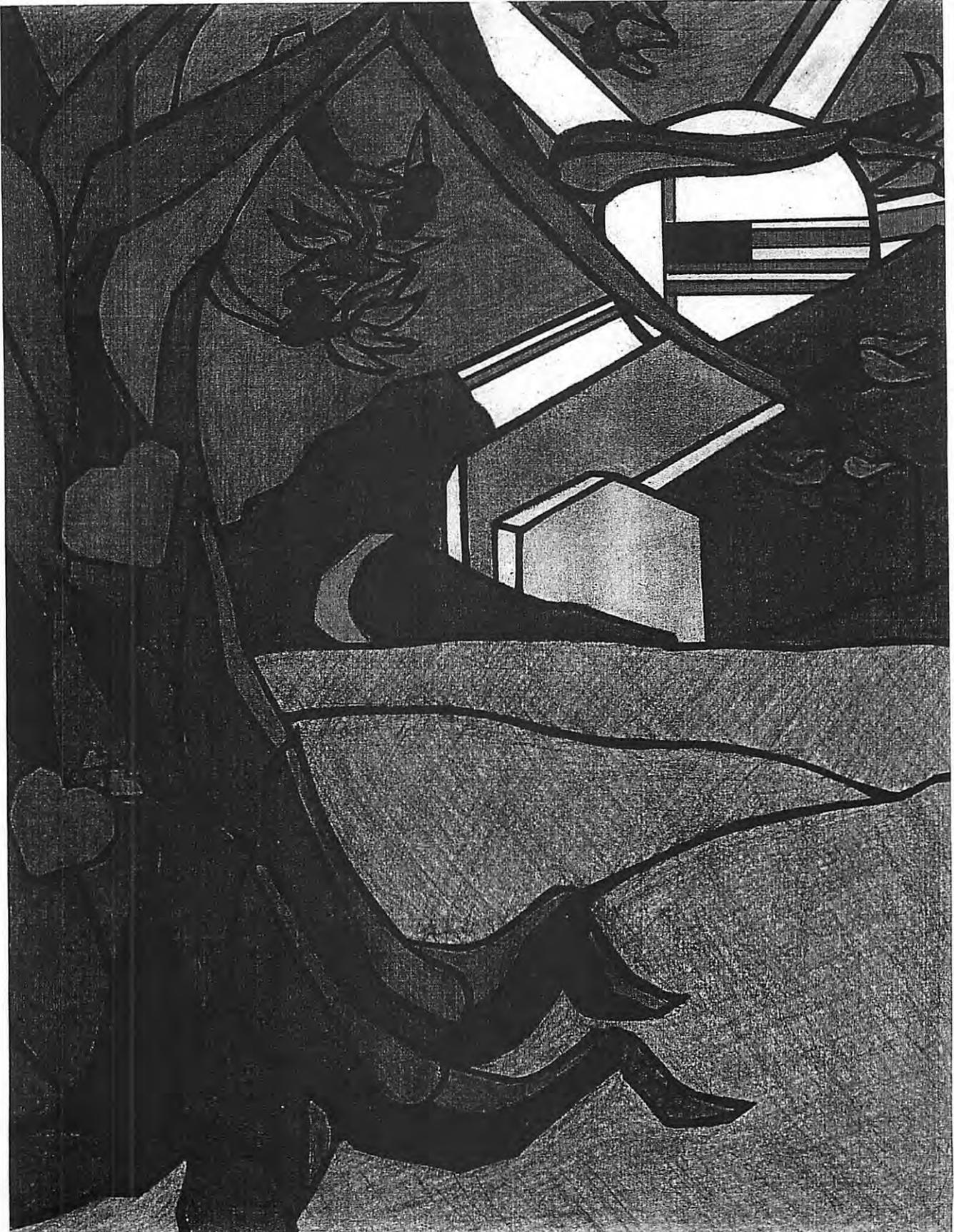


# City of Lakewood • California



**Comprehensive Annual Financial Report  
Year Ended June 30, 2007**

**CITY OF LAKEWOOD, CALIFORNIA**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

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

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2007**

**Prepared by  
Department of Finance**

**Diane Perkin  
Director of Administrative Services**



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 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
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Steve Croft  
Vice Mayor

Larry Van Nostran  
Council Member



Todd Rogers  
Council Member

Joseph Esquivel  
Council Member

Diane DuBois  
Mayor

January 28, 2008

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

**TRANSMITTAL**

State law requires that all general-purpose local governments publish within six months of the close of the fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Lakewood for the fiscal year ended June 30, 2007.

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

The City of Lakewood's financial statements have been audited by Diehl, Evans and Company, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Lakewood for the fiscal year ended June 30, 2007, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Lakewood's financial statements for the fiscal year ended June 30, 2007, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Lakewood was part of a broader, federally mandated "Single Audit" designed to meet the special needs of Federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of Federal awards. These reports are available in the City of Lakewood's separately issued Single Audit Report.

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

**PROFILE OF THE GOVERNMENT**

The City of Lakewood, incorporated in 1954, is located in Southern Los Angeles County, 20 miles south of the City of Los Angeles. Lakewood enjoys the benefits of the diversified economy of Southern California. The City is primarily a bedroom community providing housing for the Southern California subregion. The City of Lakewood occupies a land area of 9.5 square miles, and serves a population of 83,641 as of January 1, 2007.

The City of Lakewood has operated under the council-manager form of government since its incorporation. The City of Lakewood is a “contract city,” having been the first in the country to adopt this form of government. Policy-making and legislative authority are vested in a governing council consisting of five council members. The governing council is responsible for, among other things, passing ordinances, adopting the budget, appointing committees, and hiring both the City Manager and City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the governments, and for appointing the heads of the various departments. The council is elected on a non-partisan basis. Council members serve four-year overlapping terms. The mayor is selected by the council from among its members and serves in that special capacity for a one-year term.

The City of Lakewood provides a full range of services, including police protection, solid waste collection, construction and maintenance of highways, streets and infrastructure, planning and zoning activities, utilities (water), recreational activities, cultural events, and general administrative services. The City of Lakewood is a “contract” city, meaning that some of these services are provided by contract with other agencies (both public and private) and some services are delivered by the City’s own employees. In addition to the services mentioned, the City provides services through three “component units”: the Lakewood Redevelopment Agency, the Lakewood Housing Authority, and the Lakewood Public Financing Authority. Therefore, the activities of these component units are included in the reporting entity. Library services, fire protection services, and sewer services are provided by special districts of the County of Los Angeles. The City has excluded the County of Los Angeles, as well as the State of California and various school districts, because they do not meet the established criteria for inclusion.

The annual budget serves as the foundation for the City of Lakewood’s financial planning and control. All departments of the City of Lakewood are required to submit requests for appropriation to the City Manager for inclusion in the annual budget. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager then presents a proposed budget to the council for review prior to July 1. The Council is required to hold a public hearing on the proposed budget and to adopt a final budget by no later than June 30, the close of the City of Lakewood’s fiscal year. The appropriated budget is prepared by fund, function (e.g., solid waste collection), and department (e.g., Public Works). The City Manager may authorize transfers of appropriations within and between departments and between funds. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented in the required supplementary information subsection of this report. For governmental funds, other than the general fund, with appropriated annual budgets, this comparison is presented in the supplementary information subsection of this report.

**MAJOR INITIATIVES FISCAL YEAR 2006-2007**

The following focus areas were identified in the operating budget. These priorities included intergovernmental relations, Sheriff’s station renovation, infrastructure improvements, information technology, water quality, economic development, recreation, neighborhood preservation and volunteers.

**INTERGOVERNMENTAL RELATIONS.** The number one objective of the city government is intergovernmental relations. It is extremely important to continue our efforts aimed at Sacramento to protect local housing land use and redevelopment authority, and to assure that local revenues are protected and State takeaways are kept at a minimum. City Council members and City staff will need to continue to engage our legislators and members of the Governor’s staff to insure minimal impact on cities and our residents.

**LAKEWOOD SHERIFF'S STATION.** Work on major expansion and renovation of the Lakewood Sheriff's Station began in fiscal year 2005-2006. The expansion and modernization of the Sheriff's Station is great news for Lakewood, as well as for the four other cities which are served by the station. The station was originally built in 1959 for deputies patrolling Lakewood and five other communities. Nearly 300 Sheriff's personnel work out of the Lakewood Station. Although enlarged and modernized in 1985, the station's basic facilities haven't changed since then. The station has not kept up with the rapid transformation of law enforcement into a highly computerized field. Work on the Station is progressing well.

**LOCAL STREET MAINTENANCE.** Lakewood continued its program of local street maintenance by use of CDBG funds and reserves, which were set aside in economically good years. Providing well-maintained local streets for Lakewood residents will always be a local government priority.

**STREET TREES.** Upholding our tradition of Tree City USA, the City planted an additional 660 street trees in fiscal year 2006-2007.

**SOFTWARE SYSTEMS.** The City proceeded with an Enterprise Resource Planning (ERP) Project for the replacement of its antiquated Financial Management Information System (FMIS) in fiscal year 2006-2007. This is a system of computer programs that supports the City's financial functions and many non-financial uses, such as resident service requests. The City's current system is over twenty-four years old, has been modified countless times, and is written in a now seldom-used programming code referred to as PIC. This continues to be a major project that will improve the functionality of the City's major software systems.

**WATER QUALITY.** Lakewood continued its commitment to excellent water quality. The City constructed 2.5 miles of water mains in the Spring of Fiscal Year 2006-2007, and 2.6 miles in the Fall of Fiscal Year 2007-2008 under the water main replacement program. Also, the Cities of Lakewood and Long Beach completed a joint project with the Metropolitan Water District of Southern California (MWD) to construct a water well that is available for use by the City of Lakewood approximately seventy percent of the time. The well was funded by a \$2.4 million grant from Proposition 13.

**ECONOMIC DEVELOPMENT.** The City continues its collaboration with the community to encourage commercial development in Lakewood that will serve to provide our residents with both convenient shopping and employment opportunities. The City worked with the Lakewood Center Mall to open a COSTCO to offset the closed Robinsons May department store, and with other property owners of high potential retail centers elsewhere in the community.

**WEINGART SENIOR CENTER.** In Fiscal Year 2006-2007, major improvements to landscaping, interior walls, parking lot, air conditioning system and roof improvements were finalized at the Weingart Senior Center.

**NEIGHBORHOOD PRESERVATION.** Lakewood continues to focus on the preservation of its neighborhoods. Most of Lakewood's homes are now more than fifty years old. The Fix Up/Paint Up program offers grants of up to \$3,000 in exterior repairs for elderly and disabled residents who cannot attend to property upkeep themselves. The program issued more than 30 grants in 2006. The Home Improvement Loan program makes major repairs possible by lending up to \$18,000 for home improvements to eligible homeowners. This program funded 35 loans in 2006.

**VOLUNTEERS.** The City of Lakewood continues to recognize the selfless donation of time by the City's many volunteers who help make Lakewood a better place to live. Some of our numerous volunteers dedicate their time in the areas of law enforcement, youth sports and Volunteers in Action.

### **FISCAL YEAR 2007-2008 BUDGET INITIATIVES**

The following focus areas were identified in the operating budget. These priorities included intergovernmental relations, Sheriff's station renovation, public safety technology improvements and public awareness programs, infrastructure improvements, information technology, water quality, economic development, neighborhood preservation, recreation, and volunteers.

**INTERGOVERNMENTAL RELATIONS:** Lakewood has actively participated in the legislative battle over broadband service deregulation (allowing telephone companies and cable system operators to compete under relaxed state government oversight). The city is considering placing a measure on the November 2008 ballot to resolve the utility user tax issue. The city continues to engage in informational campaigns on all legislation that affect the governance of cities.

**PUBLIC SAFETY:** Work on a major expansion and renovation of the Lakewood Sheriff's Station will conclude in Fiscal Year 2007-2008. The expansion and modernization includes a state-of-the-art dispatch center, a new station operations center, a dedicated Emergency Operations Center for disaster response, and remodeled space for the Detective Bureau, Team Lakewood deputies, and the Traffic and Narcotics units. Work is continuing on the women's locker room, administrative offices, community meeting room, vehicle maintenance garage and parking lot.

The City's deployment of a full-time Lakewood fingerprint Law Enforcement Technician has resulted in 218 successful "hits" since July 2006, linking local crimes to known criminals. Lakewood is one of the few cities where law enforcement routinely lifts prints from non-violent crime scenes. This budget increases the number of contracted lab hours and enhances investigation unit coverage in Fiscal Year 2007-2008.

The city-operated "Live Scan" fingerprinting unit at the Community Safety Center inside the mall will continue to provide quick processing of juveniles detained in the mall by deputies. This system will also continue to provide fingerprinting services for residents for job clearances at schools and municipalities, as well as state and federal agencies.

**BUS SHELTERS.** The City will be providing more comfortable and esthetically pleasing bus shelters at the various bus stops throughout the city. This replacement program is dependent of funding through restricted Proposition A transit funding and a Federal grant.

**STREET SWEEPING:** The City will implement a city-wide mandatory street sweeping program. The program will be implanted in three phases. The street sweeping program is designed to reduce refuse flowing into storm drains, and improve the aesthetics of the city's tree lines streets.

**INFORMATION TECHNOLOGY:** The City is in the final implementation phase of the new MUNIS Enterprise Resource Planning project. The final phase will include utility billing and cashiering modules. The Fiscal Year 2007-2008 proposed budget also funds informational technology infrastructure and a software system for the preparation, workflow approval and publishing system for agendas and related documents for city council, commission and staff meetings.

**WATER RESOURCES:** The City will continue water main replacement, complete the installation of a new water well, install a treatment facility at Plant #22, and begin the design phase for the replacement of the partially buried reservoir at Plant #22.

**ECONOMIC DEVELOPMENT:** The City worked to see the development of a large retailer at the Lakewood Center Mall to replace Robinsons-May. In addition, the city experienced the opening of two specialty food stores, Fresh and Easy (west of the Carwood Shopping Center, north of the intersection of Woodruff Avenue and Carson Street), and new CVS Pharmacy and Citibank buildings at the northeast corner of Bellflower Boulevard and Carson Street.

**NEIGHBORHOOD PRESERVATION:** In response to Lakewood citizens' concerns, the City Council adopted an ordinance that went into full force in Fiscal Year 2008, banning (with very limited exceptions) the on-street parking of RVs and trailers not registered to a Lakewood address. Limited, permit-only parking for RVs and trailers registered to a Lakewood address was overwhelmingly approved by Lakewood voters in November 2006. To ease the process of obtaining a permit, the city has implemented a free online parking permit system.

**RECREATION AND CULTURAL SERVICES:** Mae Boyar Park will receive a new 4,000 square foot multi-purpose recreation complex in Fiscal Year 2007-2008. If grant funds are received, the recently expanded West San Gabriel River Parkway Nature Trail, located adjacent to Monte Verde Park, will be further lengthened offering a desirable passive natural experience for the enjoyment and enrichment of the community. The current nearly 20-acre site features a 2-mile nature trail (round trip) and numerous trees, shrubs and wildflowers that provide habitats for various songbirds and small mammals.

**VOLUNTEERS:** The City of Lakewood continues to recognize the value to the community provided by the city's many volunteers who help make Lakewood a better place to live. Volunteers continue to be the cornerstone in maintaining the quality-of-life programs that have made Lakewood unique. Lakewood Youth Sports coaches contribute over 14,000 volunteer hours annually. Lakewood teens continue to be enthusiastic volunteers contributing over 9,000 hours each year, and senior programming volunteers give over 28,000 hours annually.

**ASSESSING THE CITY'S ECONOMIC CONDITION**

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

**ECONOMIC CLIMATE:** At the time of the adoption of the City of Lakewood Fiscal Year 2007-2008 Budget, the projected GDP for 2007 was 2.3 percent. Decreases in consumer spending and exports were and remain the main causes for the economic slowdown. Near record high fuel prices have not slowed gasoline consumption but have severely cut into consumer spending, resulting in retail sales figures that are the weakest since 1970. The major downside risk to the economy continues to be the housing sector and is expected to remain a significant factor. Gross Domestic Product (GDP) is expected to strengthen in the second half of 2007 as negative growth implications of the housing market fade; the GDP is expected to further increase to 3.3 percent in 2008. Inflation is not expected to moderate with a national Consumer Price Index (CPI) projection of 2.2 percent in 2007 and 2.6 percent in 2008.

California mirrors the economic situation faced at the national level. Economic expansion slowed in 2006 in response to the declining housing market and soaring fuel prices. The slowdown is expected to persist through the first half of 2007 before the housing market stabilizes and provides support for an economic upturn estimated to begin in late 2007. California employment growth is expected to slow from 1.8 percent in 2006 to 1.2 percent in 2007, before rebounding to 1.6 percent in 2008. Unemployment has remained fairly steady at 4.8 percent since July 2006.

In Fiscal Year 2005-2006, the State ended the year with a reserve of \$10.1 billion. This large reserve is cumulative reflecting major increases in revenues in both Fiscal Years 2004-2005 and 2005-2006, and the use of proceeds of the deficit-financing bonds issued in Fiscal Year 2003-2004. In Fiscal Year 2007-2008, expenditures are expected to exceed revenues leaving \$2.9 billion in reserves. The projected revenue increase in Fiscal Year 2007-2008 cannot match the increase in expenditures, causing a further decline in state reserves. The state budget reserve is expected to decrease to \$2.1 billion.

Seven months after the adoption of the City of Lakewood Fiscal Year 2007-2008 Budget, the economic downward spiral due to the fallout of the sub-prime housing market, the severe decline in consumer spending and the burgeoning State deficit of \$14 to \$16 billion have created a fiscally tenuous environment for cities. The decline in sales tax revenues, the slowing of growth in property tax revenues, and the certain possibility of revenue shifts to the state have required the city to put in place cost saving measures while maintaining the high level of service to the city's citizens.

Additionally, the "weakening of the economic outlook and the increasing downside risks to growth" was the chief motivation for the Federal Reserve Board's slashing of the federal funds rate by 75 basis points to 3.50 percent, with another expected half point cut in the funds rate in late January 2008. Actual economic data show nowhere near the carnage that the financial markets are experiencing revealing that the real motivation behind the Fed's move is what is happening in the financial markets. This financial panic and feared if left untreated, it will drag down the global economy. It is expected that the Feds will increase rates in the latter half of 2008 back to 3.75 percent and increasing to 4.75 percent in 2009, once the financial market stabilizes.

CPI is now projected slightly higher at 2.8 percent in 2007 (3.9 percent in the fourth quarter of 2007), 2008 is projected at 2.8 percent, and 2009 is projected at 2.9 percent. GDP growth projection has declined to 2.2 percent for 2007 (1.4 percent in the fourth quarter), 2.0 percent in 2008, and 2.8 percent in 2009. On the positive side, in 2007 fourth quarter employment continued to increase, the one factor that appears to be keeping the economy from falling into a clear recession since employment is holding up household income, and therefore, consumption.

**LONG-TERM FINANCIAL PLANNING:** Capital improvements are considered apart from the operating budget of the city. Capital improvement projects typically involve large outlays and cover multiple years. The Legacy Capital Improvement Plan is the City of Lakewood's five-year capital improvement plan.

**CASH MANAGEMENT POLICIES AND PRACTICES:** Cash temporarily idle during the year was invested in government agencies and the States Local Agency Investment Fund (LAIF). The maturities of the investments range from one to three years, with an average maturity of 15 months. The average yield on investments was 4.27 percent. Investment income includes appreciation in the fair value of investments. Increases in fair value during the current year, however, do not necessarily represent trends that will continue; nor is it always possible to realize such amounts, especially in the case of temporary changes in the fair value of investments that the government intends to hold to maturity.

**RISK MANAGEMENT:** The City of Lakewood is a member of the California Joint Powers Insurance Authority (CJPIA). With 109 city and public entity members, it is the largest joint powers insurance authority in California. Through the CJPIA, the City is self-insured against liability and workers' compensation claims. As protection against catastrophic loss, members fund a pool to finance large settlements. During 2006-2007, Lakewood continued its proactive liability risk management role through careful monitoring of losses, working closely with the CJPIA's third-party claims adjuster, and designing and implementing programs to minimize risks and reduce losses. In addition, the City's Safety Committee analyzes Workers' Compensation issues by monitoring work conditions and organizing and implementing safety training programs to reduce employee exposure to hazards. Additional information of the City of Lakewood's risk management activity can be found in Note 11 of the notes to the basic financial statements.

**PENSION AND OTHER POST-EMPLOYMENT BENEFITS:** The City of Lakewood is a member of the Public Employees Retirement System (PERS), which is a defined benefit plan covering all full-time and some part-time employees. The City of Lakewood is also a member of the Public Agency Retirement System (PARS), which is a defined contribution plan covering part-time employees who work less than 1,000 hours per year and provides a stackable defined benefit plan to full-time employees who retire from PERS and the City. The City does not pay Social Security. The City of Lakewood also offers two 457 deferred compensation plans and a 401(a) deferred compensation plan, to which the City does not contribute. The City provides limited supplemental payment for post-retirement health care benefits for full-time employees who have completed 20 years of service and have reached the age of 55, or who have completed 15 years and reached the age of 60, and who are retiring under the PERS.

