

City of Lakewood California



S. Mark Taper Foundation Vista Lodge, Monte Verde Park

Comprehensive Annual Financial Report Year Ended June 30, 2001



COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF LAKEWOOD

FISCAL YEAR ENDED JUNE 30, 2001



**Prepared by
Department of Finance**

**Larry Schroeder
Director of Finance**



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2001

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Larry Van Nostran
Vice Mayor

Joseph Esquivel
Council Member



Wayne E. Piercy
Council Member

Todd Rogers
Council Member

Robert G. Wagner
Mayor

December 7, 2001

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

The Comprehensive Annual Financial Report of the City of Lakewood for the fiscal year ended June 30, 2001, is submitted to you. This report was prepared by the Finance Department. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data, as presented, is accurate in all material respects, and that it is reported in a manner designed to fairly set forth the financial position and results of operations of the various funds and account groups of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The Comprehensive Annual Financial Report is presented in three sections: Introductory, Financial and Statistical. The Introductory Section includes this transmittal letter, the City's organizational chart, and a list of principal officers. The Financial Section includes the general purpose financial statements, the combining and individual fund and account group financial statements and schedules, and the unqualified opinion of our independent auditors Diehl, Evans & Company, LLP. The Statistical Section includes selected financial and demographic information, generally presented on a ten-year historical basis.

This report includes all funds and account groups of the City. The City provides a broad 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 City of Lakewood is located in southern Los Angeles County, 20 miles south of the City of Los Angeles. Lakewood enjoys the benefit of the diversified economy of Southern California. The City is primarily a bedroom community providing housing for this Southern California subregion. During the past year, residential and commercial property values have increased 6.2% compared to the previous year's increase of 5.7%. The Countywide assessed value increased 6.9%. This is the fifth increase in a row in the Los Angeles County assessment roll. During the fiscal year, 1,559 construction permits were drawn with a value of \$30.4 million. This is a decrease of 59% from 1999-2000 in terms of the value of the construction. This decrease was due to the previous year's permits drawn for the expansion of the Lakewood Mall with the addition of a Macy's and a new Mervyn's California (totaling \$30.9 million), along with the previous year's large reinvestment in commercial centers throughout the City.

Lakewood

The economic base of the City is primarily commercial/retail. Almost 2,500 businesses are located in Lakewood and generated about \$830 million in taxable sales in fiscal 2000-2001 (an increase of 12% from last year). Lakewood Center Mall, a regional shopping center, ranks among the top five Southern California shopping centers and contributes approximately 40% of the retail sales in the City.

Sales tax receipts almost doubled every ten years from 1960 to 1990. Lakewood hit its highwater mark in 1990 at \$7.5 million in sales tax receipts. By 1995, sales tax receipts dropped to \$6.1 million. In the 1999-2000 fiscal year, sales tax receipts reached \$8.4 million, finally surpassing the 1990 high after ten years. Fiscal Year 2000-2001 sales tax receipts were \$9.3 million with the opening of a Macy's, Wal-Mart, a new Mervyn's, and a strong economy. It is likely that Lakewood will never again see the growth in sales tax experienced in the three decades prior to the 1990's. This is due in part to the City's limited commercially-zoned property and the effects of retail development outside the City of Lakewood on the mall and other businesses in the community. Due to the current recession, Fiscal Year 2001-2002 sales tax receipts are projected to stagnate around the \$9.4 million level.

The California State Department of Finance certified Lakewood's population at 81,100 as of January 1, 2001. This figure is used by the State to distribute revenues to cities which are based on population. The population figure from the 2000 Census as of April 2000, reduced this figure to 79,345. In 2000, the Southern California Association of Governments (SCAG) projected Lakewood's population at 82,693 by the year 2010. If this is true, this will present a challenge to the City, and if the present high level of services is to be maintained, the City must continue to find new ways of financing these services.

MAJOR INITIATIVES

For Fiscal Year 2000-2001. The focus areas were identified in the operating budget. These priorities included economic development, street system maintenance, improvements for Monte Verde Park, intergovernmental relations, public safety, solid waste management, facility improvement, technology planning and implementation, water quality preservation, and volunteerism.

The City's number one objective continued to be **ECONOMIC DEVELOPMENT** aimed to preserve the quality of life in Lakewood. It is extremely important to bolster Lakewood's local economy against the effects of area competitors, such as surrounding regional shopping centers, and particularly other retail areas in our surrounding cities bolstered by redevelopment. Lakewood's Economic Development Committee has been encouraged by the opening of new retailers, the latest being Macy's, the new Mervyn's store, the Mall's food court, and the development of Mall space for 30 new retail shops. The Committee continues to meet regularly and works aggressively to maximize the potential of any commercially-zoned parcel.

Another one of Lakewood's priorities was **STREET SYSTEM MAINTENANCE**. Lakewood's streets will benefit greatly from a program of local street resurfacing, slurry seal, and hardscape repair funded in the 2000-2001 Budget. One of the realities of a community that sprang up overnight is that everything ages at the same rate. A number of Lakewood streets are now 60 years old and preventive maintenance programs like slurry seal are no longer effective.

During Fiscal Year 2000-2001, major **IMPROVEMENTS** for **MONTE VERDE PARK** began. This project was funded through a State grant, the remainder of the 1996 Park Bond funds and a foundation grant.

In addition to a compromise reached with the State Solid Waste Management Board which will keep refuse disposal costs reasonable to Lakewood residents, the **INTERGOVERNMENTAL RELATIONS** focused on protection of local control over municipal tax revenues, the Water Replenishment District's compliance with State Auditor's recommendations, and the completion of the Los Angeles County Drainage Area (LACDA) with flood protection improvements to provide permanent flood protection and reduce the term of mandatory flood insurance coverage.

The focus continued on PUBLIC SAFETY with full funding for general law enforcement units to handle an estimated 31,000 calls for service annually. The City has expanded its law enforcement services by adding one traffic unit and two neighborhood bike patrol deputies.

Mandates in the area of SOLID WASTE MANAGEMENT continued to be of concern to Lakewood. After a pilot material recovery facility program was evaluated to enhance Lakewood's recycling efforts, a compliance plan was proposed to, and approved by, the State Solid Waste Management Board which kept refuse disposal rates in check.

The most significant FACILITY IMPROVEMENT was the renovation of the Iacoboni Library. This major improvement will serve the community for years to come. Although the City staff administered this project to insure its timely completion, the entire funding, including furniture and shelving, came from Los Angeles County.

The City uses an HP9000 and a local area network to process data and share information among the system's 155 users. In addition, citizens can obtain City information through the City's Web site (www.lakewoodcity.org) and benefit from information presented graphically by the City's geographic information systems (GIS), such as the City's flood maps. The reality that technology is necessary to perform work in an efficient manner, coupled with the potential high cost, makes TECHNOLOGY PLANNING AND IMPLEMENTATION a necessity. An Information Technology Strategic Plan was completed and is being implemented. The plan guides the City in its efforts over the next several years to use technology in the most efficient and effective manner possible.

Lakewood's plan of WATER QUALITY PRESERVATION continued with our water main replacement program and the installation of a mutual aid emergency water supply inter-connection with Southern California Water Company. Lakewood's water quality remains high, and we do not exceed any of the current State or Federal water quality standards. The drilling of replacement Well No. 15A was completed during the fiscal year.

The VOLUNTEERISM of our residents was much admired and appreciated. The City continued to recognize the selfless donation of time by the City's many volunteers who help make Lakewood a better place to live.

For the future. 2001-2002 is the second year of a two-year operating budget. The priorities for the coming year are as follows:

The City's number one objective continues to be ECONOMIC DEVELOPMENT aimed to preserve the quality of life in Lakewood. It is extremely important to bolster Lakewood's local economy against the effects of the current recession and competition from surrounding cities like the Long Beach Towne Center, which is once again attempting to enhance its retail base.

Lakewood's Economic Development Committee is still encouraged by the desire of new retailers like Target to expand their operations into Lakewood. At the same time, there are some drug store chains attempting to flood Los Angeles County with stores in an effort to capture the majority of the market share. Some of these outlets will close as the losers of this economic competition realize defeat. The redevelopment of these vacated sites will be a future focus of the Economic Development Committee. In the meantime, the Committee continues to meet regularly and works aggressively to maximize the potential of any commercially-zoned parcel. Lakewood is also offering a loan program to qualified businesses to encourage economic development and the creation of new jobs in Lakewood.

We are continuing an aggressive program of local STREET SYSTEM MAINTENANCE. Representing the fourth year of residential street resurfacing, the 2001-2002 budget includes \$1.1 million in funding. One of the realities of a community that sprang up overnight is that everything ages at the same rate. A number of Lakewood streets are now 60 years old and preventive maintenance programs like slurry seal are no longer effective.

MONTE VERDE PARK renovation is completed and the park reopened in July, 2001. A significant portion of the operational costs will come from the City's allocation of 1992 and 1996 Los Angeles County Park Bond operations proceeds.

In addition to efforts designed to assist State legislators in decisions about electrical energy crisis, currently, protection of local control over municipal tax revenues and water quality issues are a top priority for the City's INTERGOVERNMENTAL RELATIONS Committee.

The focus continues on PUBLIC SAFETY with full funding for general law enforcement units to handle an estimated 31,000 calls for service annually. Public safety will continue to be augmented by state and federal grants.

Efforts are underway to make certain that the City is in compliance with State mandates for SOLID WASTE MANAGEMENT. Of concern is the State's Integrated Waste Management Board's position, which ignored Lakewood's efforts, for many years, to be responsible and recycle solid waste by utilizing the recycled solid waste to generate electrical energy.

During 2000-2001, FACILITY IMPROVEMENTS focused on the newly renovated Iacoboni Library. During Fiscal Year 2001-2002, we will be preparing to embark on the renovation of the Lakewood Sheriff's Station. Major funding for the Sheriff's Station, as for the Library, will be provided by the County of Los Angeles.

In Fiscal Year 2001-2002, we are continuing TECHNOLOGY PLANNING AND IMPLEMENTATION with the second year of a five-year Strategic Information Technology Plan (SITP). Thus far, the plan has provided hardware replacement, and upgrades to the City's Geographic Information System (GIS), service request system, financial inquiry system, and imaging system.

Lakewood's commitment to WATER QUALITY PRESERVATION is demonstrated by continuing our water main replacement program and improving our water wells.

The City continues to recognize the selfless donation of time to VOLUNTEERISM by many citizens who help make Lakewood a better place to live. Lakewood's service organizations are regularly recognized at the City's bimonthly Lakewood Celebrates program.

FINANCIAL INFORMATION

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

Single Audit. As a recipient of federal, state, and county financial assistance, the City is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management. The City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and U.S. Office of Management and Budget Circular A-133, Audits of State and Local Governments. Information related to this single audit, including the schedule of federal financial assistance, findings and recommendations, and auditors' reports on the internal control structure and compliance with applicable laws and regulations, are included in a separate report.

As a part of the City's single audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the government has complied with applicable laws and regulations. The results of the City's single audit for the fiscal year ended June 30, 2001, provided no significant instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

Budgeting Controls. The City of Lakewood maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions contained in the annual appropriated budget approved by the City Council. Although the City adopted a two-year budget for fiscal years 2000-2001 and 2001-2002, each year is treated separately for accounting purposes. Activities of the General and Special Revenues Funds are included in the annual appropriated budget. A long-term capital improvement plan is adopted for the Capital Projects Funds. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level. Formal budgetary integration is employed as a management control device. The City maintains an encumbrance accounting system. Encumbrances at year end lapse, and then are generally added to the following year's budgeted appropriations.

The City of Lakewood adopts a two-year operating budget in even numbered years. In odd numbered years, the City Council revises the Five-Year Capital Improvement Projects List. Management believes that this approach to financial planning gives the City Council the opportunity to set policy and provide direction for operational and capital budgets in an efficient and productive manner. In June, 2001, the City Council amended and reaffirmed the previously adopted budget for 2001-2002. In June, 2001, the City's "Legacy Capital Improvement Plan" was updated. Projects totaling \$47 million were proposed for funding during the five-year period between 2001 and 2006. Of the \$47 million, only \$8.1 million comes from the General Fund.

As demonstrated by the statements and schedules included in the Financial Section of this report, the City continues to meet its responsibility for sound financial management.

General Government Functions. The following schedule presents a summary of General Fund, Special Revenues Funds, Debt Service Fund, and Capital Projects Funds revenues for the fiscal year ended June 30, 2001, and the amount and percentage of increases and decreases in relation to prior year revenues.

