020



(This page intentionally left blank)

CITY OF LOMITA

Balance Sheet

Governmental Funds

June 30, 2020

	General Fund	Measure R Highway	Non-major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments (note 2)	\$ 6,888,495	-	5,197,886	12,086,381
Receivables:				
Accounts	124,807	-	742	125,549
Taxes	-	-	81	81
Interest	11,478	-	-	11,478
Due from other governments	529,038	191,559	125,357	845,954
Due from other funds (note 3)	253,335	-	-	253,335
Inventory	24,561	-	-	24,561
Prepaid items	-	-	4,095	4,095
Total assets	<u>\$ 7,831,714</u>	<u>191,559</u>	<u>5,328,161</u>	<u>13,351,434</u>
LIABILITIES				
Accounts payable	\$ 890,834	64,298	105,951	1,061,083
Accrued liabilities	100,135	-	9,200	109,335
Deposits payable	158,657	-	22,221	180,878
Due to other funds (note 3)	-	201,827	51,508	253,335
Total liabilities	<u>1,149,626</u>	<u>266,125</u>	<u>188,880</u>	<u>1,604,631</u>
DEFERRED IN FLOWS OF RESOURCES				
Unavailable revenue	-	191,559	-	191,559
Total deferred in flows of resources	<u>-</u>	<u>191,559</u>	<u>-</u>	<u>191,559</u>
FUND BALANCES				
Nonspendable	24,561	-	4,095	28,656
Restricted	-	-	1,879,238	1,879,238
Committed	85,744	-	2,400,803	2,486,547
Assigned	5,591,510	-	855,145	6,446,655
Unassigned	980,273	(266,125)	-	714,148
Total fund balances	<u>6,682,088</u>	<u>(266,125)</u>	<u>5,139,281</u>	<u>11,555,244</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 7,831,714</u>	<u>191,559</u>	<u>5,328,161</u>	<u>13,351,434</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, 2020

Fund balances of governmental funds	\$ 11,555,244
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	36,656,018
- Accumulated depreciation	(16,445,748)
Certain revenues were not available to pay for current-period expenditures and, therefore, were deferred in funds.	191,559
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.	508,965
Deferred outflows related to contributions made after the actuarial measurement date for the net pension liability.	1,069,073
Deferred inflows related to unrecognized actuarial gains and losses for the net pension liability.	(762,239)
Proportionate share of net pension liability has not been included in governmental fund activity	(5,792,266)
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.	(6,492,331)
Net position of governmental activities	<u>\$ 20,488,275</u>

See accompanying notes to the basic financial statements.

CITY OF LOMITA

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2020

	General Fund	Measure R Highway	Non-major Governmental Funds	Total Governmental Funds
Revenues:				
Taxes and assessments	\$ 5,145,147	-	474,704	5,619,851
Intergovernmental	2,645,276	-	2,139,176	4,784,452
Licenses and permits	839,251	-	47,127	886,378
Charges for services	-	-	20,390	20,390
Fines and forfeitures	496,842	-	-	496,842
Investment income	199,050	-	122,471	321,521
Rental income	228,424	-	292,958	521,382
Other revenue	86,443	-	39,993	126,436
Total revenues	<u>9,640,433</u>	<u>-</u>	<u>3,136,819</u>	<u>12,777,252</u>
Expenditures:				
Current:				
General government	2,738,871	-	-	2,738,871
Community development	663,348	-	-	663,348
Community services	-	-	840,928	840,928
Public works	498,210	-	696,353	1,194,563
Public safety	3,842,231	-	-	3,842,231
Culture and recreation	1,318,875	-	34,226	1,353,101
Capital outlay	27,350	64,298	440,543	532,191
Total expenditures	<u>9,088,885</u>	<u>64,298</u>	<u>2,012,050</u>	<u>11,165,233</u>
Excess (deficiency) of revenues over (under) expenditures	<u>551,548</u>	<u>(64,298)</u>	<u>1,124,769</u>	<u>1,612,019</u>
Other financing sources (uses):				
Transfers in (note 4)	-	-	12,000	12,000
Transfers out (note 4)	(812,000)	-	-	(812,000)
Total other financing sources (uses)	<u>(812,000)</u>	<u>-</u>	<u>12,000</u>	<u>(800,000)</u>
Net change in fund balances	(260,452)	(64,298)	1,136,769	812,019
Fund balances (deficit), beginning of year, as restated (note 13)	<u>6,942,540</u>	<u>(201,827)</u>	<u>4,002,512</u>	<u>10,743,225</u>
Fund balances (deficit), end of year	<u>\$ 6,682,088</u>	<u>(266,125)</u>	<u>5,139,281</u>	<u>11,555,244</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, 2020

Changes in fund balances of governmental funds	\$ 812,019
--	------------

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	403,824
Depreciation expense	(631,892)

To record as an expense the net change in compensated absences in the statement of activities.	(1,968)
--	---------

To record as an expense the net change in other post employment benefits liability in the statement of activities.	(404,871)
--	-----------

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.	211,918
---	---------

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.	(98,386)
---	----------

Change in net position of governmental activities	\$ <u>290,644</u>
---	-------------------

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, 2020



(This page intentionally left blank)

CITY OF LOMITA
Statement of Fund Net Position
Proprietary Funds
June 30, 2020

	Business-Type Activities Water Enterprise Fund	Governmental Activities Internal Service Fund
ASSETS		
Current assets:		
Cash and investments (note 2)	\$ 3,312,430	388,032
Receivables:		
Accounts	1,589,150	-
Taxes	19,717	-
Inventories	8,078	-
Total current assets	<u>4,929,375</u>	<u>388,032</u>
Noncurrent assets:		
Capital assets (note 5):		
Land	70,675	-
Construction in progress	98,378	-
Equipment	305,739	-
Vehicles	164,090	208,320
Infrastructure	32,503,851	-
Less accumulated depreciation	<u>(8,435,140)</u>	<u>(87,387)</u>
Total capital assets, net	<u>24,707,593</u>	<u>120,933</u>
Total noncurrent assets	<u>24,707,593</u>	<u>120,933</u>
Total assets	<u>29,636,968</u>	<u>508,965</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pensions (note 7)	<u>419,890</u>	<u>-</u>
Total deferred outflows of resources	<u>419,890</u>	<u>-</u>
LIABILITIES		
Current liabilities:		
Accounts payable	617,343	-
Accrued liabilities	53,121	-
Interest payable	16,941	-
Deposits payable	1,000	-
Bonds payable - due within one year (note 6)	260,000	-
Compensated absences - due within one year (note 6)	<u>40,723</u>	<u>-</u>
Total current liabilities	<u>989,128</u>	<u>-</u>
Noncurrent liabilities:		
Bonds payable - due in more than one year (note 6)	5,995,000	-
Pension Liability (notes 6 and 7)	2,274,977	-
Compensated absences - due in more than one year (note 6)	<u>162,894</u>	<u>-</u>
Total noncurrent liabilities	<u>8,432,871</u>	<u>-</u>
Total liabilities	<u>9,421,999</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES		
Pensions (note 7)	<u>299,378</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	18,452,593	120,933
Unrestricted	<u>1,882,888</u>	<u>388,032</u>
Total net position	<u>\$ 20,335,481</u>	<u>508,965</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, 2020

	Business-Type Activities <u>Water Enterprise Fund</u>	Governmental Activities <u>Internal Service Fund</u>
Operating revenues:		
Charges for services	\$ 6,023,257	-
Other revenues	<u>964,090</u>	<u>-</u>
Total operating revenues	<u>6,987,347</u>	<u>-</u>
Operating expenses:		
Cost of water purchased	2,875,483	-
Salaries, wages and benefits	2,450,292	-
Materials and supplies	175,367	-
Contractual services	387,139	-
Repairs and maintenance	231,328	87,163
Rents and leases	122,707	-
Depreciation	<u>740,785</u>	<u>15,153</u>
Total operating expenses	<u>6,983,101</u>	<u>102,316</u>
Operating income (loss)	<u>4,246</u>	<u>(102,316)</u>
Non-operating revenues (expenses):		
Investment income	73,877	3,930
Interest expense and fees	<u>(213,340)</u>	<u>-</u>
Total non-operating revenues (expenses)	<u>(139,463)</u>	<u>3,930</u>
Income (loss) before transfers	(135,217)	(98,386)
Transfers in (note 4)	<u>800,000</u>	<u>-</u>
Change in net position	664,783	(98,386)
Net position, beginning of year	<u>19,670,698</u>	<u>607,351</u>
Net position, end of year	<u><u>\$ 20,335,481</u></u>	<u><u>508,965</u></u>

See accompanying notes to the basic financial statements.

CITY OF LOMITA
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2020

	Business-Type Activities	Governmental Activities
	Water Enterprise Fund	Internal Service Fund
Cash flows from operating activities:		
Cash received from customers and other governments	\$ 6,824,982	-
Cash paid to suppliers for goods or services	(4,787,021)	(87,163)
Cash paid to employees for services	(978,786)	-
Net cash provided (used by) operating activities	<u>1,059,175</u>	<u>(87,163)</u>
Cash flows from capital and related financing activities:		
Purchase, acquisition and construction of capital assets	(948,288)	4,907
Principal paid on capital debt	(250,000)	-
Interest paid on capital-related debt	(214,017)	-
Net cash provided (used by) capital and related financing activities	<u>(1,412,305)</u>	<u>4,907</u>
Cash flows from investing activities:		
Investment income	<u>73,877</u>	<u>3,930</u>
Net cash provided (used by) investing activities	<u>73,877</u>	<u>3,930</u>
Cash flows from non-capital activities - cash received (paid) from/to other funds	<u>800,000</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	520,747	(78,326)
Cash and equivalents, beginning of year	<u>2,791,683</u>	<u>466,358</u>
Cash and equivalents, end of year	<u>\$ 3,312,430</u>	<u>388,032</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income (loss)	\$ 4,246	(102,316)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	740,785	15,153
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(162,074)	-
(Increase) decrease in taxes receivable	(291)	-
(Increase) decrease in inventories	566	-
Increase (decrease) in accounts payable	(222,512)	-
Increase (decrease) in accrued liabilities	(130,615)	-
Increase (decrease) in compensated absences	62,781	-
Increase (decrease) in net pension liability, net of deferred inflows and outflows	<u>766,289</u>	<u>-</u>
Total adjustments	<u>1,054,929</u>	<u>15,153</u>
Net cash provided (used) by operating activities	<u>\$ 1,059,175</u>	<u>(87,163)</u>

See accompanying notes to the basic financial statements.

CITY OF LOMITA

Comprehensive Annual Financial Report

June 30, 2020



(This page intentionally left blank)

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, 2020



(This page intentionally left blank)

CITY OF LOMITA
Statement of Fiduciary Net Position
Trust Funds
June 30, 2020

	<u>Trust Funds</u>
ASSETS	
Cash and investments (note 2)	\$ 27,569
Total assets	<u>27,569</u>
LIABILITIES	
Current liabilities:	
Accounts payable	1,500
Accrued liabilities	<u>80</u>
Total Liabilities	<u>1,580</u>
NET POSITION	
Restricted for foundation	21,154
Restricted for memorial	<u>4,835</u>
Total net position	<u><u>\$ 25,989</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, 2020

	<u>Trust Funds</u>
Additions:	
Other income	<u>\$ 5,240</u>
Total additions	<u>5,240</u>
Deductions:	
Miscellaneous	<u>6,333</u>
Total deductions	<u>6,333</u>
Change in net position	(1,093)
Net position, beginning of year	<u>27,082</u>
Net position, end of year	<u><u>\$ 25,989</u></u>

See accompanying notes to the basic financial statements.