#### **AWARDS AND ACKNOWLEDGEMENTS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Lakewood for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2006. This was the 26<sup>th</sup> consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Preparation of this report was accomplished by the combined efforts of the Administrative Services Department staff. We appreciate the high level of professionalism and dedication that these staff members bring to the City. The contributions made by Maria D'Aloisio, Senior Accountant; Lovenel Reveldez, Senior Accountant; Claire Houck, Accountant; and Kim Sides, Administrative Secretary deserve special recognition. We would also like to thank the members of the City Council for their interest and support in the development of this report.

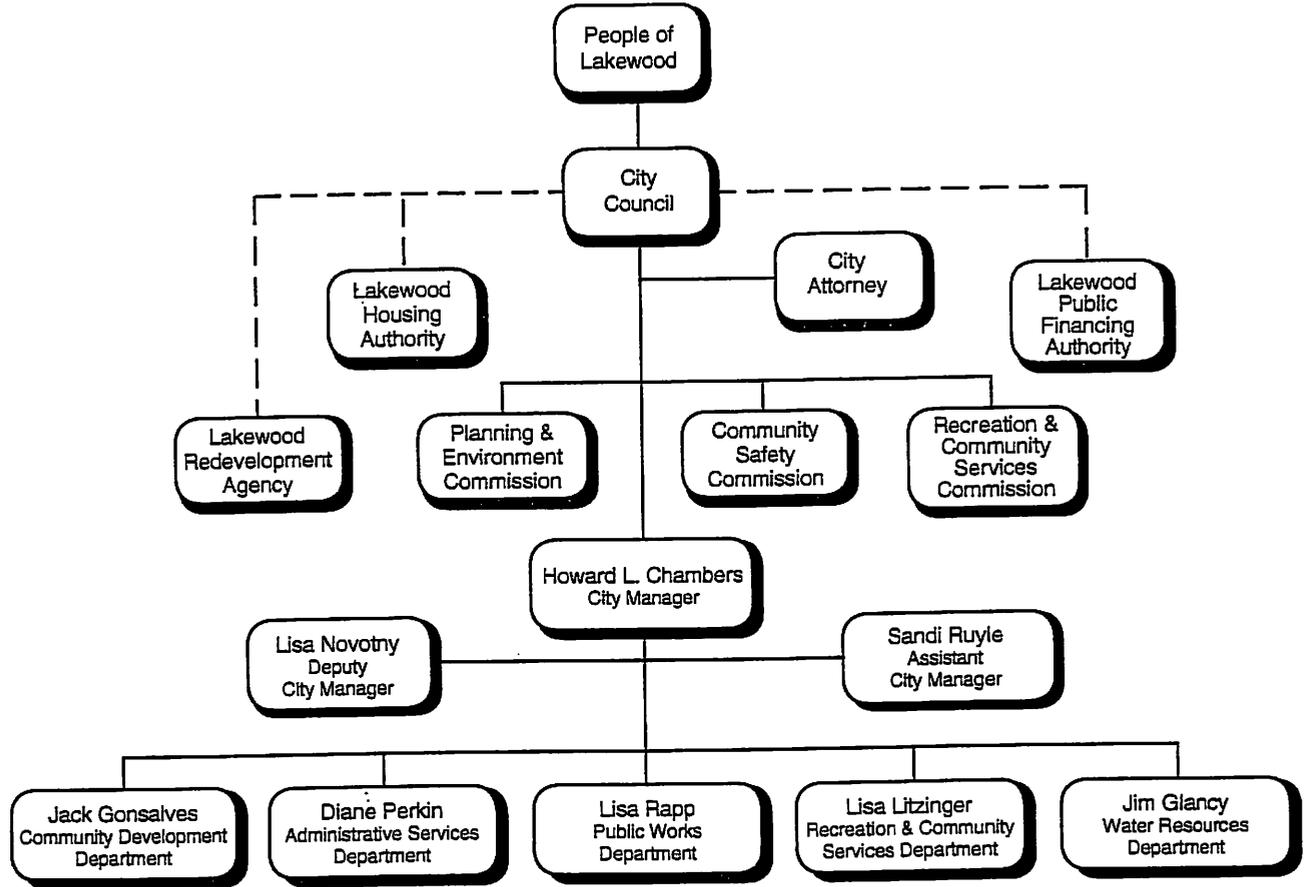
Respectfully submitted,



Howard L. Chambers  
City Manager



Diane Perkin  
Director of Administrative Services



**CITY COUNCIL**

**DIANE DUBOIS**  
Mayor

**STEVE CROFT**  
Vice Mayor

**TODD ROGERS**  
Council Member

**LARRY VAN NOSTRAN**  
Council Member

**JOSEPH ESQUIVEL**  
Council Member

**ADMINISTRATION AND DEPARTMENT DIRECTORS**

**HOWARD L. CHAMBERS**  
City Manager

**STEVE SKOLNIK**  
City Attorney

**SANDRA L. RUYLE**  
Assistant City Manager

**DIANE PERKIN**  
Director of Administrative Services

**LISA NOVOTNY**  
Deputy City Manager

**LISA A. RAPP**  
Director of Public Works

**LISA LITZINGER**  
Director of Recreation  
and Community Services

**JACK GONSALVES**  
Director of Community  
Development

**JAMES B. GLANCY**  
Director of Water Resources

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## City of Lakewood California

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director





**DIEHL, EVANS & COMPANY, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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\*A PROFESSIONAL CORPORATION

January 28, 2008

**INDEPENDENT AUDITORS' REPORT**

City Council  
City of Lakewood  
Lakewood, California

We have audited the accompany financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the City of Lakewood, California, as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Lakewood's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 activity, each major fund, and the aggregate remaining fund information of the City of Lakewood, California, as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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In accordance with Government Auditing Standards, we have also issued our report dated January 28, 2008 on our consideration of the City of Lakewood's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The management's discussion and analysis and the budgetary comparison schedule as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, to the management's discussion and analysis, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. The budgetary comparison schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Lakewood's basic financial statements. The introductory section, supplementary information section and statistical section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information section has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Diehl, Evans and Company, LLP*

JUNE 30, 2007

As management of the City of Lakewood, California, (the City) we offer readers of the City of Lakewood's financial statements this narrative overview and analysis of the financial activities of the City for fiscal year ended June 30, 2007. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report, and with the City's financial statements, which follow this discussion.

### Financial Highlights

- The assets of the City (*which include the value of streets, sidewalks and other infrastructure*) exceeded its liabilities at June 30, 2007, by \$152,794,608 (*net assets*). Of this amount, \$39,046,575 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors, but is subject to designation for specific programs.
- The government's total net assets increased by \$9,550,716 during the fiscal year ended June 30, 2007. Much of this increase is attributable to an increase in revenue in Governmental Activities related to property tax.
- As of June 30, 2007, the City's governmental funds reported combined ending fund balances of \$45,542,727, an increase of \$130,718 in comparison with the prior year.
- At June 30, 2007, unreserved fund balance of the general fund was \$26,661,511 or 68% of total general fund expenditures. The majority of these funds are designated for specific purposes such as self-insurance, capital improvements, equipment replacement and infrastructure improvements.
- The City of Lakewood's total debt (noncurrent liabilities) decreased by \$1,196,654, approximately (7%) during the current fiscal year.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Lakewood's finances, in a manner similar to a private sector business.

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

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

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

See independent auditors' report.

**Government-wide financial statements (Continued)**

The government-wide financial statements include not only the City of Lakewood, but also three component units: the Lakewood Redevelopment Agency, the Lakewood Housing Authority, and the Lakewood Public Financing Authority. Financial information for these component units is reported within the funds of the City. The Water Utility, although also legally separate, functions for all practical purposes as a department of the City of Lakewood, and therefore has been included as an integral part of the government.

The government-wide financial statements can be found on pages 13 - 15 of this report.

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

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

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

The City of Lakewood maintains twelve governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, redevelopment agency debt service and capital projects funds, all of which are considered to be major funds. Data from the other nine governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these other governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

The governmental fund financial statements can be found on pages 16 - 17 and 20 - 21 of this report.

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

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

The proprietary fund financial statements can be found on pages 23 - 27 of this report.

See independent auditors' report.

**Fund financial statements (Continued)**

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City of Lakewood's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The fiduciary fund financial statement can be found on page 28 of this report.

**Notes to the basic financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29 - 52 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Lakewood's general fund budgetary comparison schedule. Required supplementary information can be found on pages 54 - 55 of this report.

The combining statements referred to earlier in connection with other governmental funds and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 57 - 75 of this report.

**Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Lakewood, assets exceeded liabilities by \$152,794,608 at the close of the most recent fiscal year.

City of Lakewood's  
Net Assets

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 65,656,490	\$ 64,425,561	\$ 8,532,249	\$ 8,360,564	\$ 74,188,739	\$ 72,786,125
Capital assets	80,280,502	75,031,207	22,408,075	19,813,668	102,688,577	94,844,875
Total Assets	<u>145,936,992</u>	<u>139,456,768</u>	<u>30,940,324</u>	<u>28,174,232</u>	<u>176,877,316</u>	<u>167,631,000</u>
Long-term liabilities outstanding	11,727,346	12,681,742	3,068,536	3,435,216	14,795,882	16,116,958
Other liabilities	7,385,397	6,374,764	1,901,429	1,895,386	9,286,826	8,270,150
Total Liabilities	<u>19,112,743</u>	<u>19,056,506</u>	<u>4,969,965</u>	<u>5,330,602</u>	<u>24,082,708</u>	<u>24,387,108</u>
Net assets:						
Invested in Capital Assets						
Net of Related Debt	80,280,502	75,031,207	18,820,327	15,974,851	99,100,829	91,006,058
Restricted	14,647,204	13,165,754	-	-	14,647,204	13,165,754
Unrestricted	31,896,543	32,203,301	7,150,032	6,868,779	39,046,575	39,072,080
Total Net Assets	<u>\$ 126,824,249</u>	<u>\$ 120,400,262</u>	<u>\$ 25,970,359</u>	<u>\$ 22,843,630</u>	<u>\$ 152,794,608</u>	<u>\$ 143,243,892</u>

By far the largest portion of the City of Lakewood's net assets (65%) reflects its investment in capital assets (i.e. land, buildings, machinery and equipment). The City of Lakewood uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Lakewood's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Lakewood's net assets (10%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$39,046,575) may be used to meet the government's ongoing obligation to citizens and creditors.

See independent auditors' report.

## Government-wide Financial Analysis (Continued)

At the end of the current fiscal year, the City of Lakewood is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. At year-end, there was 72% of the City of Lakewood's business-type activities' net assets invested in capital assets.

- The City of Lakewood's net assets increased by \$9,550,716 during the current fiscal year. As mentioned, much of this increase is attributable to an increase of revenue in Governmental Activities related to property tax.

City of Lakewood's  
Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 9,252,447	\$ 9,558,512	\$ 8,996,352	\$ 7,213,658	\$ 18,248,799	\$ 16,772,170
Operating grants and contributions	7,988,389	7,323,457	-	-	7,988,389	7,323,457
Capital grants and contributions	822,247	759,981	-	-	822,247	759,981
<b>General revenues:</b>						
Property taxes	18,479,238	14,371,331	-	-	18,479,238	14,371,331
Other taxes	16,997,159	17,264,222	-	-	16,997,159	17,264,222
Grants and contributions not restricted to specific programs	740,072	745,400	-	-	740,072	745,400
Other	4,987,039	3,656,824	407,213	405,513	5,394,252	4,062,337
<b>Total Revenues</b>	<b>59,266,591</b>	<b>53,679,727</b>	<b>9,403,565</b>	<b>7,619,171</b>	<b>68,670,156</b>	<b>61,298,898</b>
<b>Expenses:</b>						
General government	8,510,064	7,349,163	-	-	8,510,064	7,349,163
Public safety	11,356,267	10,850,664	-	-	11,356,267	10,850,664
Transportation	4,824,504	5,214,752	-	-	4,824,504	5,214,752
Community development	10,309,543	10,402,500	-	-	10,309,543	10,402,500
Health and sanitation	4,250,787	3,808,855	-	-	4,250,787	3,808,855
Culture and leisure	9,019,931	8,570,789	-	-	9,019,931	8,570,789
Unallocated infrastructure depreciation	1,776,204	1,719,530	-	-	1,776,204	1,719,530
Interest on long term debt	2,795,304	2,182,653	-	-	2,795,304	2,182,653
Water	-	-	6,276,836	5,528,122	6,276,836	5,528,122
<b>Total expenses</b>	<b>52,842,604</b>	<b>50,098,906</b>	<b>6,276,836</b>	<b>5,528,122</b>	<b>59,119,440</b>	<b>55,627,028</b>
Increase in net assets	6,423,987	3,580,821	3,126,729	2,091,049	9,550,716	5,671,870
Net assets - at beginning of year (as restated)	120,400,262	116,819,441	22,843,630	20,752,581	143,243,892	137,572,022
<b>Net assets - at end of year</b>	<b>\$ 126,824,249</b>	<b>\$ 120,400,262</b>	<b>\$ 25,970,359</b>	<b>\$ 22,843,630</b>	<b>\$ 152,794,608</b>	<b>\$ 143,243,892</b>

**Governmental activities.** Governmental activities increased the City of Lakewood's net assets by \$6,423,987, thereby accounting for 67% of the total increase in net assets of the City of Lakewood. Key elements of the change are as follows:

- Property taxes increased by \$4,107,907 during the fiscal year. This is due to the increased in assessed net taxable value of 10.6% in general fund and the remaining increase is due to the increase in tax increment for Lakewood Redevelopment Agency.

**Business-type activities.** Business-type activities increased the City of Lakewood's net assets by \$3,126,729 accounting for 33% of the total increase in net assets. Most of this is attributable to an increase in revenues related to metered water sales, reclaimed water sales and the reimbursement of prior year expenses of \$750,000 for ASR Well construction project. This increase in "retained earnings" is necessary with an estimated \$5.3 million in capital improvements required over the next two years, as recommended by the Water Resources Committee. Such projects on the horizon include \$2.0 million in Water Main Replacement, \$1.2 million in Water Treatment for Plant #22 and \$1.6 million for Well Rehabilitation.

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

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

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

As of the end of the current fiscal year, the City of Lakewood's governmental funds reported combined ending fund balances of \$45,542,727 an increase of \$130,718 in comparison with the prior year. Approximately 7% of this amount (\$3,222,323) constitutes unreserved fund balances, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed for a variety of restricted purposes.

The general fund is the chief operating fund of the City of Lakewood. At the end of the current fiscal year, unreserved fund balance of the general fund was \$26,661,511, while total fund balance reached \$55,458,283. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 68% of the total general fund expenditures, while total fund balance represents 141% of that same amount.

The fund balance of the City of Lakewood's general fund decreased by \$1,603,152 during the current fiscal year. Key factors in this decrease are as follows:

- Capital outlay increased by \$5.3M for major street repair projects and \$1.5M for park structural improvement projects
- Other revenue of \$420,000 reflected during the prior year was due to a one-time excess Proposition A Funds for General Funds exchange with other cities for street projects.
- Special Police Services revenue decreased by \$163,073 compared to last year when some cities participating in the Sky Knight program prepaid their share for a new helicopter purchase.

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

Unrestricted net assets of the Water Enterprise at the end of the year amounted to \$7,604,400. The total growth in net assets was \$3,256,598. A portion of these funds will be used to fund future capital improvements. Other factors concerning the finance of this fund have already been addressed in the discussion of the City of Lakewood's business-type activities.

**General Fund Budgetary Highlights**

Differences between the general fund original budget and the final amended budget, for expenditures, were approximately \$3,281,560 and can be briefly summarized as follows:

- An increase of \$1.4M in Information Systems ERP costs.
- An increase of \$309,364 in Information Systems equipment costs.
- An increase of \$370,981 in Public Works maintenance costs.
- An increase of \$688,159 in Law Enforcement costs.
- An increase of \$260,744 in Recreation and Community Services operating costs.
- An increase of \$143,000 in Community Development operating costs.

**Redevelopment Agency Debt Service Fund Highlights**

- The Agency reduced the total outstanding principal on bonds by \$860,000.

See independent auditors' report.

**Capital Asset and Debt Administration**

**Capital assets.** The City of Lakewood's investment in capital assets for its governmental and business-type activities as of June 30, 2007, amounts to \$102,688,577 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, roads, highways, and bridges.

Major capital assets events during the fiscal year included the following:

- General equipment purchases - \$783,851
- Water Main replacement project - \$2,623,275
- ASR Well project - \$592,156

Capital Assets (Net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Land	\$ 17,444,023	\$ 18,394,023	\$ 381,023	\$ 381,023	\$ 17,825,046	\$ 18,775,046
Construction in progress	10,654,706	2,334,961	3,828,955	2,589,700	14,483,661	4,924,661
Water rights	-	-	1,791,836	1,791,836	1,791,836	1,791,836
Infrastructure	31,351,988	33,128,192	-	-	31,351,988	33,128,192
Structures and improvements	18,482,577	19,118,230	16,016,448	14,614,203	34,499,025	33,732,433
Equipment	2,347,208	2,055,801	389,813	436,906	2,737,021	2,492,707
<b>Total</b>	<b>\$ 80,280,502</b>	<b>\$ 75,031,207</b>	<b>\$ 22,408,075</b>	<b>\$ 19,813,668</b>	<b>\$ 102,688,577</b>	<b>\$ 94,844,875</b>

Additional information on the City of Lakewood's capital assets can be found in Note 3 to the basic financial statements.

**Long-term debt.** At the end of the current fiscal year, the City of Lakewood had total long-term debt outstanding of \$16,746,512. 73% relates to Redevelopment Agency tax allocation bonds to be repaid by future tax increment revenue. Another 21% is revenue bonds to be paid out of revenues of the water utility.

City of Lakewood  
Summary of outstanding debt

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Tax allocation bonds	\$ 12,194,451	\$ 13,049,971	\$ -	\$ -	\$ 12,194,451	\$ 13,049,971
Compensated absences	1,090,964	1,054,378	-	-	1,090,964	1,054,378
Reclaimed water loan	-	-	37,561	101,162	37,561	101,162
Revenue bonds	-	-	3,423,536	3,737,655	3,423,536	3,737,655
<b>Total</b>	<b>\$ 13,285,415</b>	<b>\$ 14,104,349</b>	<b>\$ 3,461,097</b>	<b>\$ 3,838,817</b>	<b>\$ 16,746,512</b>	<b>\$ 17,943,166</b>

Additional information on the City of Lakewood's long-term debt can be found in Note 4 to the basic financial statements.

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

The Los Angeles, Riverside, and Orange County region that includes Lakewood had a CPI growth of 4.3 percent in 2006, and is experiencing steady growth in the CPI in the first quarter of 2007 from 3.2 percent to 3.8 percent.

Due to the slowing housing market, economic growth has shifted from the outlying areas of the region to the interior. Los Angeles added significant jobs primarily in the areas of health care and professional services.

**Economic Factors and Next Year's Budgets and Rates (Continued)**

The regional housing market is not expected to rebound as quickly as the state or nation as a whole. Inland areas of the region may face a sluggish housing market through 2008. The total assessed valuation of real property in the city was \$6.4 billion for Fiscal Year 2006-2007, a 10.4 percent increase from the previous year, as compared to the countywide increase of 6.6 percent. Historically, Lakewood's increases in property values have exceeded the county. The city's increase in property values is expected to slow to 6.5 percent in Fiscal Year 2007-2008. We expect to see development of various properties throughout the city in Fiscal Year 2007-2007, but nothing like the expansion that had taken place in the recent past.

The economic base of Lakewood is primarily retail businesses (general merchandise) as compared to the state overall, which is more diversified. Over 2,600 businesses (including home occupations) are located in Lakewood generating \$12.3 million in sales tax revenue for the city.

Sales tax revenues fell in Fiscal Year 2006-2007 and are not projected to rebound until the latter half of the 2007-2008 fiscal year. Growth is expected to be at a much slower rate than previous years. Lakewood Center Mall continues to play a large role in keeping Lakewood's economy stable and strong.

Lakewood's unemployment rate remains below the national and state levels. Over the past year, the unemployment rate in Lakewood maintained a steady rate averaging 3.2 percent.

These factors were considered in preparing the City of Lakewood's amended budget for the 07-08 fiscal year.