Revenues	Amount	Percent of Total	Increase (Decrease) from 2000	Percent of Increase (Decrease)
Sales tax	\$ 9,344,754	20 %	\$ 980,732	12 %
Other taxes	12,455,088	27	1,145,121	10
Licenses and permits	449,204	1	(85,600)	(16)
Fines and forfeitures	502,205	1	12,621	3
Use of money and property	4,143,179	9	1,284,883	45
Intergovernmental	12,453,303	27	3,296,966	36
Charges for services	5,403,063	12	(107,127)	(2)
Other	1,201,060	3	616,017	105
Total revenues	\$ 45,951,856	100 %	\$ 7,143,613	18 %

Revenues for general government functions increased 18% from the preceding year, an increase of \$7,143,613 due to a variety of factors described below.

Sales tax increased 12% due to a strong economy and the opening of new retailers such as Macy's and the expansion of the Lakewood Mall.

Increases in other taxes of 10% included a one-time rebate (\$235,898) of ERAF (Educational Revenue Augmentation Fund) monies taken by the State in prior years, and an increase of Proposition A and Proposition C Transportation Funds (\$77,764 and \$63,346 respectively).

Property taxes received for general operating purposes generated about 5% of general revenues. Since Proposition 13 passed in 1978, property taxes are based on a rate of 1% of the full assessed value as established by Los Angeles County. They are distributed to participating agencies according to a formula established by the State Legislature. Property taxes received for operating purposes increased 8% overall to \$2.5 million. This increase was primarily due to a rebate (\$235,898) of ERAF (Educational Revenue Augmentation Fund) monies taken by the State in prior years. Taxes received for the repayment of Redevelopment Agency debt (tax increment) are based on the 1% rate on the increase in valuation of the redevelopment project area over that of the base year. The major tax increment generator is the Macerich Company, a real estate investment trust (REIT) which owns the Lakewood Mall. Tax increment revenues increased by 11% to \$4.0 million due to an increase in the receipt of tax increment in Redevelopment Project Area No. 3 which was established in 1997. Tax increment revenues produced approximately 8.7% of general revenues.

License and permits decreased 16% (\$85,600) due primarily to large non-recurring building permits issued for the Macy's and Mervyn's California during the last fiscal year.

Fines and forfeitures remained relatively the same at \$502,205, increasing only 3% or \$12,621. This category consists of the City share of fines received from the courts and parking ticket fines.

Investment income was higher in 2000-2001 than the previous fiscal year, which increased the category of use of money and property by 45% due to an increase in the average yield on investments, increases in interest payments to the City by the Redevelopment Agency, and an increase in the market value of the City's investments in FY 2000-2001 compared to a decrease in the previous fiscal year.

The intergovernmental revenue increase of 36% was due to CDBG funding of local street resurfacing and hardscape (\$2,343,827) and a rise in motor vehicle license fees (\$348,529). Motor vehicle license fees received from the State were \$4.2 million, an increase of 9.1% from the previous year, due to the increase in automobile sales statewide and the higher price of vehicles. Gas tax revenues increased 42% to \$2.0 million due to the receipt of State Congestion Relief Funds (\$577,009) authorized by Assembly Bill 2928.

Charges for services were down 2% due to the elimination of a one-time amount charged other cities (\$107,127) in the last fiscal year for the purchase of a new Sky Knight Helicopter, as well as a decrease in plan check fees due to the large one-time fees charged for the Macy's and Mervyn's California projects in the last fiscal year. Refuse collection charges increased 4.0% from \$3.1 million to \$3.2 million.

Other revenues increased 105%, or \$616,017, primarily due to a change in the accounting for prepaid contributions to the Public Employees Retirement System (PERS).

The following schedule presents a summary of General Fund, Special Revenues Funds, Debt Service Fund, and Capital Projects Funds expenditures for the fiscal year ended June 30, 2001, and the percentage of increases and decreases in relation to prior year amounts.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 2000</u>	<u>Percent of Increase (Decrease)</u>
Current:				
General government	\$ 4,376,883	10 %	\$ 102,101	2 %
Public safety	8,043,224	18	(56,523)	(1)
Transportation	3,624,816	8	(11,534)	(1)
Community development	3,448,310	8	290,213	9
Health and sanitation	3,684,626	8	662,564	22
Culture and leisure	<u>5,587,476</u>	<u>13</u>	<u>(150,766)</u>	<u>(3)</u>
Total current	28,765,335	65	836,055	3
Capital outlay	12,267,660	28	4,427,537	56
Debt service	<u>3,277,683</u>	<u>7</u>	<u>(3,293,941)</u>	<u>(50)</u>
Total expenditures	<u>\$ 44,310,678</u>	<u>100 %</u>	<u>\$ 1,969,651</u>	<u>5 %</u>

Expenditures for general government obligations increased 5% due primarily to a partial payment on an owner participation agreement (\$1,439,072).

The cost of the law enforcement contract with Los Angeles County increased less than 1% from the previous year due to an increase in Los Angeles County Sheriff's contract costs. Law enforcement costs include general law enforcement, traffic regulations, specially assigned officers (SAO's), extra seasonal services for the mall, the mall deputy, sworn observers for the Sky Knight helicopter program, the Neighborhood Watch program, and the STAR Deputy program. Overall public safety, which includes street lighting, parking control, animal regulation, emergency services, along with law enforcement, decreased 1%.

Employees received a salary increase of 1.2% on July 1, 2000, and 1% on January 1, 2001. Total payroll for the year was \$9.9 million, a 2.1% increase over last year. The City is a member of the Public Employees Retirement System. Retirement costs for employees covered under the Public Employees Retirement System (PERS) were \$649,010, a 3.3% increase over last year which corresponds to the increase in payroll costs. In lieu of paying Social Security costs (6.2%) for part-time employees working less than 1,000 hours per year, Lakewood pays (1.8%) into the Public Agency Retirement System (PARS) for these employees. PARS costs were \$16,240. Other personnel-related costs totaled \$426,954. They include health insurance, life insurance, disability insurance, unemployment benefits, workers' compensation benefits, and Medicare.

Those expenditures classified by the State as pertaining to transportation remained relatively constant with a decrease of less than 1% from the previous year.

Community development increased 9% primarily due to engineering cost for projects such as the S. Mark Taper Foundation Vista Lodge at Monte Verde Park .

Health and sanitation expenses increased 22% due to the cost of sending a portion of the City's solid waste to a material recovery facility in order to comply with AB 939, the State's Solid Waste Reduction Law.

Culture and leisure expenditures decreased 3% due to one-time expenditures in the prior fiscal year for improvements made to the Weingart Ballroom at The Centre at Sycamore Plaza from the Community Facility Fund which did not recur in FY 2000-2001.

Major capital projects during the year were major street resurfacing (\$1,420,000), and improvements to Monte Verde Park (\$1,215,527), the Iacoboni Library (\$958,576), and the Weingart Senior Center (\$287,126).

Debt service decreased 50% due to a reclassification of the previous year's refunded bond payment.

Governmental Fund Balance. The fund balances of the governmental funds increased by \$1,179,124. This was the amount that overall revenues exceeded expenditures in this, the end of the second year of a two-year budget cycle. The majority of this increase can be attributed to the 12% increase (\$980,732) in sales tax revenues.

Enterprise Operation. The City's water system has approximately 20,000 accounts and produced 2,986 million gallons of water during 2000-2001. 2,854 million gallons were from the "potable" water system (meeting clean drinking water standards) and 132 million gallons were recycled water used for irrigation purposes. Total production was down from last year by 156 million gallons.

Operating revenues of the water system were \$5,357,007, a decrease of 7.7% or \$445,532, due to a decrease in the amount of water sold. Operating expenses were \$4,494,528, a decrease of 3% or \$136,239, also due mainly to decreased water sales. Non-operating revenues net of non-operating expenses were \$27,791.

The direct cost for water (energy, replenishment costs and direct purchase) was \$1,487,765 compared to \$1,827,904 in 1999-2000. This represents a decrease of 18.6% in direct cost. The cost of energy used in pumping decreased 4.5%, \$436,900 compared to \$457,373 last year. The cost of ground water replenishment for water pumped from City wells decreased 23.6%, to \$985,871, compared to \$1,291,018 last year. The cost of reclaimed water was \$64,994.

Capital additions were made to the system at a cost of \$545,552. The balance on the loan from the State of California Water Resources Control Board, which funded part of the cost of the 6-mile reclaimed water line, was \$384,203 at June 30, 2001.

Prior to June 30, 2001, basic water rates were last adjusted May 1, 1999, to \$1.20 per 100 cubic feet of water. The unit price per 100 cubic feet is adjusted periodically to cover the increased cost of energy, replenishment, or purchase. The City established the original water rates in 1959. Since 1959, there have been seven general rate adjustments: 1967, 1973, 1978, 1983, 1989, 1996, and 1999.

A conservation rate schedule was adopted by the City Council in November 1991, concurrent with mandated water conservation. The rate structure imposes various surcharges on water consumers who use more than the "average" for their use category, depending on the level of conservation desired. It will remain in place until the City Council determines that conservation measures can be lifted. Although rainfall exceeded normal levels during 2000-2001, the City is currently operating at the Voluntary Conservation level.

Debt Administration. The City has no general obligation bonded debt.

On October 1, 1999, the Lakewood Redevelopment 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. In 1992, the Redevelopment Agency issued the Redevelopment Project No. 1 Refunding Tax Allocation Bonds, Series 1992A and Series 1992B (taxable), to advance refund and defease the Agency's 1984 and 1987 bonds and to finance public improvements within Project Area No. 1. At June 30, 2001, the balance of the 1999 bonds outstanding remained \$6,760,000 and the 1992 series bonds outstanding was \$8,910,000. These bonds are secured by a pledge on the Agency's tax increment revenues (see notes to financial statements).

On December 12, 1995, the City and the Lakewood Redevelopment Agency created the Lakewood Public Financing Authority by a Joint Exercise of Powers Agreement. In March, 1996, the Authority issued \$6,040,000 in water revenue bonds to finance public improvements to the City's water system. At June 30, 2001, the balance of the 1996 water revenue bonds outstanding was \$5,030,000. These bonds are secured by an installment purchase contract with the City which requires payment from the income and revenue derived from the ownership and operation of the City's water system. The bonds are insured by the Financial Guaranty Insurance Company (FGIC).

Cash Management. Cash temporarily idle during the year was invested in certain eligible securities as constrained by law and the City's Investment Policy. The City invests in demand deposits, time deposits from 30 to 365 days to

maturity, issues of federal agencies such as FNMA's and Farm Credit Bank Notes, Bankers' Acceptances, and the Local Agency Investment Fund (LAIF). The goals of the City's investment policy are safety, liquidity and yield, in that order.

The average yield on maturing investments during 2000-2001 was 6.01%; interest received was \$3,668,556.

Risk Management. Lakewood is a member of the CALIFORNIA Joint Powers Insurance Authority (CJPIA). With 86 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 2000-2001, 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.

OTHER INFORMATION

Independent Audit. The City requires an annual audit by independent certified public accountants. The accounting firm of Diehl, Evans & Company, LLP, conducted this year's audit. The auditors' report on the general purpose financial statements and combining and individual fund statements and schedules is included in the Financial Section of this report. The audit was also designed to meet the requirements of the Federal Single Audit Act of 1984 and related OMB Circular A-133.

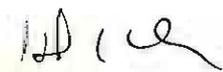
GFOA Certificate of Achievement Award. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Lakewood for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2000. This was the 20th consecutive year that the City 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.

CSMFO Certificate of Award for Outstanding Financial Reporting. The California Society of Municipal Finance Officers awarded a Certificate of Award for Outstanding Financial Reporting to the City of Lakewood for its CAFR for the fiscal year ended June 30, 2000. The certificate is issued in recognition of meeting professional standards and criteria in reporting, which reflect a high level of quality in the annual financial statements.

Acknowledgements. Preparation of this report was accomplished by the combined efforts of the Finance Department staff. We appreciate the high level of professionalism and dedication that these staff members bring to the City. The contributions made by Carol Moon, Senior Accountant; Pamala Lau, Assistant Accountant; Ronnie Campbell, Assistant Director of Finance; Patsy Uyematsu, Administrative Secretary; and Doug Butler, Deputy Treasurer, 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.