CITY OF LOMITA
NOTES TO BASIC FINANCIAL STATEMENTS

Year ended June 30, 2020

(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 – Used to account for street 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.

Fiduciary Funds – Fiduciary 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.,

CITY OF LOMITA
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

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

(g) Capital Assets, (Continued)

prior to 1980). Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the government – wide financial statements and in the fund financial statements of the enterprise fund. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the respective balance sheet. The ranges of lives used for depreciation purposes for each capital asset class are as follows:

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

(h) Inventories and Prepaids

Inventories of water meters and fittings are recorded in the Water Department Enterprise Fund. Inventories in the General Fund consist of street signs. Inventories are stated at cost using the average cost method. Payments made to vendors for services that will benefit periods beyond June 30, 2020 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 GASBs No. 65 and 86. 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) Nos. 84, *Fiduciary Activities* and 90, *Majority Equity Interest* both of which did not have an effect on the financial statements.

(2) Cash and Investments

Cash and investments at June 30, 2020 are reported as follows in the financial statements:

Statement of net position:	
Cash and investments	\$15,786,843
Statement of fiduciary net position:	
Cash and investments	<u>27,569</u>
	<u>\$15,814,412</u>

Cash and investments at June 30, 2020 consisted of the following:

Petty cash	\$ 1,750
Demand deposits held by City	7,455,582
Investments:	
Negotiable certificates of deposits	4,681,366
Corporate Bonds	506,405
Local Agency Investment Fund	<u>3,169,309</u>
Total cash and investments	<u>\$15,814,412</u>

CITY OF LOMITA
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(2) Cash and Investments, (Continued)

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

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

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

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

CITY OF LOMITA

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(2) Cash and Investments, (Continued)

Disclosures Relating to Interest Rate Risk

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

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

<u>Investment Type</u>		<u>1 Year Or less</u>	<u>Remaining Maturity (in Years)</u>		
			<u>1 to 2 Years</u>	<u>2 to 3 Years</u>	<u>3 to 5 Years</u>
Negotiable Certificates of Deposit	\$ 4,681,366	251,160	1,396,992	908,983	2,124,231
Corporate Bonds	506,405	-	257,218	-	249,187
LAIF	<u>3,169,309</u>	<u>3,169,309</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 8,357,080</u>	<u>3,420,469</u>	<u>1,654,210</u>	<u>908,983</u>	<u>2,373,418</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, 2020:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Negotiable Certificates of Deposit	\$4,681,366	-	4,681,366	-
Corporate Bonds	<u>506,405</u>	<u>-</u>	<u>506,405</u>	<u>-</u>
Subtotal	<u>5,187,771</u>	<u>-</u>	<u>5,187,771</u>	<u>-</u>
LAIF	<u>3,169,309</u>			
Total Leveled Investments	<u>\$8,357,080</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	\$4,681,366	N/A	-	-	4,681,366	-
Corporate Bonds	506,405	N/A	-	506,405	-	-
LAIF	<u>3,169,309</u>	N/A	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,169,309</u>
Total	<u>\$8,357,080</u>		<u>-</u>	<u>506,405</u>	<u>4,681,366</u>	<u>3,169,309</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, 2020, 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, 2020 consisted of the following:

	<u>Due To Other Funds:</u>	
	Non-major Governmental Funds	<u>Total</u>
<u>Due From Other Funds:</u>		
General Fund	<u>\$253,335</u>	<u>\$253,335</u>

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

(4) Interfund Transfers

Interfund transfers at June 30, 2020 consisted of the following:

	<u>Transfers In:</u>		<u>Total</u>
	Non-major Governmental Funds	Water Enterprise Fund	
<u>Transfers Out:</u>			
General Fund	<u>\$12,000</u>	<u>800,000</u>	<u>812,000</u>
Total	<u>\$12,000</u>	<u>800,000</u>	<u>812,000</u>

The most significant interfund transfer was from the General Fund to the Water Enterprise fund in the amount of \$800,000. The transfers were made to fund various capital related projects in the City.

CITY OF LOMITA
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

(5) Capital Assets

Capital asset activity for the year ended June 30, 2020 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	539,027	-	532,038	6,989
Street trees	<u>1,650,378</u>	<u>-</u>	<u>-</u>	<u>1,650,378</u>
Total non-depreciable	<u>7,183,311</u>	<u>-</u>	<u>532,038</u>	<u>6,651,273</u>
Depreciable:				
Buildings	4,523,989	-	-	4,523,989
Equipment and furniture	968,524	44,493	-	1,013,017
Vehicles	386,623	47,868	37,875	396,616
Infrastructure	<u>23,491,586</u>	<u>838,594</u>	<u>50,737</u>	<u>24,279,443</u>
Total depreciable capital assets	<u>29,370,722</u>	<u>930,955</u>	<u>88,612</u>	<u>30,213,065</u>
Less accumulated depreciation for:				
Buildings	3,177,556	90,480	-	3,268,036
Equipment and furniture	596,904	45,129	-	642,033
Vehicles	313,538	15,537	37,875	291,200
Infrastructure	<u>11,886,704</u>	<u>495,899</u>	<u>50,737</u>	<u>12,331,866</u>
Total accumulated depreciation	<u>15,974,702</u>	<u>647,045</u>	<u>88,612</u>	<u>16,533,135</u>
Total depreciable capital assets, net	<u>13,396,020</u>	<u>283,910</u>	<u>-</u>	<u>13,679,930</u>
Total capital assets, net	<u>\$20,579,331</u>	<u>283,910</u>	<u>532,038</u>	<u>20,331,203</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>2,238,414</u>	<u>13,972</u>	<u>2,154,008</u>	<u>98,378</u>
Total non-depreciable	<u>2,309,089</u>	<u>13,972</u>	<u>2,154,008</u>	<u>169,053</u>
Depreciable:				
Equipment and furniture	298,238	7,501	-	305,739
Vehicles	113,270	50,820	-	164,090
Infrastructure	<u>30,377,906</u>	<u>3,030,003</u>	<u>904,058</u>	<u>32,503,851</u>
Total depreciable capital assets	<u>30,789,414</u>	<u>3,088,324</u>	<u>904,058</u>	<u>32,973,680</u>
Less accumulated depreciation for:				
Equipment and furniture	186,668	15,625	-	202,293
Vehicles	86,061	6,917	-	92,978
Infrastructure	<u>8,325,684</u>	<u>718,243</u>	<u>904,058</u>	<u>8,139,869</u>
Total accumulated depreciation	<u>8,598,413</u>	<u>740,785</u>	<u>904,058</u>	<u>8,435,140</u>
Total depreciable capital assets, net	<u>22,191,001</u>	<u>2,347,539</u>	<u>-</u>	<u>24,538,540</u>
Total capital assets, net	<u>\$24,500,090</u>	<u>2,361,511</u>	<u>2,154,008</u>	<u>24,707,593</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	\$ 1,521,041	\$ -
Walnut/PCH to 253 rd PL	485,597	-
250 th St/Pennsylvania to Eshelman	485,985	-
Business-type activities-water capital improvements:		
PCH Water Main Replacement	57,204	497,796
Harbor Hills Direct Marketing	98,378	36,622
253 rd Pl Water Main Replacement	433,215	16,785
Walnut-PCH to 253 rd	1,248,912	-
250 th St-Pennsylvania to Eshelman	1,301,308	-
Cypress Water Production Upgrade	5,470	3,000,000

CITY OF LOMITA
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(5) Capital Assets, (Continued)

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
General Government	\$103,787	-
Community Development	22,606	-
Community Services	19,501	-
Public Works	501,151	-
Water	<u>-</u>	<u>740,785</u>
Total	<u>\$647,045</u>	<u>740,785</u>

(6) Long-term Liabilities

Long-term liability activity for the year ended June 30, 2020 was as follows:

	<u>Beginning Balance As Restated</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>
Governmental Activities:					
Net pension liability (3)	\$ 6,515,866	641,246	1,364,846	5,792,266	-
OPEB	5,886,124	692,749	127,296	6,451,577	-
Compensated absences (1)	<u>388,427</u>	<u>296,365</u>	<u>294,397</u>	<u>390,395</u>	<u>78,079</u>
Total governmental activities	<u>\$12,790,417</u>	<u>1,630,360</u>	<u>1,786,539</u>	<u>12,634,238</u>	<u>78,079</u>
Business-type Activities:					
Bonds payable:					
Water Revenue Refunding					
Bonds, series 2016	\$ 6,505,000	-	250,000	6,255,000	260,000
Net pension liability (4)	1,587,610	1,223,426	536,059	2,274,977	-
Compensated absences (2)	<u>140,836</u>	<u>151,290</u>	<u>88,509</u>	<u>203,617</u>	<u>40,723</u>
Total business-type activities	<u>8,233,446</u>	<u>1,374,716</u>	<u>874,568</u>	<u>8,733,594</u>	<u>300,723</u>
Total	<u>\$21,023,863</u>	<u>3,005,076</u>	<u>2,661,107</u>	<u>21,367,832</u>	<u>378,802</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.
- (5) OPEB liabilities for government activities have been typically liquidated by the General 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 along with the 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 \$461,413 and \$818,908, respectively. At June 30, 2020, the ratio of the debt service payments due to the net revenues during fiscal year 2020 was .56 (56%). Upon default by the City as defined in the bonds' installment purchase agreement, the Authority will declare the unpaid principal and accrued interest due and payable immediately.

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 177% of the annual debt service requirement in fiscal year 2020. As of June 30, 2020, the amount of the bonds outstanding was \$6,255,000 and the City's legal debt margin was \$94,285,101.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 260,000	203,288	463,288
2022	270,000	194,838	464,838
2023	280,000	186,063	466,063
2024	285,000	176,962	461,962
2025	295,000	167,700	462,700
2026-2030	1,635,000	688,024	2,323,024
2031-2035	1,920,000	404,137	2,324,137
2036-2038	<u>1,310,000</u>	<u>85,962</u>	<u>1,395,962</u>
Total	<u>\$6,255,000</u>	<u>2,106,974</u>	<u>8,361,974</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, 2020, 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 \$934,119 for the year ended June 30, 2020.

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions - As of June 30, 2020, the City of Lomita reported net pension liabilities for its proportionate shares of the net pension liability of \$8,067,243.

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, 2019, 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, 2018, rolled forward to June 30, 2019, 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, 2018 and 2019 measurement dates was as follows:

Proportion – June 30, 2018	0.215020%
Proportion – June 30, 2019	<u>0.201454%</u>
Change – Increase/(Decrease)	<u>(0.013566)%</u>

CITY OF LOMITA
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

(7) Defined Benefit Pension Plans, (Continued)

For the year ended June 30, 2020, the City of Lomita recognized pension expense of \$1,278,126. At June 30, 2020, the City of Lomita reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 723,755	-
Difference between expected and actual experience	516,892	-
Changes in proportions	-	\$(789,678)
Difference between actual and projected contributions	-	(130,899)
Changes in assumptions	248,316	-
Total	<u>\$1,488,963</u>	<u>\$(1,061,617)</u>

\$723,755 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, 2021. Other 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	
2021	\$ 185,109
2022	(443,912)
2023	(66,106)
2024	<u>28,500</u>
Total	<u>\$(269,409)</u>

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, 2018 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous</u>
Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
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
Public Equity	50.0%
Global Fixed Income	28.0%
Real Assets	13.0%
Private Equity	8.0%
Liquidity	1.0%
Total	<u>100%</u>

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	\$12,184,501
Current Discount Rate	7.15%
Net Pension Liability	\$8,067,243
1% Increase	8.15%
Net Pension Liability	\$4,668,737

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 defined, single employer benefit 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, 2020 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	26
Inactive employees entitled to, but not yet receiving benefits	-
Total	<u>67</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 2019-2020, the City paid \$127,296 for benefits of 26 retired employees.