During the reported fiscal year, unreserved fund balance in the general fund increased slightly to \$26,661,511. In January 2008 the City of Lakewood will begin preparation of its 2009 Fiscal Year Budget. As a part of this budgeting process, careful attention will also be given to the City's infrastructure needs as detailed and addressed in the (Legacy) Capital planning process. These two processes will blend into one budgetary presentation to City Council for consideration and adoption.

**Requests for Information**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, City of Lakewood, Post Office Box 220, Lakewood, CA 90714-0220.

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**BASIC FINANCIAL STATEMENTS**

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## CITY OF LAKEWOOD

## STATEMENT OF NET ASSETS

June 30, 2007

	Governmental Activities	Business-type Activity	Total
<b>ASSETS:</b>			
Cash and investments	\$ 51,317,722	\$ 7,402,013	\$ 58,719,735
Receivables:			
Accounts	7,587,857	591,804	8,179,661
Loans	3,786,465	-	3,786,465
Accrued revenue	-	668,312	668,312
Internal balances	454,368	(454,368)	-
Prepaid items	8,012	-	8,012
Inventories	86,873	46,494	133,367
Deferred charges	269,553	118,478	388,031
Land held for resale	652,756	-	652,756
Temporarily restricted assets:			
Cash and investments	-	158,779	158,779
Cash and investments with fiscal agent	1,492,884	737	1,493,621
Capital assets:			
Land	17,444,023	381,023	17,825,046
Water rights	-	1,791,836	1,791,836
Construction in progress	10,654,706	3,828,955	14,483,661
Depreciable infrastructure, net	31,351,988	-	31,351,988
Depreciable structures and improvements, net	18,482,577	16,016,448	34,499,025
Depreciable equipment, net	2,347,208	389,813	2,737,021
<b>TOTAL ASSETS</b>	<u>145,936,992</u>	<u>30,940,324</u>	<u>176,877,316</u>
<b>LIABILITIES:</b>			
Accounts payable and other current liabilities	4,788,068	1,286,870	6,074,938
Accrued interest payable	183,606	63,219	246,825
Unearned revenue	855,654	-	855,654
Liabilities payable from restricted assets:			
Customer deposits	-	158,779	158,779
Noncurrent liabilities:			
Due within one year	1,558,069	392,561	1,950,630
Due in more than one year	11,727,346	3,068,536	14,795,882
<b>TOTAL LIABILITIES</b>	<u>19,112,743</u>	<u>4,969,965</u>	<u>24,082,708</u>
<b>NET ASSETS:</b>			
Invested in capital assets, net of related debt	80,280,502	18,820,327	99,100,829
Restricted for:			
Debt service	1,492,884	-	1,492,884
Transportation	3,713,020	-	3,713,020
Community development	9,236,776	-	9,236,776
Other purposes	204,524	-	204,524
Unrestricted	31,896,543	7,150,032	39,046,575
<b>TOTAL NET ASSETS</b>	<u>\$ 126,824,249</u>	<u>\$ 25,970,359</u>	<u>\$ 152,794,608</u>

See independent auditors' report and notes to basic financial statements.

CITY OF LAKEWOOD

STATEMENT OF ACTIVITIES

For the year ended June 30, 2007

Functions/programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental activities:</b>				
General government	\$ 8,510,064	\$ 859,860	\$ 117,028	\$ -
Public safety	11,356,267	1,351,445	170,760	74,709
Transportation	4,824,504	-	5,117,820	747,538
Community development	10,309,543	1,133,876	1,984,723	-
Health and sanitation	4,250,787	4,346,022	325,871	-
Culture and leisure	9,019,931	1,561,244	272,187	-
Unallocated infrastructure depreciation	1,776,204	-	-	-
Interest on long term debt	2,795,304	-	-	-
<b>Total governmental activities</b>	<b>52,842,604</b>	<b>9,252,447</b>	<b>7,988,389</b>	<b>822,247</b>
<b>Business-type activity:</b>				
Water	6,276,836	8,996,352	-	-
<b>Total</b>	<b>\$ 59,119,440</b>	<b>\$ 18,248,799</b>	<b>\$ 7,988,389</b>	<b>\$ 822,247</b>

General revenues:

Taxes:

- Sales taxes
- Property taxes
- Franchise taxes
- Business operation taxes
- Utility users taxes
- Other taxes
- Total taxes

Unrestricted motor vehicle in lieu

Grants and contributions not restricted to specific programs

Gain on sale of capital assets

Investment income

Total general revenues

Change in net assets

Net assets at beginning of year

Net assets at end of year

See independent auditors' report and notes to basic financial statements.

Net (Expense) Revenue and  
Changes in Net Assets

Governmental Activities	Business-type Activity	Total
\$ (7,533,176)	\$ -	\$ (7,533,176)
(9,759,353)	-	(9,759,353)
1,040,854	-	1,040,854
(7,190,944)	-	(7,190,944)
421,106	-	421,106
(7,186,500)	-	(7,186,500)
(1,776,204)	-	(1,776,204)
(2,795,304)	-	(2,795,304)
<u>(34,779,521)</u>	<u>-</u>	<u>(34,779,521)</u>
-	2,719,516	2,719,516
<u>(34,779,521)</u>	<u>2,719,516</u>	<u>(32,060,005)</u>
11,766,140	-	11,766,140
18,479,238	-	18,479,238
1,236,819	-	1,236,819
396,078	-	396,078
3,239,797	-	3,239,797
358,325	-	358,325
<u>35,476,397</u>	<u>-</u>	<u>35,476,397</u>
446,043	-	446,043
740,072	-	740,072
-	36,000	36,000
<u>4,540,996</u>	<u>371,213</u>	<u>4,912,209</u>
<u>41,203,508</u>	<u>407,213</u>	<u>41,610,721</u>
6,423,987	3,126,729	9,550,716
<u>120,400,262</u>	<u>22,843,630</u>	<u>143,243,892</u>
<u>\$ 126,824,249</u>	<u>\$ 25,970,359</u>	<u>\$ 152,794,608</u>

CITY OF LAKEWOOD

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2007

	General Fund	Redevelopment Agency Debt Service Fund
	<u>Fund</u>	<u>Fund</u>
<b>ASSETS</b>		
Cash and investments	\$ 34,609,666	\$ 5,635,826
Cash and investments with fiscal agent	-	1,492,884
Accounts receivable	4,931,284	2,172,762
Prepaid items	8,012	-
Inventories	68,457	-
Due from other funds	579,460	-
Advances to other funds	29,912,891	-
Notes receivable	459,749	-
Land held for resale	-	-
<b>TOTAL ASSETS</b>	<u>\$ 70,569,519</u>	<u>\$ 9,301,472</u>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES:</b>		
Accounts payable	\$ 2,505,136	\$ 982,325
Accrued liabilities	545,402	-
Due to other funds	-	28,177
Deferred revenue	12,060,698	-
Advances from other funds	-	30,093,875
<b>TOTAL LIABILITIES</b>	<u>15,111,236</u>	<u>31,104,377</u>
<b>FUND BALANCES (DEFICIT):</b>		
<b>Reserved:</b>		
Continuing appropriations	3,671,536	-
Personnel benefits	4,221,641	-
Debt service	-	1,492,884
Land held for resale	-	-
Low and moderate housing	-	-
Notes receivable	-	-
Prepaid items	8,012	-
Inventories	68,457	-
Advances	20,314,012	-
Special revenue purposes	-	-
Other reserves	513,114	-
<b>Unreserved, reported in:</b>		
General fund	26,661,511	-
Debt service fund	-	(23,295,789)
Capital projects fund	-	-
<b>TOTAL FUND BALANCES (DEFICIT)</b>	<u>55,458,283</u>	<u>(21,802,905)</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 70,569,519</u>	<u>\$ 9,301,472</u>

See independent auditors' report and notes to basic financial statements.

Capital Projects			
Redevelopment Agency	Lakewood Capital Improvements	Other Governmental Funds	Total Governmental Funds
\$ 6,480,874	\$ -	\$ 4,577,747	\$ 51,304,113
-	-	-	1,492,884
22,424	-	461,387	7,587,857
-	-	-	8,012
-	-	-	68,457
28,177	-	-	607,637
180,984	-	-	30,093,875
3,326,716	-	-	3,786,465
652,756	-	-	652,756
<u>\$ 10,691,931</u>	<u>\$ -</u>	<u>\$ 5,039,134</u>	<u>\$ 95,602,056</u>
\$ 80,112	\$ -	\$ 623,027	\$ 4,190,600
-	-	20,359	565,761
-	-	4,004	32,181
2,642,014	-	474,200	15,176,912
-	-	-	30,093,875
<u>2,722,126</u>	<u>-</u>	<u>1,121,590</u>	<u>50,059,329</u>
-	-	1,821,574	5,493,110
-	-	-	4,221,641
-	-	-	1,492,884
652,756	-	-	652,756
6,594,762	-	-	6,594,762
684,702	-	-	684,702
-	-	-	8,012
-	-	-	68,457
180,984	-	-	20,494,996
-	-	2,095,970	2,095,970
-	-	-	513,114
-	-	-	26,661,511
-	-	-	(23,295,789)
(143,399)	-	-	(143,399)
<u>7,969,805</u>	<u>-</u>	<u>3,917,544</u>	<u>45,542,727</u>
<u>\$ 10,691,931</u>	<u>\$ -</u>	<u>\$ 5,039,134</u>	<u>\$ 95,602,056</u>

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CITY OF LAKEWOOD

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS

June 30, 2007

Fund balances - total governmental funds		\$ 45,542,727
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>		
<p>Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds. Those assets consist of:</p>		
Land	\$ 17,444,023	
Construction in progress	10,654,706	
Infrastructure net of \$ 82,125,785 accumulated depreciation	31,351,988	
Structures and improvements, net of \$ 15,118,514 accumulated depreciation	18,482,577	
Equipment, net of \$ 8,302,979 accumulated depreciation	<u>1,969,218</u>	
		79,902,512
<p>Some of the City's receivables for loans, operating and capital grant reimbursements, taxes and investment income will be collected after year end, but are not available soon enough to pay for current-period expenditures, and therefore are reported as deferred revenues in the funds. Balances at June 30, 2007 totaled:</p>		
		14,321,258
<p>Internal service funds are used by the City to charge the cost of materials and supplies, maintenance and repair of vehicles and equipment and printing services provided to the various departments of the City. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net activities. Internal Service funds net assets are:</p>		
		257,220
<p>Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term are reported in the Statement of Net Assets. Balances at June 30, 2007 are:</p>		
Accrued interest on bonds		(183,606)
Tax allocation bonds	\$ 12,240,000	
Less: Deferred amount on refunding, net of accumulated amortization	(94,729)	
Less: Deferred charges, net of accumulated amortization	(269,553)	
Plus: Bond issuance premium, net of accumulated amortization	49,180	
Compensated absences	<u>1,090,964</u>	
		<u>(13,015,862)</u>
Net assets of governmental activities		<u>\$ 126,824,249</u>

See independent auditors' report and notes to basic financial statements.

CITY OF LAKEWOOD

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS

For the year ended June 30, 2007

	General	Redevelopment Agency Debt Service Fund
	<u>General</u>	<u>Fund</u>
REVENUES:		
Taxes	\$ 20,569,828	\$ 8,761,769
Licenses and permits	712,472	-
Fines and forfeitures	716,319	-
Investment income, rents and concessions	1,663,700	421,759
From other agencies	10,247,785	-
Current service charges	7,651,476	-
Other	214,936	-
TOTAL REVENUES	<u>41,776,516</u>	<u>9,183,528</u>
EXPENDITURES:		
Current:		
General government	7,953,264	-
Public safety	11,681,352	-
Transportation	3,666,367	-
Community development	3,602,681	1,628,310
Health and sanitation	4,238,095	-
Culture and leisure	8,260,888	-
Capital outlay:		
General government	-	-
Public safety	-	-
Transportation	-	-
Community development	-	-
Culture and leisure	-	-
Debt service:		
Owner participation agreement payments	-	760,698
Principal retirement	-	860,000
Interest and fiscal charges	-	2,774,360
TOTAL EXPENDITURES	<u>39,402,647</u>	<u>6,023,368</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,373,869</u>	<u>3,160,160</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	2,510,591	-
Sale of capital assets	-	-
Transfers out	(6,487,612)	(3,845,877)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(3,977,021)</u>	<u>(3,845,877)</u>
NET CHANGE IN FUND BALANCES	(1,603,152)	(685,717)
FUND BALANCES (DEFICIT) AT BEGINNING OF YEAR	<u>57,061,435</u>	<u>(21,117,188)</u>
FUND BALANCES (DEFICIT) AT END OF YEAR	<u>\$ 55,458,283</u>	<u>\$ (21,802,905)</u>

See independent auditors' report and notes to basic financial statements.

Capital Projects			
Redevelopment Agency	Lakewood Capital Improvements	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 2,452,848	\$ 31,784,445
-	-	25,566	738,038
-	-	-	716,319
150,732	-	325,359	2,561,550
-	619,291	3,843,184	14,710,260
-	-	-	7,651,476
392,253	-	-	607,189
<u>542,985</u>	<u>619,291</u>	<u>6,646,957</u>	<u>58,769,277</u>
-	-	154,075	8,107,339
-	-	-	11,681,352
-	-	887,505	4,553,872
2,632,479	-	1,588,995	9,452,465
-	-	-	4,238,095
-	-	-	8,260,888
-	132,630	-	132,630
-	412,453	-	412,453
-	6,190,273	-	6,190,273
-	109,297	-	109,297
-	1,641,415	-	1,641,415
-	-	-	760,698
-	-	-	860,000
-	-	-	2,774,360
<u>2,632,479</u>	<u>8,486,068</u>	<u>2,630,575</u>	<u>59,175,137</u>
<u>(2,089,494)</u>	<u>(7,866,777)</u>	<u>4,016,382</u>	<u>(405,860)</u>
3,845,877	7,866,777	-	14,223,245
689,520	-	-	689,520
-	-	(4,042,698)	(14,376,187)
<u>4,535,397</u>	<u>7,866,777</u>	<u>(4,042,698)</u>	<u>536,578</u>
2,445,903	-	(26,316)	130,718
5,523,902	-	3,943,860	45,412,009
<u>\$ 7,969,805</u>	<u>\$ -</u>	<u>\$ 3,917,544</u>	<u>\$ 45,542,727</u>

CITY OF LAKEWOOD

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES

For the year ended June 30, 2007

Net change in fund balances - total governmental funds		\$ 130,718
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense. This is the amount by which capital expenses (\$9,103,596) exceeded depreciation (\$ 2,973,719) in the current period.		6,129,877
Governmental funds report long-term rehabilitation and business loans made as expenditures and repayments of those loans as revenues. However, these transactions have no effect in the Statement of Activities. The loan activity for the current period is as follows:		
Total amount of loans made	\$ 260,305	
Total amount of loans repaid	<u>(415,558)</u>	(155,253)
The issuance of long term liabilities provides current financial resources to governmental funds, while the repayment of the principal of long term liabilities affects the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.		
Principal payments		860,000
Certain accrued revenues such as taxes, interest, grants, and sanitation service charges, do not provide current financial resources and therefore, are not reported in the governmental funds as revenues. This is the amount of the net change in these accrued revenue amounts during the current period.		967,872
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:		
Accrued interest	\$ 10,049	
Amortization of deferred amount on refunding, deferred charges and bond premium	(30,993)	
Change in compensated absences	<u>(36,586)</u>	(57,530)
In the statement of activities, only the gain on the sale of capital assets is reported. Losses on the sale of capital assets are included as an expense of the activity that used the capital asset. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets on the Statement of Activities differs from the change in fund balance on the governmental funds statements by the cost of the capital asset sold.		(950,000)
Internal service funds are used by management to charge the costs of certain activities, such as fleet repair and maintenance, central stores and printing services to individual funds. The net revenue (expense) of these internal service funds are reported as governmental activities.		<u>(501,697)</u>
Change in net assets of governmental activities		<u>\$ 6,423,987</u>

See independent auditors' report and notes to basic financial statements.

CITY OF LAKEWOOD

STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS

June 30, 2007

	Business-type Activity- Water <u>Enterprise Fund</u>	Governmental Activities- Internal <u>Service Funds</u>
ASSETS		
CURRENT ASSETS:		
Cash and investments	\$ 7,402,013	\$ 13,609
Restricted cash and investments:		
Customer deposits	158,779	-
Revenue bond covenant accounts	737	-
Accounts receivable	591,804	-
Accrued revenue	668,312	-
Inventories	46,494	18,416
	<u>8,868,139</u>	<u>32,025</u>
TOTAL CURRENT ASSETS		
NONCURRENT ASSETS:		
Deferred charges, net of accumulated amortization	<u>118,478</u>	<u>-</u>
Capital assets:		
Land	381,023	-
Water rights	1,791,836	-
Source of supply	2,452,316	-
Pumping plant	549,304	-
Water treatment	100,129	-
Transmission/distribution	26,467,862	-
General plant	3,163,965	-
Equipment	-	1,711,810
Construction in progress	3,828,955	-
Less: accumulated depreciation	<u>(16,327,315)</u>	<u>(1,333,820)</u>
Total capital assets (net of accumulated depreciation)	<u>22,408,075</u>	<u>377,990</u>
TOTAL NONCURRENT ASSETS	<u>22,526,553</u>	<u>377,990</u>
TOTAL ASSETS	<u>31,394,692</u>	<u>410,015</u>

(Continued)

See independent auditors' report and notes to basic financial statements.

CITY OF LAKEWOOD

STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS  
 (CONTINUED)

June 30, 2007

	Business-type Activity- Water <u>Enterprise Fund</u>	Governmental Activities- Internal <u>Service Funds</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 1,128,309	\$ 8,456
Accrued liabilities	158,561	23,251
Due to the other funds	-	575,456
Accrued revenue bond interest	63,219	-
Customer deposits	158,779	-
Current portion of revenue bonds	355,000	-
Current portion of reclaimed water loan	37,561	-
	<u>1,901,429</u>	<u>607,163</u>
<b>TOTAL CURRENT LIABILITIES</b>		
<b>NONCURRENT LIABILITIES:</b>		
Revenue bonds	<u>3,068,536</u>	<u>-</u>
	<u>4,969,965</u>	<u>607,163</u>
<b>TOTAL LIABILITIES</b>		
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	18,820,327	377,990
Unrestricted	<u>7,604,400</u>	<u>(575,138)</u>
	26,424,727	<u>\$ (197,148)</u>
<b>TOTAL NET ASSETS (DEFICIT)</b>		
Adjustment to reflect the consolidation of internal service fund activities related to the water enterprise fund	<u>(454,368)</u>	
Net assets of business-type activity	<u>\$ 25,970,359</u>	

See independent auditors' report and notes to basic financial statements.

CITY OF LAKEWOOD

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
 PROPRIETARY FUNDS

For the year ended June 30, 2007

	Business-type Activity- Water Enterprise Fund	Governmental Activities- Internal Service Funds
OPERATING REVENUES:		
Metered water sales	\$ 7,681,272	\$ -
Reclaimed water sales	220,350	-
Fire protection	26,129	-
Service initiation and restoration charges	45,721	-
Installation charges	100	-
Billings to departments	-	630,189
Other revenues	1,022,780	-
	<u>8,996,352</u>	<u>630,189</u>
TOTAL OPERATING REVENUES		
OPERATING EXPENSES:		
Operations:		
Supply, transmission and distribution	4,101,388	-
Customer service	565,331	-
Administration	355,620	-
Cost of goods sold	-	1,294,904
Depreciation	918,000	119,793
	<u>5,940,339</u>	<u>1,414,697</u>
TOTAL OPERATING EXPENSES		
OPERATING INCOME (LOSS)	<u>3,056,013</u>	<u>(784,508)</u>
NONOPERATING REVENUES (EXPENSES):		
Sales of pumping rights	36,000	-
Investment income	371,213	-
Interest expense on long-term debt	(193,088)	-
Amortization of deferred charges	(13,540)	-
	<u>200,585</u>	<u>-</u>
TOTAL NONOPERATING REVENUES (EXPENSES)		
INCOME (LOSS) BEFORE TRANSFERS	3,256,598	(784,508)
TRANSFERS IN	-	250,080
TRANSFERS OUT	-	(97,138)
CHANGE IN NET ASSETS	3,256,598	(631,566)
NET ASSETS AT BEGINNING OF YEAR	<u>23,168,129</u>	<u>434,418</u>
NET ASSETS (DEFICIT) AT END OF YEAR	<u>\$ 26,424,727</u>	<u>\$ (197,148)</u>
Change in net assets - Water Enterprise Fund	\$ 3,256,598	
Adjustment to reflect the consolidation of the internal service fund activities related to the Water Enterprise Fund	(129,869)	
Change in net assets of business-type activity	<u>\$ 3,126,729</u>	

See independent auditors' report and notes to basic financial statements.