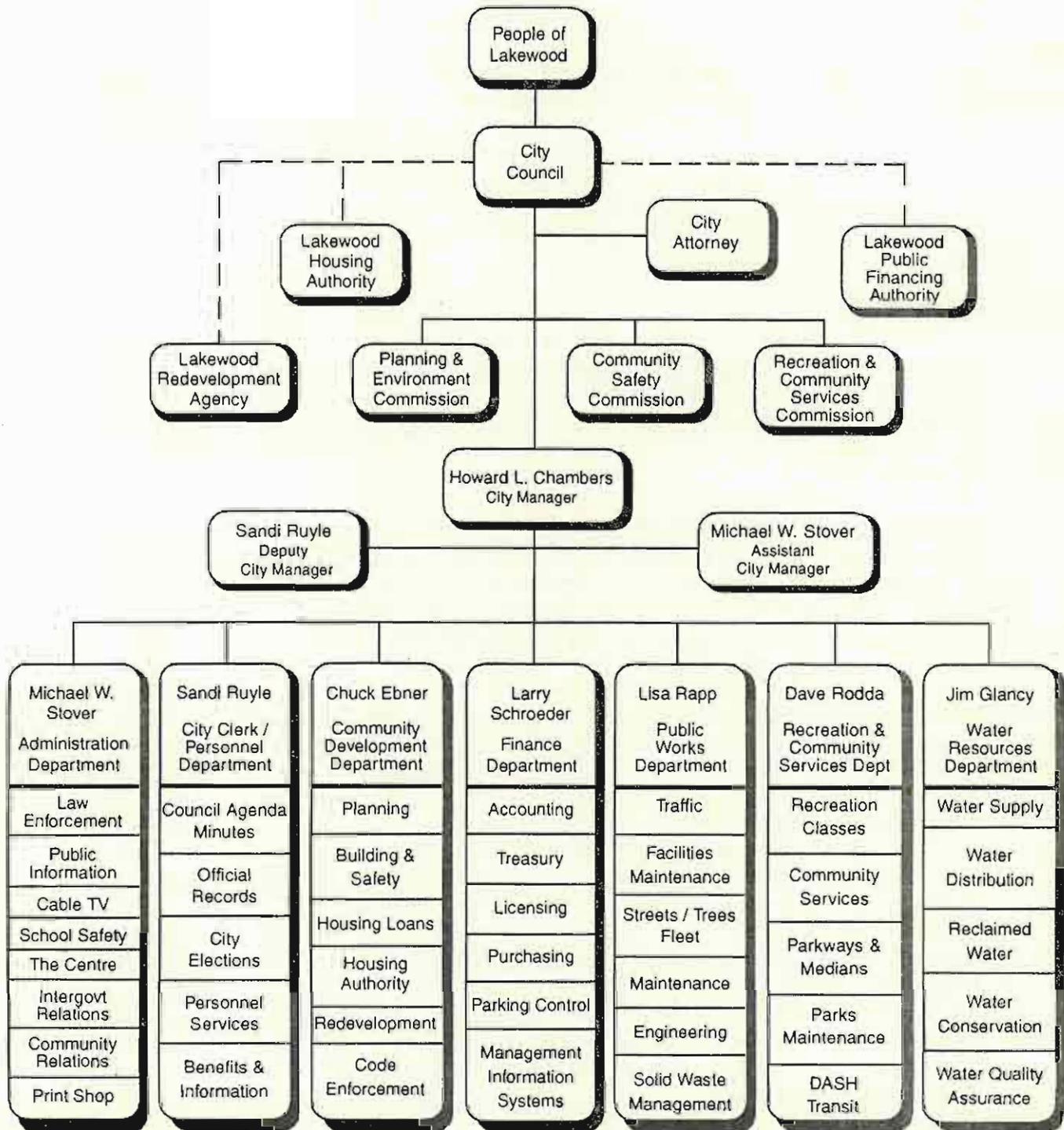
Respectfully submitted,



Howard L. Chambers
City Manager



Larry Schroeder
Director of Finance



CITY COUNCIL

ROBERT G. WAGNER
Mayor

LARRY VAN NOSTRAN
Vice Mayor

JOSEPH ESQUIVEL
Council Member

WAYNE E. PIERCY
Council Member

TODD ROGERS
Council Member

ADMINISTRATION AND DEPARTMENT DIRECTORS

HOWARD L. CHAMBERS
City Manager

JOHN S. TODD
City Attorney

MICHAEL W. STOVER
Assistant City Manager

LARRY SCHROEDER
Director of Finance

SANDRA L. RUYLE
Deputy City Manager

LISA A. RAPP
Director of Public Works

DAVID L. RODDA
Director of Recreation
and Community Services

CHARLES K. EBNER
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, 2000

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.



Timothy A. Howe
President

Jeffrey L. Essler
Executive Director

*California Society of
Municipal Finance Officers*

Certificate of Award

Outstanding Financial Reporting 1999-2000

Presented to the

City of Lakewood



This certificate is issued in recognition of meeting professional standards and criteria in reporting which reflect a high level of quality in the annual financial statements and in the underlying accounting systems from which the reports were prepared.

February 26, 2001

Genie Roberts
Chair, Professional & Technical Standards Committee

Dedicated to Excellence in Municipal Financial Management





DIEHL, EVANS & COMPANY, LLP

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

A PARTNERSHIP INCLUDING ACCOUNTANCY CORPORATIONS

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• HARVEY J. SCHROEDER, CPA
• A PROFESSIONAL CORPORATION

November 16, 2001

INDEPENDENT AUDITORS' REPORT

City Council
City of Lakewood
Lakewood, California

We have audited the general purpose financial statements of the City of Lakewood, California as of and for the year ended June 30, 2001, as listed in the table of contents. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Lakewood as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 16, 2001, 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 grants.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining, individual fund and account group statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the City of Lakewood. The information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole. We did not audit or apply limited procedures to the statistical information listed in the table of contents and we do not express any assurance on such information.

Diehl, Evans and Company, LLP

- 1 -

OTHER OFFICES AT:

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CARLSBAD, CALIFORNIA 92008-2389
(760) 729-2343 • FAX (760) 729-2234

613 W. VALLEY PARKWAY, SUITE 330
ESCONDIDO, CALIFORNIA 92025-2598
(760) 741-3141 • FAX (760) 741-9890



**GENERAL PURPOSE
FINANCIAL STATEMENTS**



COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2001

ASSETS AND OTHER DEBITS	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Cash and investments (Notes 1.G & 2)	\$ 30,248,931	\$ 2,847,733	\$ 4,697,171	\$ 3,374,210
Cash and investments with fiscal agent (Notes 1.G & 2)	-	-	1,736,986	-
Receivables:				
Taxes	1,871,443	-	102,690	-
Accounts	2,012,223	378,206	-	-
Loans (Note 10)	-	-	-	814,298
Accrued revenue (Note 1.D)	328,763	-	-	28,785
Due from other funds (Note 6)	76,608	-	-	410,721
Inventories, at cost (Note 1.H)	-	-	-	-
Land held for resale (Notes 1.E & 1.J)	-	-	-	255,289
Restricted assets:				
Cash and investments (Notes 1.G & 2)	-	-	-	-
Property, plant and equip., net (Notes 1.I, 1.K, 1.L, 3, 5.A)	-	-	-	-
Bond issuance costs, net (Note 1.O)	-	-	-	-
Amount available in debt service fund	-	-	-	-
Amount to be provided for payment of long-term debt	-	-	-	-
Total assets and other debits	\$ 34,537,968	\$ 3,225,939	\$ 6,536,847	\$ 4,883,303
LIABILITIES, EQUITY AND OTHER CREDITS				
Liabilities:				
Accounts payable	\$ 2,179,495	\$ 389,680	\$ 2,480	\$ 479,538
Accrued liabilities	188,559	7,726	-	-
Accrued revenue bond interest	-	-	-	-
Deposits	-	-	-	-
Deferred revenue (Notes 1.D & 1.E)	450,915	-	-	840,548
Deposits payable from restricted assets	-	-	-	-
Due to other funds (Note 6)	410,721	-	-	-
Due to other governments (Note 10)	-	-	-	-
Revenue bonds payable (Notes 5.B & 5.D)	-	-	-	-
Tax increment bonds payable (Note 4.A)	-	-	-	-
Compensated absences payable (Notes 1.M & 4.B)	-	-	-	-
Loans payable (Notes 4.C, 5.B & 5.C)	-	-	-	-
Total liabilities	3,229,690	397,406	2,480	1,320,086
Equity and other credits:				
Contributed capital (Note 1.D)	-	-	-	-
Investment in general fixed assets (Notes 1.K & 3)	-	-	-	-
Retained earnings:				
Reserved (Note 9)	-	-	-	-
Unreserved	-	-	-	-
Fund balance (Note 9):				
Reserved	6,105,870	2,828,533	6,534,367	3,563,217
Unreserved - designated	25,202,408	-	-	-
Total equity and other credits	31,308,278	2,828,533	6,534,367	3,563,217
Total liabilities, equity and other credits	\$ 34,537,968	\$ 3,225,939	\$ 6,536,847	\$ 4,883,303

CITY OF LAKEWOOD

EXHIBIT 1

(Continued)

Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)	
Enterprise	Internal Service	Agency	General Fixed Assets	General Long-Term Debt	June 30, 2001	June 30, 2000
\$ 3,958,168	\$ 48,919	\$ 918,398	\$ -	\$ -	\$ 46,093,530	\$ 43,977,878
938	-	-	-	-	1,737,924	1,808,692
-	-	-	-	-	1,974,133	1,894,151
350,839	-	-	-	-	2,741,268	3,208,879
-	-	2,045,827	-	-	2,860,125	2,766,116
579,669	-	-	-	-	937,217	877,381
-	-	-	-	-	487,329	1,015,873
76,085	113,152	-	-	-	189,237	242,786
-	-	-	-	-	255,289	107,535
36,406	-	-	-	-	36,406	34,718
15,933,921	425,264	-	50,497,791	-	66,856,976	63,631,368
170,174	-	-	-	-	170,174	181,711
-	-	-	-	6,534,367	6,534,367	6,515,657
-	-	-	-	10,828,430	10,828,430	11,474,213
<u>\$ 21,106,200</u>	<u>\$ 587,335</u>	<u>\$ 2,964,225</u>	<u>\$ 50,497,791</u>	<u>\$ 17,362,797</u>	<u>\$ 141,702,405</u>	<u>\$ 137,736,958</u>
\$ 816,368	\$ 17,258	\$ -	\$ -	\$ -	\$ 3,884,819	\$ 3,989,612
-	7,249	-	-	-	203,534	210,188
66,996	-	-	-	-	66,996	69,358
-	-	654,390	-	-	654,390	664,275
-	-	-	-	-	1,291,463	924,693
36,406	-	-	-	-	36,406	34,718
-	76,608	-	-	-	487,329	1,015,873
-	-	2,309,835	-	-	2,309,835	2,669,773
5,010,320	-	-	-	-	5,010,320	5,233,986
-	-	-	-	15,670,000	15,670,000	15,940,000
-	-	-	-	1,692,797	1,692,797	1,549,870
384,203	-	-	-	-	384,203	934,431
<u>6,314,293</u>	<u>101,115</u>	<u>2,964,225</u>	<u>-</u>	<u>17,362,797</u>	<u>31,692,092</u>	<u>33,236,777</u>
1,267,297	-	-	-	-	1,267,297	1,267,297
-	-	-	50,497,791	-	50,497,791	47,043,770
700,693	-	-	-	-	700,693	379,910
12,823,917	486,220	-	-	-	13,310,137	12,753,933
-	-	-	-	-	19,031,987	20,227,952
-	-	-	-	-	25,202,408	22,827,319
<u>14,791,907</u>	<u>486,220</u>	<u>-</u>	<u>50,497,791</u>	<u>-</u>	<u>110,010,313</u>	<u>104,500,181</u>
<u>\$ 21,106,200</u>	<u>\$ 587,335</u>	<u>\$ 2,964,225</u>	<u>\$ 50,497,791</u>	<u>\$ 17,362,797</u>	<u>\$ 141,702,405</u>	<u>\$ 137,736,958</u>



COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)	
					Year Ended June 30, 2001	Year Ended June 30, 2000
Revenues:						
Taxes	\$ 15,896,592	\$ 1,900,523	\$ 4,002,727	\$ -	\$ 21,799,842	\$ 19,673,989
Licenses and permits	448,034	1,170	-	-	449,204	534,804
Fines and forfeitures	502,205	-	-	-	502,205	489,584
Investment income, rents and concessions	3,204,119	235,502	346,522	357,036	4,143,179	2,858,296
From other agencies	6,357,747	3,094,358	-	3,001,198	12,453,303	9,156,337
Current service charges	5,403,063	-	-	-	5,403,063	5,510,190
Other	1,061,144	21,926	-	117,990	1,201,060	585,043
Total revenues	32,872,904	5,253,479	4,349,249	3,476,224	45,951,856	38,808,243
Expenditures:						
Current:						
General government	4,376,883	-	-	-	4,376,883	4,274,782
Public safety	8,043,224	-	-	-	8,043,224	8,099,747
Transportation	2,707,672	917,144	-	-	3,624,816	3,636,350
Community development	2,452,758	995,552	-	-	3,448,310	3,158,097
Health and sanitation	3,684,626	-	-	-	3,684,626	3,022,062
Culture and leisure	5,536,613	50,863	-	-	5,587,476	5,738,242
Capital outlay	-	-	-	12,267,660	12,267,660	7,840,123
Debt service:						
Owner participation agreements	-	-	1,439,072	-	1,439,072	-
Principal retirement	-	-	270,000	-	270,000	505,000
Interest	-	-	1,568,611	-	1,568,611	1,117,977
Payment to refunded bond escrow agent	-	-	-	-	-	4,948,647
Total expenditures	26,801,776	1,963,559	3,277,683	12,267,660	44,310,678	42,341,027
Excess of revenues over (under) expenditures	6,071,128	3,289,920	1,071,566	(8,791,436)	1,641,178	(3,532,784)
Other financing sources (uses):						
Operating transfers in	2,227,654	-	-	8,874,601	11,102,255	9,501,681
Operating transfers out	(6,642,485)	(3,868,968)	(1,052,856)	-	(11,564,309)	(9,925,707)
Proceeds of bonds	-	-	-	-	-	6,433,632
Payment to refunded bond escrow agent	-	-	-	-	-	(3,927,093)
Total other financing sources (uses)	(4,414,831)	(3,868,968)	(1,052,856)	8,874,601	(462,054)	2,082,513
Excess of revenues and other sources over (under) expen- ditures and other uses	1,656,297	(579,048)	18,710	83,165	1,179,124	(1,450,271)
Fund balances - July 1	29,651,981	3,407,581	6,515,657	3,480,052	43,055,271	44,505,542
Fund balances - June 30	\$ 31,308,278	\$ 2,828,533	\$ 6,534,367	\$ 3,563,217	\$ 44,234,395	\$ 43,055,271

See independent auditor's report and notes to financial statements.

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL
GENERAL AND SPECIAL REVENUE FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	General Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues:			
Taxes	\$ 15,274,400	\$ 15,896,592	\$ 622,192
Licenses and permits	354,550	448,034	93,484
Fines and forfeitures	450,000	502,205	52,205
Investment income, rents and concessions	2,120,250	3,204,119	1,083,869
From other agencies	7,101,789	6,357,747	(744,042)
Current service charges	5,390,240	5,403,063	12,823
Other	572,381	1,061,144	488,763
Total revenues	31,263,610	32,872,904	1,609,294
Expenditures:			
Current:			
General government	5,336,737	4,376,883	959,854
Public safety	8,991,374	8,043,224	948,150
Transportation	2,913,632	2,707,672	205,960
Community development	3,802,298	2,452,758	1,349,540
Health and sanitation	3,202,819	3,684,626	(481,807)
Culture and leisure	5,871,818	5,536,613	335,205
Total expenditures	30,118,678	26,801,776	3,316,902
Excess of revenues over expenditures	1,144,932	6,071,128	4,926,196
Other financing sources (uses):			
Operating transfers in	2,040,510	2,227,654	187,144
Operating transfers out	(9,765,158)	(6,642,485)	3,122,673
Total other financing sources (uses)	(7,724,648)	(4,414,831)	3,309,817
Excess of revenues and other sources over (under) expenditures and other uses	(6,579,716)	1,656,297	8,236,013
Fund balances - July 1	29,651,981	29,651,981	-
Fund balances - June 30	\$ 23,072,265	\$ 31,308,278	\$ 8,236,013

(continued)

(Continued)

Special Revenue			Totals (Memorandum Only)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 1,725,000	\$ 1,900,523	\$ 175,523	\$ 16,999,400	\$ 17,797,115	\$ 797,715
42,000	1,170	(40,830)	396,550	449,204	52,654
-	-	-	450,000	502,205	52,205
151,000	235,502	84,502	2,271,250	3,439,621	1,168,371
3,598,725	3,094,358	(504,367)	10,700,514	9,452,105	(1,248,409)
-	-	-	5,390,240	5,403,063	12,823
2,000	21,926	19,926	574,381	1,083,070	508,689
<u>5,518,725</u>	<u>5,253,479</u>	<u>(265,246)</u>	<u>36,782,335</u>	<u>38,126,383</u>	<u>1,344,048</u>
-	-	-	5,336,737	4,376,883	959,854
-	-	-	8,991,374	8,043,224	948,150
1,181,045	917,144	263,901	4,094,677	3,624,816	469,861
1,385,215	995,552	389,663	5,187,513	3,448,310	1,739,203
-	-	-	3,202,819	3,684,626	(481,807)
165,750	50,863	114,887	6,037,568	5,587,476	450,092
<u>2,732,010</u>	<u>1,963,559</u>	<u>768,451</u>	<u>32,850,688</u>	<u>28,765,335</u>	<u>4,085,353</u>
<u>2,786,715</u>	<u>3,289,920</u>	<u>503,205</u>	<u>3,931,647</u>	<u>9,361,048</u>	<u>5,429,401</u>
-	-	-	2,040,510	2,227,654	187,144
(5,318,638)	(3,868,968)	1,449,670	(15,083,796)	(10,511,453)	4,572,343
<u>(5,318,638)</u>	<u>(3,868,968)</u>	<u>1,449,670</u>	<u>(13,043,286)</u>	<u>(8,283,799)</u>	<u>4,759,487</u>
(2,531,923)	(579,048)	1,952,875	(9,111,639)	1,077,249	10,188,888
3,407,581	3,407,581	-	33,059,562	33,059,562	-
<u>\$ 875,658</u>	<u>\$ 2,828,533</u>	<u>\$ 1,952,875</u>	<u>\$ 23,947,923</u>	<u>\$ 34,136,811</u>	<u>\$ 10,188,888</u>

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	Enterprise	Internal Service	Totals (Memorandum Only)	
			June 30, 2001	June 30, 2000
Operating revenues:				
Charges for services	\$ 5,179,723	\$ 605,446	\$ 5,785,169	\$ 6,270,503
Other revenue	177,284	22,844	200,128	151,508
Total operating revenues	<u>5,357,007</u>	<u>628,290</u>	<u>5,985,297</u>	<u>6,422,011</u>
Operating expenses:				
Operations:				
Supply, transmission and distribution	3,151,791	-	3,151,791	3,521,525
Customer service	370,745	-	370,745	365,503
Administration	273,077	-	273,077	222,676
Cost of goods sold	-	956,353	956,353	922,909
Depreciation	698,915	147,274	846,189	662,993
Total operating expenses	<u>4,494,528</u>	<u>1,103,627</u>	<u>5,598,155</u>	<u>5,695,606</u>
Operating income or (loss)	<u>862,479</u>	<u>(475,337)</u>	<u>387,142</u>	<u>726,405</u>
Nonoperating revenues (expenses):				
Sale of pumping rights	105,000	-	105,000	60,000
Investment income	271,047	-	271,047	184,829
Interest expense on long-term debt	(292,503)	-	(292,503)	(374,976)
Amortization of bond issuance costs	(12,871)	-	(12,871)	(12,871)
Loss on disposal of assets	(42,882)	-	(42,882)	(45,871)
Total nonoperating revenues (expenses)	<u>27,791</u>	<u>-</u>	<u>27,791</u>	<u>(188,889)</u>
Income (loss) before operating transfers in	<u>890,270</u>	<u>(475,337)</u>	<u>414,933</u>	<u>537,516</u>
Operating transfers in	<u>-</u>	<u>462,054</u>	<u>462,054</u>	<u>424,026</u>
Net income (loss)	<u>890,270</u>	<u>(13,283)</u>	<u>876,987</u>	<u>961,542</u>
Retained earnings - July 1	<u>12,634,340</u>	<u>499,503</u>	<u>13,133,843</u>	<u>12,172,301</u>
Retained earnings - June 30	<u>\$ 13,524,610</u>	<u>\$ 486,220</u>	<u>\$ 14,010,830</u>	<u>\$ 13,133,843</u>

COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	Enterprise	Internal Service	Totals (Memorandum Only)	
			June 30, 2001	June 30, 2000
Cash flows from operating activities:				
Operating income (loss)	\$ 862,479	\$ (475,337)	\$ 387,142	\$ 726,405
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operations:				
Depreciation	698,915	147,274	846,189	662,993
Changes in operating assets and liabilities:				
(Increase) decrease in accounts receivable	(7,190)	-	(7,190)	(7,404)
(Increase) decrease in accrued revenue	(34,744)	-	(34,744)	37,218
Decrease in inventory	48,753	4,796	53,549	8,573
Increase (decrease) in accounts payable	107,894	(16,425)	91,469	9,953
Increase (decrease) in accrued liabilities	-	(790)	(790)	3,562
Increase in customer deposits	1,688	-	1,688	930
Total adjustments	815,316	134,855	950,171	715,825
Net cash provided by (used in) operating activities	1,677,795	(340,482)	1,337,313	1,442,230
Cash flows from non-capital financing activities:				
Operating transfers in	-	462,054	462,054	424,026
Cash flows from capital and related financing activities:				
Proceeds from the sale of pumping rights	105,000	-	105,000	60,000
Purchase of property, plant and equipment	(545,552)	(115,106)	(660,658)	(2,270,215)
Principal paid on revenue bonds and state loan	(275,228)	-	(275,228)	(263,290)
Interest paid on revenue bonds and state loan	(294,865)	-	(294,865)	(305,618)
Net cash (used in) capital and related financing activities	(1,010,645)	(115,106)	(1,125,751)	(2,779,123)
Cash flows from investing activities:				
Investment income	271,047	-	271,047	184,829
Net increase (decrease) in cash and cash equivalents	938,197	6,466	944,663	(728,038)
Cash and cash equivalents - July 1	3,057,315	42,453	3,099,768	3,827,806
Cash and cash equivalents - June 30 (Note 1.G)	\$ 3,995,512	\$ 48,919	\$ 4,044,431	\$ 3,099,768



JUNE 30, 2001

NOTE 1 - REPORTING ENTITY AND 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.

The City's comparative financial statements as of, and for the year ended, June 30, 2000, have been presented herein to include the City, Agency, Housing Authority, and Financing Authority.

Interfund debt between the City and the Agency at June 30, 2001, has been eliminated from the Combined Balance Sheet, as this debt is long-term in nature. Also, transactions between the City and the Agency during 2000-01 have been recorded in the accompanying statements as transfers-in and transfers-out, respectively. There were no interfund transactions between the City and Housing Authority for the year ended June 30, 2001. Interfund transactions between the City and the Financing Authority have been eliminated from the Water Enterprise Fund.

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.

Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present consolidated financial information.

B. Description of Funds and Account Groups

The accounts of the City of Lakewood are organized on the basis of funds and account groups, each of which is considered a separate accounting entity with a self-balancing set of accounts.

The following are the types of funds and account groups used:

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.

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.

Debt Service Fund

The Debt Service Fund is a fund of the Agency. The fund is used to account for the receipt of property tax increment revenue and related interest revenue. Disbursements from this fund during 2000-01 consisted of principal and interest payments from the Agency to the City on interfund loans, principal and interest on tax increment bonds, and payments pursuant to ownership participation agreements.

Capital Project Funds

Capital Project Funds are used to account for financial resources used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Proprietary Funds

Water Enterprise Fund

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

Internal Service Funds

Internal Service Funds (Central Stores, Central Garage, and Print Shop Funds) are used to 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.

Fiduciary Funds

Agency Funds

Money received by the City of Lakewood as an agent for individuals, other governments, and other entities is accounted for in these funds.