Net OPEB Liability - The City of Lomita net OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OEPB liability was determined by an actuarial valuation date June 30, 2019 that was rolled forward to determine the June 30, 2020 total OPEB liability, based on the following actuarial methods and assumptions:

Actuarial Assumptions:

Discount Rate	2.66%
Projected Salary Increase	2.75%
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 2.66 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 6/30/19			
<i>Measurement Date 6/30/18</i>	\$5,886,124	\$ -	\$5,886,124
Changes During the Period:			
Service Cost	204,755	-	204,755
Interest Cost	189,858	-	189,858
Expected Investment Income	-	-	-
Employer Contributions	-	127,296	(127,296)
Changes of Benefit Terms	-	-	-
Benefit Payments	(127,296)	(127,296)	-
Assumption Changes	506,719	-	506,719
Plan Experience	(208,583)	-	(208,583)
Investment Experience	-	-	-
Recognized Deferred Resources	-	-	-
Employer Contributions Subsequent to Measurement Date	-	-	-
Net Changes in Fiscal Year 2019-20	565,453	-	565,453
Balance at Fiscal Year Ending 6/30/20			
<i>Measurement Date 6/30/19</i>	\$6,451,577	\$ -	\$6,451,577

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	1.66%
OPEB Liability	\$7,638,803
Current Discount Rate	2.66%
OPEB Liability	\$6,451,577
1% Increase	3.66%
OPEB Liability	\$5,515,261

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, 2020:

1% Decrease	5.5% decreasing to 3.5%
OPEB Liability	\$5,419,385
Current Healthcare Rate	6.5% decreasing to 4.5%
OPEB Liability	\$6,451,577
1% Increase	7.5% decreasing to 5.5%
OPEB Liability	\$7,797,238

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB – For the fiscal year ended June 30, 2020, the City of Lomita recognized OPEB expense of \$532,168. As of the fiscal year ended June 30, 2020, 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	\$ 506,078	-
Differences between expected and actuarial experience in measurement of the Total OPEB Liability	-	(156,437)
Total	\$ 506,078	(156,437)

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	
2021	\$ 137,554
2022	137,553
2023	74,534
	<u>\$ 349,641</u>

(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

CITY OF LOMITA
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(9) Risk Management, (Continued)

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 costs from \$100,000 to statutory limits are distributed based on the outcome of cost allocation within the first and second loss layers. For 2019-20 the Authority's pooled retention is \$2 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law. Employer's Liability losses are pooled among members to \$2 million. Coverage from \$2 million to \$5 million is purchased as part of a reinsurance policy, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

C. Purchased Insurance: Pollution Legal Liability Insurance The City of Lomita participates in the pollution legal liability insurance program which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City of Lomita. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Authority has an aggregate limit of \$50 million for the 3-year period from July 1, 2017 through July 1, 2020. Each member of the Authority has a \$10 million sub-limit during the 3-year policy term.

Property Insurance: The City 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

CITY OF LOMITA
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(9) Risk Management, (Continued)

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 \$40,810,191. There is a \$10,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$2,500 deductible.

Earthquake and Flood Insurance: The City of Lomita purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Authority. City of Lomita property currently has earthquake protection in the amount of \$14,636,742. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000.

Crime Insurance: The City of Lomita purchases crime insurance coverage in the amount of \$1,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the Authority.

Special Event Tenant User Liability Insurance: The City of Lomita further protects against liability damages by requiring tenant users of certain property to purchase low-cost tenant user liability insurance for certain activities on agency property. The insurance premium is paid by the tenant user and is paid to the City of Lomita according to a schedule. The City of Lomita then pays for the insurance. The insurance is facilitated by the Authority.

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 2019-20.

(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.
- C. *Ongoing Operations:* The City's operations may be affected by the recent and ongoing outbreak of COVID-19, which was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption which may be caused by the outbreak is uncertain; however, possible effects may include, but are not limited to, a reduction in certain tax revenues and a decline in the value of investments, which could have an impact on the City's financial position and operating results. There is significant uncertainty as to the severity and longevity of the outbreak and City management is in the process of evaluating the impact on the City and its financial statements.

CITY OF LOMITA
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(11) 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, 2020:

	<u>Measure R</u>			
	<u>General</u>	<u>Hwy</u>	<u>Non-major</u>	
	<u>Fund</u>	<u>Special</u>	<u>Governmental</u>	
	<u>Fund</u>	<u>Revenue</u>	<u>Funds</u>	<u>Totals</u>
	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>	
<i>Nonspendable</i>				
Prepays	\$ -	-	4,095	4,095
Inventory	24,561	-	-	24,561
<i>Total Nonspendable</i>	<u>24,561</u>	<u>-</u>	<u>4,095</u>	<u>28,656</u>
<i>Restricted</i>				
Street Maintenance	-	-	572,014	572,014
Public Transportation	-	-	430,867	430,867
Clean Air Act Programs	-	-	48,090	48,090
Park Improvement	-	-	231,224	231,224
Park Athletic Program	-	-	77,536	77,536
Low Mod Housing & CDBG	-	-	504,471	504,471
Law Enforcement, CLEEP	-	-	6,196	6,196
Mayor's Golf Classic	-	-	-	-
Landscape Maintenance	-	-	8,840	8,840
<i>Total Restricted</i>	<u>-</u>	<u>-</u>	<u>1,879,238</u>	<u>1,879,238</u>
<i>Committed</i>				
Street Improvement	-	-	2,400,803	2,400,803
Stephenson Center	85,744	-	-	85,744
<i>Total Committed</i>	<u>85,744</u>	<u>-</u>	<u>2,400,803</u>	<u>2,486,547</u>
<i>Assigned</i>				
Facilities Improvement	117,744	-	-	117,744
Capital Improvement	-	-	73,491	73,491
Street Improvement	-	-	781,654	781,654
Reserve Appropriations	4,000,000	-	-	4,000,000
Economic Development	549,007	-	-	549,007
OPEB Trust	150,438	-	-	150,438
Pension Stabilization	774,321	-	-	774,321
<i>Total Assigned</i>	<u>5,591,510</u>	<u>-</u>	<u>855,145</u>	<u>6,446,655</u>
<i>Unassigned</i>	<u>980,273</u>	<u>(266,125)</u>	<u>-</u>	<u>714,148</u>
<i>Totals</i>	<u>\$ 6,682,088</u>	<u>(266,125)</u>	<u>5,139,281</u>	<u>11,555,244</u>

CITY OF LOMITA
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(12) Other Required Disclosures

Expenditures in Excess of Appropriations

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

	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance Favorable (Unfavorable)</u>
Measure R Highway			
Capital outlay	-	64,298	(64,298)

Deficit Fund Balances

The following funds had deficit fund balances as of June 30, 2020:

Major Special Revenue Funds:

Measure R Highway \$266,125 (a)

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

(13) Fund Balance Restatements

The following schedule summarizes the effects of the prior period adjustment to the Governmental Fund Activity Statements as of July 1, 2019.

	<u>Governmental Funds Total</u>	<u>Governmental Major Special Fund – Measure R Highway</u>
Fund balance as of June 30, 2019, as previously reported	\$10,934,784	(10,268)
Adjustment made to prior year: Revenue recorded did not meet criteria for recognition as cash was not received in the period of availability	<u>(191,559)</u>	<u>(191,559)</u>
Fund balance as of July 1, 2019, as restated	<u>\$10,743,225</u>	<u>(201,827)</u>

(14) Subsequent Events

Management has evaluated subsequent events through December 5, 2020, which is the date the financial statements were available to be issued, and has determined that there are no transactions that will have a significant impact on the City.

CITY OF LOMITA

Comprehensive Annual Financial Report

June 30, 2020



(This page intentionally left blank)

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LOMITA
Schedule of Proportionate Share of the Net Pension Liability and Related Ratios
June 30, 2020

Cost Sharing Defined Benefit Pension Plan
Last 10 Fiscal Years *

	Combined June 30, 2019 ¹ Fiscal Year 2019-20	Combined June 30, 2018 ¹ Fiscal Year 2018-19	Combined June 30, 2017 ¹ Fiscal Year 2017-18
Proportion of the net pension liability (asset)	0.20145%	0.21502%	0.22854%
Proportionate share of the net pension liability (asset)	\$ 8,067,243	\$ 8,103,476	\$ 9,009,203
Covered payroll ²	\$ 3,254,459	\$ 3,191,154	\$ 3,090,957
Proportionate Share of the net pension liability (asset) as percentage of covered payroll	247.88%	253.94%	291.47%
Plan's fiduciary net position	\$ 13,979,687,268	\$ 13,122,440,092	\$ 12,074,499,781
Plan's total pension liability	\$ 17,984,188,264	\$ 16,891,153,209	\$ 16,016,547,402
Plan fiduciary net position as a percentage of the total pension liability	73.65%	72.20%	67.95%

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

² Covered Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered 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)

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

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
0.23230%	0.18033%	0.22994%
\$ 8,069,774	\$ 6,841,270	\$ 5,682,932
\$ 2,926,047	\$ 2,938,496	\$ 2,954,990
275.79%	232.82%	192.32%
\$ 10,923,476,287	\$ 10,896,036,068	\$ 10,639,461,174
\$ 14,397,353,530	\$ 13,639,503,084	\$ 13,110,948,452
68.65%	72.19%	76.35%

CITY OF LOMITA
Schedule of Plan Contributions ¹
June 30, 2020

Cost Sharing Defined Benefit Pension Plan
Last 10 Fiscal Years *

	Combined Fiscal Year 2019-20 ¹	Combined Fiscal Year 2018-19 ¹	Combined Fiscal Year 2017-18 ¹
Actuarially determined contribution ²	\$ 723,755	\$ 757,649	\$ 799,367
Contributions in relation to the actuarially determined contributions ²	\$ (723,755)	\$ (757,649)	\$ (799,367)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll ³	\$ 3,280,589	\$ 3,254,459	\$ 3,191,154
Contributions as a percentage of covered payroll ³	22.06%	23.28%	25.05%

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

2 Employee 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 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, 2017 public agency valuations.

Actuarial cost method	Entry-age
Amortization method/period	For detail, see June 30, 2017 Funding Valuation Report
Asset valuation method	Actuarial Value of Assets. For details see June 30, 2017 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 six years are shown.