CITY OF LAKEWOOD  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

For the year ended June 30, 2007

	Business-type Activity- Water Enterprise Fund	Governmental Activities- Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers and users	\$ 7,806,902	\$ -
Receipts from interfund services provided	-	637,674
Other operating receipts	1,022,780	-
Payments to suppliers	(2,892,848)	(799,378)
Payments to employees	(1,596,183)	(568,608)
Payments for interfund services used	<u>(675,000)</u>	<u>-</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	 <u>3,665,651</u>	 <u>(730,312)</u>
 <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Transfers from (to) other funds	<u>(11,222)</u>	<u>820,398</u>
 <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Proceeds from the sale of pumping rights	36,000	-
Acquisition of capital assets	(3,385,756)	(189,211)
Principal paid on revenue bonds and state loan	(403,600)	-
Interest paid on revenue bonds and state loan	<u>(137,296)</u>	<u>-</u>
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	 <u>(3,890,652)</u>	 <u>(189,211)</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Investment income	<u>371,212</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	 134,989	 (99,125)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>7,426,540</u>	<u>112,734</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 7,561,529</u>	<u>\$ 13,609</u>

(Continued)

See independent auditors' report and notes to basic financial statements.

CITY OF LAKEWOOD

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 (CONTINUED)

For the year ended June 30, 2007

	Business-type Activity- Water Enterprise Fund	Governmental Activities- Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating income (loss)	<u>\$ 3,056,013</u>	<u>\$ (784,508)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	918,000	119,793
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivables	(129,826)	-
(Increase) decrease accrued revenue	(36,844)	-
(Increase) decrease in inventories	(2,213)	7,485
(Increase) decrease in prepaid items	-	-
Increase (decrease) in accounts payable	(284,708)	(77,729)
Increase (decrease) in accrued liabilities	8,201	4,647
Increase (decrease) in interest payable	-	-
Increase (decrease) in customer deposits	<u>137,028</u>	<u>-</u>
Total adjustments	<u>609,638</u>	<u>54,196</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>\$ 3,665,651</u></u>	<u><u>\$ (730,312)</u></u>

See independent auditors' report and notes to basic financial statements.

CITY OF LAKEWOOD

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

June 30, 2007

	<u>Agency Funds</u>
ASSETS:	
Cash and investments	\$ 7,004,937
Accounts receivable	52,227
Loans receivable	<u>1,110,867</u>
TOTAL ASSETS	<u>\$ 8,168,031</u>
LIABILITIES:	
Accounts payable	\$ 1,888,805
Deposits	5,156,845
Due to HUD	<u>1,122,381</u>
TOTAL LIABILITIES	<u>\$ 8,168,031</u>

See independent auditors' report and notes to basic financial statements.

**NOTES TO BASIC FINANCIAL STATEMENTS**

JUNE 30, 2007

## NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

## A. Reporting Entity

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

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

The Lakewood Redevelopment Agency was established November 1972, pursuant to the State of California Health and Safety Code Section 33000. The primary purpose of the Agency is to encourage private redevelopment of property and to rehabilitate areas suffering from physical and economic blight. The Agency has established three redevelopment project areas known as Town Center Project Area No. 1, approximately 261 acres; Project Area No. 2, approximately 160 acres; and Project Area No. 3, approximately 218 acres.

The Lakewood Housing Authority was created by resolution in July 1984, so that the City could apply directly to the U. S. Department of Housing and Urban Development for rental assistance on behalf of Lakewood residents.

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

The criteria used in determining the scope of the reporting entity are based on the provisions of GASB Statement 14. The City of Lakewood is the primary government unit. Component units are those entities which are financially accountable to the primary government, either because the City appoints a voting majority of the component unit's board or because the component unit will provide a financial benefit or impose a financial burden on the City. The City has accounted for the Agency, Housing Authority, and Financing Authority as "blended" component units. Despite being legally separate, these entities are so intertwined with the City that they are, in substance, part of the City's operations. Accordingly, the balances and transactions of these component units are reported within the funds of the City. Balances for the Agency are reported as separate funds in the Debt Service and Capital Projects Funds. The Housing Authority transactions are set forth as a separate fund in the Special Revenue Funds. The Financing Authority balances and transactions are reported as part of the Water Enterprise Fund. The following specific criteria were used in determining that the Agency, Housing Authority, and Financing Authority were blended component units:

1. The members of the City Council also act as the governing bodies of the Agency, the Housing Authority, and the Financing Authority.
2. The City and the Agency are financially interdependent. The City makes loans to the Agency for use on redevelopment projects. Property tax revenues of the Agency are used to repay the loans from the City.
3. The Agency, the Housing Authority, and the Financing Authority are managed by employees of the City. A portion of the City's salary and overhead expenses is billed to the Agency each year. No such allocation is made to the Housing Authority or the Financing Authority.
4. The City and the Financing Authority are financially interdependent. The Financing Authority arranges financing issues for the City. The City pays the debt service on the Financing Authority's financing issues.

Financial statements for the Agency can be obtained from the City of Lakewood Finance Department. No individual financial statements are prepared for the Housing Authority or Financing Authority.

## NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. An exception to this rule is charges between the City's water function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and the major individual enterprise fund are reported as separate columns in the fund financial statements.

## C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as is the proprietary funds financial statements. Under the economic resources measurement focus, all assets and liabilities (current and long-term) are reported. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the fiscal year in which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all the eligibility requirements imposed by the provider have been met.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water enterprise fund and of the government's internal service funds are charges to customers for services. Operating expenses for the proprietary funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the current financial resources measurement focus, generally only current assets and current liabilities are reported in the governmental funds. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, except for principal and interest on general long-term liabilities, claims and judgments, and compensated absences which are recognized as expenditures only when payment is due.

Property taxes, franchise taxes, licenses, 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. All other revenue items are considered to be measurable and available only when cash is received by the government.

The fiduciary fund financial statement is reported using no measurement focus and the accrual basis of accounting.

See independent auditors' report.

## NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The accounts of the City are organized and operated on the basis of funds, each of which is considered a separate accounting entity with a self-balancing set of accounts, established for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The City reports the following major governmental funds:

General Fund

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

Redevelopment Agency Debt Service Fund

The Redevelopment Agency Debt Service Fund is used to account for the current interest and principal payments on the tax allocation bonds, interest on interfund loans from the City, and payments pursuant to ownership participation agreements.

Redevelopment Agency Capital Projects Fund

The Redevelopment Agency Capital Projects Fund is used to account for resources used in developing the project areas as well as the administrative costs incurred in sustaining Agency activities.

Lakewood Capital Improvements Capital Projects Fund

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

The City reports the following major enterprise fund:

Water Enterprise Fund

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

Additionally, the City reports the following fund types:

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted by law or administrative action for specified purposes.

Capital Projects Fund

The Capital Projects Fund is used to account for financial resources used for the acquisition or construction of major capital facilities not accounted for in other funds.

Internal Service Funds

Internal Service Funds account for the financing of materials and supplies, maintenance, repair and replacement of vehicles and equipment, and printing services used by various departments of the City.

Agency Funds

The Agency funds account for assets held by the City as an agent for others.

See independent auditors' report.

## NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The City applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989 to the government-wide financial statements and proprietary fund financial statements, unless those pronouncements contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedures.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources, as they are needed.

## D. Cash and Investments

Investments are stated at fair value (quoted market price or the best available estimate thereof).

## E. Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

## F. Capital Assets

Capital assets, which include land, site improvements, buildings and improvements, equipment and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Infrastructure assets consist of roads, bridges, streetlights, traffic signals and sewer lines. Capital assets are defined by the City as assets, with an initial cost of more than \$100 (\$25,000 for infrastructure assets) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Structures and improvements	50 years
Equipment	5 - 7 years
Infrastructure	20 - 50 years
Water treatment plant	10 years
General Plant	5 - 20 years
Transmission/distribution	20 - 40 years
Source of supply	30 years
Pumping plant	30 years

## G. Inventories

Inventories are valued at cost on a weighted average basis. The inventories are recorded as expenditures when consumed. Water Enterprise Fund inventories consist primarily of water pipe, valves, and fittings. Governmental Activities inventories consist primarily of recreation equipment, maintenance and repair supplies, fuel, and office supplies.

## H. Prepaid Items

Prepaid items are recorded as expenditures when consumed.

## I. Land Held for Resale

Land held for resale is recorded at the lower of acquisition cost or net realizable value in the Redevelopment Agency Capital Projects Fund.

See independent auditors' report.

## NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## J. Compensated Absences

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

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

## K. Property Taxes

Under California law, property taxes are assessed and collected by the counties up to 1% of assessed value, plus other increases approved by the voters. The property taxes go into a pool and are then allocated to the cities based on complex formulas. Accordingly, the City of Lakewood accrues only those taxes which are received from the county within 60 days after year end.

Lien Date	January 1
Levy Date	June 30
Due Dates	November 1 and February 1
Collection Dates	December 10 and April 10

## L. Claims and Judgments

When it is probable that a claim liability has been incurred at year-end and the amount of the loss can be reasonably estimated, the City records the estimated loss, net of any insurance coverage under its self-insurance program. At June 30, 2007, the City Attorney estimated no additional claim liability. Small dollar claims and judgments are recorded as expenditures when paid.

The City's self-insurance program is administered through a Joint Powers Authority (the Authority), which is described at Note 10. The Authority is a public entity risk pool. Claims losses recorded in the Authority include both current claims and Incurred But Not Reported claims (IBNR). Deposits to the Authority are recorded by the City as insurance expenditures in the General Fund when paid. These deposits are subject to retrospective adjustment. Favorable claims experience in prior years results in a refund of deposits from the Authority and such refunds, if any, are recorded as a reduction of insurance expenditures. Adverse claims experience in prior years results in the payment of additional deposits and such deposits, if any, are recorded as insurance expenditures when paid.

## M. Deferred Amounts

Deferred charges (bond issuance costs) and deferred amounts for issuance premiums and on refunding debt are being amortized over the life of the respective issues on a straight-line basis.

## N. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Specifically, the City has made certain estimates and assumptions related to the collectibility of its receivables, the depreciation of its capital assets and the ultimate outcome of claims and judgments. Accordingly, actual results could differ from those estimates.

## NOTE 2 - CASH AND INVESTMENTS

Cash and investments at June 30, 2007 are classified in the accompanying financial statements as follows:

	Government- Wide Statement of Net Assets	Fiduciary Fund Statement of Assets and Liabilities	Total
Unrestricted assets:			
Cash and investments	\$ 58,719,735	\$ 7,004,937	\$ 65,724,672
Temporarily restricted assets:			
Cash and investments	158,779	-	158,779
Cash and investments with fiscal agent	<u>1,493,621</u>	<u>-</u>	<u>1,493,621</u>
Total Cash and Investments	<u>\$ 60,372,135</u>	<u>\$ 7,004,937</u>	<u>\$ 67,377,072</u>

Cash and investments at June 30, 2007 consisted of the following:

Cash on hand	\$ 2,700
Deposits with financial institutions	1,008,416
Investments	<u>66,365,956</u>
Total Cash and Investments	<u>\$ 67,377,072</u>

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

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage Allowed (2)	Maximum Investment in One Issuer
U.S. Treasury Bills, Bonds and Notes	5 years (1)	None	None
U.S. Government Sponsored Enterprise Securities	5 years (1)	None	None
Banker's Acceptances Notes	180 days	35%	30%
Negotiable Certificates of Deposits	5 years	30%	None
Repurchase Agreements	1 year	15%	None
Medium-Term Corporate Notes	5 years	30%	None
Commercial Paper	270 days	25%	10%
Local Agency Investment Fund (LAIF)	N/A	None	None
Mutual Funds	5 years	15%	10%
Los Angeles County Pooled Fund	N/A	None	None

(1) Treasury notes and bonds and FNMA and FHLB debentures with maturities up to 7 years can be purchased subject to pre-approval of the City's Board. A maximum of 25% of the City's funds can be invested in such securities between 5 and 7 years.

(2) At least 40% of the City's funds must be invested in securities with a maturity less than 1 year.

N/A - Not Applicable

See independent auditors' report.

## NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Investments Authorized by Debt Agreements

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

Disclosures Relating to Interest Rate Risk

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

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

Investment Type	Remaining Maturity (in Months)			Total
	12 Months or Less	13 - 24 Months	25 - 60 Months	
Local Agency Investment Fund	\$ 31,106,150	\$ -	\$ -	\$ 31,106,150
U.S. Government Sponsored Enterprise Securities:				
Federal Home Loan Mortgage Corporation (FHLMC)	981,563	-	1,988,683	2,970,246
Federal Home Loan Bank (FHLB)	4,975,000	4,971,875	5,989,688	15,936,563
Federal Farm Credit Bank (FFCB)	3,960,625	4,931,250	3,974,688	12,866,563
Federal National Mortgage Association (FNMA)	1,992,813	-	-	1,992,813
Held by Bond Trustee:				
Money Market Mutual Funds	1,493,621	-	-	1,493,621
	<u>\$ 44,509,772</u>	<u>\$ 9,903,125</u>	<u>\$ 11,953,059</u>	<u>\$ 66,365,956</u>

Disclosures Relating to Credit Risk

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

Investment Type	Total as of June 30, 2007	Minimum Legal Rating	Standard and Poor's Rating		
			AAA	A	Unrated
Local Agency Investment Fund	\$ 31,106,150	N/A	\$ -	\$ -	\$ 31,106,150
U.S. Government Sponsored Enterprise Securities	33,766,185	AAA	33,766,185	-	-
Held by Bond Trustee: Money Market Funds	1,493,621	A	-	1,493,621	-
	<u>\$ 66,365,956</u>		<u>\$ 33,766,185</u>	<u>\$ 1,493,621</u>	<u>\$ 31,106,150</u>

N/A - Not Applicable

See independent auditors' report.

## NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer that represent 5% or more of total City's investments are as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
Federal Home Loan Bank	U.S. Government Sponsored Enterprise Securities	\$ 15,936,563
Federal Farm Credit Bank	U.S. Government Sponsored Enterprise Securities	12,866,563

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. At June 30, 2007, the City deposits (bank balances) were either insured by the Federal Depository Insurance Corporation or collateralized under California Law. Investments held by bond trustee were uninsured and uncollateralized.

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that 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.

## NOTE 3 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2007 was as follows:

**Governmental Activities:**

	Balance at July 1, 2006	Additions	Deletions	Balance at June 30, 2007
Capital assets, not being depreciated:				
Land	\$ 18,394,023	\$ -	\$ (950,000)	\$ 17,444,023
Construction in progress	<u>2,334,961</u>	<u>8,319,745</u>	<u>-</u>	<u>10,654,706</u>
Total capital assets, not being depreciated	<u>20,728,984</u>	<u>8,319,745</u>	<u>(950,000)</u>	<u>28,098,729</u>
Capital assets, being depreciated:				
Structures and improvements	33,601,091	-	-	33,601,091
Equipment	11,010,945	973,062	-	11,984,007
Infrastructure	<u>113,477,773</u>	<u>-</u>	<u>-</u>	<u>113,477,773</u>
Total capital assets, being depreciated	<u>158,089,809</u>	<u>973,062</u>	<u>-</u>	<u>159,062,871</u>
Less accumulated depreciation for:				
Structures and improvements	(14,482,861)	(635,653)	-	(15,118,514)
Equipment	(8,955,144)	(681,655)	-	(9,636,799)
Infrastructure	<u>(80,349,581)</u>	<u>(1,776,204)</u>	<u>-</u>	<u>(82,125,785)</u>
Total accumulated depreciation	<u>(103,787,586)</u>	<u>(3,093,512)</u>	<u>-</u>	<u>(106,881,098)</u>
Total capital assets, being depreciated, net	<u>54,302,223</u>	<u>(2,120,450)</u>	<u>-</u>	<u>52,181,773</u>
Total governmental activities capital, net	<u>\$ 75,031,207</u>	<u>\$ 6,199,295</u>	<u>\$ (950,000)</u>	<u>\$ 80,280,502</u>

See independent auditors' report.

## NOTE 3 - CAPITAL ASSETS (CONTINUED)

**Business-type Activity:**

	Balance at July 1, 2006	Additions	Deletions	Balance at June 30, 2007
Capital assets, not being depreciated				
Land	\$ 381,023	\$ -	\$ -	\$ 381,023
Water rights	1,791,836	-	-	1,791,836
Construction in progress	<u>2,589,700</u>	<u>3,482,153</u>	<u>(2,242,898)</u>	<u>3,828,955</u>
Total capital assets, not being depreciated	<u>4,762,559</u>	<u>3,482,153</u>	<u>(2,242,898)</u>	<u>6,001,814</u>
Capital assets, being depreciated:				
Source of supply	2,452,316	-	-	2,452,316
Pumping plant	549,304	-	-	549,304
Water treatment	100,129	-	-	100,129
Transmission/distribution	24,224,964	2,242,898	-	26,467,862
General plant	<u>3,133,711</u>	<u>30,254</u>	<u>-</u>	<u>3,163,965</u>
Total capital assets, being depreciated	<u>30,460,424</u>	<u>2,273,152</u>	<u>-</u>	<u>32,733,576</u>
Less accumulated depreciation for:				
Source of supply	(1,588,910)	(207,087)	-	(1,795,997)
Pumping plant	(487,168)	(4,128)	-	(491,296)
Water treatment	(70,877)	(5,046)	-	(75,923)
Transmission/distribution	(10,565,555)	(624,392)	-	(11,189,947)
General plant	<u>(2,696,805)</u>	<u>(77,347)</u>	<u>-</u>	<u>(2,774,152)</u>
Total accumulated depreciation	<u>(15,409,315)</u>	<u>(918,000)</u>	<u>-</u>	<u>(16,327,315)</u>
Total capital assets, being depreciated, net	<u>15,051,109</u>	<u>1,355,152</u>	<u>-</u>	<u>16,406,261</u>
Total business-type activity, capital assets, net	<u>\$ 19,813,668</u>	<u>\$ 4,837,305</u>	<u>\$ (2,242,898)</u>	<u>\$ 22,408,075</u>

## Depreciation expense:

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

## Governmental activities:

General government	\$ 266,401
Public safety	96,551
Transportation	59,449
Community development	173,583
Health and sanitation	2,368
Culture and leisure	599,163
Internal service funds depreciation charged to programs	119,793
Unallocated infrastructure depreciation	<u>1,776,204</u>
Total depreciation expense - governmental activities	<u>\$ 3,093,512</u>

## Business type activity:

Water	<u>\$ 918,000</u>
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See independent auditors' report.

## NOTE 4 - LONG-TERM LIABILITIES

The following is a summary of long-term liability transactions for the year ended June 30, 2007:

**Governmental Activities:**

	Balance at July 1, 2006	Additions	Deletions	Balance at June 30, 2007	Due Within One Year
<b>Agency Tax Allocation Bonds:</b>					
1999 Series A	\$ 5,745,000	\$ -	\$ (360,000)	\$ 5,385,000	\$ 375,000
2003 Series A	4,875,000	-	(340,000)	4,535,000	345,000
2003 Series B	2,480,000	-	(160,000)	2,320,000	165,000
Plus (less) deferred amounts:					
For issuance premium	54,018	-	(4,838)	49,180	-
On refunding	<u>(104,047)</u>	<u>-</u>	<u>9,318</u>	<u>(94,729)</u>	<u>-</u>
<b>Total Agency Tax Allocation Bonds</b>	13,049,971	-	(855,520)	12,194,451	885,000
<b>Compensated absences</b>	<u>1,054,378</u>	<u>1,102,641</u>	<u>(1,066,055)</u>	<u>1,090,964</u>	<u>673,069</u>
<b>Total Governmental Activities</b>	<u>14,104,349</u>	<u>1,102,641</u>	<u>(1,921,575)</u>	<u>13,285,415</u>	<u>1,558,069</u>
<b>Business-type Activity:</b>					
<b>Water Revenue Bonds:</b>					
2004 Bonds	3,990,000	-	(340,000)	3,650,000	355,000
Plus (less) deferred amounts:					
For issuance premiums	84,718	-	(8,690)	76,028	-
On refunding	<u>(337,063)</u>	<u>-</u>	<u>34,571</u>	<u>(302,492)</u>	<u>-</u>
<b>Total Water Revenue Bonds</b>	3,737,655	-	(314,119)	3,423,536	355,000
<b>Loan payable to State of California</b>	<u>101.162</u>	<u>-</u>	<u>(63.601)</u>	<u>37.561</u>	<u>37.561</u>
<b>Total Business-type Activity</b>	<u>3,838.817</u>	<u>-</u>	<u>(377.720)</u>	<u>3,461.097</u>	<u>392.561</u>
<b>City Total</b>	<u>\$ 17,943,166</u>	<u>\$ 1,102,641</u>	<u>\$ (2,299,295)</u>	<u>\$ 16,746,512</u>	<u>\$ 1,950,630</u>

See independent auditors' report.