Account Groups

General Fixed Assets Account Group

The General Fixed Assets Account Group is used to account for the cost of fixed assets acquired to perform general government functions.

General Long-Term Debt Account Group

The General Long-Term Debt Account Group is used to account for debts payable from future resources, including Agency tax increment bonds and liabilities for compensated absences.

C. Functional Classifications

Expenditures of the governmental funds are classified by function. Functional classifications are defined as follows:

General Government includes legislative activities which have a primary objective of providing legal and policy guidelines for the City. Also, included in this classification are those activities which provide management or support services across more than one functional area.

Public Safety includes those activities which involve the protection of people and property.

Transportation includes those activities which involve the movement of people and goods.

Community Development includes those activities which enhance the general quality of life in the City.

Health and Sanitation includes those activities which involve the conservation and improvement of public health. Also, included are those activities which provide for the collection and disposal of waste.

Culture and Leisure includes those activities which involve the providing of recreational, cultural and educational endeavors.

Capital Outlay includes the acquisition or construction of major capital facilities.

Debt Service includes the payment of general long-term debt principal and interest.

D. Basis of Accounting

Governmental fund types are accounted for using the modified accrual basis of accounting. Generally, revenues are recognized when they become "susceptible to accrual," that is, measurable and available to finance expenditures of the current period. Revenues which are susceptible to accrual included property taxes received within 60 days after year end (see Note 11) and earnings on investments. Taxpayer-assessed taxes are accounted for in accordance with GASB Statement No. 22. If such taxes (including sales taxes, gas taxes, franchise taxes, and transient occupancy taxes) are received subsequent to year end and are attributable to the prior period, they are accrued if they are "measurable" at year end and received within the City's 60-day "availability" definition. Grant funds which are reported in governmental fund types are recorded as a receivable when earned rather than when susceptible to accrual. Generally, this occurs when authorized expenditures are made under the grant program. Grant funds received before the revenue recognition criteria have been met are reported as deferred revenue. Expenditures are recognized when the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which is recognized when due.

The accrual basis of accounting is followed in the proprietary funds. Revenues are recognized when they are earned and expenses are recognized when the liability is incurred. Unbilled water utility revenue is accrued at year end. Grants received by proprietary funds which are restricted for acquisition or construction of capital assets are recorded as contributed equity, and are reported as "contributed capital" in the accompanying financial statements. Capital grants reported as contributed capital as of June 30, 2001, is \$611,037. Under the provisions of GASB Statement No. 20, the City's proprietary funds are accounted for in accordance with (1) All GASB Pronouncements applicable to proprietary fund types, and (2) FASB Statements 1 through 102 issued on or before November 30, 1989, all Accounting Principles Board Opinions, and all Accounting Research Bulletins (unless those pronouncements contradict GASB pronouncements). The City has elected not to apply the provisions of FASB Statements 103 through 129, because in the opinion of management, these bulletins do not have a material impact on the accounting and financial reporting of its proprietary funds.

Fiduciary fund types are accounted for according to the nature of the fund. The City has only Agency-type funds which are purely custodial in nature (assets equal liabilities), and thus do not involve measurement of results of operations. These funds are accounted for utilizing the modified accrual basis of accounting.

E. Measurement Focus

All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that generally only current assets and current liabilities are included on their balance sheets, with the exception that the noncurrent portion of long-term receivables due to governmental funds and land held for resale, if any, are reported on their balance sheets, offset by deferred revenue (long-term receivables) and fund balance reserve accounts (land held for resale). Statements of revenue, expenditures, and changes in fund balances for governmental funds generally present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and liabilities (whether current or noncurrent) associated with the activity are included on

their balance sheets. Their reported fund equity presents total net assets. Proprietary fund operating statements present increases (revenues) and decreases (expenses) in total net assets.

F. 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. Although the City adopted a two-year budget for fiscal 2000-01 and 2001-02, each year is treated separately for accounting purposes.
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. Budget figures used in the financial statements are the final adjusted amounts, including any amendments to the budget during the year. Supplementary budgetary appropriations of the General Fund and Special Revenue Funds in the amount of \$3,725,141 were made during the year.
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 generally accepted accounting principles (GAAP). Accordingly, actual revenues and expenditures can be compared with related budgeted amounts without any significant reconciling items. No budgetary comparisons are presented for the Debt Service Fund since no budget is adopted for this fund. 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, 2001, 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 2000-01, the City Council passed a resolution setting aside all unappropriated fund balances in the General Fund as contingency funds. This fund designation is more fully described at Note 9.M.

G. Cash and Investments

Effective July 1, 1997, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 31, "Accounting and Financial Reporting for Certain Investments and External Pools," which

require governmental entities to report certain investments at fair value in the balance sheet and recognize the corresponding change in the fair value of investments in the year in which the change occurred. In accordance with GASB Statement No. 31, the City has stated certain investments at fair value.

A high level of funds are in short-term obligations of less than 30 days, including \$29,421,109 on deposit with the California Local Agency Investment Fund. For purposes of the statements of cash flows, all cash and investments held by the enterprise and internal service funds (including restricted cash and investments) are considered to be short term and, accordingly, are classified as cash and cash equivalents.

H. Inventories

All inventories are capitalized in proprietary funds of the City. Inventories are valued at cost on a weighted average basis. Water Enterprise Fund inventories consist primarily of water pipe, valves, and fittings. Internal Service Fund (Central Stores and Central Garage) inventories consist primarily of recreation equipment, maintenance and repair supplies, fuel, and office supplies.

I. Fixed Assets purchased for the Central Garage Fund are capitalized at cost. Central Garage Fund assets consist of vehicles and other equipment. Depreciation is provided on a straight line basis over the following useful lives:

Trucks and vans	-	7 years	Large lawn equipment	-	5 years
Automobiles	-	5 years	Small lawn equipment	-	3 years

J. 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.

K. General Fixed Assets

General fixed assets are recorded as expenditures of the various governmental funds at the time of purchase and are subsequently capitalized for memorandum purposes in the General Fixed Assets Account Group. Such assets include land, buildings, building improvements, furniture, and equipment. The costs of roads, streets and sidewalks, bridges, curbs and gutters, drainage systems, lighting systems and similar assets are not capitalized. No depreciation is provided on general fixed assets.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair market value on the date donated.

L. Water Utility Plant

Fixed assets purchased for the Water Utility Fund are capitalized at cost, while contributed assets are recorded at fair market value at time received. Depreciation has been provided on a straight-line basis over the following useful lives:

Source of supply	30 years
Pumping plant	30 years
Water treatment plant	10 years
Transmission/distribution	20-40 years
General plant	5-20 years

M. Compensated Absences

In governmental funds, compensated absences (unpaid vacation and sick leave) are recorded as expenditures in the year paid, as it is the City's policy to liquidate any unpaid vacation or sick leave at June 30 from future resources rather than currently available expendable resources. Accordingly, the entire unpaid liability for the governmental funds is recorded in the General Long-Term Debt Account Group.

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

N. Claims and Judgments

The City accounts for claims and judgments in accordance with the provisions of GASB Statement No. 10. 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, 2001, the City Attorney estimated a claim liability of \$270,000, and the City has recorded the estimated loss in the financial statements. 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 12. The Authority is a public entity risk pool which is accounted for under the provisions of GASB Statement 10. 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 (\$534,105 in 2000-01). 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 (\$258,467 in 2000-01). 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.

A designation for self-insurance totaling \$3,917,000 is recorded in the General Fund. (See Note 9.I.)

O. Bond Issuance Costs

Bond issuance costs are being amortized over the life of the issue on a straight-line basis.

P. 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. Accordingly, actual results could differ from those estimates.

NOTE 2 - CASH AND INVESTMENTS

The following disclosures are made in accordance with Statement No. 3 of the Governmental Accounting Standards Board (GASB 3):

Investments

Authorized Investments:

Under provisions of the City's Investment Policy, and in accordance with Section 53601 of the California Government

Code, the City may invest in the following types of investments subject to limitations on the percentage of portfolio and length of maturity:

U.S. Treasury Bills, Notes or Bonds	Mutual Funds
Bankers Acceptances	Commercial Paper
Negotiable Certificates of Deposit	California Local Agency Investment Fund (LAIF)
Repurchase Agreements	Los Angeles County Pooled Fund
Medium-Term Corporate Notes	Certificates of Deposit

Federal Agency Obligations:

- Federal Home Loan Bank Notes and Bonds (FHLB's)
- Federal National Mortgage Association (FNMA's)
- Federal Farm Credit Bank Bonds (FFCB's)
- Federal Home Loan Mortgage Corp. (FHLMC's)
- Student Loan Association Notes (SALLIE MAE's)

It is the City's policy not to invest in the following types of Federal Agency obligations, even though such investments are authorized under the California Government Code:

- Small Business Administration obligations (SBA's)
- Government National Mortgage Association obligations (GNMA's)
- Financial Futures and Financial Options

Repurchase Agreements:

The City had no investments in Repurchase Agreements during fiscal year 2000-01.

Reverse-Repurchase Agreements:

As a matter of investment policy, the City does not borrow funds through the use of Reverse-Repurchase Agreements.

California Local Agency Investment Fund (LAIF)

The LAIF is a voluntary program created by a statute in 1977 as an investment alternative through which local governments may pool investments. The LAIF has oversight by the Local Agency Advisory Board, which consists of five members as designated by State statute. At June 30, 2001, the City and Agency each were allowed to invest up to \$30,000,000 in the fund. Investments in LAIF are highly liquid, and deposits may be converted to cash within 24 hours without loss of interest. At June 30, 2001, the total fair value of LAIF was \$54,944,446,059. The fair value of the City's proportionate share in LAIF (\$29,421,109) is the same as the value of the City's pool shares. Included in LAIF's investment portfolio are structured notes totaling \$1,517,548,000 and asset-backed securities totaling \$937,996,000. LAIF's, and the City's, exposure to credit, market, or legal risk is not currently available.

California Asset Management Program (CAMP) Cash Reserve Portfolio

The fiscal agent for the Lakewood Redevelopment Agency invests reserve bond funds in the CAMP cash reserve portfolio which is an investment trust similar to a mutual money market fund. This fund invests primarily in certificates of deposit, commercial paper and U. S. Government and Agency obligations.

Allocation of Interest Income Among Funds

Interest income from pooled investments is allocated to (1) those funds which are required by law or administrative action to receive interest, and (2) the Proprietary Funds. Interest is allocated on a quarterly basis based on the weighted average cash balances in each fund receiving interest.

Classification of Deposits and Investments By Credit Risk

GASB 3 requires that deposits and investments be classified into three categories of credit risk. These categories are as follows:

Deposits:

Category 1 - Deposits which are insured by FDIC.

Category 2 - Deposits which are collateralized. The California Government Code requires California banks and savings and loan associations to secure a City's deposits by pledging government securities with a value of 110% of a City's deposits, or by pledging first trust deed mortgage notes having a value of 150% of a City's total deposits.

Category 3 - Deposits which are uninsured or uncollateralized.

Investments:

Category 1 - Investments which are insured or registered, or held by the City or its agent in the City's name.

Category 2 - Investments which are uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, in the City's name.

Category 3 - Investments which are uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the City's name.

Deposits and investments were categorized as follows at June 30, 2001:

	Category			Bank Balances	Carrying Amount
	1	2	3		
Deposits:					
Banks:					
Demand accounts	\$ 100,000	\$ 1,624,540	\$ -	\$ 1,724,540	\$ 2,880,207
Savings accounts	100,000	3,269,963	-	3,369,963	1,745,525
Fiscal agent deposits	-	-	25,700	25,700	25,700
Total deposits	<u>\$ 200,000</u>	<u>\$ 4,894,503</u>	<u>\$ 25,700</u>	<u>\$ 5,120,203</u>	<u>4,651,432</u>

	Category			Not Categorized	
	1	2	3		
Investments:					
Federal obligations:					
Federal Home Loan Bank	\$ 7,066,250	\$ -	\$ -	\$ -	\$ 7,066,250
Federal National Mortgage					
Association	2,021,265	-	-	-	2,021,265
Federal Home Loan					
Mortgage Corp.	1,992,760	-	-	-	1,992,760
Student Loan Assn. Notes	1,002,820				1,002,820
California Local Agency					
Investment Fund	-	-	-	29,421,109	29,421,109
FHLB - Fiscal Agent	1,673,313	-	-	-	1,673,313
Mutual Funds - Fiscal Agent	-	-	-	38,911	38,911
Total investments	<u>\$ 13,756,408</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,460,020</u>	<u>43,216,428</u>

Total carrying amount (book balances) \$ 47,867,860

Cash and investments are reported in the accompanying combined balance sheet as follows:

Cash and investments - unrestricted	\$ 46,093,530
Cash and investments with fiscal agent	1,737,924
Cash and investments - restricted (1)	<u>36,406</u>
	<u>\$ 47,867,860</u>

(1) All restricted cash and investments are in the Water Enterprise Fund. The total represents customer deposits of \$36,406.