Combined Fiscal Year 2016-17 ¹	Combined Fiscal Year 2015-16 ¹	Combined Fiscal Year 2014-15 ¹
\$ 723,176	\$ 730,301	\$ 562,071
<u>\$ (723,176)</u>	<u>\$ (730,301)</u>	<u>\$ (562,071)</u>
<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
\$ 3,090,957	\$ 2,926,047	\$ 2,938,496
23.40%	24.96%	19.13%

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>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service cost	\$ 204,755	\$ 181,090	\$ 179,837
Interest on the total OPEB Liability	189,858	190,222	179,461
Actual and expected experience difference	(208,583)	-	-
Changes in assumptions	506,719	321,438	(86,699)
Changes in benefit terms	-	-	-
Benefit payments	<u>(127,296)</u>	<u>(120,887)</u>	<u>(113,517)</u>
Net change in total OPEB liability	565,453	571,863	159,082
Total OPEB liability - beginning	<u>5,886,124</u>	<u>5,314,261</u>	<u>5,155,179</u>
Total OPEB liability - ending (a)	<u><u>\$ 6,451,577</u></u>	<u><u>\$ 5,886,124</u></u>	<u><u>\$ 5,314,261</u></u>
Plan Fiduciary Net Position			
Contribution - employer	\$ 127,296	\$ 120,887	\$ 113,517
Net investment income	-	-	-
Benefit payments	(127,296)	(120,887)	(113,517)
Administrative expense	<u>-</u>	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	-	-	-
Plan fiduciary net position - beginning	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - ending (b)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Net OPEB liability - ending (a)-(b)	<u><u>\$ 6,451,577</u></u>	<u><u>\$ 5,886,124</u></u>	<u><u>\$ 5,314,261</u></u>
Covered payroll	3,363,000	3,105,000	3,191,154
Net OPEB liability as a percentage of covered payroll	191.8%	189.6%	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, 2020

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Revenues:				
Taxes and assessments	\$ 5,097,412	5,097,412	5,145,147	47,735
Intergovernmental	2,510,064	2,510,064	2,645,276	135,212
Licenses and permits	1,046,050	1,046,050	839,251	(206,799)
Fines and forfeitures	397,000	422,000	496,842	74,842
Investment income	75,500	75,500	199,050	123,550
Rental income	240,000	240,000	228,424	(11,576)
Other revenue	113,000	63,000	86,443	23,443
Total revenues	9,479,026	9,454,026	9,640,433	186,407
Expenditures:				
Current:				
General government	2,955,326	2,987,826	2,738,871	248,955
Community development	805,176	807,176	663,348	143,828
Public works	485,672	518,172	498,210	19,962
Public safety	3,967,469	3,967,469	3,842,231	125,238
Culture and recreation	1,550,805	1,553,805	1,318,875	234,930
Capital outlay	30,000	30,000	27,350	2,650
Total expenditures	9,794,448	9,864,448	9,088,885	775,563
Excess (deficiency) of revenues over (under) expenditures	(315,422)	(410,422)	551,548	961,970
Other financing sources (uses):				
Transfers out	(4,078)	(812,078)	(812,000)	78
Total other financing sources (uses)	(4,078)	(812,078)	(812,000)	78
Net change in fund balances	(319,500)	(1,222,500)	(260,452)	962,048
Fund balance, beginning of year	6,942,540	6,942,540	6,942,540	-
Fund balance, end of year	\$ 6,623,040	5,720,040	6,682,088	962,048

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, 2020

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ -	-	-	-
Total revenues	-	-	-	-
Expenditures:				
Capital outlay	-	-	64,298	(64,298)
Total expenditures	-	-	64,298	(64,298)
Net change in fund balances	-	-	(64,298)	(64,298)
Fund balance (deficit), beginning of year, as restated	(201,827)	(201,827)	(201,827)	-
Fund balance (deficit), end of year	<u>\$ (201,827)</u>	<u>(201,827)</u>	<u>(266,125)</u>	<u>(64,298)</u>

CITY OF LOMITA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2020

(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.

CITY OF LOMITA
Comprehensive Annual Financial Report
June 30, 2020



(This page intentionally left blank)

SUPPLEMENTARY INFORMATION

CITY OF LOMITA

Comprehensive Annual Financial Report

June 30, 2020



(This page intentionally left blank)

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.

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

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.

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

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

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.

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
Non-major Governmental Funds
Combining Balance Sheet
June 30, 2020

	Special Revenue Funds				
	State Gas Tax	Measure M	Measure R	Transportation Development Act	Community Development Block Grant
<u>ASSETS</u>					
Cash and investments	\$ 535,016	381,577	789,470	19	-
Receivables:					
Accounts	-	-	-	-	-
Taxes	-	-	-	-	-
Due from other governments	62,778	-	-	-	56,104
Prepaid items	-	-	-	-	-
Total assets	<u>\$ 597,794</u>	<u>381,577</u>	<u>789,470</u>	<u>19</u>	<u>56,104</u>
<u>LIABILITIES</u>					
Accounts payable	\$ 19,763	-	3,232	-	4,590
Accrued liabilities	6,017	-	-	-	-
Deposits payable	-	-	-	-	-
Due to other funds	-	-	-	-	51,508
Total liabilities	<u>25,780</u>	<u>-</u>	<u>3,232</u>	<u>-</u>	<u>56,098</u>
<u>DEFERRED IN FLOWS OF RESOURCES</u>					
Unavailable revenue	-	-	-	-	-
Total deferred in flows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>FUND BALANCES</u>					
Nonspendable	-	-	-	-	-
Restricted	572,014	-	-	19	6
Committed	-	381,577	786,238	-	-
Assigned	-	-	-	-	-
Total fund balances	<u>572,014</u>	<u>381,577</u>	<u>786,238</u>	<u>19</u>	<u>6</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 597,794</u>	<u>381,577</u>	<u>789,470</u>	<u>19</u>	<u>56,104</u>

Special Revenue Funds

Lomita Housing Authority	Proposition A	Air Quality Plan AB 2766	Park Grant	Landscape Maintenance	Parks Facilities
1,329	444,568	42,865	81,722	8,910	150,501
-	-	-	-	-	-
-	-	-	-	81	-
-	-	6,475	-	-	-
-	-	-	-	-	-
<u>1,329</u>	<u>444,568</u>	<u>49,340</u>	<u>81,722</u>	<u>8,991</u>	<u>150,501</u>
232	11,964	1,250	999	151	-
1,097	1,756	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,329</u>	<u>13,720</u>	<u>1,250</u>	<u>999</u>	<u>151</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	430,848	48,090	80,723	8,840	150,501
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>430,848</u>	<u>48,090</u>	<u>80,723</u>	<u>8,840</u>	<u>150,501</u>
<u>1,329</u>	<u>444,568</u>	<u>49,340</u>	<u>81,722</u>	<u>8,991</u>	<u>150,501</u>

CITY OF LOMITA
Non-major Governmental Funds, Continued
Combining Balance Sheet
June 30, 2020

	Special Revenue Funds			
	Park Athletic	Proposition C	Lomita Manor Development	CLEEP
<u>ASSETS</u>				
Cash and investments	\$ 82,949	1,232,988	585,372	6,196
Receivables:				
Accounts	-	-	1	-
Taxes	-	-	-	-
Due from other governments	-	-	-	-
Prepaid items	-	-	4,095	-
Total assets	<u>\$ 82,949</u>	<u>1,232,988</u>	<u>589,468</u>	<u>6,196</u>
<u>LIABILITIES</u>				
Accounts payable	\$ 5,083	-	58,687	-
Accrued liabilities	330	-	-	-
Deposits payable	-	-	22,221	-
Due to other funds	-	-	-	-
Total liabilities	<u>5,413</u>	<u>-</u>	<u>80,908</u>	<u>-</u>
<u>DEFERRED IN FLOWS OF RESOURCES</u>				
Unavailable revenue	-	-	-	-
Total deferred in flows of resources	-	-	-	-
<u>FUND BALANCES</u>				
Nonspendable	-	-	4,095	-
Restricted	77,536	-	504,465	6,196
Committed	-	1,232,988	-	-
Assigned	-	-	-	-
Total fund balances	<u>77,536</u>	<u>1,232,988</u>	<u>508,560</u>	<u>6,196</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 82,949</u>	<u>1,232,988</u>	<u>589,468</u>	<u>6,196</u>

<u>Capital Projects Funds</u>		
<u>Capital Improvement Fund</u>	<u>Street Improvement Fund</u>	<u>Total Non-major Governmental Funds</u>
73,491	780,913	5,197,886
-	741	742
-	-	81
-	-	125,357
-	-	4,095
<u>73,491</u>	<u>781,654</u>	<u>5,328,161</u>
-	-	105,951
-	-	9,200
-	-	22,221
-	-	51,508
-	-	188,880
-	-	-
-	-	-
-	-	4,095
-	-	1,879,238
-	-	2,400,803
<u>73,491</u>	<u>781,654</u>	<u>855,145</u>
<u>73,491</u>	<u>781,654</u>	<u>5,139,281</u>
<u>73,491</u>	<u>781,654</u>	<u>5,328,161</u>

CITY OF LOMITA
Non-major Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2020

	Special Revenue Funds				
	State Gas Tax	Measure M	Measure R	Transportation Development Act	Community Development Block Grant
Revenues:					
Taxes and assessments	\$ 452,687	-	-	-	-
Intergovernmental	359,613	280,734	249,239	14,630	133,206
Licenses and permits	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment income	13,229	9,684	22,856	-	-
Rental income	-	-	-	-	-
Other revenue	31,206	-	-	-	-
Total revenues	856,735	290,418	272,095	14,630	133,206
Expenditures:					
Current:					
Community services	-	-	-	-	-
Public works	486,568	-	13,392	14,611	133,211
Cultural and recreation	-	-	-	-	-
Capital outlay	138,568	104,741	185,425	-	-
Total expenditures	625,136	104,741	198,817	14,611	133,211
Excess (deficiency) of revenues over (under) expenditures	231,599	185,677	73,278	19	(5)
Other financing sources (uses):					
Transfers in	2,676	-	-	-	-
Total other financing sources (uses)	2,676	-	-	-	-
Net change in fund balances	234,275	185,677	73,278	19	(5)
Fund balances (deficit), beginning of year, as restated	337,739	195,900	712,960	-	11
Fund balances (deficit), end of year	\$ 572,014	381,577	786,238	19	6

Special Revenue Funds

Lomita Housing Authority	Proposition A	Air Quality Plan AB 2766	Park Grant	Landscape Maintenance	Parks Facilities
-	-	-	-	11,519	10,498
30,000	401,198	30,817	-	-	-
-	-	-	-	-	-
-	20,390	-	-	-	-
-	11,143	1,547	-	287	4,163
-	-	-	-	-	-
-	-	249	-	-	-
<u>30,000</u>	<u>432,731</u>	<u>32,613</u>	<u>-</u>	<u>11,806</u>	<u>14,661</u>
39,681	275,199	-	-	-	-
-	-	27,746	-	13,341	-
-	-	-	-	-	-
-	-	10,810	999	-	-
<u>39,681</u>	<u>275,199</u>	<u>38,556</u>	<u>999</u>	<u>13,341</u>	<u>-</u>
<u>(9,681)</u>	<u>157,532</u>	<u>(5,943)</u>	<u>(999)</u>	<u>(1,535)</u>	<u>14,661</u>
<u>8,743</u>	<u>-</u>	<u>581</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>8,743</u>	<u>-</u>	<u>581</u>	<u>-</u>	<u>-</u>	<u>-</u>
(938)	157,532	(5,362)	(999)	(1,535)	14,661
<u>938</u>	<u>273,316</u>	<u>53,452</u>	<u>81,722</u>	<u>10,375</u>	<u>135,840</u>
<u>-</u>	<u>430,848</u>	<u>48,090</u>	<u>80,723</u>	<u>8,840</u>	<u>150,501</u>