## NOTE 4 - LONG-TERM LIABILITIES (CONTINUED)

## Governmental Activities

## A. Agency Tax Allocation Bonds - Series 1999A, Series 2003A and Series 2003B

Series 1999A

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

The 1999A Bonds are serial bonds maturing annually each September 1 through the calendar year 2017, and bear interest at rates ranging from 4.0% to 5.4%. Interest is payable semiannually on March 1 and September 1. The 1999A Bonds maturing on or after September 1, 2010, are subject to redemption prior to maturity at the option of the Agency as a whole, or in part, on or after September 1, 2009, by such maturities as designated by the Agency and by lot within a maturity, at a redemption price equal to the principal amount to be redeemed, plus a premium (expressed as a percentage of the principal amount of bonds to be redeemed) plus accrued interest to the redemption date. The redemption prices range from 100% to 102%.

Total debt service requirements to maturity are as follows:

Year Ending June 30	Principal	Interest	Total
2008	\$ 375,000	\$ 265,088	\$ 640,088
2009	390,000	247,583	637,583
2010	410,000	228,777	638,777
2011	430,000	208,613	638,613
2012	450,000	186,935	636,935
2013 - 2017	2,700,000	526,433	3,226,433
2018	630,000	34,020	664,020
Total	<u>\$ 5,385,000</u>	<u>\$ 1,697,449</u>	<u>\$ 7,082,449</u>

Series 2003A

On October 28, 2003, the Agency issued \$5,565,000 Redevelopment Project No. 1 Tax Allocation Parity Refunding Bonds, 2003 Series A, to refinance the outstanding 1992A Bonds. The Series 2003A Bonds were issued at a premium of \$66,514. This premium is being amortized on a straight-line basis as an adjustment to interest expense on the statement of activities through the year 2017. The 2003A Bonds are secured by a pledge of tax increment revenue from Project Area No. 1 on a parity with the remaining 1999A Bonds.

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

See independent auditors' report.

## NOTE 4 - LONG-TERM LIABILITIES (CONTINUED)

**Governmental Activities (Continued)**

## A. Agency Tax Allocation Bonds - Series 1999A, Series 2003A and Series 2003B (Continued)

Series 2003A (Continued)

Series 2003A total debt service requirements to maturity are as follows:

Year Ending June 30	Principal	Interest	Total
2008	\$ 345,000	\$ 160,167	\$ 505,167
2009	360,000	149,593	509,593
2010	370,000	138,180	508,180
2011	380,000	125,518	505,518
2012	395,000	111,955	506,955
2013 - 2017	2,195,000	322,539	2,517,539
2018	490,000	10,168	500,168
Total	<u>\$ 4,535,000</u>	<u>\$ 1,018,120</u>	<u>\$ 5,553,120</u>

Series 2003B

On October 28, 2003, the Agency issued \$2,085,000 Redevelopment Project No. 1 Taxable Tax Allocation Parity Refunding Bonds, 2003 Series B, to refinance the outstanding 1992B Bonds. The 2003B Bonds are secured by a pledge of tax increment revenue from Project Area No. 1 on a parity with the remaining 1999A Bonds.

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

Series 2003B total debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest	Total
2008	\$ 165,000	\$ 116,329	\$ 281,329
2009	170,000	109,813	279,813
2010	180,000	101,880	281,880
2011	190,000	92,372	282,372
2012	195,000	82,477	277,477
2013 - 2017	1,150,000	240,939	1,390,939
2018	270,000	7,547	277,547
Total	<u>\$ 2,320,000</u>	<u>\$ 751,357</u>	<u>\$ 3,071,357</u>

## B. Compensated Absences

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

## NOTE 4 - LONG-TERM LIABILITIES (CONTINUED)

**Business-type Activity:**

## C. Water Revenue Bonds Payable

On April 15, 2004 the City issued \$4,635,000 Water Refunding Bonds to refinance the outstanding 1996 Water-Bond. The 2004 Bonds are secured by a charge and lien on net revenue of the water enterprise.

The 2004 Bonds are revenue bonds maturing annually each April 1 through the calendar year 2016, and bearing interest at rates ranging from 3% to 4%. Interest is payable semiannually on April 1 and October 1.

The annual requirements to amortize the bonds outstanding at June 30, 2007, are as follows:

Year Ending June 30	Principal	Interest	Total
2008	\$ 355,000	\$ 119,638	\$ 474,638
2009	370,000	105,438	475,438
2010	380,000	94,338	474,338
2011	390,000	82,938	472,938
2012	405,000	71,238	476,238
2013 - 2016	<u>1,750,000</u>	<u>150,891</u>	<u>1,900,891</u>
Total	<u>\$ 3,650,000</u>	<u>\$ 624,481</u>	<u>\$ 4,774,481</u>

## D. Loan Payable to State of California

The water utility constructed a six-mile reclaimed waterline funded in part by a loan from the State of California Water Resources Control Board. A loan of \$864,831 was received in February, 1989. The term of the loan is 18-1/2 years at an interest rate of 4.01%. Principal and interest payments are due on May 31 of each year, beginning May 31, 1990. The final payment is due May 31, 2008.

The annual requirements to amortize the loan outstanding at June 30, 2007, are as follows:

Year Ending June 30	Principal	Interest	Total
2008	<u>\$ 37,561</u>	<u>\$ 847</u>	<u>\$ 38,408</u>

## NOTE 5 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances were as follows at June 30, 2007:

Due To / From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Other Governmental Internal Service	\$ 4,004 575,456
Redevelopment Agency Capital Projects	Redevelopment Agency Debt Service	<u>28,177</u>
		<u>\$ 607,637</u>

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

See independent auditors' report.

## NOTE 5 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)

Advances From / To Other Funds

<u>Receivable Fund</u>	<u>Pavable Fund</u>	<u>Amount</u>
General	Redevelopment Agency Debt Service	\$ 29,912,891
Redevelopment Agency Capital Projects	Redevelopment Agency Debt Service	180,984
		<u>\$ 30,093,875</u>

The City provides advances to the Redevelopment Agency to assist the Agency with its operating budget and redevelopment activities. The interest rate on the advances is 12% per annum compounded annually on the outstanding principal portion only. Accrued unpaid interest totaling \$9,598,879 at June 30, 2007 is included in the advance balance. Since the accrued unpaid interest due to the City is not available as a resource to meet expenditures of the current year, it has been recorded as deferred revenue in the General Fund.

On April 14, 2005, the Agency Board approved a 10-year loan from the Capital Projects Fund to the Debt Service Fund to provide partial funding for the required payment to the County of Los Angeles' Educational Revenue Augmentation Fund for the year ended June 30, 2005. No interest accrues on this loan and annual installments of \$22,623 commenced May 10, 2006.

Transfers

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 2,413,453
	Internal Service Fund	97,138
Redevelopment Agency Capital Projects Fund	Redevelopment Agency Debt Service Fund	3,845,877
Lakewood Capital Improvements Capital Projects Fund	General Fund	6,237,532
	Other Governmental Funds	1,629,245
Print Shop Internal Service Fund	General Fund	250,080
		<u>\$ 14,473,325</u>

Transfers provided funding for capital projects, capital acquisitions, debt service, print shop services and the losing of the central stores internal service fund.

## NOTE 6 - NOTES RECEIVABLE

As consideration for the sale of land on November 3, 2006, the Agency took a \$689,520 note from the buyer. The term of the note is ten years. Interest accrues on the note at a rate of 5.5% per annum. Principal and interest is payable quarterly. The quarterly payments are fixed at \$14,298 with a balloon payment of \$434,883 due on November 1, 2016. The note balance at June 30, 2007 is \$684,702 and is included in the Redevelopment Agency Capital Projects Fund.

## NOTE 7 - DEFINED BENEFIT PENSION PLAN

Plan Description

The City's defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Plan is part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions, as well as other requirements, is established by State statutes within the Public Employees' Retirement Law. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issues a separate comprehensive annual financial report. Copies of CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

See independent auditors' report.

## NOTE 7 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Funding Policy

The City makes all of the contributions required of City employees on their behalf and for their account. The employee portion of the rates is set by statute and therefore remains unchanged from year to year. The member rate as a percentage of wages for local miscellaneous members is 7%.

Additionally, the City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2006-07 was 9.789% for local miscellaneous members. The contribution requirements of the plan members are established by State statute and the employer contribution rates were established and may be amended by CalPERS.

Annual Pension Cost

For fiscal year 2006-07, the City's actual and contributed pension cost was \$1,216,460. The required contribution for fiscal year 2006-07 was determined as part of the June 30, 2004, actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) a 7.75% investment rate of return (net of administrative expenses); (b) projected salary increases that vary by age, length of service and type of employment from 3.25 % to 14.45%, (c) a 3.0% inflation rate; (d) a 3.25% payroll growth rate; and (e) a merit scale varying by duration of employment coupled with an assumed annual inflation component of 3.0% and an annual production growth of 0.25%. The actuarial value of the Plan's assets were determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a three-year period. Initial unfunded liabilities are amortized over a closed period that depends on the Plan's date of entry into CalPERS. Subsequent Plan amendments are amortized as a level percentage of pay over a closed 20-year period. Gains and losses that occur in the operation of the Plan are amortized over a rolling period which results in an amortization of 10% of unamortized gains and losses each year. If the Plan's accrued liability exceeds the actuarial value of Plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30-year amortization period.

Funding Status and Progress

## Three-Year Trend Information for the Miscellaneous Plan:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
<u>Miscellaneous Employees</u>			
6/30/05	\$ 1,153,940	100%	\$ -
6/30/06	2,149,780	100%	-
6/30/07	1,216,460	100%	-

Schedule of Funding Progress for PERS

Actuarial Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Liability/ (Excess Assets)	Funded Status	Annual Covered Payroll	UAAL As a % of Payroll
6/30/04	\$ 56,706,337	\$ 52,531,669	\$ 4,174,668	92.6%	\$11,170,184	37.4%
6/30/05	61,504,528	56,360,327	5,144,201	91.6%	11,913,171	43.2%
6/30/06	66,156,146	61,164,178	4,991,968	92.5%	12,588,101	39.7%

See independent auditors' report.

## NOTE 8 - DEFERRED COMPENSATION PLAN

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

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

## NOTE 9 - RESERVES AND DESIGNATIONS OF FUND BALANCES

A city may set up "reserves" of fund equity to segregate fund balances which are not appropriable for expenditure in future periods, or which are legally set aside for a specific future use. Fund "designations" also may be established to indicate tentative plans for financial resource utilization in a future period.

The City's reserves and designations at June 30, 2007, are tabulated below, followed by explanations as to the nature and purpose of each reserve and designation.

Reserves	General Fund	Redevelopment Agency Debt Service Fund	Redevelopment Agency Capital Projects Fund	Other Governmental Funds
Continuing appropriations	\$ 3,671,536	\$ -	\$ -	\$ 1,821,574
Personnel benefits	4,221,641	-	-	-
Debt service	-	1,492,884	-	-
Land held for resale	-	-	652,756	-
Low and moderate housing	-	-	6,594,762	-
Notes receivable	-	-	684,702	-
Prepaid items	8,012	-	-	-
Inventories	68,457	-	-	-
Advances	20,314,012	-	180,984	-
Special revenue purposes	-	-	-	2,095,970
Other reserves	513,114	-	-	-
Total reserves	<u>\$ 28,796,772</u>	<u>\$ 1,492,884</u>	<u>\$ 8,113,204</u>	<u>\$ 3,917,544</u>
Designations	General Fund			
Self-Insurance	\$ 4,000,000			
Capital improvements	1,987,018			
Facilities replacement	2,420,748			
Equipment replacement	2,819,359			
General contingencies	6,572,037			
Infrastructure improvements	178,094			
Refuse disposal rate stabilization	1,357,495			
Civic Center improvements	926,760			
Economic uncertainties	6,400,000			
Total designations	<u>\$ 26,661,511</u>			

See independent auditors' report.

## NOTE 9 - RESERVES AND DESIGNATIONS OF FUND BALANCES (CONTINUED)

## A. Reserve for Continuing Appropriations

Appropriations for capital projects which are unexpended as of June 30, 2007, will carry forward as continuing appropriations to be expended in 2007-08.

## B. Reserve for Personnel Benefits

This reserve provides for additional negotiated personnel benefits, as provided in the memorandum of understanding effective July 1, 2007.

## C. Reserve for Debt Service

The Tax Increment Bond Resolutions require that reserves be established.

## D. Reserve for Land Held for Resale

This reserve is provided to indicate that land held for resale is not "available" as a resource to meet expenditures of the current year.

## E. Reserve for Low and Moderate Housing

These funds are reserved for low and moderate housing, as required by the State of California Health and Safety Code Sections 33334.2 and 33334.3.

## F. Reserve for Notes Receivable

This reserve is provided to indicate that long-term notes receivable are not "available" as a resource to meet expenditures of the current year.

## G. Reserve for Prepaid Items

This reserve is provided to indicate that prepaid items are not "available" as a resource to meet expenditures of the current year.

## H. Reserve for Inventories:

This reserve is provided to indicate that inventories are not "available" as a resource to meet expenditures of the current year.

## I. Reserve for Advances

This reserve is provided to indicate that advances are not "available" as a resource to meet expenditures of the current year.

## J. Reserve for Special Revenue Purposes

These funds are reserved for the specific special revenue purposes as restricted by law or administrative action. They include funds which may only be used for street maintenance and construction, park and recreation purposes, sewer reconstruction, certain transportation purposes, federal housing grants, prevention of drug abuse, and to reduce air pollution from mobile sources.

## K. Other Reserves

Other reserves have been established for economic development loans funded by grants.

See independent auditors' report.

## NOTE 9 - RESERVES AND DESIGNATIONS OF FUND BALANCES (CONTINUED)

## L. Designated for Self-Insurance

These funds have been designated to provide for the general liability and workers' compensation insurance programs. The City is a member of the CALIFORNIA Joint Powers Insurance Authority as described in Note 10.

## M. Designated for Capital Improvements

These funds are designated to provide for new capital additions as determined by the City Council.

## N. Designated for Facilities Replacement

These funds are designated to provide primarily for the replacement of existing buildings which are expected to require reconstruction or major renovation in the future.

## O. Designated for Equipment Replacement

These funds are designated to provide primarily for replacement of major City equipment, such as office and computer equipment and equipment at City swimming pools.

## P. Designated for General Contingencies

The remainder of the unreserved fund balance at June 30, 2007, in the General Fund has been designated for general contingencies.

## Q. Designated for Infrastructure Improvements

These funds are designated to provide for new infrastructure improvements as determined by the City Council.

## R. Designated for Refuse Disposal Rate Stabilization

These funds are designated to provide for refuse disposal rate stabilization as determined by the City Council.

## S. Designated for Civic Center Improvements

These funds are designated to provide for a Civic Center Master Plan and its eventual implementation.

## T. Designated for Economic Uncertainties:

These funds are designated to provide for unforeseen situations, which could include increases in demand for services, state revenue take-aways or downturns in the economy.

## NOTE 10 - HOUSING AND COMMUNITY DEVELOPMENT LOAN PROGRAMS

The City makes deferred loans to senior citizens, the physically handicapped, and low- and moderate-income residents which are not repaid until the title to the property changes. In Fiscal Year 1996-97, the City began to use Redevelopment Agency low and moderate housing 20% set-aside funds to provide housing rehabilitation loans to eligible applicants. Through Fiscal Year 1997-98, the City also used Housing and Community Development Block Grant (CDBG) funds to provide these loans. The rehabilitation loans made from Redevelopment Agency low and moderate housing 20% set-aside funds are reflected in the Lakewood Redevelopment Agency Capital Projects Fund. Due to the long-term nature of the loans, the City has deferred recognition of revenues until receipt. The rehabilitation loans made from CDBG funds and all HUD cash held for rehabilitation loans are reflected in the Housing Rehabilitation Agency Fund. Since the Department of Housing and Urban Development has a claim to any funds remaining when the program is terminated, these funds are reported as "Due to Other Governments" in the Agency Fund.

See independent auditors' report.

## NOTE 11 - LIABILITY, PROPERTY AND WORKERS' COMPENSATION PROTECTION

## A. Description of Self-insurance Pool Pursuant to Joint Powers Agreement

The City is a member of the California Joint Powers Insurance Authority (Insurance Authority). The Insurance Authority is composed of 114 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Insurance 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 coverages. The Insurance Authority's pool began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a 9-member Executive Committee.

## B. Self-insurance Programs of the Authority

General Liability Insurance. Each member government pays a primary deposit to cover estimated losses for a fiscal year (claims year). Six months after the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Claims are pooled separately between police and non-police. Costs are spread to members as follows: the first \$30,000 of each occurrence is charged directly to the member's primary deposit; costs from \$30,000 to \$750,000 and the loss development reserves associated with losses up to \$750,000 are pooled based on the member's share of losses under \$30,000. Losses from \$750,000 to \$10,000,000, \$18,000,000 to \$23,000,000, and \$45,000,000 to \$50,000,000 and the associated loss development reserves are pooled based on payroll. Costs of covered claims from \$10,000,000 to \$18,000,000 and \$23,000,000 to \$45,000,000 are currently paid by excess insurance. Costs of covered claims for subsidence losses from \$15,000,000 to \$25,000,000 are paid by excess insurance. The protection for each member is \$50,000,000 per occurrence and \$50,000,000 annual aggregate. Administrative expenses are paid from the Insurance Authority's investment earnings.

Workers' Compensation. The City also participates in the workers' compensation pool administered by the Insurance Authority. Each member pays a primary deposit to cover estimated losses for a fiscal year (claims year). Six months after the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Claims are pooled separately between public safety and non-public safety. Each member has a retention level of \$50,000 for each loss and this is charged directly to the member's primary deposit. Losses from \$50,000 to \$100,000 and the loss development reserve associated with losses up to \$100,000 are pooled based on the member's share of losses under \$50,000. Losses from \$100,000 to \$2,000,000 and loss development reserves associated with those losses are pooled based on payroll. Losses from \$2,000,000 to \$5,000,000 are pooled with California State Association of Counties - Excess Insurance Authority members. Costs from \$2,000,000 to \$200,000,000 are transferred to reinsurance carriers. Costs in excess of \$200,000,000 are pooled among the Members based on payroll. Protection is provided per statutory liability under California Workers' Compensation law. Administrative expenses are paid from the Insurance Authority's investment earnings.

## C. Purchased Insurance

Property Insurance. The City participates in the all-risk property protection program of the Insurance Authority. This insurance protection is underwritten by several insurance companies. The City's property is currently insured according to a schedule of covered property submitted by the City to the Insurance Authority. Total all-risk property insurance coverage is \$41,570,738. There is a \$5,000 deductible per occurrence except for non-emergency vehicle insurance which has \$1,000 deductible. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

Earthquake and Flood Insurance. The City purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Insurance Authority. City property currently has earthquake protection in the amount of \$27,123,396. There is a deductible of 5% of value with a minimum deductible of \$100,000. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

Crime Insurance. The City purchases crime insurance coverage in the amount of \$1,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the Insurance Authority. Premiums are paid annually and are not subject to retroactive adjustments.

## NOTE 11 - LIABILITY, PROPERTY AND WORKERS' COMPENSATION PROTECTION (CONTINUED)

## D. Adequacy of Protection

During the past three fiscal (claims) years, none of the above programs of protection have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability coverage from coverage in the prior year.

The aforementioned information is not included in the accompanying financial statements. Complete financial statements for the Insurance Authority may be obtained at their administrative office located at 8081 Moody Street, La Palma, California 90623.

## NOTE 12 - POST-EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 7, the City provides a post-retirement medical care benefit under the terms of a Memorandum of Understanding (MOU) between the City and its employees. The benefit is in the form of a monthly supplemental payment to assist qualified retirees with premium payment on medical insurance. Effective July 1, 1989, this benefit is available to all employees retiring under the Public Employees Retirement System directly from Lakewood City service on or after attaining age 60 and who have completed at least 15 years of continuous service to the City as a full-time, regular employee immediately prior to retiring. Effective July 1, 2001, this benefit was modified and is also available to all employees retiring under the Public Employees Retirement System directly from Lakewood City service on or after age 55 and who have completed at least 20 years of continuous service to the City as a full-time, regular employee immediately prior to retiring. The benefit is a "defined dollar benefit" set at \$302 per month on July 1, 2004, continuing until the retiree has met the insured status requirements for Medicare. Thereafter, the payment is decreased to \$266 per month. The benefit is increased annually according to the terms of the MOU. The maximum term of benefits paid a qualifying employee is equal to the number of months of continuous Lakewood City service.

Expenditures for this post-retirement benefit are recognized as retirees file claims. During the year, expenditures of \$17,642 were recognized. Thirty-three employees were covered by the plan.