NOTE 3 - CHANGES IN GENERAL FIXED ASSETS

A summary of changes in General Fixed Assets for the year ended June 30, 2001, is as follows:

	Balance June 30, 2000	Additions	Deletions	Balance June 30, 2001
Land	\$ 10,765,913	\$ -	\$ -	\$ 10,765,913
Structures and improvements	28,761,232	2,438,151	-	31,199,383
Equipment	7,025,151	726,575	271,463	7,480,263
Construction in progress	491,474	2,998,909	2,438,151	1,052,232
Total	<u>\$ 47,043,770</u>	<u>\$ 6,163,635</u>	<u>\$ 2,709,614</u>	<u>\$ 50,497,791</u>

NOTE 4 - GENERAL LONG-TERM DEBT

The changes in the General Long-Term Debt for the year ended June 30, 2001, were as follows:

	Balance June 30, 2000	Additions	Deletions	Balance June 30, 2001
Agency tax allocation bonds	\$ 15,940,000	\$ -	\$ 270,000	\$ 15,670,000
Liability for compensated absences:				
Vacation	674,390	81,939	-	756,329
Sick leave	875,480	60,988	-	936,468
Agency land loan	500,000	-	500,000	-
Total	<u>\$ 17,989,870</u>	<u>\$ 142,927</u>	<u>\$ 770,000</u>	<u>\$ 17,362,797</u>

A. Agency Tax Allocation Bonds - Series 1999A, Series 1992A, and Series 1992B

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 on a parity with the remaining 1992A Bonds and the 1992B Bonds.

The 1999A Bonds are serial bonds maturing annually each September 1 from 2002 through 2017, in amounts ranging from \$195,000 to \$630,000, 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 are subject to redemption prior to maturity at the option of the Agency as a whole, or in part, 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%.

The net proceeds of the 1999A Bonds were \$6.434 million after paying \$.326 million in underwriting fees, insurance, and other issuance costs.

Advance Refunding Info for GASB No. 7

\$3.927 million of net proceeds of the 1999A Bonds, together with \$4.949 million on deposit with the trustee for the 1992A Bonds, were used to purchase U. S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service with respect to \$8.465 million of the 1992A Bonds, assuming such bonds are called for redemption on September 1, 2002. As a result, a portion of the 1992A Bonds are considered to be defeased, and the liability for those bonds has been removed from the long-term debt account group. As of June 30, 2001, \$8.2 million of the defeased 1992A were still outstanding. As of June 30, 2001, the balance of the Series 1999A Bonds is \$6,760,000.

Series 1992A and Series 1992B

On November 10, 1992, the Lakewood Redevelopment Agency issued the Redevelopment Project No. 1 Refunding Tax Allocation Bonds, Series 1992A in the amount of \$16,655,000 and Series 1992B (taxable) in the amount of \$3,355,000, to refinance certain prior obligations of the Agency and to refinance certain improvements within Project Area No. 1. The bonds are secured by a pledge of tax increment revenue from Project Area No. 1 and by interest earned from the investment proceeds of bonds issuance.

After refinancing, \$6,600,000 of the Series 1992A Bonds remained. These are serial bonds maturing annually each September 1, through 2017, in amounts ranging from \$180,000 to \$560,000, and bear interest at rates ranging from 5.2% to 6.5%. Interest is payable semiannually on March 1 and September 1. The balance of the Series 1992A Bonds as of June 30, 2001, is \$6,035,000.

The Series 1992B Bonds mature September 1, 2017, and bear interest at the rate of 8.875%. Interest is payable semiannually on March 1 and September 1. These bonds are subject to redemption in part, by lot, on September 1 in each year commencing September 1, 1993, at a redemption price equal to the principal amount thereof to be redeemed, without premium. The balance of the Series 1992B Bonds as of June 30, 2001, is \$2,875,000.

The annual requirements to amortize the bonds outstanding at June 30, 2001, are as follows:

Year	Series 1992 A			Series 1992 B		
	Principal	Interest	Total	Principal	Interest	Total
2001-2002	\$ 210,000	\$ 382,193	\$ 592,193	\$ 80,000	\$ 251,606	\$ 331,606
2002-2003	\$ 220,000	\$ 369,665	\$ 589,665	\$ 85,000	\$ 244,284	\$ 329,284
2003-2004	\$ 230,000	\$ 356,275	\$ 586,275	\$ 95,000	\$ 236,297	\$ 331,297
2004-2005	\$ 250,000	\$ 341,250	\$ 591,250	\$ 100,000	\$ 227,644	\$ 327,644
2005-2006	\$ 260,000	\$ 324,675	\$ 584,675	\$ 110,000	\$ 218,325	\$ 328,325
2006-2017	\$ 4,865,000	\$ 2,131,838	\$ 6,996,838	\$ 2,405,000	\$ 1,494,328	\$ 3,899,328
	<u>\$ 6,035,000</u>	<u>\$ 3,905,896</u>	<u>\$ 9,940,896</u>	<u>\$ 2,875,000</u>	<u>\$ 2,672,484</u>	<u>\$ 5,547,484</u>

Year	Series 1999 A		
	Principal	Interest	Total
2001-2002	\$ -	\$ 331,465	\$ 331,465
2002-2003	\$ 195,000	\$ 327,565	\$ 522,565
2003-2004	\$ 225,000	\$ 319,165	\$ 544,165
2004-2005	\$ 285,000	\$ 308,680	\$ 593,680
2005-2006	\$ 310,000	\$ 296,030	\$ 606,030
2006-2017	\$ 5,745,000	\$ 2,385,355	\$ 8,130,355
	<u>\$ 6,760,000</u>	<u>\$ 3,968,260</u>	<u>\$ 10,728,260</u>

B. Compensated Absences

There is no fixed payment schedule for compensated absences.

C. Land Loan

On June 13, 1991, a property located at 3650 Cherry Avenue was purchased by the Lakewood Redevelopment Agency for the sum of \$950,000. The terms of the purchase provided for a down payment of \$225,000 with the balance of \$725,000 to be repaid over ten years. A principal payment of \$225,000 was paid June, 1993, and a balloon payment of \$500,000 was due June, 2001. Interest was paid quarterly at a variable rate adjusted quarterly to Bank of America prime plus .5%. At the time of purchase, the prime rate was 8.5%. Interest on the note shall not be less than 9% nor exceed 12% per annum. The entire unpaid principal balance may be paid in full without prepayment charge at any time. This loan has been fully paid as of June 30, 2001.

The property has been leased to the adjacent automobile dealership for business expansion. Accordingly, the land (held under an operating lease) is recorded in the General Fixed Assets Account Group.

NOTE 5 - CITY WATER UTILITY

A. Summary of changes in Property, Plant, and Equipment

	Balance June 30, 2000	Additions	Deletions	Balance June 30, 2001
Land and water rights	\$ 1,932,859	\$ -	\$ -	\$ 1,932,859
Source of supply	1,945,268	-	-	1,945,268
Pumping plant	531,429	-	-	531,429
Water treatment	52,266	-	-	52,266
Transmission/distribution	19,443,562	85,215	50,198	19,478,579
General Plant	3,000,805	15,988	-	3,016,793
Construction in progress	16,844	444,349	-	461,193
Total	26,923,033	<u>\$ 545,552</u>	<u>\$ 50,198</u>	27,418,387
Less: Accumulated depreciation	<u>10,792,867</u>			<u>11,484,466</u>
Net	<u>\$ 16,130,166</u>			<u>\$ 15,933,921</u>

B. Summary of changes in long-term debt of the Water Enterprise Fund consisted of the following:

	Balance June 30, 2000	Additions	Deletions	Balance June 30, 2001
Loan payable to State of California	\$ 434,431	\$ -	\$ 50,228	\$ 384,203
1996 Water Revenue Bonds	5,255,000	-	225,000	5,030,000
	5,689,431	-	275,228	5,414,203
Less Discount on Bonds	<u>(21,014)</u>	<u>-</u>	<u>1,334</u>	<u>(19,680)</u>
Total	<u>\$ 5,668,417</u>	<u>\$ -</u>	<u>\$ 273,894</u>	<u>\$ 5,394,523</u>

C. Loan Payable to State of California

The water utility constructed a six-mile reclaimed water line 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 December 22, 2007.

The annual requirements to amortize the loan outstanding at June 30, 2001, are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2001-02	52,244	15,417	67,661
2002-03	54,340	13,321	67,661
2003-04	56,521	11,140	67,661
2004-05	58,789	8,872	67,661
2005-06	61,148	6,513	67,661
2006-07	63,601	4,059	67,660
2007-08	37,560	847	38,407
Total	\$ 384,203	\$ 60,169	\$ 444,372

D. Water Revenue Bonds Payable

To finance the costs of acquisition and construction of certain additions and improvements to the City’s water system, the Financing Authority sold \$6,040,000 principal amount of water revenue bonds at interest rates ranging from 3.75% to 5.70%. The bonds mature serially from April 1, 1997, through April 1, 2016, in amounts ranging from \$165,000 to \$475,000. Bonds maturing on or after April 1, 2006, are subject to optional redemption by the Financing Authority on April 1, 2005, at prices ranging from 100% to 102% of the principal amount of the bonds. US bank serves as trustee for the payment of principal and interest.

The annual requirements to amortize the bonds outstanding at June 30, 2001, are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2001-02	235,000	267,983	502,983
2002-03	245,000	257,877	502,877
2003-04	255,000	246,730	501,730
2004-05	265,000	234,618	499,618
2005-06	280,000	221,632	501,632
2006-07	295,000	207,633	502,633
2007-08	305,000	192,587	497,587
2008-09	325,000	176,728	501,728
2009-10	340,000	159,665	499,665
2010-11	360,000	141,645	501,645
2011-12	380,000	121,125	501,125
2012-13	400,000	99,465	499,465
2013-14	425,000	76,665	501,665
2014-15	445,000	52,440	497,440
2015-16	475,000	27,075	502,075
	\$ 5,030,000	\$ 2,483,868	\$ 7,513,868

E. Segment Information.

Net working capital of the Water Utility at June 30, 2001, was as follows:

Current Assets	\$ 4,965,699
Current liabilities payable from current assets	<u>868,612</u>
Net working capital	<u>\$ 4,097,087</u>

All other segment information is contained either in the general purpose financial statements or this footnote.

NOTE 6 - INTERFUND TRANSACTIONS

Individual interfund receivables and payables were as follows at June 30, 2001:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
General fund	\$ 76,608	\$ 410,721
Capital project funds:		
Lakewood Capital Improvements	410,721	-
Internal service funds:		
Central Stores	-	76,608
Total	<u>\$ 487,329</u>	<u>\$ 487,329</u>

Loans payable and accrued interest payable from the Agency to the City were as follows for the year ended June 30, 2001:

	<u>Loans</u>	<u>Accrued Interest</u>	<u>Total</u>
Balance at June 30, 2000	\$ 12,145,972	\$ -	\$ 12,145,972
Additions	1,505,000	571,582	2,076,582
Payments from Agency to City	<u>(114,433)</u>	<u>(571,582)</u>	<u>(686,015)</u>
Balance at June 30, 2001	<u>\$ 13,536,539</u>	<u>\$ -</u>	<u>\$ 13,536,539</u>

Interest at an annual rate of 12% is charged on loans from the City to the Agency. As described in Note 1.A, the debt from the Agency to the City has been eliminated from the Combined Balance Sheet.

NOTE 7 - RETIREMENT PLAN (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.