CITY OF LOMITA

Non-major Governmental Funds

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

For the Year ended June 30, 2020

	Special Revenue Funds			
	Park Athletic	Proposition C	Lomita Manor Development	CLEEP
Revenues:				
Taxes and assessments	\$ -	-	-	-
Intergovernmental	-	332,794	306,945	-
Licenses and permits	47,127	-	-	-
Charges for services	-	-	-	-
Investment income	2,234	31,551	715	180
Rental income	-	-	292,958	-
Other revenue	3,714	-	4,824	-
Total revenues	53,075	364,345	605,442	180
Expenditures:				
Current:				
Community services	-	-	526,048	-
Public works	-	-	-	-
Cultural and recreation	34,226	-	-	-
Capital outlay	-	-	-	-
Total expenditures	34,226	-	526,048	-
Excess (deficiency) of revenues over (under) expenditures	18,849	364,345	79,394	180
Other financing sources (uses):				
Transfers in	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	18,849	364,345	79,394	180
Fund balances (deficit), beginning of year, as restated	58,687	868,643	429,166	6,016
Fund balances (deficit), end of year	\$ 77,536	1,232,988	508,560	6,196

<u>Capital Projects Funds</u>		
<u>Capital Improvement Fund</u>	<u>Street Improvement Fund</u>	<u>Total Non-major Governmental Funds</u>
-	-	474,704
-	-	2,139,176
-	-	47,127
-	-	20,390
2,129	22,753	122,471
-	-	292,958
-	-	39,993
<u>2,129</u>	<u>22,753</u>	<u>3,136,819</u>
-	-	840,928
-	7,484	696,353
-	-	34,226
-	-	440,543
<u>-</u>	<u>7,484</u>	<u>2,012,050</u>
<u>2,129</u>	<u>15,269</u>	<u>1,124,769</u>
<u>-</u>	<u>-</u>	<u>12,000</u>
<u>-</u>	<u>-</u>	<u>12,000</u>
2,129	15,269	1,136,769
<u>71,362</u>	<u>766,385</u>	<u>4,002,512</u>
<u>73,491</u>	<u>781,654</u>	<u>5,139,281</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, 2020

	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes and assessments	\$ 521,444	452,687	(68,757)
Intergovernmental	340,449	359,613	19,164
Investment income	-	13,229	13,229
Other revenue	23,360	31,206	7,846
Total revenues	<u>885,253</u>	<u>856,735</u>	<u>(28,518)</u>
Expenditures:			
Current:			
Public works	492,102	486,568	5,534
Capital outlay	626,000	138,568	487,432
Total expenditures	<u>1,118,102</u>	<u>625,136</u>	<u>492,966</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(232,849)</u>	<u>231,599</u>	<u>464,448</u>
Other financing sources (uses):			
Transfers in	2,676	2,676	-
Total other financing sources (uses)	<u>2,676</u>	<u>2,676</u>	<u>-</u>
Net change in fund balances	(230,173)	234,275	464,448
Fund balance, beginning of year	<u>337,739</u>	<u>337,739</u>	<u>-</u>
Fund balance, end of year	<u>\$ 107,566</u>	<u>572,014</u>	<u>464,448</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, 2020

	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 295,175	280,734	(14,441)
Investment income	<u>300</u>	<u>9,684</u>	<u>9,384</u>
Total revenues	<u>295,475</u>	<u>290,418</u>	<u>(5,057)</u>
Expenditures:			
Capital outlay	<u>299,500</u>	<u>104,741</u>	<u>194,759</u>
Total expenditures	<u>299,500</u>	<u>104,741</u>	<u>194,759</u>
Net change in fund balances	(4,025)	185,677	189,702
Fund balance, beginning of year	<u>195,900</u>	<u>195,900</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 191,875</u></u>	<u><u>381,577</u></u>	<u><u>189,702</u></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, 2020

	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 260,476	249,239	(11,237)
Investment income	300	22,856	22,556
Total revenues	260,776	272,095	11,319
Expenditures:			
Current:			
Public works	55,680	13,392	42,288
Capital outlay	755,052	185,425	569,627
Total expenditures	810,732	198,817	611,915
Net change in fund balances	(549,956)	73,278	623,234
Fund balance, beginning of year	712,960	712,960	-
Fund balance, end of year	\$ 163,004	786,238	623,234

CITY OF LOMITA
Transportation Development Act Special Revenue Fund
Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2020

	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 14,630	14,630	-
Total revenues	14,630	14,630	-
Expenditures:			
Current:			
Public works	14,611	14,611	-
Total expenditures	14,611	14,611	-
Excess (deficiency) of revenues over (under) expenditures	19	19	-
Other financing sources (uses):			
Transfers in	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	19	19	-
Fund balance, beginning of year	-	-	-
Fund balance, end of year	\$ 19	19	-

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, 2020

	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 282,082	133,206	(148,876)
Total revenues	<u>282,082</u>	<u>133,206</u>	<u>(148,876)</u>
Expenditures:			
Current:			
Public works	<u>282,082</u>	<u>133,211</u>	<u>148,871</u>
Total expenditures	<u>282,082</u>	<u>133,211</u>	<u>148,871</u>
Net change in fund balances	-	(5)	(5)
Fund balance, beginning of year	<u>11</u>	<u>11</u>	<u>-</u>
Fund balance, end of year	<u>\$ 11</u>	<u>6</u>	<u>(5)</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, 2020

	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 30,000	30,000	-
Total revenues	<u>30,000</u>	<u>30,000</u>	<u>-</u>
Expenditures:			
Current:			
Community services	<u>39,753</u>	<u>39,681</u>	<u>72</u>
Total expenditures	<u>39,753</u>	<u>39,681</u>	<u>72</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,753)</u>	<u>(9,681)</u>	<u>72</u>
Other financing sources (uses):			
Transfers in	<u>8,743</u>	<u>8,743</u>	<u>-</u>
Total other financing sources (uses)	<u>8,743</u>	<u>8,743</u>	<u>-</u>
Net change in fund balances	(1,010)	(938)	72
Fund balance, beginning of year	<u>938</u>	<u>938</u>	<u>-</u>
Fund balance (deficit), end of year	<u>\$ (72)</u>	<u>-</u>	<u>72</u>

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, 2020

	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 418,656	401,198	(17,458)
Charges for services	20,000	20,390	390
Investment income	500	11,143	10,643
Total revenues	<u>439,156</u>	<u>432,731</u>	<u>(6,425)</u>
Expenditures:			
Current:			
Community services	<u>329,181</u>	<u>275,199</u>	<u>53,982</u>
Total expenditures	<u>329,181</u>	<u>275,199</u>	<u>53,982</u>
Net change in fund balances	109,975	157,532	47,557
Fund balance, beginning of year	<u>273,316</u>	<u>273,316</u>	<u>-</u>
Fund balance, end of year	<u>\$ 383,291</u>	<u>430,848</u>	<u>47,557</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, 2020

	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 49,000	30,817	(18,183)
Investment income	50	1,547	1,497
Other revenue	-	249	249
Total revenues	<u>49,050</u>	<u>32,613</u>	<u>(16,437)</u>
Expenditures:			
Current:			
Public works	48,602	27,746	20,856
Capital outlay	<u>4,000</u>	<u>10,810</u>	<u>(6,810)</u>
Total expenditures	<u>52,602</u>	<u>38,556</u>	<u>14,046</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,552)</u>	<u>(5,943)</u>	<u>(2,391)</u>
Other financing sources (uses):			
Transfers in	<u>-</u>	<u>581</u>	<u>581</u>
Total other financing sources (uses)	<u>-</u>	<u>581</u>	<u>581</u>
Net change in fund balances	(3,552)	(5,362)	(1,810)
Fund balance, beginning of year	<u>53,452</u>	<u>53,452</u>	<u>-</u>
Fund balance, end of year	<u>\$ 49,900</u>	<u>48,090</u>	<u>(1,810)</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, 2020

	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ -	-	-
Total revenues	-	-	-
Expenditures:			
Capital outlay	1,000	999	1
Total expenditures	1,000	999	1
Net change in fund balances	(1,000)	(999)	1
Fund balance, beginning of year	81,722	81,722	-
Fund balance, end of year	<u>\$ 80,722</u>	<u>80,723</u>	<u>1</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, 2020

	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes and assessments	\$ 11,738	11,519	(219)
Investment income	-	287	287
Total revenues	11,738	11,806	68
Expenditures:			
Current:			
Public works	13,367	13,341	26
Total expenditures	13,367	13,341	26
Excess (deficiency) of revenues over (under) expenditures	(1,629)	(1,535)	94
Other financing sources (uses):			
Transfers in	2,838	-	(2,838)
Total other financing sources (uses)	2,838	-	(2,838)
Net change in fund balances	1,209	(1,535)	(2,744)
Fund balance, beginning of year	10,375	10,375	-
Fund balance, end of year	\$ 11,584	8,840	(2,744)

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, 2020

	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes and assessments	\$ 6,000	10,498	4,498
Investment income	<u>400</u>	<u>4,163</u>	<u>3,763</u>
Total revenues	<u>6,400</u>	<u>14,661</u>	<u>8,261</u>
Expenditures:			
Current:			
Cultural and recreation	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	6,400	14,661	8,261
Fund balance, beginning of year	<u>135,840</u>	<u>135,840</u>	<u>-</u>
Fund balance, end of year	<u>\$ 142,240</u>	<u>150,501</u>	<u>8,261</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, 2020

	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Licenses and permits	\$ 60,750	47,127	(13,623)
Investment income	50	2,234	2,184
Other revenue	<u>2,000</u>	<u>3,714</u>	<u>1,714</u>
Total revenues	<u>62,800</u>	<u>53,075</u>	<u>(9,725)</u>
Expenditures:			
Current:			
Cultural and recreation	<u>41,652</u>	<u>34,226</u>	<u>7,426</u>
Total expenditures	<u>41,652</u>	<u>34,226</u>	<u>7,426</u>
Net change in fund balances	21,148	18,849	(2,299)
Fund balance, beginning of year	<u>58,687</u>	<u>58,687</u>	<u>-</u>
Fund balance, end of year	<u>\$ 79,835</u>	<u>77,536</u>	<u>(2,299)</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, 2020

	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 347,264	332,794	(14,470)
Investment income	<u>1,000</u>	<u>31,551</u>	<u>30,551</u>
Total revenues	<u>348,264</u>	<u>364,345</u>	<u>16,081</u>
Expenditures:			
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	348,264	364,345	16,081
Fund balance, beginning of year	<u>868,643</u>	<u>868,643</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 1,216,907</u></u>	<u><u>1,232,988</u></u>	<u><u>16,081</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, 2020

	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 303,800	306,945	3,145
Investment income	-	715	715
Rental income	292,522	292,958	436
Other revenue	<u>2,520</u>	<u>4,824</u>	<u>2,304</u>
Total revenues	<u>598,842</u>	<u>605,442</u>	<u>6,600</u>
Expenditures:			
Current:			
Community services	<u>526,620</u>	<u>526,048</u>	<u>572</u>
Total expenditures	<u>526,620</u>	<u>526,048</u>	<u>572</u>
Net change in fund balances	72,222	79,394	7,172
Fund balance, beginning of year	<u>429,166</u>	<u>429,166</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 501,388</u></u>	<u><u>508,560</u></u>	<u><u>7,172</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, 2020

	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Investment income	\$ -	180	180
Total revenues	-	180	180
Expenditures:			
Current:			
Public safety	-	-	-
Total expenditures	-	-	-
Net change in fund balances	-	180	180
Fund balance, beginning of year	6,016	6,016	-
Fund balance, end of year	\$ 6,016	6,196	180

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, 2020

	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Investment income	\$ 200	2,129	1,929
Total revenues	200	2,129	1,929
Expenditures:			
Capital outlay	-	-	-
Total expenditures	-	-	-
Net change in fund balances	200	2,129	1,929
Fund balance, beginning of year	71,362	71,362	-
Fund balance, end of year	\$ 71,562	73,491	1,929