## NOTE 13 - CONTINGENT LIABILITIES

- A. Numerous claims and suits have been filed against the City in the normal course of business. Based upon information received from the City Attorney and the self-insurance administrator, the estimated liability under such claims would be adequately covered by self-insurance designations and insurance coverage.
- B. The City contracts for policing services through the Los Angeles County Sheriff's Department. As part of the agreement for services, the City is required to pay an additional 6% premium over the contract price to the Sheriff's Department for liability insurance. This amount is held by the County in a Liability Trust Fund and provides for the payment of claims brought against the Sheriff's Department.

## NOTE 14 - EDA REVOLVING LOAN FUND GRANT

The Gateway Cities Council of Governments has received grant funds for economic development from the Economic Development Administration (EDA). On August 24, 1999, the City of Lakewood approved an agreement with the Gateway Cities Council of Governments, of which the City of Lakewood is a member, to receive \$666,725 of these funds as a sub-grantee. These funds were used to establish a commercial revolving loan fund to provide for business expansion, economic development, and job creation in Lakewood. The revolving loan fund particularly targets industrial, manufacturing, and commercial businesses adjacent to the Boeing plant and Long Beach Airport and at the 19-acre former Rockwell site in Lakewood. This is a matching grant program. The funds received from the EDA have been matched with \$85,000 from a California Trade and Commerce Agency Defense Adjustment Matching Grant and \$168,245 in Community Development Block Grant (CDBG) funds. The outstanding balance, which is reported in the General Fund, as of June 30, 2007 was \$459,749.

## NOTE 15 - OTHER AGREEMENTS

On June 13, 1989, the Agency entered into an agreement for the allocation of tax increment revenue generated from Project Area No. 2. As part of the agreement, the Agency is required to reimburse the Consolidated Fire Protection District of Los Angeles County 17.26% of tax increment revenues and Los Angeles County 54.59% of tax increment revenue. The Los Angeles County portion may be deferred in any year under certain terms of the agreement until total tax increment of the Agency reaches a cumulative total of \$60,000,000. After the total reaches \$60,000,000, the Agency is required to reimburse Los Angeles County 100% of tax increment revenue (net of the allocation to the Consolidated Fire Protection District of Los Angeles County) until the deferred sums have been repaid. Interest on any deferral amounts was prepaid in a lump sum of \$842,000 in Fiscal Year 1990-91. At June 30, 2007, the Agency's outstanding deferral balance is \$552,498.

On September 14, 1999, the Agency also approved an agreement to lease 1,900 parking stalls from the Lakewood Mall Business Company to provide public parking. Rent is comprised of basic rent and additional rent. The basic rent is \$450,000 per year. The additional rent is based on the amount of additional tax increment received above a base year amount and is capped at \$300,000 per year. The agreement also allows for catch up payments in the event that additional rent is less than the cap in the first three years of the lease. Catch up payments are only due when additional rent exceeds the \$300,000 annual cap in future years. The Agency also entered into a sublease with the developer in order for the developer to operate and maintain the premises as public facilities. The annual lease payments will be paid with tax increment revenues generated by the Mall. For the fiscal year ended June 30, 2007, the Agency's obligation under this agreement totaled \$750,000.

On August 27, 2002, the Lakewood Redevelopment Agency entered into a twelve-year agreement with Pacific Ford, Inc., and HJCH II for a rehabilitation reimbursement in the amount not to exceed \$1,890,000 to be paid quarterly based on a tax revenue generated by the Ford dealership and any other dealership on the property acquired and to be acquired by HJCH II. Pacific Ford and HJCH II guarantee for the term of the agreement a minimum amount of sales per year subject to California sales tax. In the event the minimum is not achieved in the aggregate for the term of the agreement, the participant shall reimburse the City of Lakewood for the amount of sales tax revenue not generated. In addition, the Agency extended its existing lease of a parcel on Cherry Avenue to Pacific Ford and renewed the option to purchase that parcel. For the year ended June 30, 2007, the Agency made no payments in relation to this agreement.

On December 16, 1998, the Agency entered into a participation agreement with Golden State Health Centers, Inc., which reimburses all tax increment revenues which the Agency receives from the redevelopment of the site located at 11695 Del Amo Boulevard, excluding: (1) the property taxes levied and assessed against the site as of January 1, 1998; (2) the amount required to be set aside for the low-and moderate-income housing fund equal to 20%; and (3) that amount of tax increment the Agency is required to pay to other taxing agencies which is currently approximately 20% of such tax increment. Such payments shall be made to the owner in semi-annual installments within 60 days after the Agency's receipt of its tax increment for the Redevelopment Project from the County tax collector. The owner shall submit a written statement each year to the Agency requesting such payment together with a copy of its property tax bill(s) for all real property within the site, whether billed to the owner or any tenant. For the year ended June 30, 2007, the Agency paid \$10,698 pursuant to this agreement.

See independent auditors' report.

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**REQUIRED SUPPLEMENTARY INFORMATION**

CITY OF LAKEWOOD  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND

For the year ended June 30, 2007

	Budgeted Amounts		Actual	Variance
	Original	Final		Final Budget Positive (Negative)
<b>REVENUES:</b>				
Taxes	\$ 20,897,981	\$ 20,897,981	\$ 20,569,828	\$ (328,153)
Licenses and permits	689,850	689,850	712,472	22,622
Fines and forfeitures	625,000	625,000	716,319	91,319
Investment income, rents and concessions	1,617,591	1,617,591	1,663,700	46,109
From other agencies	6,563,020	6,414,864	10,247,785	3,832,921
Current service charges	7,448,460	7,610,567	7,651,476	40,909
Other	120,207	120,207	214,936	94,729
<b>TOTAL REVENUES</b>	<b>37,962,109</b>	<b>37,976,060</b>	<b>41,776,516</b>	<b>3,800,456</b>
<b>EXPENDITURES:</b>				
Current:				
General government	7,151,644	9,194,041	7,953,264	1,240,777
Public safety	12,066,319	12,849,052	11,681,352	1,167,700
Transportation	3,559,171	3,449,657	3,666,367	(216,710)
Community development	3,923,941	4,199,837	3,602,681	597,156
Health and sanitation	4,479,620	4,343,510	4,238,095	105,415
Culture and leisure	8,319,136	8,745,294	8,260,888	484,406
<b>TOTAL EXPENDITURES</b>	<b>39,499,831</b>	<b>42,781,391</b>	<b>39,402,647</b>	<b>3,378,744</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,537,722)</b>	<b>(4,805,331)</b>	<b>2,373,869</b>	<b>7,179,200</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	2,510,591	2,510,591
Transfers out	(3,094,317)	(8,669,579)	(6,487,612)	2,181,967
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(3,094,317)</b>	<b>(8,669,579)</b>	<b>(3,977,021)</b>	<b>4,692,558</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(4,632,039)</b>	<b>(13,474,910)</b>	<b>(1,603,152)</b>	<b>11,871,758</b>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<b>57,061,435</b>	<b>57,061,435</b>	<b>57,061,435</b>	<b>-</b>
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 52,429,396</b>	<b>\$ 43,586,525</b>	<b>\$ 55,458,283</b>	<b>\$ 11,871,758</b>

See independent auditors' report and note to required supplementary information.

## NOTE 1 - BUDGETARY ACCOUNTING

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The annual budget adopted by the City Council provides for the general operation of the City. It includes proposed expenditures and the means of financing them.
2. The City Council approves total budgeted appropriations and any amendments to appropriations throughout the year. This "appropriated budget" covers substantially all City expenditures, with the exception of debt service on bond issues and capital improvement projects, which expenditures constitute legally-authorized "non-appropriated budget." There were no significant non-budgeted financial activities. Actual expenditures may not exceed budgeted appropriations at the fund level. However, the City Manager is authorized to transfer budgeted amounts between funds and between functional categories.
3. Formal budgetary integration is employed as a management control device. Commitments for materials and services, such as purchase orders and contracts, are recorded during the year as encumbrances to assist in controlling expenditures. Appropriations which are encumbered at year end lapse, and then are added to the following year's budgeted appropriations. However, encumbrances at year end are reported as reservations of fund balance.
4. Budgets for the General and Special Revenue Funds are adopted on a basis substantially consistent with accounting principles generally accepted in the United States of America. Accordingly, actual revenues and expenditures can be compared with related budgeted amounts without any significant reconciling items. No budgetary comparisons are presented for the Drug Forfeiture Special Revenue Fund and the Redevelopment Agency Debt Service Fund since no budgets are adopted for these funds. No budgetary comparisons are presented for Proprietary Funds as the City is not legally required to adopt a budget for these types of funds.
5. Capital project budgets are long term in nature and, accordingly, no budgetary comparisons are reflected in the accompanying financial statements.
6. Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from the proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller, returned to the taxpayers through revised tax rates or revised fee schedules, or an excess in one year may be offset against a deficit in the following year. For the fiscal year ended June 30, 2007, based on calculations by City Management, proceeds of taxes did not exceed related appropriations. Further, Section 5 of Article XIII B allows the City to designate a portion of fund balance for general contingencies, to be used in future years without limitation. In 2006-07, the City Council passed a resolution setting aside all unappropriated fund balances in the General Fund as contingency funds.

See independent auditors' report.

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**OTHER GOVERNMENTAL FUNDS**

**SPECIAL REVENUE FUNDS**

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

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

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

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

Prop A Transit Fund - To account for Los Angeles County special ½ cent transportation sales tax which became effective July 1, 1982. These funds may be used only for certain transportation purposes.

Housing Authority Fund - To account for revenues and expenditures for federal housing grants to the Lakewood Housing Authority.

Drug Forfeiture Fund - To account for revenues from the seizure of property related to drug crimes. These funds may be used only for programs related to the prevention of drug abuse.

Prop C Transportation Fund - To account for Los Angeles County additional special ½ cent transportation sales tax which became effective July 1, 1992. These funds may be used only for certain transportation purposes.

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

CITY OF LAKEWOOD

COMBINING BALANCE SHEET  
OTHER GOVERNMENTAL FUNDS

June 30, 2007

	Special Revenue Funds			
	State Gasoline Tax	Park Dedication	Sewer Reconstruction	Prop A Transit
<b>ASSETS</b>				
Cash and investments	\$ -	\$ 69,610	\$ 86,719	\$ 758,321
Accounts receivable	159,513	-	-	136,512
<b>TOTAL ASSETS</b>	<u>\$ 159,513</u>	<u>\$ 69,610</u>	<u>\$ 86,719</u>	<u>\$ 894,833</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ 20,834
Accrued liabilities	-	-	-	15,794
Due to other funds	-	-	-	3,088
Deferred revenue	-	-	-	-
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,716</u>
<b>FUND BALANCES:</b>				
Reserved:				
Continuing appropriations	-	40,225	-	16,581
Special revenue purposes	159,513	29,385	86,719	838,536
<b>TOTAL FUND BALANCES</b>	<u>159,513</u>	<u>69,610</u>	<u>86,719</u>	<u>855,117</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 159,513</u>	<u>\$ 69,610</u>	<u>\$ 86,719</u>	<u>\$ 894,833</u>

See independent auditors' report.

Special Revenue Funds (Continued)

<u>Housing Authority</u>	<u>Drug Forfeiture</u>	<u>Prop C Transportation</u>	<u>AB 2766</u>	<u>Total Other Governmental Funds</u>
\$ 829,737	\$ -	\$ 2,798,377	\$ 34,983	\$ 4,577,747
7,218	-	131,825	26,319	461,387
<u>\$ 836,955</u>	<u>\$ -</u>	<u>\$ 2,930,202</u>	<u>\$ 61,302</u>	<u>\$ 5,039,134</u>
\$ 362,755	\$ -	\$ 228,438	\$ 11,000	\$ 623,027
-	-	2,776	1,789	20,359
-	-	598	318	4,004
474,200	-	-	-	474,200
<u>836,955</u>	<u>-</u>	<u>231,812</u>	<u>13,107</u>	<u>1,121,590</u>
-	-	1,764,768	-	1,821,574
-	-	933,622	48,195	2,095,970
-	-	2,698,390	48,195	3,917,544
<u>\$ 836,955</u>	<u>\$ -</u>	<u>\$ 2,930,202</u>	<u>\$ 61,302</u>	<u>\$ 5,039,134</u>

CITY OF LAKEWOOD

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS

For the year ended June 30, 2007

	Special Revenue Funds			
	State Gasoline Tax	Park Dedication	Sewer Reconstruction	Prop A Transit
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ 1,339,381
Licenses and permits	-	25,566	-	-
Investment income, rents and concessions	92,261	-	-	34,381
From other agencies	2,228,178	-	-	-
<b>TOTAL REVENUES</b>	<b>2,320,439</b>	<b>25,566</b>	<b>-</b>	<b>1,373,762</b>
EXPENDITURES:				
Current:				
General government	-	-	-	16,768
Transportation	-	-	-	743,614
Community development	-	-	4,676	55,624
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>4,676</b>	<b>816,006</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>2,320,439</b>	<b>25,566</b>	<b>(4,676)</b>	<b>557,756</b>
OTHER FINANCING USES:				
Transfers out	(2,412,555)	(81,167)	-	(122,678)
<b>TOTAL OTHER FINANCING USES</b>	<b>(2,412,555)</b>	<b>(81,167)</b>	<b>-</b>	<b>(122,678)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(92,116)</b>	<b>(55,601)</b>	<b>(4,676)</b>	<b>435,078</b>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<b>251,629</b>	<b>125,211</b>	<b>91,395</b>	<b>420,039</b>
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$ 159,513</b>	<b>\$ 69,610</b>	<b>\$ 86,719</b>	<b>\$ 855,117</b>

See independent auditors' report.

Special Revenue Funds (Continued)

<u>Housing Authority</u>	<u>Drug Forfeiture</u>	<u>Prop C Transportation</u>	<u>AB 2766</u>	<u>Total Other Governmental Funds</u>
\$ -	\$ -	\$ 1,113,467	\$ -	\$ 2,452,848
-	-	-	-	25,566
40,040	-	153,710	4,967	325,359
<u>1,488,655</u>	<u>898</u>	<u>-</u>	<u>125,453</u>	<u>3,843,184</u>
<u>1,528,695</u>	<u>898</u>	<u>1,267,177</u>	<u>130,420</u>	<u>6,646,957</u>
-	-	-	137,307	154,075
-	-	77,049	66,842	887,505
<u>1,528,695</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,588,995</u>
<u>1,528,695</u>	<u>-</u>	<u>77,049</u>	<u>204,149</u>	<u>2,630,575</u>
<u>-</u>	<u>898</u>	<u>1,190,128</u>	<u>(73,729)</u>	<u>4,016,382</u>
<u>-</u>	<u>(898)</u>	<u>(1,425,400)</u>	<u>-</u>	<u>(4,042,698)</u>
<u>-</u>	<u>(898)</u>	<u>(1,425,400)</u>	<u>-</u>	<u>(4,042,698)</u>
<u>-</u>	<u>-</u>	<u>(235,272)</u>	<u>(73,729)</u>	<u>(26,316)</u>
<u>-</u>	<u>-</u>	<u>2,933,662</u>	<u>121,924</u>	<u>3,943,860</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,698,390</u>	<u>\$ 48,195</u>	<u>\$ 3,917,544</u>

CITY OF LAKEWOOD

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

STATE GASOLINE TAX SPECIAL REVENUE FUND

For the year ended June 30, 2007

	Final Budgeted Amounts	Actual	Variance Final Budget Positive (Negative)
REVENUES:			
Investment income, rents and concessions	\$ 20,000	\$ 92,261	\$ 72,261
From other agencies	<u>1,491,500</u>	<u>2,228,178</u>	<u>736,678</u>
TOTAL REVENUES	1,511,500	2,320,439	808,939
OTHER FINANCING USES:			
Transfers out	<u>-</u>	<u>(2,412,555)</u>	<u>(2,412,555)</u>
NET CHANGE IN FUND BALANCE	1,511,500	(92,116)	(1,603,616)
FUND BALANCE AT BEGINNING OF YEAR	<u>251,629</u>	<u>251,629</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u><u>\$ 1,763,129</u></u>	<u><u>\$ 159,513</u></u>	<u><u>\$ (1,603,616)</u></u>

See independent auditors' report.

CITY OF LAKEWOOD

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

PARK DEDICATION SPECIAL REVENUE FUND

For the year ended June 30, 2007

	Final Budgeted Amounts	Actual	Variance Final Budget Positive (Negative)
REVENUES:			
Licenses and permits	\$ 50,000	\$ 25,566	\$ (24,434)
OTHER FINANCING USES:			
Transfers out	<u>(181,200)</u>	<u>(81,167)</u>	<u>100,033</u>
NET CHANGE IN FUND BALANCE	(131,200)	(55,601)	75,599
FUND BALANCE AT BEGINNING OF YEAR	<u>125,211</u>	<u>125,211</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ (5,989)</u>	<u>\$ 69,610</u>	<u>\$ 75,599</u>

See independent auditors' report.

CITY OF LAKEWOOD

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

SEWER RECONSTRUCTION SPECIAL REVENUE FUND

For the year ended June 30, 2007

	Final Budgeted Amounts	Actual	Variance Final Budget Positive (Negative)
REVENUES:			
Licenses and permits	\$ 500	\$ -	\$ (500)
EXPENDITURES:			
Current:			
Community development	<u>4,676</u>	<u>4,676</u>	<u>-</u>
EXCESS OF REVENUES OVER (Under) EXPENDITURES	(4,176)	(4,676)	(500)
FUND BALANCE AT BEGINNING OF YEAR	<u>91,395</u>	<u>91,395</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u><u>\$ 87,219</u></u>	<u><u>\$ 86,719</u></u>	<u><u>\$ (500)</u></u>

See independent auditors' report.

CITY OF LAKEWOOD

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

PROP A TRANSIT SPECIAL REVENUE FUND

For the year ended June 30, 2007

	Final Budgeted Amounts	Actual	Variance Final Budget Positive (Negative)
REVENUES:			
Taxes	\$ 1,200,000	\$ 1,339,381	\$ 139,381
Investment income, rents and concessions	10,000	34,381	24,381
TOTAL REVENUES	<u>1,210,000</u>	<u>1,373,762</u>	<u>163,762</u>
EXPENDITURES:			
Current:			
General government	28,096	16,768	11,328
Transportation	820,017	743,614	76,403
Community development	48,950	55,624	(6,674)
TOTAL EXPENDITURES	<u>897,063</u>	<u>816,006</u>	<u>81,057</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	312,937	557,756	244,819
OTHER FINANCING USES:			
Transfers out	<u>(16,581)</u>	<u>(122,678)</u>	<u>(106,097)</u>
NET CHANGE IN FUND BALANCE	296,356	435,078	138,722
FUND BALANCE AT BEGINNING OF YEAR	<u>420,039</u>	<u>420,039</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 716,395</u>	<u>\$ 855,117</u>	<u>\$ 138,722</u>

See independent auditors' report.

CITY OF LAKEWOOD

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

HOUSING AUTHORITY SPECIAL REVENUE FUND

For the year ended June 30, 2007

	Final Budgeted Amounts	Actual	Variance Final Budget Positive (Negative)
REVENUES:			
Investment income, rents and concessions	\$ 10,000	\$ 40,040	\$ 30,040
From other agencies	1,794,108	1,488,655	(305,453)
 TOTAL REVENUES	 1,804,108	 1,528,695	 (275,413)
EXPENDITURES:			
Current:			
Community development	1,804,108	1,528,695	275,413
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	 -	 -	 -
 FUND BALANCE AT BEGINNING OF YEAR	 -	 -	 -
 FUND BALANCE AT END OF YEAR	 \$ -	 \$ -	 \$ -

See independent auditors' report.

CITY OF LAKEWOOD

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

PROP C TRANSPORTATION SPECIAL REVENUE FUND

For the year ended June 30, 2007

	Final Budgeted Amounts	Actual	Variance Final Budget Positive (Negative)
REVENUES:			
Taxes	\$ 1,000,000	\$ 1,113,467	\$ 113,467
Investment income, rents and concessions	60,000	153,710	93,710
TOTAL REVENUES	1,060,000	1,267,177	207,177
EXPENDITURES:			
Current:			
Transportation	128,697	77,049	51,648
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	931,303	1,190,128	258,825
OTHER FINANCING USES:			
Transfers out	(2,728,926)	(1,425,400)	1,303,526
NET CHANGE IN FUND BALANCE	(1,797,623)	(235,272)	1,562,351
FUND BALANCE AT BEGINNING OF YEAR	2,933,662	2,933,662	-
FUND BALANCE AT END OF YEAR	<u>\$ 1,136,039</u>	<u>\$ 2,698,390</u>	<u>\$ 1,562,351</u>

See independent auditors' report.