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 2000-01 was .0% 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 2000-01, City's actual and contributed pension cost was \$649,010. The required contribution for fiscal year 2000-01 was determined as part of the June 30, 1998, actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) an 8.25% investment rate of return (net of administrative expenses); (b) projected salary increases that vary by age, length of service and type of employment from 3.75% to 14.2%; (c) a 3.5% inflation rate; (d) a 3.75% payroll growth rate; and (e) a merit scale varying by duration of employment coupled with an assumed annual inflation component of 3.50% 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:

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
<u>Miscellaneous Employees</u>			
6/30/99	608,343	100%	-
6/30/00	628,069	100%	-
6/30/01	649,010	100%	-

Schedule of Funding Progress for PERS

<u>Actuarial Valuation Date</u>	<u>Entry Age Normal Accrued Liability</u>	<u>Actuarial Value of Assets</u>	<u>Unfunded Liability/ (Excess Assets)</u>	<u>Funded Status</u>	<u>Annual Covered Payroll</u>	<u>UAAL As a % of Payroll</u>
6/30/98	32,940,778	44,223,091	(11,282,313)	134.3%	8,585,546	(131.411%)
6/30/99	35,662,374	48,753,491	(13,091,117)	136.7%	8,973,296	(145.890%)
6/30/00	38,986,478	53,382,218	(14,395,740)	136.9%	9,190,471	(156.638%)

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 Agency fund in which they were previously recorded. 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 be recorded in an expendable trust fund.

NOTE 9 - RESERVES AND DESIGNATIONS OF FUND EQUITY

A city may set up "reserves" of fund equity to segregate fund balances which are not appropriate 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, 2001, are tabulated below, followed by explanations as to the nature and purpose of each reserve and designation.

<u>Reserves</u>	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Enterprise Fund
Encumbrances	\$ 672,863	\$ 132,040	\$ -	\$ 33,642	\$ -
Continuing appropriations	2,164,825	1,639,407	-	628,367	-
Personnel benefits	2,620,742	-	-	-	-
Debt service	-	-	6,534,367	-	-
Low and moderate housing	-	-	-	2,645,919	-
Special revenue purposes	-	1,057,086	-	-	-
Land held for resale	-	-	-	255,289	-
Other reserves	647,440	-	-	-	700,693
Total reserves	\$ 6,105,870	\$ 2,828,533	\$ 6,534,367	\$ 3,563,217	\$ 700,693

<u>Designations</u>	General Fund
Self-insurance	\$ 3,917,000
Capital improvements	4,545,907
Facilities replacement	2,589,842
Equipment replacement	3,852,420
General contingencies	5,244,625
Infrastructure improvements	4,000,000
Refuse disposal rate stabilization	1,052,614
Total designations	\$ 25,202,408

A. Reserve for Encumbrances

Amounts reserved for encumbrances are commitments for materials and services on purchase orders and contracts which are unperformed.

B. Reserve for Continuing Appropriations

Appropriations for capital projects which are unexpended as of June 30, 2001, will carry forward as continuing appropriations to be expended in 2001-02.

C. Reserve for Personnel Benefits

This reserve provides for additional negotiated personnel benefits, as provided in the memorandum of understanding effective July 1, 2001.

D. Reserve for Debt Service

The Tax Increment Bond Resolutions require that reserves be established.

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 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, drug abuse prevention programs, and to reduce air pollution from mobile sources.

G. 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.

H. Other reserves

Other reserves have been established for law enforcement and construction projects of the Water Enterprise Fund.

I. 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 12.

J. Designated for Capital Improvements

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

K. 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.

L. 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.

M. Designated for General Contingencies

The remainder of the unreserved fund balance at June 30, 2001, in the General Fund has been designated for general contingencies.

N. Designated for Infrastructure Improvements

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

O. Designated for Refuse Disposal Rate Stabilization

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

NOTE 10 - HOUSING AND COMMUNITY DEVELOPMENT LOAN PROGRAM

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.

NOTE 11 - 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

NOTE 12 – 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 (Authority). The Authority is comprised of 86 California public entities and is organized under a joint powers agreement pursuant to California Government Code Section 6500, et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group-purchased insurance for property and other coverages. The Authority's pool began covering claims of its members in 1978. Each member government has a representative on the Board of Directors. The Board operates through a nine-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. Costs are spread to members as follows: the first \$20,000 of each occurrence is charged directly to the City; costs from \$20,001 to \$500,000 are pooled based on a member's share of costs under \$20,000; costs from \$500,001 to \$5,000,000 are pooled based on payroll. Costs of covered claims above \$5,000,000 are currently paid by reinsurance. The protection for the City is \$50,000,000 per occurrence and \$50,000,000 annual aggregate.

Workers' Compensation. The City also participates in the workers compensation pool administered by the Authority. Pool deposits and retrospective adjustments are valued in a manner similar to the General Liability pool. The City of Lakewood is charged for the first \$50,000 of each claim. Costs from \$50,001 to \$100,000 per claim are pooled based on the City's losses under its retention level. Costs between \$100,001 and \$500,000 per claim are pooled based on payroll. Costs in excess of \$500,000 are paid by excess insurance purchased by the Authority. The excess insurance provides coverage to statutory limits.

C. Insurance Coverage

Property Insurance. The City participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City property is currently insured according to a schedule of covered property submitted by the City to the Authority. Total all-risk property insurance coverage is \$31,310,201. There is a \$5,000 per loss 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 Authority. City property currently has earthquake protection in the amount of \$22,382,025. 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.

Fidelity Bonds. The City purchases blanket fidelity bond coverage in the amount of \$5,000,000 with a \$5,000 deductible. The fidelity coverage is provided through the Authority. Premiums are paid annually and are not subject to retroactive adjustments.

Environmental Liability Insurance. The environmental insurance covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the members. Furthermore, pollution legal liability, remediation legal liability, legal defense, and transportation are included in the coverage.

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 insurance liability coverage from coverage in the prior year.

NOTE 13 - 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 \$154.89 per month on July 1, 2001, continuing until the retiree has met the insured status requirements for Medicare. Thereafter, the payment is reduced to \$67.86 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 \$12,650 were recognized. Seventeen employees were covered by the plan. This represents .1% of the current year's payroll for active employees.

NOTE 14 - 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 15 - PARTICIPATION IN THE CSCDA

On September 12, 1995, the City Council adopted a resolution approving, authorizing, and directing execution of an amended and restated joint exercise of powers agreement relating to the California Statewide Communities Development Authority (CSCDA). The purpose of the agreement (dated June 1, 1988) was for the City of Lakewood to become a program participant in establishing an agency for, and with the purpose of, issuing bonds to finance projects within the City. The intent of the agreement was to establish \$6,000,000 in financing for a senior housing project. Specifically stated in the agreement, the bonds are not deemed to constitute a debt of any program participant (e.g., the City of Lakewood). The City does not have an ongoing financial interest in or financial responsibility in the CSCDA.

NOTE 16- 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 \$750,000 of these funds as a sub-grantee. These funds will be used to establish a commercial revolving loan fund to provide for business expansion, economic development, and job creation in Lakewood. The revolving loan fund will particularly target 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 are matched with \$75,000 from a California Trade and Commerce Agency Defense Adjustment Matching Grant and \$183,160 in Community Development Block Grant (CDBG) funds. As of June 30, 2001, no loans were made.

NOTE 17 - PARTICIPATION AGREEMENT AND PARKING FACILITIES LEASE

On September 14, 1999, the Lakewood Redevelopment Agency (Agency) approved a participation agreement with the Lakewood Mall Business Company. Under this agreement, the Agency will pay \$4 million in two equal payments to the Lakewood Mall Business Company for building and opening of a Macy's department store. The first payment was made on March 3, 2000, and the second payment was made on November 21, 2000. \$1,436,592 is included in the Debt Service Fund owner participation agreements, and \$563,408 is included in the Capital Projects Fund as an expenditure.

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 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. As of June 30, 2001, no lease payments were made.

The agreement and lease are designed to induce the Lakewood Mall Business Company to expand and renovate the Mall, including the addition of a Macy's.

NOTE 18 – SUBSEQUENT EVENT

The City has made available to its full-time employees a defined contribution plan and a defined benefit plan under Section 401A of the Internal Revenue Code. Depending on the employee's Tier and other qualifying factors, a percentage of certain leaves and other compensation defined in the plan, as well as withholding from salary ranging from 0% to 14%, is contributed into a defined contribution plan on a bi-weekly or annual basis depending on type. Depending on the employee's Tier and other qualifying factors, a percentage of certain leaves and other compensation defined in the plan is contributed into the defined benefit plan at the time of termination or retirement. Employees choose from several investment options. Funds may be withdrawn by participants upon termination of employment or retirement. The City makes no matching contributions to the plan. The City Council authorized establishment of the plan on October 23, 2001.



**FINANCIAL STATEMENTS
OF
INDIVIDUAL FUNDS**



GENERAL FUND

To account for all revenues and expenditures of the City which are not required to be accounted for in another fund.

GENERAL FUND
 COMPARATIVE BALANCE SHEET
 JUNE 30, 2001 AND 2000

	<u>2001</u>	<u>2000</u>
ASSETS		
Cash and investments	\$ 30,248,931	\$ 27,858,030
Taxes receivable	1,871,443	1,657,455
Accounts receivable	2,012,223	2,661,744
Accrued revenue	328,763	306,080
Due from other funds	76,608	76,608
	<u>76,608</u>	<u>76,608</u>
Total assets	\$ 34,537,968	\$ 32,559,917
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 2,179,495	\$ 1,411,006
Accrued liabilities	188,559	194,664
Deferred revenue	450,915	363,001
Due to other funds	410,721	939,265
	<u>410,721</u>	<u>939,265</u>
Total liabilities	3,229,690	2,907,936
Fund balance:		
Reserved:		
Reserved for encumbrances	672,863	3,034,534
Reserved for continuing appropriations	2,164,825	1,098,620
Reserved for personnel benefits	2,620,742	2,620,741
Other reserves	647,440	647,440
Unreserved:		
Designated for infrastructure improvements	4,000,000	4,000,000
Designated for refuse disposal rate stabilization	1,052,614	1,107,153
Designated for self-insurance	3,917,000	3,917,000
Designated for capital improvements	4,545,907	2,545,907
Designated for facilities replacement	2,589,842	2,589,842
Designated for equipment replacement	3,852,420	2,852,420
Designated for general contingencies	5,244,625	5,238,324
	<u>5,244,625</u>	<u>5,238,324</u>
Total fund balance	31,308,278	29,651,981
Total liabilities and fund balance	\$ 34,537,968	\$ 32,559,917

GENERAL FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEARS ENDED JUNE 30, 2001 AND 2000

	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$ 15,274,400	\$ 15,896,592	\$ 622,192	\$ 13,318,792	\$ 14,296,101	\$ 977,309
Licenses and permits	354,550	448,034	93,484	355,400	523,448	168,048
Fines and forfeitures	450,000	502,205	52,205	400,000	489,584	89,584
Investment income, rents and concessions	2,120,250	3,204,119	1,083,869	1,857,000	2,031,024	174,024
From other agencies	7,101,789	6,357,747	(744,042)	5,305,596	5,459,102	153,506
Current service charges	5,390,240	5,403,063	12,823	5,087,600	5,510,190	422,590
Other	572,381	1,061,144	488,763	515,610	562,586	46,976
Total revenues	31,263,610	32,872,904	1,609,294	26,839,998	28,872,035	2,032,037
Expenditures:						
General government	5,336,737	4,376,883	959,854	5,149,269	4,274,782	874,487
Public safety	8,991,374	8,043,224	948,150	9,438,436	8,099,747	1,338,689
Transportation	2,913,632	2,707,672	205,960	2,625,249	2,445,967	179,282
Community development	3,802,298	2,452,758	1,349,540	3,425,020	2,193,388	1,231,632
Health and sanitation	3,202,819	3,684,626	(481,807)	3,302,976	3,022,062	280,914
Culture and leisure	5,871,818	5,536,613	335,205	5,791,178	5,708,569	82,609
Total expenditures	30,118,678	26,801,776	3,316,902	29,732,128	25,744,515	3,987,613
Excess of revenues over (under) expenditures	1,144,932	6,071,128	4,926,196	(2,892,130)	3,127,520	6,019,650
Other financing sources (uses):						
Operating transfers in	2,040,510	2,227,654	187,144	1,432,334	1,490,180	57,846
Operating transfers out	(9,765,158)	(6,642,485)	3,122,673	(8,859,211)	(4,275,686)	4,583,525
Total other financing sources (uses)	(7,724,648)	(4,414,831)	3,309,817	(7,426,877)	(2,785,506)	4,641,371
Excess of revenues and other sources over (under) expenditures and other uses	(6,579,716)	1,656,297	8,236,013	(10,319,007)	342,014	10,661,021
Fund balance - July 1	29,651,981	29,651,981	-	29,309,967	29,309,967	-
Fund balance - June 30	\$ 23,072,265	\$ 31,308,278	\$ 8,236,013	\$ 18,990,960	\$ 29,651,981	\$ 10,661,021

SPECIAL REVENUE FUNDS

Special revenue funds 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.