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, 2020

	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Investment income	\$ 1,000	22,753	21,753
Total revenues	1,000	22,753	21,753
Expenditures:			
Current:			
Public works	25,000	7,484	17,516
Capital outlay	380,000	-	380,000
Total expenditures	405,000	7,484	397,516
Net change in fund balances	(404,000)	15,269	419,269
Fund balance, beginning of year	766,385	766,385	-
Fund balance, end of year	\$ 362,385	781,654	419,269

FIDUCIARY FUNDS

CITY OF LOMITA

Comprehensive Annual Financial Report

June 30, 2020



(This page intentionally left blank)

CITY OF LOMITA
Combining Statement of Fiduciary Net Position
Trust Funds
June 30, 2020

	<u>Railroad Foundation</u>	<u>Tom Rico Memorial</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and investments	\$ 21,234	6,335	27,569
Total assets	<u>21,234</u>	<u>6,335</u>	<u>27,569</u>
LIABILITIES			
Current liabilities:			
Accounts payable	-	1,500	1,500
Accrued liabilities	<u>80</u>	<u>-</u>	<u>80</u>
Total Liabilities	<u>80</u>	<u>1,500</u>	<u>1,580</u>
NET POSITION			
Restricted for foundation	21,154	-	21,154
Restricted for memorial	<u>-</u>	<u>4,835</u>	<u>4,835</u>
Total net position	<u>\$ 21,154</u>	<u>4,835</u>	<u>25,989</u>

CITY OF LOMITA
Combining Statement of Changes in Fiduciary Net Position
Trust Funds
For the Year Ended June 30, 2020

	<u>Railroad Foundation</u>	<u>Tom Rico Memorial</u>	<u>Total</u>
ADDITIONS:			
Other revenues	\$ 4,390	850	5,240
Total additions	<u>4,390</u>	<u>850</u>	<u>5,240</u>
DEDUCTIONS:			
Miscellaneous	<u>3,833</u>	<u>2,500</u>	<u>6,333</u>
Total deductions	<u>3,833</u>	<u>2,500</u>	<u>6,333</u>
Change in net position	557	(1,650)	(1,093)
Net position, beginning of year	<u>20,597</u>	<u>6,485</u>	<u>27,082</u>
Net position, end of year	<u><u>\$ 21,154</u></u>	<u><u>4,835</u></u>	<u><u>25,989</u></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				
	2020	2019	2018	2017	2016
Governmental activities:					
Net investment in capital assets	\$ 20,331,203	\$ 20,579,331	\$ 19,933,570	\$ 17,033,665	\$ 18,274,572
Restricted	5,139,262	4,002,512	2,952,055	2,641,909	3,676,616
Unrestricted	<u>(4,982,190)</u>	<u>(4,384,212)</u>	<u>(4,506,553)</u>	<u>(969,590)</u>	<u>(726,465)</u>
Total governmental activities net position	<u>\$ 20,488,275</u>	<u>\$ 20,197,631</u>	<u>\$ 18,379,072</u>	<u>\$ 18,705,984</u>	<u>\$ 21,224,723</u>
Business-type activities:					
Net investment in capital assets	\$ 18,452,593	\$ 17,995,090	\$ 16,255,533	\$ 15,480,584	\$ 16,158,075
Restricted	-	-	-	-	175,847
Unrestricted	<u>1,882,888</u>	<u>1,675,608</u>	<u>2,822,396</u>	<u>3,088,795</u>	<u>2,553,377</u>
Total business-type activities net position	<u>\$ 20,335,481</u>	<u>\$ 19,670,698</u>	<u>\$ 19,077,929</u>	<u>\$ 18,569,379</u>	<u>\$ 18,887,299</u>
Primary government:					
Net investment in capital assets	\$ 38,783,796	\$ 38,574,421	\$ 36,189,103	\$ 32,514,249	\$ 34,432,647
Restricted	5,139,262	4,002,512	2,952,055	2,641,909	3,852,463
Unrestricted ⁽¹⁾	<u>(3,099,302)</u>	<u>(2,708,604)</u>	<u>(1,684,157)</u>	<u>2,119,205</u>	<u>1,826,912</u>
Total primary government net position	<u>\$ 40,823,756</u>	<u>\$ 39,868,329</u>	<u>\$ 37,457,001</u>	<u>\$ 37,275,363</u>	<u>\$ 40,112,022</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					
2015	2014	2013	2012	2011	
\$ 18,192,046	\$ 17,423,028	\$ 16,117,031	\$ 16,173,212	\$ 15,152,395	
3,354,468	3,516,178	3,749,288	3,419,892	4,384,848	
(621,965)	3,431,164	3,680,676	3,800,061	4,108,042	
<u>\$ 20,924,549</u>	<u>\$ 24,370,370</u>	<u>\$ 23,546,995</u>	<u>\$ 23,393,165</u>	<u>\$ 23,645,285</u>	
\$ 15,498,223	\$ 15,313,322	\$ 14,698,904	\$ 14,853,385	\$ 13,512,093	
678,501	678,500	678,499	4,069,689	3,809,105	
<u>2,472,870</u>	<u>3,675,085</u>	<u>4,220,830</u>	<u>891,320</u>	<u>2,910,470</u>	
<u>\$ 18,649,594</u>	<u>\$ 19,666,907</u>	<u>\$ 19,598,233</u>	<u>\$ 19,814,394</u>	<u>\$ 20,231,668</u>	
\$ 33,690,269	\$ 32,736,350	\$ 30,815,935	\$ 31,026,597	\$ 28,664,488	
4,032,969	4,194,678	4,427,787	7,489,581	8,193,953	
<u>1,850,905</u>	<u>7,106,249</u>	<u>7,901,506</u>	<u>4,691,381</u>	<u>7,018,512</u>	
<u>\$ 39,574,143</u>	<u>\$ 44,037,277</u>	<u>\$ 43,145,228</u>	<u>\$ 43,207,559</u>	<u>\$ 43,876,953</u>	

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

	Fiscal Year				
	2020	2019	2018	2017	2016
Expenses:					
Governmental activities:					
General government	\$ 3,097,344	\$ 4,488,587	\$ 4,078,593	\$ 3,507,091	\$ 3,123,342
Public safety	3,843,357	3,633,645	3,549,113	3,309,683	3,108,606
Public works	1,830,924	1,496,818	1,850,296	2,028,211	1,440,942
Community development	691,477	683,449	878,350	763,932	816,396
Community services	861,971	920,398	926,762	1,480,018	861,319
Culture and Recreation	1,365,464	1,124,928	1,388,433	1,199,067	1,196,613
Total governmental activities expenses	11,690,537	12,347,825	12,671,547	12,288,002	10,547,218
Business-type activities:					
Water Enterprise Operating Expenses	7,196,441	6,025,969	5,816,026	5,221,613	4,938,566
Total business-type activities expenses	7,196,441	6,025,969	5,816,026	5,221,613	4,938,566
Total primary government expenses	18,886,978	18,373,794	18,487,573	17,509,615	15,485,784
Program revenues:					
Governmental activities:					
Charges for services:					
General government	60,000	60,000	60,000	60,000	60,000
Public safety	473,892	441,691	386,780	373,933	364,735
Public works	233,172	228,755	224,714	193,363	211,337
Community development	811,739	1,612,396	992,241	846,262	1,075,688
Community services	330,030	324,675	299,478	314,290	306,110
Cultural and Recreation	197,254	340,053	430,563	368,800	334,994
Operating grants and contributions	2,320,210	2,910,425	2,221,458	2,194,576	1,516,695
Capital grants and contributions	531,777	516,581	713,374	779,612	328,664
Total governmental activities program revenues	4,958,074	6,434,576	5,328,608	5,130,836	4,198,223
Business-type activities:					
Charges for services:					
Water	6,023,257	5,629,363	5,330,322	4,789,815	4,435,449
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-
Total business-type activities program revenues	6,023,257	5,629,363	5,330,322	4,789,815	4,435,449
Total primary government program revenues	10,981,331	12,063,939	10,658,930	9,920,651	8,633,672
Net revenues (expenses):					
Governmental activities	(6,732,463)	(5,913,249)	(7,342,939)	(7,157,166)	(6,348,995)
Business-type activities	(1,173,184)	(396,606)	(485,704)	(431,798)	(503,117)
Total net revenues (expenses)	(7,905,647)	(6,309,855)	(7,828,643)	(7,588,964)	(6,852,112)

Fiscal Year				
2015	2014	2013	2012	2011
\$ 2,899,057	\$ 3,098,164	\$ 3,394,294	\$ 2,683,514	\$ 2,567,078
3,016,259	3,110,281	2,968,882	2,434,891	2,440,625
868,679	1,154,889	1,060,021	1,154,708	829,852
732,230	870,304	714,681	825,680	778,062
1,177,247	911,817	952,770	1,978,025	2,082,016
1,205,707	1,162,065	803,562	1,571,008	1,780,184
9,899,179	10,307,520	9,894,210	10,647,826	10,477,817
4,982,663	5,064,405	5,136,123	5,162,425	5,312,026
4,982,663	5,064,405	5,136,123	5,162,425	5,312,026
14,881,842	15,371,925	15,030,333	15,810,251	15,789,843
60,000	61,281	60,000	60,000	60,000
377,159	297,550	318,850	347,295	346,926
189,668	402,407	91,857	200,656	181,250
1,413,611	1,159,824	789,105	734,175	882,291
267,026	267,952	254,750	249,001	232,548
261,195	236,828	199,132	212,337	235,775
1,831,908	1,481,169	1,907,148	2,168,219	2,310,168
417,909	982,808	225,288	486,629	313,126
4,818,476	4,889,819	3,846,130	4,458,312	4,562,084
4,594,551	4,566,793	4,258,907	4,066,221	3,857,164
-	-	-	-	-
-	-	-	-	-
4,594,551	4,566,793	4,258,907	4,066,221	3,857,164
9,413,027	9,456,612	8,105,037	8,524,533	8,419,248
(5,080,703)	(5,417,701)	(6,048,080)	(6,189,514)	(5,915,733)
(388,112)	(497,612)	(877,216)	(1,096,204)	(1,454,862)
(5,468,815)	(5,915,313)	(6,925,296)	(7,285,718)	(7,370,595)

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

	Fiscal Year				
	2020	2019	2018	2017	2016
General revenues and other changes in net position:					
Governmental activities:					
Taxes:					
Property taxes	1,776,468	1,639,059	1,657,387	1,523,888	1,748,361
Sales tax	1,884,061	2,011,963	1,769,925	1,625,596	1,474,499
Transient occupancy taxes	148,228	185,632	180,278	178,239	150,091
Refuse Tax	285,240	267,502	258,776	253,270	243,783
Business Licence Tax	650,737	652,617	617,755	544,333	550,167
Franchise Taxes	350,249	347,479	345,511	335,077	400,033
Other taxes	50,165	54,910	51,760	16,000	4,000
Motor vehicle in lieu, unrestricted	2,390,550	2,263,193	2,142,009	2,038,861	1,939,675
Investment income	202,981	167,410	(40,487)	7,322	138,154
Other general revenues	84,428	143,293	33,113	341,477	406
Gain on sales of property	-	-	-	-	-
Transfers	(800,000)	-	-	2,733	-
Total governmental activities	7,023,107	7,733,058	7,016,027	6,866,796	6,649,169
Business-type activities:					
Investment income	73,877	78,302	10,737	9,563	7,447
Other	964,090	911,073	983,517	827,067	733,375
Transfers	800,000	-	-	(2,733)	-
Total business-type activities	1,837,967	989,375	994,254	833,897	740,822
Total primary government	8,861,074	8,722,433	8,010,281	7,700,693	7,389,991
Changes in net position					
Governmental activities	290,644	1,819,809	(326,912)	(290,370)	300,174
Business-type activities	664,783	592,769	508,550	402,099	237,705
Total primary government	\$ 955,427	\$ 2,412,578	\$ 181,638	\$ 111,729	\$ 537,879