CITY OF LAKEWOOD

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

AB 2766 SPECIAL REVENUE FUND

For the year ended June 30, 2007

	Final Budgeted Amounts	Actual	Variance Final Budget Positive (Negative)
<b>REVENUES:</b>			
Investment income, rents and concessions	\$ 1,500	\$ 4,967	\$ 3,467
From other agencies	92,000	125,453	33,453
<b>TOTAL REVENUES</b>	<u>93,500</u>	<u>130,420</u>	<u>36,920</u>
<b>EXPENDITURES:</b>			
Current:			
General government	4,400	137,307	(132,907)
Transportation	78,326	66,842	11,484
<b>TOTAL EXPENDITURES</b>	<u>82,726</u>	<u>204,149</u>	<u>(121,423)</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	10,774	(73,729)	(84,503)
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>121,924</u>	<u>121,924</u>	<u>-</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ 132,698</u>	<u>\$ 48,195</u>	<u>\$ (84,503)</u>

See independent auditors' report.

**INTERNAL SERVICE FUNDS**

Central Stores Fund - To account for the financing of materials and supplies provided to various departments of the City. Costs of the material and supplies are billed to the various department at actual cost at the time the material is used.

Central Garage Fund - To account for maintenance and repair of vehicles and equipment used by various departments of the City. Costs are billed to the various departments as the work is completed.

Print Shop Fund - To account for the printing services provided to the various departments of the City. Costs of materials, supplies and services are billed as the work is completed.

## CITY OF LAKEWOOD

COMBINING STATEMENT OF NET ASSETS  
INTERNAL SERVICE FUNDS

June 30, 2007

ASSETS	Central Stores	Central Garage	Print Shop	Totals
<b>CURRENT ASSETS:</b>				
Cash and investments	\$ -	\$ -	\$ 13,609	\$ 13,609
Inventories	-	18,416	-	18,416
<b>TOTAL CURRENT ASSETS</b>	<b>-</b>	<b>18,416</b>	<b>13,609</b>	<b>32,025</b>
<b>NONCURRENT ASSETS</b>				
Capital assets:				
Equipment	-	1,711,810	-	1,711,810
Less: accumulated depreciation	-	(1,333,820)	-	(1,333,820)
Total capital assets (net of accumulated depreciation)	-	377,990	-	377,990
<b>TOTAL ASSETS</b>	<b>-</b>	<b>396,406</b>	<b>13,609</b>	<b>410,015</b>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES:</b>				
Accounts payable	-	5,050	3,406	8,456
Accrued liabilities	-	14,530	8,721	23,251
Due to the General Fund	-	573,974	1,482	575,456
<b>TOTAL CURRENT LIABILITIES</b>	<b>-</b>	<b>593,554</b>	<b>13,609</b>	<b>607,163</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	-	377,990	-	377,990
Unrestricted	-	(575,138)	-	(575,138)
<b>TOTAL NET ASSETS (DEFICIT)</b>	<b>\$ -</b>	<b>\$ (197,148)</b>	<b>\$ -</b>	<b>\$ (197,148)</b>

See independent auditors' report.

CITY OF LAKEWOOD

COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET ASSETS - INTERNAL SERVICE FUNDS

For the year ended June 30, 2007

	Central Stores	Central Garage	Print Shop	Totals
<b>OPERATING REVENUES:</b>				
Billings to departments	\$ -	\$ 545,049	\$ 85,140	\$ 630,189
<b>OPERATING EXPENSES:</b>				
Operations:				
Cost of goods sold	2,807	956,877	335,220	1,294,904
Depreciation	-	119,793	-	119,793
<b>TOTAL OPERATING EXPENSES</b>	<b>2,807</b>	<b>1,076,670</b>	<b>335,220</b>	<b>1,414,697</b>
<b>LOSS BEFORE TRANSFERS</b>	<b>(2,807)</b>	<b>(531,621)</b>	<b>(250,080)</b>	<b>(784,508)</b>
TRANSFERS IN	-	-	250,080	250,080
TRANSFERS OUT	(97,138)	-	-	(97,138)
<b>CHANGE IN NET ASSETS</b>	<b>(99,945)</b>	<b>(531,621)</b>	<b>-</b>	<b>(631,566)</b>
NET ASSETS AT BEGINNING OF YEAR	99,945	334,473	-	434,418
NET ASSETS (DEFICIT) AT END OF YEAR	<u>\$ -</u>	<u>\$ (197,148)</u>	<u>\$ -</u>	<u>\$ (197,148)</u>

See independent auditors' report.

CITY OF LAKEWOOD

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS

For the year ended June 30, 2007

	Central Stores	Central Garage	Print Shop	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from interfund services provided	\$ -	\$ 552,534	\$ 85,140	\$ 637,674
Payments to suppliers	(2,807)	(681,505)	(115,066)	(799,378)
Payments to employees	-	(345,105)	(223,503)	(568,608)
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<u>(2,807)</u>	<u>(474,076)</u>	<u>(253,429)</u>	<u>(730,312)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Transfers to other funds	(2,921)	-	-	(2,921)
Transfers from other funds	-	571,757	251,562	823,319
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<u>(2,921)</u>	<u>571,757</u>	<u>251,562</u>	<u>820,398</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition of capital assets	-	(189,211)	-	(189,211)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(5,728)	(91,530)	(1,867)	(99,125)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>5,728</u>	<u>91,530</u>	<u>15,476</u>	<u>112,734</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,609</u>	<u>\$ 13,609</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:</b>				
Operating loss	\$ (2,807)	\$ (531,621)	\$ (250,080)	\$ (784,508)
Adjustments to reconcile operating loss to net cash used by operating activities:				
Depreciation	-	119,793	-	119,793
Changes in operating assets and liabilities:				
(Increase) decrease in inventories	-	7,485	-	7,485
Increase (decrease) in accounts payable	-	(74,030)	(3,699)	(77,729)
Increase (decrease) in accrued liabilities	-	4,297	350	4,647
<b>TOTAL ADJUSTMENTS</b>	<u>-</u>	<u>57,545</u>	<u>(3,349)</u>	<u>54,196</u>
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<u>\$ (2,807)</u>	<u>\$ (474,076)</u>	<u>\$ (253,429)</u>	<u>\$ (730,312)</u>

See independent auditors' report.

**FIDUCIARY FUNDS**

**AGENCY FUNDS**

Deposit Fund - To account for collection and payment of such items as performance bond deposits.

Housing Rehabilitation Fund - To account for the housing rehabilitation loans financed by the Community Development Block Grant of the Department of Housing and Urban Development.

Sheriff Station Renovation Fund - To account for the County funds used for the renovation and expansion of the Sheriff Station.

CITY OF LAKEWOOD

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

June 30, 2007

	Agency Funds			Totals
	Deposit	Housing Rehabilitation	Sheriff Station Renovation	
<b>ASSETS:</b>				
Cash and investments	\$ 669,771	\$ 206,973	\$ 6,128,193	\$ 7,004,937
Accounts receivable	-	145	52,082	52,227
Loans receivable	-	1,110,867	-	1,110,867
<b>TOTAL ASSETS</b>	<u>\$ 669,771</u>	<u>\$ 1,317,985</u>	<u>\$ 6,180,275</u>	<u>\$ 8,168,031</u>
<b>LIABILITIES:</b>				
Accounts payable	\$ -	\$ -	\$ 1,888,805	\$ 1,888,805
Deposits	669,771	195,604	4,291,470	5,156,845
Due to HUD	-	1,122,381	-	1,122,381
<b>TOTAL LIABILITIES</b>	<u>\$ 669,771</u>	<u>\$ 1,317,985</u>	<u>\$ 6,180,275</u>	<u>\$ 8,168,031</u>

See independent auditors' report.

CITY OF LAKEWOOD

SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES  
ALL AGENCY FUNDS

For the year ended June 30, 2007

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007
<b>DEPOSIT FUND</b>				
<b>ASSETS:</b>				
Cash and investments	\$ 699,291	\$ 247,493	\$ 277,013	\$ 669,771
<b>LIABILITIES:</b>				
Deposits	\$ 699,291	\$ 131,013	\$ 160,533	\$ 669,771
<b>HOUSING REHABILITATION FUND</b>				
<b>ASSETS:</b>				
Cash and investments	\$ 550,639	\$ 390,095	\$ 733,761	\$ 206,973
Accounts receivable	-	145	-	145
Loans receivable	1,213,403	-	102,536	1,110,867
<b>TOTAL ASSETS</b>	<u>\$ 1,764,042</u>	<u>\$ 390,240</u>	<u>\$ 836,297</u>	<u>\$ 1,317,985</u>
<b>LIABILITIES:</b>				
Deposits	\$ 500,720	\$ 92,131	\$ 397,247	\$ 195,604
Due to HUD	1,263,322	1,895	142,836	1,122,381
<b>TOTAL LIABILITIES</b>	<u>\$ 1,764,042</u>	<u>\$ 94,026</u>	<u>\$ 540,083</u>	<u>\$ 1,317,985</u>
<b>SHERIFF STATION RENOVATION</b>				
<b>ASSETS:</b>				
Cash and investments	\$ 14,633,449	\$ 3,473,381	\$ 11,978,637	\$ 6,128,193
Accounts receivable	81,894	52,082	81,894	52,082
<b>TOTAL ASSETS</b>	<u>\$ 14,715,343</u>	<u>\$ 3,525,463</u>	<u>\$ 12,060,531</u>	<u>\$ 6,180,275</u>
<b>LIABILITIES:</b>				
Accounts payable	\$ 1,530,995	\$ 13,838,538	\$ 13,480,728	\$ 1,888,805
Deposits	13,184,348	12,029,642	20,922,520	4,291,470
<b>TOTAL LIABILITIES</b>	<u>\$ 14,715,343</u>	<u>\$ 25,868,180</u>	<u>\$ 34,403,248</u>	<u>\$ 6,180,275</u>
<b>TOTAL - ALL AGENCY FUNDS</b>				
<b>ASSETS:</b>				
Cash and investments	\$ 15,883,379	\$ 4,110,969	\$ 12,989,411	\$ 7,004,937
Accounts receivable	81,894	52,227	81,894	52,227
Loans receivable	1,213,403	-	102,536	1,110,867
<b>TOTAL ASSETS</b>	<u>\$ 17,178,676</u>	<u>\$ 4,163,196</u>	<u>\$ 13,173,841</u>	<u>\$ 8,168,031</u>
<b>LIABILITIES:</b>				
Accounts payable	\$ 1,530,995	\$ 13,838,538	\$ 13,480,728	\$ 1,888,805
Deposits	14,384,359	12,252,786	21,480,300	5,156,845
Due to HUD	1,263,322	1,895	142,836	1,122,381
<b>TOTAL LIABILITIES</b>	<u>\$ 17,178,676</u>	<u>\$ 26,093,219</u>	<u>\$ 35,103,864</u>	<u>\$ 8,168,031</u>

See independent auditors' report.

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DESCRIPTION OF STATISTICAL SECTION CONTENTS

June 30, 2007

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

Contents:	<u>Pages</u>
<u>Financial Trends</u> - These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	78 - 87
<u>Revenue Capacity</u> - These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	88 - 91
<u>Debt Capacity</u> - These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	92 - 99
<u>Demographic and Economic Information</u> - These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	100 - 101
<u>Operating Information</u> - These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	102 - 106

CITY OF LAKEWOOD

Net Assets by Component

Last Five Fiscal Years  
(accrual basis of accounting)

	Fiscal Year			
	2003	2004	2005	2006
<b>Governmental activities:</b>				
Invested in capital assets, net of related debt	\$ 76,305,577	\$ 73,743,565	\$ 73,036,013	\$ 75,031,207
Restricted	11,941,950	11,244,238	12,242,213	13,165,754
Unrestricted	22,938,019	27,428,650	31,541,215	32,203,301
<b>Total governmental activities net assets</b>	<b>\$ 111,185,546</b>	<b>\$ 112,416,453</b>	<b>\$ 116,819,441</b>	<b>\$ 120,400,262</b>
<b>Business-type activities:</b>				
Invested in capital assets, net of related debt	\$ 11,892,836	\$ 12,498,286	\$ 13,431,784	\$ 15,974,851
Restricted	-	-	-	-
Unrestricted	5,044,179	6,465,984	7,320,797	6,868,779
<b>Total business-type activities net assets</b>	<b>\$ 16,937,015</b>	<b>\$ 18,964,270</b>	<b>\$ 20,752,581</b>	<b>\$ 22,843,630</b>
<b>Primary government:</b>				
Invested in capital assets, net of related debt	\$ 88,198,413	\$ 86,241,851	\$ 86,467,797	\$ 91,006,058
Restricted	11,941,950	11,244,238	12,242,213	13,165,754
Unrestricted	27,982,198	33,894,634	38,862,012	39,072,080
<b>Total primary government net assets</b>	<b>\$ 128,122,561</b>	<b>\$ 131,380,723</b>	<b>\$ 137,572,022</b>	<b>\$ 143,243,892</b>

*The City of Lakewood implemented GASB 34 for the fiscal year ended June 30, 2003.  
Information prior to the implementation of GASB 34 is not available.*

Fiscal Year

2007

\$ 80,280,502  
14,647,204  
31,896,543

\$ 126,824,249

\$ 18,820,327  
-  
7,150,032

\$ 25,970,359

\$ 99,100,829  
14,647,204  
39,046,575

\$ 152,794,608

CITY OF LAKEWOOD

Changes in Net Assets - Expenses and Program Revenues

Last Five Fiscal Years  
(accrual basis of accounting)

	Fiscal Year			
	2003	2004	2005	2006
<b>Expenses:</b>				
<b>Governmental activities:</b>				
General government	\$ 6,483,636	\$ 6,469,288	\$ 6,188,887	\$ 7,349,163
Public safety	9,642,211	9,837,380	10,938,617	10,850,664
Transportation	5,984,110	5,874,797	4,149,697	5,214,752
Community development	6,886,063	9,395,361	9,517,641	10,402,500
Health and sanitation	4,130,482	3,500,490	4,245,217	3,808,855
Culture and leisure	8,318,769	7,354,906	7,748,336	8,570,789
Unallocated infrastructure depreciation	1,519,198	1,577,783	1,632,049	1,719,530
Interest on long-term debt	2,563,185	2,603,529	2,475,189	2,182,653
<b>Total governmental activities expenses</b>	<b>45,527,654</b>	<b>46,613,534</b>	<b>46,895,633</b>	<b>50,098,906</b>
<b>Business-type activities:</b>				
Water	5,435,676	5,193,182	5,347,379	5,528,122
<b>Total primary government expenses</b>	<b>\$ 50,963,330</b>	<b>\$ 51,806,716</b>	<b>\$ 52,243,012</b>	<b>\$ 55,627,028</b>
<b>Program revenues:</b>				
<b>Governmental activities:</b>				
<b>Charges for services:</b>				
General government	\$ 53,855	\$ 54,431	\$ 754,006	\$ 840,154
Public safety	1,722,616	1,621,435	1,309,730	1,735,629
Community development	1,065,511	1,267,453	1,277,257	1,294,667
Health and sanitation	3,755,914	3,815,916	3,947,546	4,098,993
Culture and leisure	1,389,452	1,280,977	1,529,562	1,589,069
Operating grants and contributions	7,044,959	7,685,891	6,706,916	7,323,457
Capital grants and contributions	2,228,881	932,599	641,047	759,981
<b>Total governmental activities program revenues</b>	<b>17,261,188</b>	<b>16,658,702</b>	<b>16,166,064</b>	<b>17,641,950</b>
<b>Business-type activities:</b>				
<b>Charges for services:</b>				
Water	6,253,378	6,977,418	6,867,123	7,213,658
<b>Total primary government program revenues</b>	<b>\$ 23,514,566</b>	<b>\$ 23,636,120</b>	<b>\$ 23,033,187</b>	<b>\$ 24,855,608</b>
<b>Net revenues (expenses):</b>				
Governmental activities	\$ (28,266,466)	\$ (29,954,832)	\$ (30,729,569)	\$ (32,456,956)
Business-type activities	817,702	1,784,236	1,519,744	1,685,536
<b>Total net revenues (expenses)</b>	<b>\$ (27,448,764)</b>	<b>\$ (28,170,596)</b>	<b>\$ (29,209,825)</b>	<b>\$ (30,771,420)</b>

*The City of Lakewood implemented GASB 34 for the fiscal year ended June 30, 2003. Information prior to the implementation of GASB 34 is not available.*

Source: Department of Finance, City of Lakewood

Fiscal Year

2007

\$ 8,510,064  
11,356,267  
4,824,504  
10,309,543  
4,250,787  
9,019,931  
1,776,204  
2,795,304

52,842,604

6,276,836

\$ 59,119,440

\$ 859,860  
1,351,445  
1,133,876  
4,346,022  
1,561,244  
7,988,389  
822,247

18,063,083

8,996,352

\$ 27,059,435

\$ (34,779,521)  
2,719,516

\$ (32,060,005)

CITY OF LAKEWOOD

Changes in Net Assets - General Revenues

Last Five Fiscal Years  
(accrual basis of accounting)

	Fiscal Year			
	2003	2004	2005	2006
General revenues and other changes in net assets:				
Governmental activities:				
Taxes:				
Sales taxes	\$ 10,357,711	\$ 10,903,733	\$ 12,240,714	\$ 11,849,134
Property taxes	6,850,543	8,024,746	9,861,832	14,371,331
Franchise taxes	1,045,746	1,078,926	1,117,100	1,143,817
Business operation taxes	501,266	511,999	496,604	524,675
Utility users taxes	2,589,173	2,868,671	3,067,139	3,223,998
Other taxes	273,571	371,331	3,595,849	522,598
Unrestricted, motor vehicle in lieu	5,476,123	5,037,029	2,041,412	576,720
Grants and contributions not restricted to specific programs	655,455	2,075,274	137,952	745,400
Investment income	2,973,411	2,452,718	3,146,486	3,080,104
Total governmental activities	<u>30,722,999</u>	<u>33,324,427</u>	<u>35,705,088</u>	<u>36,037,777</u>
Business-type activities:				
Gain on sale of capital assets	-	135,005	120,000	187,000
Investment income	146,031	108,014	148,567	218,513
Total business-type activities	<u>146,031</u>	<u>243,019</u>	<u>268,567</u>	<u>405,513</u>
Total primary government	<u>\$ 30,869,030</u>	<u>\$ 33,567,446</u>	<u>\$ 35,973,655</u>	<u>\$ 36,443,290</u>
Changes in net assets				
Governmental activities	\$ 2,456,533	\$ 3,369,595	\$ 4,975,519	\$ 3,580,821
Business-type activities	963,733	2,027,255	1,788,311	2,091,049
Total primary government	<u>\$ 3,420,266</u>	<u>\$ 5,396,850</u>	<u>\$ 6,763,830</u>	<u>\$ 5,671,870</u>

*The City of Lakewood implemented GASB 34 for the fiscal year ended June 30, 2003.  
Information prior to the implementation of GASB 34 is not available.*

Fiscal Year

2007

\$ 11,766,140  
18,479,238  
1,236,819  
396,078  
3,239,797  
358,325  
446,043

740,072

4,540,996

41,203,508

36,000

371,213

407,213

\$ 41,610,721

\$ 6,423,987

3,126,729

\$ 9,550,716

CITY OF LAKEWOOD

Fund Balances of Governmental Funds

Last Five Fiscal Years  
(modified accrual basis of accounting)

	Fiscal Year			
	2003	2004	2005	2006
General fund:				
Reserved	\$ 20,376,339	\$ 21,930,821	\$ 24,377,893	\$ 32,688,162
Unreserved	26,954,935	28,715,548	30,509,959	24,373,273
Total general fund	<u>\$ 47,331,274</u>	<u>\$ 50,646,369</u>	<u>\$ 54,887,852</u>	<u>\$ 57,061,435</u>
All other governmental funds:				
Reserved	\$ 9,973,327	\$ 9,179,910	\$ 10,604,308	\$ 11,198,683
Unreserved, reported in:				
Debt service fund	(16,817,964)	(18,177,791)	(18,672,859)	(22,618,454)
Capital projects fund	(127,020)	(1,046,542)	(2,342,005)	(229,655)
Total all other governmental funds	<u>\$ (6,971,657)</u>	<u>\$ (10,044,423)</u>	<u>\$ (10,410,556)</u>	<u>\$ (11,649,426)</u>

*The City of Lakewood has elected to show only five years of data for this schedule.*

Fiscal Year

2007

\$ 28,796,772

26,661,511

\$ 55,458,283

\$ 13,523,632

(23,295,789)

(143,399)

\$ (9,915,556)

CITY OF LAKEWOOD

Changes in Fund Balances of Governmental Funds

Last Five Fiscal Years  
(modified accrual basis of accounting)

	Fiscal Year			
	2003	2004	2005	2006
<b>Revenues:</b>				
Taxes	\$ 23,805,100	\$ 25,793,195	\$ 28,368,107	\$ 30,125,649
Licenses and permits	659,201	852,446	790,743	863,646
Fines and forfeitures	612,967	563,936	569,626	622,236
Investment income, rents and concessions	2,876,540	1,905,643	4,108,890	2,814,652
From other agencies	11,543,865	10,016,274	10,647,318	11,374,361
Current service charges	6,069,882	6,462,339	6,811,857	7,479,770
Other	1,013,740	2,912,843	1,025,694	1,419,205
<b>Total revenues</b>	<b>46,581,295</b>	<b>48,506,676</b>	<b>52,322,235</b>	<b>54,699,519</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	5,983,811	6,368,463	5,898,051	7,209,635
Public safety	9,570,375	9,747,244	10,260,258	10,962,340
Transportation	3,610,737	5,664,657	4,122,970	4,850,734
Community development	6,272,891	9,472,107	9,150,363	10,267,364
Health and sanitation	4,147,217	3,515,646	4,254,469	3,789,774
Culture and leisure	6,205,909	6,500,490	7,100,285	7,917,301
<b>Capital outlay:</b>				
General government	188,277	-	6,794	303,694
Public safety	113,303	273,949	454,808	445,368
Transportation	3,445,983	1,757,205	2,112,737	2,761,071
Community development	534,184	2,200	88,927	248,210
Culture and leisure	1,833,116	282,749	186,273	437,430
<b>Debt service:</b>				
Owner participation agreement payments	533,023	1,012,281	1,005,470	760,019
Advance refunding escrow	-	994,037	-	-
Bond issuance costs	-	364,559	-	-
Principal retirement	500,000	550,000	820,000	790,000
Interest and fiscal charges	2,572,497	2,553,708	2,479,841	2,160,673
<b>Total expenditures</b>	<b>45,511,323</b>	<b>49,059,295</b>	<b>47,941,246</b>	<b>52,903,613</b>
<b>Excess of revenues over (under) expenditures</b>	<b>1,069,972</b>	<b>(552,619)</b>	<b>4,380,989</b>	<b>1,795,906</b>
<b>Other financing sources (uses):</b>				
Transfers in	9,339,721	6,766,278	6,814,752	10,948,367
Transfers out	(9,762,223)	(7,158,906)	(7,320,391)	(11,809,560)
Refunding bonds issued	-	8,370,000	-	-
Bond premium	-	66,514	-	-
Payment to bond escrow agent	-	(7,248,938)	-	-
Sale of capital assets	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(422,502)</b>	<b>794,948</b>	<b>(505,639)</b>	<b>(861,193)</b>
<b>Net change in fund balances</b>	<b>\$ 647,470</b>	<b>\$ 242,329</b>	<b>\$ 3,875,350</b>	<b>\$ 934,713</b>
Debt service as a percentage of noncapital expenditures	9.15%	11.71%	9.55%	7.62%

The City of Lakewood has elected to show only five years of data for this schedule.