Fiscal Year				
2015	2014	2013	2012	2011
1,807,043	1,840,685	1,881,746	1,601,729	1,553,509
1,289,649	1,336,438	1,332,490	1,262,673	1,229,663
133,642	122,510	126,700	117,751	105,571
242,841	235,523	230,116	226,746	227,602
584,131	505,590	493,867	449,933	434,689
357,134	360,228	361,385	365,187	356,129
20,550	7,000	4,000	4,000	35,000
1,842,511	1,762,032	1,709,397	1,671,605	1,759,912
67,806	60,760	45,982	32,481	67,619
11,226	10,310	16,227	205,289	8,554
-	-	-	-	-
-	-	-	-	-
6,356,533	6,241,076	6,201,910	5,937,394	5,778,248
4,128	5,035	9,682	16,076	30,083
871,796	750,446	651,373	662,854	785,236
-	-	-	-	-
875,924	755,481	661,055	678,930	815,319
7,232,457	6,996,557	6,862,965	6,616,324	6,593,567
1,275,830	823,375	153,830	(252,120)	(137,485)
487,812	257,869	(216,161)	(417,274)	(639,543)
\$ 1,763,642	\$ 1,081,244	\$ (62,331)	\$ (669,394)	\$ (777,028)

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

	Fiscal Year				
	2020	2019	2018	2017	2016
General fund:					
Nonspendable	\$ 24,561	\$ 22,444	\$ 20,384	\$ 18,896	\$ 499,516
Committed	85,744	85,744	89,343	89,343	104,132
Assigned	5,591,510	5,853,930	5,274,835	5,180,075	4,986,341
Unassigned	<u>980,273</u>	<u>980,422</u>	<u>1,002,484</u>	<u>1,544,373</u>	<u>789,516</u>
Total general fund	<u>6,682,088</u>	<u>6,942,540</u>	<u>6,387,046</u>	<u>6,832,687</u>	<u>6,379,505</u>
All other governmental funds:					
Nonspendable	4,095	5,016	3,053	6,185	1,130
Restricted	1,879,238	1,382,246	987,480	602,516	1,151,250
Committed	2,400,803	1,777,503	1,229,487	1,192,592	1,318,552
Assigned	855,145	837,747	746,778	877,480	1,210,815
Unassigned	<u>(266,125)</u>	<u>(10,268)</u>	<u>(505,587)</u>	<u>(375,303)</u>	<u>(2,785)</u>
Total all other governmental funds	<u>4,873,156</u>	<u>3,992,244</u>	<u>2,461,211</u>	<u>2,303,470</u>	<u>3,678,962</u>
Grand Total	11,555,244	10,934,784	8,848,257	9,136,157	10,058,467

Fiscal Year				
2015	2014	2013	2012	2011
\$ 281,510	\$ 354,869	\$ 356,719	\$ 331,495	\$ 271,290
22,500	-	-	295,000	3,912,982
4,111,396	3,885,436	4,296,698	4,041,320	115,484
1,516,969	832,656	292,226	373,356	619,957
<u>5,932,375</u>	<u>5,072,961</u>	<u>4,945,643</u>	<u>5,041,171</u>	<u>4,919,713</u>
1,227	1,376	2,394	4,581	-
1,137,673	1,727,257	1,383,207	2,697,907	3,085,907
1,548,912	-	-	580,384	350,000
843,681	1,908,056	2,564,065	135,830	948,941
(177,025)	(120,511)	(200,378)	1,190	(20,180)
<u>3,354,468</u>	<u>3,516,178</u>	<u>3,749,288</u>	<u>3,419,892</u>	<u>4,364,668</u>
9,286,843	8,589,139	8,694,931	8,461,063	9,284,381

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

	Fiscal Year				
	2020	2019	2018	2017	2016
Revenues:					
Taxes and assessments	\$ 5,619,851	\$ 5,578,097	\$ 5,390,929	\$ 4,929,177	\$ 5,036,023
Intergovernmental	4,784,452	5,808,278	4,604,060	3,713,536	3,715,286
Licenses and permits	886,378	1,768,927	1,150,494	1,054,795	1,250,947
Charges for services	20,390	26,937	25,384	20,210	19,571
Fines and forfeitures	496,842	463,291	444,580	376,733	372,735
Investment income	321,521	247,567	(31,440)	20,354	147,297
Rental income	521,382	527,172	511,890	489,831	514,200
Other	126,436	233,783	95,697	756,655	62,772
Total revenues	<u>12,777,252</u>	<u>14,654,052</u>	<u>12,191,594</u>	<u>11,361,291</u>	<u>11,118,831</u>
Expenditures					
Current:					
General government	2,738,871	3,803,130	3,047,279	2,687,690	2,735,363
Community development	663,348	656,309	857,609	745,442	799,282
Community services	840,928	901,046	908,870	1,464,068	846,556
Public works	1,194,563	1,058,516	1,047,337	1,072,359	925,359
Public safety	3,842,231	3,632,226	3,549,113	3,309,683	3,108,606
Cultural and recreation	1,353,101	1,109,354	1,388,433	1,199,067	1,196,613
Capital outlay	532,191	1,205,694	1,608,353	1,768,025	710,564
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>11,165,233</u>	<u>12,366,275</u>	<u>12,406,994</u>	<u>12,246,334</u>	<u>10,322,343</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,612,019</u>	<u>2,287,777</u>	<u>(215,400)</u>	<u>(885,043)</u>	<u>796,488</u>
Other financing sources (uses):					
Transfers in	12,000	338,343	357,616	135,490	339,569
Transfers out	(812,000)	(538,343)	(430,116)	(172,757)	(439,569)
Proceeds from sale of property	-	-	-	-	-
Issuance of bonds	-	-	-	-	-
Payment to bond escrow agent	-	-	-	-	-
Total other financing sources (uses)	<u>(800,000)</u>	<u>(200,000)</u>	<u>(72,500)</u>	<u>(37,267)</u>	<u>(100,000)</u>
Net change in fund balances	<u>812,019</u>	<u>2,087,777</u>	<u>(287,900)</u>	<u>(922,310)</u>	<u>696,488</u>

Fiscal Year				
2015	2014	2013	2012	2011
\$ 5,100,944	\$ 5,050,191	\$ 4,941,989	\$ 4,635,086	\$ 4,497,190
3,485,555	3,914,285	3,168,952	4,069,098	3,893,206
1,558,515	1,356,968	963,438	894,010	955,706
20,628	20,051	19,832	15,548	94,008
387,659	297,550	318,850	347,295	346,926
72,312	67,288	53,994	44,797	66,888
444,488	430,481	310,054	422,549	402,342
59,673	62,136	38,441	60,400	40,606
<u>11,129,774</u>	<u>11,198,950</u>	<u>9,815,550</u>	<u>10,488,783</u>	<u>10,296,872</u>
2,553,174	2,694,870	3,044,973	2,183,290	2,099,058
722,548	849,720	695,333	821,494	777,133
1,168,895	894,060	936,080	1,969,648	2,071,464
783,041	747,972	697,504	786,802	790,514
3,016,259	3,110,281	2,968,882	2,434,891	2,440,625
1,205,707	1,162,065	803,562	1,569,385	1,765,396
927,446	1,820,774	335,348	1,546,591	873,236
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>10,377,070</u>	<u>11,279,742</u>	<u>9,481,682</u>	<u>11,312,101</u>	<u>10,817,426</u>
<u>752,704</u>	<u>(80,792)</u>	<u>333,868</u>	<u>(823,318)</u>	<u>(520,554)</u>
317,553	467,221	244,848	230,540	811,446
(372,553)	(492,221)	(344,848)	(230,540)	(911,446)
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(55,000)	(25,000)	(100,000)	-	(100,000)
<u>697,704</u>	<u>(105,792)</u>	<u>233,868</u>	<u>(823,318)</u>	<u>(620,554)</u>

City of Lomita
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	City				Percent Change	Parcel Counts				Total Direct Tax Rate	
	Ended June 30	Secured	Unsecured	Less: Exemptions ¹		Taxable Assessed Value	Residential	Income	Industrial		Total
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%
2018/19	2,351,141,143	35,125,603			2,386,266,746	5.72%	4,598	475	14	5,087	0.10263%
2019/20	2,520,927,188	35,884,762			2,556,811,950	7.15%	4,602	470	14	5,086	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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
City Direct Rates:										
City Lomita Tax District 1	0.066600	0.066600	0.066600	0.066550	0.066550	0.066550	0.066550	0.066550	0.066550	0.066550
Lomita Waterworks	0.036100	0.036100	0.036100	0.036080	0.036080	0.036080	0.036080	0.036080	0.036080	0.036080
Total City Direct Rate	0.102700	0.102700	0.102700	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	0.214700
LA County Other	0.209050	0.209050	0.209050	0.209110	0.209110	0.209110	0.209110	0.209110	0.209110	0.109300
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	0.011090	0.011090	0.110900
LA Unified School District	0.207800	0.207800	0.207800	0.207830	0.207830	0.207830	0.207830	0.207830	0.207830	0.207830
Educational Revenue										
Augmentation Fund	0.204800	0.204800	0.204800	0.204800	0.204800	0.204800	0.204800	0.204800	0.204800	0.204800
LA Community College	0.028200	0.028200	0.028200	0.028200	0.028200	0.028200	0.028200	0.028200	0.028200	0.028200
LA County Library	0.021500	0.021500	0.021500	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	0.027170	0.046210	0.045990	0.035960	0.035750	0.040170	0.044540	0.037560	0.035300	0.040310
LA County Storm Drain	-	-	-	-	-	-	-	-	-	-
LA Unified School Bonds	0.125520	0.123230	0.122190	0.131100	0.129710	0.146880	0.146440	0.186800	0.168190	0.186950
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	0.003500	0.003500	0.003700	0.003700
Voter Approved Rate	<u>0.156190</u>	<u>0.172940</u>	<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>
Total Tax Rate	<u>1.156190</u>	<u>1.172940</u>	<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>

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 2010/11-2019/20 Tax Rate Table, HdL, Coren & Cone

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

Taxpayer	Parcels	Use	2019/20		2018/19	
			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	17,676,813	0.70%	17,330,360	0.74%
Sabra Lomita LP	1	r	17,656,200	0.70%	17,310,000	0.74%
Time Warner Cable Pacific West LLC	3	u	12,374,843	0.49%	12,642,290	0.54%
Lomita & Crenshaw Acquisition	5	c	11,112,900	0.44%	-	0.00%
William S. & Margaret H. Kang Trust	1	c	8,400,792	0.33%	8,236,071	0.35%
Palani Group 5 LLC	1	r	8,368,212	0.33%	8,204,283	0.35%
Eshelman Associates LLC	1	r	8,163,386	0.32%	8,003,320	0.34%
One Eshelman LLC	1	r	8,074,637	0.32%	7,916,312	0.34%
CC Fund II LLC	2	c	7,959,058	0.32%	7,803,000	0.33%
2201 Pacific Coast Highway LLC	2	c	7,925,247	0.32%	7,769,850	0.33%
Diamond Head Apartments Grp	1	c		0.00%	6,697,364	0.28%
Top Ten Totals			<u>107,712,088</u>	<u>4.28%</u>	<u>101,912,850</u>	<u>4.33%</u>
City Totals			\$ 2,514,269,367		\$ 2,351,141,143	
USE:						
Commercial		c				
Residentail		r				
Unsecured		u				
Vacant		v				