Source: Department of Finance, City of Lakewood

Fiscal Year

2007

\$ 31,784,445  
738,038  
716,319  
2,561,550  
14,710,260  
7,651,476  
607,189  
58,769,277

8,107,339  
11,681,352  
4,553,872  
9,452,465  
4,238,095  
8,260,888

132,630  
412,453  
6,190,273  
109,297  
1,641,415

760,698

-

860,000

2,774,360

59,175,137

(405,860)

14,223,245  
(14,376,187)

-

-

-

689,520

536,578

\$ 130,718

8.67%

CITY OF LAKEWOOD

Assessed Value and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years  
(in thousands of dollars)

Fiscal Year Ended June 30	Secured	Nonunitary	Unsecured	Taxable Assessed Value	Total Direct Tax Rate
1998	\$ 3,499,974	\$ 1,859	\$ 99,581	\$ 3,601,414	0.153%
1999	3,571,555	1,775	105,133	3,678,463	0.153%
2000	3,705,897	1,318	101,163	3,808,378	0.155%
2001	3,921,097	1,244	104,499	4,026,840	0.156%
2002	4,150,896	1,330	121,253	4,273,479	0.161%
2003	4,378,849	1,219	121,478	4,501,546	0.160%
2004	4,705,822	1,355	110,380	4,817,557	0.158%
2005	5,129,355	1,627	120,676	5,251,658	0.169%
2006	5,685,313	2,089	123,017	5,810,419	0.167%
2007	6,288,569	1,862	124,448	6,414,879	0.167%

NOTE:

In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only re-assessed at the time that it is sold to a new owner. At that point, the new assessed value is 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.

CITY OF LAKEWOOD

Direct and Overlapping Property Tax Rates  
(Rate per \$100 of assessed value)

Last Ten Fiscal Years

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>City Direct Rates:</b>										
City basic rate	\$ 0.1526	\$ 0.1533	\$ 0.1553	\$ 0.1558	\$ 0.1607	\$ 0.1600	\$ 0.1577	\$ 0.1688	\$ 0.1666	\$ 0.1676
<b>Overlapping Rates:</b>										
Los Angeles County	0.0016	0.0016	0.0014	0.0013	0.0011	0.0010	0.0009	0.0009	0.0008	0.0007
School Districts	0.0046	0.0307	0.0971	0.0985	0.1094	0.1186	0.1236	0.1272	0.1186	0.1099
Sanitation and Water	0.0021	0.0228	0.0016	0.0013	0.0010	-	-	0.0002	-	-
Water Districts	0.0089	0.0089	0.0089	0.0088	0.0077	0.0067	0.0061	0.0058	0.0052	0.2778
Other	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
<b>Total Direct Rate</b>	<u>\$ 1.1698</u>	<u>\$ 1.2173</u>	<u>\$ 1.2643</u>	<u>\$ 1.2657</u>	<u>\$ 1.2799</u>	<u>\$ 1.2863</u>	<u>\$ 1.2883</u>	<u>\$ 1.3029</u>	<u>\$ 1.2912</u>	<u>\$ 1.5560</u>

NOTE:

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

CITY OF LAKEWOOD

Principal Property Tax Payers

Current Year and Nine Years Ago

Taxpayer	2007		1998	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Macerich Lakewood LLC	\$ 327,166,134	5.10%	N/A	N/A
Lakewood Marketplace LLC	33,501,001	0.52%	N/A	N/A
PPR Lakewood Adjacent LLC	28,282,405	0.44%	N/A	N/A
Lakewood Associates LLC	26,301,872	0.41%	N/A	N/A
Regency Center LLC	25,116,459	0.39%	N/A	N/A
Advance Group 05-86	61,093,850	0.95%	N/A	N/A
3200 Lakewood Limited Partnership	18,600,000	0.29%	N/A	N/A
Vons Companies Inc	13,866,903	0.22%	N/A	N/A
Carwood Investors Limited Partnership	18,972,000	0.30%	N/A	N/A
Wal Mart Real Estate Business Trust	18,192,204	0.28%	N/A	N/A
	<u>\$ 571,092,828</u>	<u>8.90%</u>	<u>\$ -</u>	<u>0.00%</u>

The amounts shown above include assessed value data for both the City and the Redevelopment Agency.

N/A - Not Available

CITY OF LAKEWOOD

Property Tax Levies and Collections

Last Ten Fiscal Years

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
1998	\$ 1,995,892	\$ 1,937,757	97.09%	\$ 42,694	\$ 1,980,451	99.23%
1999	2,054,891	2,045,061	99.52%	9,204	2,054,265	99.97%
2000	2,114,842	2,268,538	107.27%	33,183	2,301,721	108.84%
2001	2,242,359	2,479,668	110.58%	3,108	2,482,776	110.72%
2002	2,359,786	2,378,123	100.78%	9,626	2,387,749	101.18%
2003	2,478,507	2,612,402	105.40%	30,440	2,642,842	106.63%
2004	2,642,717	2,606,161	98.62%	15,717	2,621,878	99.21%
2005	2,832,544	3,045,518	107.52%	38,056	3,083,574	108.86%
2006	2,925,491	3,449,685	117.92%	235,732	3,685,417	125.98%
2007	3,822,116	3,671,902	96.07%	35,719	3,707,621	97.00%

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.

CITY OF LAKEWOOD

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

Fiscal Year Ended June 30	Governmental Activities			Total Governmental Activities
	General Obligation Bonds	Tax Allocation Bonds	Loans	
1998	\$ -	\$ 18,630,000	\$ 592,429	\$ 19,222,429
1999	-	18,150,000	547,717	18,697,717
2000	-	15,940,000	500,000	16,440,000
2001	-	15,670,000	-	15,670,000
2002	-	15,380,000	-	15,380,000
2003	-	14,880,000	-	14,880,000
2004	-	14,710,000	-	14,710,000
2005	-	13,890,000	-	13,890,000
2006	-	13,100,000	-	13,100,000
2007	-	12,240,000	-	12,240,000

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

<sup>1</sup> These ratios are calculated using personal income and population for the prior calendar year.

Business-type Activities			Total Primary Government	Percentage of Personal Income <sup>1</sup>	Debt Per Capita <sup>1</sup>
Water Revenue Bonds	Loan Payable to State of California	Total Business-type Activities			
\$ 5,675,000	\$ 529,148	\$ 6,204,148	\$ 25,426,577	1.29%	\$ 326
5,470,000	482,721	5,952,721	24,650,438	1.15%	312
5,255,000	434,431	5,689,431	22,129,431	0.99%	278
5,030,000	384,203	5,414,203	21,084,203	0.89%	260
4,795,000	331,959	5,126,959	20,506,959	0.84%	255
4,550,000	277,619	4,827,619	19,707,619	0.79%	242
4,635,000	221,098	4,856,098	19,566,098	0.76%	238
4,315,000	162,309	4,477,309	18,367,309	0.67%	221
3,990,000	101,162	4,091,162	17,191,162	0.80%	207
3,650,000	37,561	3,687,561	15,927,561	N/A	178

CITY OF LAKEWOOD

Ratio of General Bonded Debt Outstanding

Last Ten Fiscal Years  
(In Thousands, except Per Capita)

Fiscal Year Ended June 30	Outstanding General Bonded Debt			Percent of Assessed Value <sup>1</sup>	Per Capita
	General Obligation Bonds	Tax Allocation Bonds	Total		
1998	\$ -	\$ 18,630	\$ 18,630	0.52%	\$ -
1999	-	18,150	18,150	0.49%	-
2000	-	15,940	15,940	0.42%	-
2001	-	15,670	15,670	0.39%	-
2002	-	15,380	15,380	0.36%	-
2003	-	14,880	14,880	0.33%	-
2004	-	14,710	14,710	0.31%	-
2005	-	13,890	13,890	0.26%	-
2006	-	13,100	13,100	0.23%	-
2007	-	12,240	12,240	0.19%	-

General bonded debt is debt payable with governmental fund resources and general obligation bonds recorded in enterprise funds (of which, the City has none).

<sup>1</sup> Assessed value has been used because the actual value of taxable property is not readily available in the State of California.

CITY OF LAKEWOOD

Direct and Overlapping Debt

June 30, 2007

Total Assessed Valuation		<u>\$ 5,677,897,231</u>	
	Percentage Applicable <sup>1</sup>	Outstanding Debt 6/30/07	Estimated Share of Overlapping Debt
<b>Overlapping Debt:</b>			
LA County Flood Control Storm Drain Bonds No. 4 Debt Service	0.727%	\$ 370,000	\$ 2,689
Central Basin Municipal Water District	0.775%	165,681,509	1,283,456
Cerritos Community College District 2004 Series A	7.174%	6,600,000	473,468
Cerritos Community College District 2005 Refunding Bonds	7.174%	24,745,994	1,775,218
Cerritos Community College District 2004 Series 2006	7.174%	34,845,000	2,499,697
Compton Community College District 2002 Series A	2.849%	38,325,000	1,091,815
Long Beach Community College District 2002 Series A, 2003 Debt Service	8.362%	6,705,000	560,705
Long Beach Community College District 2002 Series B, 2005 Debt Service	8.362%	61,085,000	5,108,228
ABC Unified School District 2003 Refunding Series A Debt Service	10.221%	17,515,000	1,790,254
ABC Unified School District 1997 Series B Debt Service	10.221%	36,764,966	3,757,843
Long Beach Unified School District 1999 Series A Debt Service	8.360%	22,075,000	1,845,391
Long Beach Unified School District 1999 Series B Debt Service	8.360%	27,085,000	2,264,209
Long Beach Unified School District 1999 Series C Debt Service	8.360%	54,780,000	4,579,411
Long Beach Unified School District 1999 Series D Debt Service	8.360%	37,510,000	3,135,701
Long Beach Unified School District 1999 Series E Debt Service	8.360%	56,940,000	4,759,979
Long Beach Unified School District 1999 Series F Debt Service	8.360%	48,725,000	4,073,235
Paramount Unified School District 1998 Series A Debt Service	10.074%	7,714,976	777,245
Paramount Unified School District 1998 Series B Debt Service	10.074%	25,220,000	2,540,787
<b>Total overlapping debt</b>		<u>672,687,445</u>	42,319,331
<b>City direct debt</b>			<u>-</u>
<b>Total direct and overlapping debt</b>			<u>\$ 42,319,331</u>

Notes:

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

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.

CITY OF LAKEWOOD

Legal Debt Margin Information

Last Ten Fiscal Years

	Fiscal Year			
	1998	1999	2000	2001
Assessed valuation (In thousands)	\$ 3,601,414	\$ 3,678,463	\$ 3,808,378	\$ 4,026,840
Debt limit percentage	15%	15%	15%	15%
Debt limit (In thousands)	540,212	551,769	571,257	604,026
Total net debt applicable to limit: General obligation bonds (In thousands)	-	-	-	-
Legal debt margin (In thousands)	<u>\$ 540,212</u>	<u>\$ 551,769</u>	<u>\$ 571,257</u>	<u>\$ 604,026</u>
Total debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	0.0%	0.0%

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

The City of Lakewood has no general bonded indebtedness.

Fiscal Year					
2002	2003	2004	2005	2006	2007
\$ 4,273,479	\$ 4,501,546	\$ 4,817,557	\$ 5,251,658	\$ 5,810,419	\$ 6,414,879
15%	15%	15%	15%	15%	15%
641,022	675,232	722,634	787,749	871,563	962,232
-	-	-	-	-	-
<u>\$ 641,022</u>	<u>\$ 675,232</u>	<u>\$ 722,634</u>	<u>\$ 787,749</u>	<u>\$ 871,563</u>	<u>\$ 962,232</u>
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

CITY OF LAKEWOOD

Pledged-Revenue Coverage

Last Ten Fiscal Years  
(In Thousands)

Fiscal Year Ended June 30	Water Revenue Bonds						Coverage
	Water Revenue	Less Operating Expenses	Net Available Revenue	Debt Service			
				Principal	Interest		
1998	\$ 4,973	\$ 4,291	\$ 682	\$ 200	\$ 302	\$ 1.36	
1999	5,320	4,548	772	205	294	1.55	
2000	5,803	4,631	1,172	215	286	2.34	
2001	5,357	4,495	862	225	277	1.72	
2002	6,064	4,901	1,163	235	268	2.31	
2003	6,253	5,036	1,217	245	258	2.42	
2004	6,977	4,836	2,141	255	247	4.26	
2005	6,867	5,041	1,826	265	235	3.65	
2006	7,214	5,276	1,938	325	146	4.11	
2007	8,996	5,265	3,731	340	133	7.89	

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest or depreciation expenses.

CITY OF LAKEWOOD

Pledged-Revenue Coverage

Last Ten Fiscal Years  
(In Thousands)

Fiscal Year Ended June 30	Tax Allocation Bonds				Coverage
	Tax Increment	Debt Service			
		Principal	Interest		
1998	\$ 3,393	\$ 455	\$ 1,272	\$ 1.96	
1999	3,383	480	1,246	1.96	
2000	3,618	505	1,118	2.23	
2001	4,002	270	984	3.19	
2002	4,017	290	965	3.20	
2003	4,341	500	942	3.01	
2004	5,277	550	911	3.61	
2005	6,739	820	631	4.64	
2006	6,283	790	603	4.51	
2007	8,762	860	574	6.11	

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest or depreciation expenses.

CITY OF LAKEWOOD

Demographic and Economic Statistics

Last Ten Calendar Years

<u>Calendar Year</u>	<u>Population (1)</u>	<u>Personal Income (in thousands) (2)</u>	<u>Per Capita Personal Income (2)</u>	<u>Unemployment Rate (3)</u>
1997	78,100	\$ 1,971,166	\$ 25,239	N/A
1998	78,900	2,147,658	27,220	N/A
1999	79,700	2,229,448	27,973	N/A
2000	81,000	2,367,792	29,232	3.2%
2001	80,347	2,450,825	30,503	3.4%
2002	81,415	2,509,862	30,828	4.1%
2003	82,341	2,589,789	31,452	4.2%
2004	82,988	2,753,459	33,179	3.9%
2005	83,175	2,152,497	24,106	3.2%
2006	89,293	N/A	N/A	N/A

Sources: (1) State Department of Finance  
 (2) Office of Economic Development (data shown is for the County)  
 (3) State of California Employment Development Department

CITY OF LAKEWOOD

Principal Employers

Current Year and Nine Years Ago

Employer	2007		1998	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Lakewood Regional Medical Center	1,163	2.70%	N/A	N/A
County of Los Angeles	904	2.10%	N/A	N/A
Long Beach Unified School District	821	1.90%	N/A	N/A
City of Lakewood	468	1.09%	N/A	N/A
Wal-Mart	328	0.76%	N/A	N/A
Piazza McDonald's	277	0.64%	N/A	N/A
Home Depot USA Inc	200	0.46%	N/A	N/A
California Pizza Kitchen	130	0.30%	N/A	N/A
St. Joseph's High School	86	0.20%	N/A	N/A
Lakewood Country Club	70	0.16%	N/A	N/A

*Note: Information from nine years ago is not readily available*

"Total Employment" as used above represents the total employment of all employers located within City limits.

Sources: State of California Employment Development Department  
Selectory Database

CITY OF LAKEWOOD

Full-time and Part-time City Employees  
by Function

Last Ten Fiscal Years

Division	Fiscal Year			
	1998	1999	2000	2001
City Administration	N/A	N/A	N/A	N/A
City Clerk	N/A	N/A	N/A	N/A
Finance	N/A	N/A	N/A	N/A
Community Development	N/A	N/A	N/A	N/A
Public Works	N/A	N/A	N/A	N/A
Recreation and Community Services	N/A	N/A	N/A	N/A
Water Resources	N/A	N/A	N/A	N/A
Total	-	-	-	-

*Note: Information from prior years not readily available*

\* - For fiscal year 2007 totals are full-time employees only.

Fiscal Year					
2002	2003	2004	2005	2006	2007 (*)
N/A	N/A	N/A	N/A	30	37
N/A	N/A	N/A	N/A	5	2
N/A	N/A	N/A	N/A	20	23
N/A	N/A	N/A	N/A	15	15
N/A	N/A	N/A	N/A	31	32
N/A	N/A	N/A	N/A	59	62
N/A	N/A	N/A	N/A	19	18
-	-	-	-	179	189

CITY OF LAKEWOOD

Operating Indicators  
by Function

Last Ten Fiscal Years

	Fiscal Year			
	1998	1999	2000	2001
Public works:				
Street resurfacing (miles)	N/A	N/A	N/A	N/A
Recreation and community services:				
Number of recreation classes	1,631	1,576	1,478	1,436
Number of facility rentals	N/A	N/A	7,745	7,206
Water:				
New connections	N/A	N/A	N/A	N/A
Number of consumers	19,873	19,873	19,897	19,873
Average daily consumption (thousands of gallons)	7,689	7,903	8,200	8,200
Community development:				
Number of building permits issued	1,421	1,411	1,408	1,559

\* - Includes both residential and commercial permits.

Fiscal Year					
2002	2003	2004	2005	2006	2007
N/A	N/A	N/A	N/A	13	24
1,576	1,745	1,664	1,631	1,734	1,709
7,546	7,207	7,725	7,258	7,559	7,532
N/A	N/A	N/A	N/A	8	11
20,415	20,412	20,313	20,101	20,125	21,449
8,250	8,100	8,475	7,893	7,332	8,900
1,619	1,912	1,950	2,104	2,001	3,405 *

CITY OF LAKEWOOD

Capital Asset Statistics  
by Function

Last Ten Fiscal Years

	Fiscal Year			
	1998	1999	2000	2001
Public works:				
Streets (miles)	196	196	196	196
Streetlights	6,639	6,654	6,654	6,654
Recreation and community services:				
Number of recreation facilities	13	13	13	13
Acreage of facilities	152	152	152	152
Number of pools	2	2	2	2
Water:				
Water mains (miles)	195.00	195.00	195.00	195.00
Wastewater:				
Sewers (miles)	167.00	167.00	167.00	167.00

Fiscal Year					
2002	2003	2004	2005	2006	2007
196	196	196	196	196	196
6,654	6,654	6,654	6,654	6,654	6,654
13	13	13	13	13	13
152	152	152	152	152	189
2	2	2	2	2	2
195.00	195.00	195.00	195.00	195.00	195.00
167.00	167.00	167.00	167.00	167.00	167.00