Source: L.A. County Assessor 2018/19 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
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%
2019	2,361,888	81,748	3.46%	89,503	171,251	7.25%
2020	2,539,151	106,504	4.19%	88,844	195,348	7.69%

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	Revenue Bonds	Pension	Certificates	Other	
	Allocation		Obligation	of		
	Bonds		Ref Bonds	Participation		
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	-
2019	n/a	n/a	n/a	n/a	n/a	-
2020	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			Total Primary Government	Percentage of Personal Income	Debt per Capita
Certificates of Participation ⁽¹⁾	Other	Total Business-type Activities			
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
6,505,000	n/a	6,505,000	6,505,000	10.62%	314
6,255,000	n/a	6,255,000	6,255,000	12.34%	304

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

	2020	2019	2018	2017	2016
Assessed valuation	\$ 2,514,269,367	\$ 2,386,266,746	\$ 2,257,084,413	\$ 2,149,593,978	\$ 2,045,319,719
Conversion percentage	25.00%	25.00%	25.00%	25.00%	25.00%
Adjusted assessed valuation	628,567,342	596,566,687	564,271,103	537,398,495	511,329,930
Debt limit percentage	15.00%	15.00%	15.00%	15.00%	15.00%
Debt limit	94,285,101	89,485,003	84,640,665	80,609,774	76,699,489
Total net debt applicable to limit:					
General obligation bonds	-	-	-	-	-
Legal debt margin	\$ 94,285,101	\$ 89,485,003	\$ 84,640,665	\$ 80,609,774	\$ 76,699,489
Total net debt applicable to the limit					
as a percent of debt limit	0%	0%	0%	0%	0%
Lomita Long Term Debt outstanding:	6,255,000	6,505,000	6,750,000	6,985,000	7,200,000
Debt per capita:	304.44	313.71	325.85	342.35	354.85
Debt as a percentage of personal income:	12.34%	10.62%	9.90%	8.82%	8.16%

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.

2015	2014	2013	2012	2011
\$ 1,942,097,956	\$ 1,866,047,889	\$ 1,800,801,228	\$ 1,758,798,108	\$ 1,750,163,756
25.00%	25.00%	25.00%	25.00%	25.00%
485,524,489	466,511,972	450,200,307	439,699,527	437,540,939
15.00%	15.00%	15.00%	15.00%	15.00%
72,828,673	69,976,796	67,530,046	65,954,929	65,631,141
-	-	-	-	-
\$ 72,828,673	\$ 69,976,796	\$ 67,530,046	\$ 65,954,929	\$ 65,631,141
0%	0%	0%	0%	0%
6,665,000	6,825,000	6,980,000	7,130,000	7,275,000
322.92	330.83	340.22	349.58	346.18
9.01%	8.83%	8.48%	8.36%	8.33%

City of Lomita
Pledged Revenue Coverage
Last Ten Years

Fiscal Year Ended June 30	Certificates of Participation							Coverage
	Water Revenue*	Less Operating Expenses**	Net Available Revenue	Debt Service				
				Principal	Interest	Total		
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	\$ 6,313,840	\$ 4,858,095	\$ 1,455,744 ⁽¹⁾	\$ 235,000	\$ 227,013	\$ 462,013	3.15	
2019	\$ 6,540,437	\$ 5,063,714	\$ 1,476,723	\$ 245,000	\$ 219,375	\$ 464,375	3.18	
2020	\$ 6,589,587	\$ 5,486,250	\$ 1,103,337	\$ 250,000	\$ 211,413	\$ 461,413	2.39	

* 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.

⁽¹⁾ Correction for fiscal year 2018

Source: City of Lomita, Administrative Services Department - Finance

City of Lomita
Direct and Overlapping Debt
June 30, 2020

City Assessed Valuation		\$	2,556,811,950	
Redevelopment Agency Incremental Valuation			-	
Total Assessed Valuation		\$	2,556,811,950	
	Percentage Applicable ¹	Outstanding Debt 6/30/20		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			-	-
Overlapping Other Debt:				
Palos Verdes Pen USD		\$	-	
LA County Board of Education Certificates of Participation	0.277%		4,234,460,000	11,749,394
LA Unified School District Certificates of Participation	0.340%		10,535,750,000	35,826,097
West Basin County Water District Certificates of Participation	0.195%		18,151,752	35,425
Total overlapping other debt			14,788,361,752	47,610,916
Total overlapping debt		\$	14,788,361,752	47,610,916
City direct debt				-
Total direct and overlapping debt				¹ \$ 47,610,916

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 2019/20		Fiscal Year 2010/11	
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	Albertsons	Grocery Stores
3 ARCO AM/PM	Service Stations	Arco AM/PM	Service Stations
4 Auto Zone	Automotive Supply Stores	Arco AM/PM	Service Stations
5 Battaglia's Title	Building Materials	AutoZone	Automotive Supply Stores
6 Big Lots	Variety Stores	Big Lots	Variety Stores
7 CVS Pharmacy	Drug Stores	California Pro Sports	Sporting Goods/Bike Stores
8 Discount Pool & Spa Supply	Specialty Stores	Carl's Jr.	Quick-Service Restaurants
9 Enterprise Rent A Car	Transportation/Rentals	CVS Pharmacy	Drug Stores
10 Harbor Freight Tools	Building Materials	Cycle Gear	Boats/Motorcycles
11 Hertz Rent A Car	Transportation/Rentals	Discount Pool & Spa Supply	Specialty Stores
12 Home Health Depot	Medical/Biotech	Enterprise Rent A Car	Transportation/Rentals
13 Hot N Tot	Casual Dining	Harbor Freight Tools	Building Materials
14 Jims Auto Sales	Used Automotive Dealers	Harbor Freight Tools	Building Materials
15 KFC	Quick-Service Restaurants	Hot N Tot	
16 Lomita Feed Store	Gardening/Agricultural Supplies	Jims Auto Sales	Used Automotive Dealers
17 Lomita Shell	Service Stations	Lees Tires	Automotive Supply Stores
18 McKenna Pendleton	Family Apparel	Liberty Home Appliance	Electronics/Appliance Stores
19 Pacific Shop	Service Stations	Lomita Feed Store	Gardening/Agricultural Supplies
20 Popeyes Louisiana Kitchen	Quick-Service Restaurants	Lomita Shell	Service Stations
21 Sushi Delight	Casual Dining	Pacific Shop	Service Stations
22 Szechwan Chinese	Casual Dining	Sprint	Electronics/Appliance Stores
23 Taco Bell/Pizza Hut	Quick-Service Restaurants	Taco Bell/Pizza Hut	Quick-Service Restaurants
24 Thompson Building Materials	Building Materials	Thompson Building Materials	Building Materials
25 Y & S Auto Body Shop	Auto Repair Shops	Vol Dee Supply	Building Materials

-Account for 58.70%
of the total sales tax collected.

-Account for 64.14%
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: July 2018 Thru March 2019

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⁾
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%
2019	20,736	40.7	690,910	33,275	4.3%
2020	20,549	40.1	771,963	37,566	16.5%

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	2020		2011	
		Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Lomita Post-Acute Care Center	Nursing Facility	105	1.18%	n/a	n/a
City of Lomita	Government	79	0.89%	n/a	n/a
Palos Verdes Health Care Center	Nursing Facility	52	0.58%	n/a	n/a
St Margaret Mary Catholic Church	School	38	0.43%	n/a	n/a
Thompson Building Materials	Building	38	0.43%	n/a	n/a
CVS	Retail	37	0.42%	n/a	n/a
Big Lots	Retail	37	0.42%	n/a	n/a
Travers Tree Service	Service	35	0.39%	n/a	n/a
County of Los Angeles	Government	34	7.07%	n/a	n/a
99 Cents Only Store	Retail	26	5.41%	n/a	n/a
Total Top Ten Employers		481		n/a	
Total City Employment		8,900		10,000	

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.

Source: City of Lomita, Economic Development Department
State of California, Employment Development Department

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

Function	Full-Time and Part-time Employees as of June 30									
	2020	2019	2018	2017	2016 ⁽²⁾	2015	2014	2013	2012	2011
General government	12	12	9	12	11	12	13	13	13	13
Public safety ⁽¹⁾	-	-	-	-	-	-	-	-	-	-
Public works	10	9	10	9	7	8	6	6	6	6
Community Services	5	6	4	10	8	10	16	16	16	16
Water	7	7	7	7	6	6	5	5	5	5
Community Development	4	3	6	6	4	3	5	5	5	5
Parks and Recreation	37	42	49	46	43	42	40	40	40	40
Total	75	79	85	90	79	81	85	85	85	85

⁽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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
⁽¹⁾ Police:										
Arrests	815	994	865	913	n/a	n/a	n/a	n/a	n/a	n/a
Parking citations issued	6,001	6,612	6,201	5,564	5,380	6,124	4,048	3,257	4,452	4,577
⁽²⁾ Fire:										
Number of emergency calls	1740	2920	1827	1816	1770	1476	n/a	1223	n/a	n/a
Inspections	200	1488	763	579	n/a	n/a	n/a	n/a	n/a	n/a
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	331	319	278	328	295	269	193	121	201	212
Number of facility rentals	179	407	475	402	344	422	530	542	507	288
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									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
(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) (5)	33.20	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	7	7	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)	228,975	228,015	228,015	228,015	228,015	228,015	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	72	69	69	42	42	42	42	42	42	42
Number of Service Connection	4,357	4,314	4,314	4,312	4,241	4,241	4,241	4,241	4,241	4,241
Sewer System:										
Length of Pipes (LF) (4)	188,415	173,931	173,931	173,931	173,931	173,931	173,931	173,931	173,931	173,931
Number of manholes	883	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 2019 Water Loss Audit Report, 2015 Water Master Plan, 2004 Water Master Plan.

(4) Corrected length of pipes in lateral feet to match our 2016 Sewer System Management Plan

(5) Corrected miles to match our 2014 Pavement Management Plan

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

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

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

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Type of Customer:										
Residential	3,966 ⁽²⁾	3,975 ⁽¹⁾	3,971 ⁽¹⁾	3,960 ⁽¹⁾	3,849 ⁽²⁾	3,917 ⁽¹⁾	3,902 ⁽³⁾	3,922	3,918	3,918
Schools	21	25	25	21	21 ⁽¹⁾	17	17	17	17	17
Commercial	279 ⁽¹⁾	270 ⁽¹⁾	266	261	246	246	246 ⁽³⁾	226 ⁽²⁾	220 ⁽²⁾	232
Churches	31	31	31	32	32	31	31	31	32	33
Government	72 ⁽¹⁾	17	17	14	12	10	10	10	10	10
City	18	19	19	18	15	13	13	13	13	13
Total	4,387	4,337	4,329	4,306	4,175	4,234	4,219	4,219	4,210	4,223
Total direct rate per 748 gallons	4.79	4.43	4.12	3.81	3.53	3.53	3.01	2.80	2.40	2.33

⁽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
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
2019	46.78	4.43
2020	50.31	4.79

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	Tax	Pension	Certificates	Total		
	Bonds	Allocation Bonds	Obligation Ref Bonds	of Participation			
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
2019	n/a	n/a	n/a	n/a	-	n/a	n/a
2020	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.



LOMITA CITY HALL

24300 Narbonne Ave.

Lomita, CA U.S.A. 90717

PH: 310.325.7110

www.lomita.com/cityhall