AB2766 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.

COMBINING BALANCE SHEET -
ALL SPECIAL REVENUE FUNDS
JUNE 30, 2001

	State Gasoline Tax	Park Dedication	Sewer Recon- struction	Prop A Transit
ASSETS				
Cash and investments	\$ -	\$ 200,762	\$ 168,127	\$ 677,517
Accounts receivable	161,517	-	-	98,205
Total assets	\$ 161,517	\$ 200,762	\$ 168,127	\$ 775,722
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 24,130	\$ -	\$ 16,817
Accrued liabilities	-	-	-	6,109
Total liabilities	-	24,130	-	22,926
Fund balances:				
Reserved:				
For encumbrances	-	83,598	-	1,153
For continuing appropriations	-	40,130	-	178,508
For special revenue purposes	161,517	52,904	168,127	573,135
Total fund balances	161,517	176,632	168,127	752,796
Total liabilities and fund balances	\$ 161,517	\$ 200,762	\$ 168,127	\$ 775,722

(continued)

(Continued)

Housing Authority Fund	Drug Forfeiture Fund	Prop C Trans- portation	AB 2766	Totals	
				June 30, 2001	June 30, 2000
\$ 345,615	\$ -	\$ 1,147,835	\$ 307,877	\$ 2,847,733	\$ 4,049,990
2,819	-	87,962	27,703	378,206	203,486
<u>\$ 348,434</u>	<u>\$ -</u>	<u>\$ 1,235,797</u>	<u>\$ 335,580</u>	<u>\$ 3,225,939</u>	<u>\$ 4,253,476</u>
\$ 348,434	\$ -	\$ -	\$ 299	\$ 389,680	\$ 838,410
-	-	1,057	560	7,726	7,485
<u>348,434</u>	<u>-</u>	<u>1,057</u>	<u>859</u>	<u>397,406</u>	<u>845,895</u>
-	-	-	47,289	132,040	1,650,821
-	-	1,133,337	287,432	1,639,407	272,095
-	-	101,403	-	1,057,086	1,484,665
<u>-</u>	<u>-</u>	<u>1,234,740</u>	<u>334,721</u>	<u>2,828,533</u>	<u>3,407,581</u>
<u>\$ 348,434</u>	<u>\$ -</u>	<u>\$ 1,235,797</u>	<u>\$ 335,580</u>	<u>\$ 3,225,939</u>	<u>\$ 4,253,476</u>

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	State Gasoline Tax	Park Dedication	Sewer Recon- struction	Prop A Transit
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ 1,038,264
Licenses and permits	-	990	180	-
Investment income, rents and concessions	84,021	-	-	38,823
From other agencies	2,040,305	-	-	-
Other	-	-	-	17,067
Total revenues	2,124,326	990	180	1,094,154
Expenditures:				
Transportation	-	-	-	723,095
Community development	-	-	-	-
Culture and leisure	-	50,863	-	-
Total expenditures	-	50,863	-	723,095
Excess of revenues over (under) expenditures	2,124,326	(49,873)	180	371,059
Other financing (uses):				
Operating transfers out	(2,113,221)	(331,792)	-	-
Excess of revenues over (under) expenditures and other uses	11,105	(381,665)	180	371,059
Fund balances - July 1	150,412	558,297	167,947	381,737
Fund balances - June 30	\$ 161,517	\$ 176,632	\$ 168,127	\$ 752,796

(continued)

(Continued)

Housing Authority Fund	Drug Forfeiture Fund	Prop C Trans- portation	AB 2766	Totals	
				June 30, 2001	June 30, 2000
\$ -	\$ -	\$ 862,259	\$ -	\$ 1,900,523	\$ 1,759,413
-	-	-	-	1,170	11,356
31,563	-	58,534	22,561	235,502	191,950
963,989	-	-	90,064	3,094,358	2,460,641
-	-	3,272	1,587	21,926	2,075
<u>995,552</u>	<u>-</u>	<u>924,065</u>	<u>114,212</u>	<u>5,253,479</u>	<u>4,425,435</u>
-	-	52,595	141,454	917,144	1,190,383
995,552	-	-	-	995,552	964,709
-	-	-	-	50,863	29,673
<u>995,552</u>	<u>-</u>	<u>52,595</u>	<u>141,454</u>	<u>1,963,559</u>	<u>2,184,765</u>
-	-	871,470	(27,242)	3,289,920	2,240,670
-	-	(1,420,000)	(3,955)	(3,868,968)	(1,687,486)
-	-	(548,530)	(31,197)	(579,048)	553,184
-	-	1,783,270	365,918	3,407,581	2,854,397
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,234,740</u>	<u>\$ 334,721</u>	<u>\$ 2,828,533</u>	<u>\$ 3,407,581</u>

STATE GASOLINE TAX SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2001 AND 2000

	<u>2001</u>	<u>2000</u>
ASSETS		
Accounts receivable	\$ <u>161,517</u>	\$ <u>150,412</u>
FUND BALANCE		
Fund balance:		
Reserved for special revenue purposes	\$ <u>161,517</u>	\$ <u>150,412</u>

STATE GASOLINE TAX SPECIAL REVENUE FUND
 COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
 FOR THE FISCAL YEARS ENDED JUNE 30, 2001 AND 2000

	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Investment income, rents and concession \$	22,000	\$ 84,021	\$ 62,021	\$ 20,000	\$ 39,366	\$ 19,366
From other agencies	2,018,510	2,040,305	21,795	1,407,500	1,440,289	32,789
Total revenues	2,040,510	2,124,326	83,816	1,427,500	1,479,655	52,155
Other financing (uses):						
Operating transfers out	(2,040,510)	(2,113,221)	(72,711)	(1,427,500)	(1,466,846)	(39,346)
Excess of revenues over other uses	-	11,105	11,105	-	12,809	12,809
Fund balance - July 1	150,412	150,412	-	137,603	137,603	-
Fund balance - June 30	\$ 150,412	\$ 161,517	\$ 11,105	\$ 137,603	\$ 150,412	\$ 12,809

**PARK DEDICATION SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2001 AND 2000**

	<u>2001</u>	<u>2000</u>
ASSETS		
Cash and investments	<u>\$ 200,762</u>	<u>\$ 575,973</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	<u>\$ 24,130</u>	<u>\$ 17,676</u>
Fund balance:		
Reserved for encumbrances	83,598	77,283
Reserved for continuing appropriations	40,130	114,401
Reserved for special revenue purposes	<u>52,904</u>	<u>366,613</u>
Total fund balance	<u>176,632</u>	<u>558,297</u>
Total liabilities and fund balance	<u>\$ 200,762</u>	<u>\$ 575,973</u>

PARK DEDICATION SPECIAL REVENUE FUND
 COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
 FOR THE FISCAL YEARS ENDED JUNE 30, 2001 AND 2000

	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Licenses and permits	\$ 36,000	\$ 990	\$ (35,010)	\$ 10,000	\$ -	\$ (10,000)
Expenditures:						
Culture and leisure	165,750	50,863	114,887	120,500	29,673	90,827
Excess of revenues over (under) expenditures	(129,750)	(49,873)	79,877	(110,500)	(29,673)	80,827
Other financing (uses):						
Operating transfers out	(368,434)	(331,792)	36,642	(431,905)	(166,913)	264,992
Excess of revenues over (under) expenditures and other uses	(498,184)	(381,665)	116,519	(542,405)	(196,586)	345,819
Fund balance - July 1	558,297	558,297	-	754,883	754,883	-
Fund balance - June 30	\$ 60,113	\$ 176,632	\$ 116,519	\$ 212,478	\$ 558,297	\$ 345,819

SEWER RECONSTRUCTION SPECIAL FUND
 COMPARATIVE BALANCE SHEET
 JUNE 30, 2001 AND 2000

	<u>2001</u>	<u>2000</u>
ASSETS		
Cash and investments	<u>\$ 168,127</u>	<u>\$ 167,947</u>
FUND BALANCE		
Fund balance:		
Reserved for special revenue purposes	<u>\$ 168,127</u>	<u>\$ 167,947</u>

SEWER RECONSTRUCTION SPECIAL REVENUE FUND
 COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
 FOR THE FISCAL YEARS ENDED JUNE 30, 2001 AND 2000

	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Licenses and permits \$	6,000	\$ 180	\$ (5,820)	\$ 6,000	\$ 11,356	\$ 5,356
Fund balance - July 1	<u>167,947</u>	<u>167,947</u>	<u>-</u>	<u>156,591</u>	<u>156,591</u>	<u>-</u>
Fund balance - June 30	<u>\$ 173,947</u>	<u>\$ 168,127</u>	<u>\$ (5,820)</u>	<u>\$ 162,591</u>	<u>\$ 167,947</u>	<u>\$ 5,356</u>

PROP A TRANSIT SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2001 AND 2000

	2001	2000
ASSETS		
Cash and investments	\$ 677,517	\$ 414,927
Accounts receivable	98,205	3,710
	Total assets	\$ 418,637
	\$ 775,722	\$ 418,637
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 16,817	\$ 31,532
Accrued liabilities	6,109	5,368
	Total liabilities	36,900
	22,926	36,900
Fund balance:		
Reserved for encumbrances	1,153	150,038
Reserved for continuing appropriations	178,508	-
Reserved for special revenue purposes	573,135	231,699
	Total fund balance	381,737
	752,796	381,737
	\$ 775,722	\$ 418,637
	Total liabilities and fund balance	\$ 418,637

PROP A TRANSIT SPECIAL REVENUE FUND
 COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
 FOR THE FISCAL YEARS ENDED JUNE 30, 2001 AND 2000

	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$ 925,000	\$ 1,038,264	\$ 113,264	\$ 900,000	\$ 960,500	\$ 60,500
Investment income, rents and concessions	30,000	38,823	8,823	30,000	23,556	(6,444)
Other	-	17,067	17,067	-	89	89
Total revenues	955,000	1,094,154	139,154	930,000	984,145	54,145
Expenditures:						
Transportation	863,929	723,095	140,834	1,347,260	1,016,938	330,322
Excess of revenues over (under) expenditures	91,071	371,059	279,988	(417,260)	(32,793)	384,467
Other financing (uses):						
Operating transfers out	(100,000)	-	100,000	(50,000)	(44,950)	5,050
Excess of revenues over (under) expenditures and other uses	(8,929)	371,059	379,988	(467,260)	(77,743)	389,517
Fund balance - July 1	381,737	381,737	-	459,480	459,480	-
Fund balance - June 30	\$ 372,808	\$ 752,796	\$ 379,988	\$ (7,780)	\$ 381,737	\$ 389,517

HOUSING AUTHORITY SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2001 AND 2000

	<u>2001</u>	<u>2000</u>
ASSETS		
Cash and investments	\$ 345,615	\$ 783,068
Accounts receivable	<u>2,819</u>	<u>6,134</u>
Total assets	<u>\$ 348,434</u>	<u>\$ 789,202</u>
LIABILITIES		
Liabilities:		
Accounts payable	<u>\$ 348,434</u>	<u>\$ 789,202</u>

HOUSING AUTHORITY SPECIAL REVENUE FUND
 COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
 FOR THE FISCAL YEARS ENDED JUNE 30, 2001 AND 2000

	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Investment income, rents and concessions	\$ 20,000	\$ 31,563	\$ 11,563	\$ 15,000	\$ 32,722	\$ 17,722
From other agencies	1,365,215	963,989	(401,226)	1,015,000	931,987	(83,013)
Total revenues	1,385,215	995,552	(389,663)	1,030,000	964,709	(65,291)
Expenditures:						
Community development	1,385,215	995,552	389,663	1,030,000	964,709	65,291
Excess of revenues over (under) expenditures	-	-	-	-	-	-
Fund balance - July 1	-	-	-	-	-	-
Fund balance - June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

DRUG FORFEITURE SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2001 AND 2000

	<u>2001</u>	<u>2000</u>
ASSETS		
Total assets	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCE		
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ -</u>

DRUG FORFEITURE SPECIAL REVENUE FUND
 COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
 FOR THE FISCAL YEARS ENDED JUNE 30, 2001 AND 2000

	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Other	\$ 2,000	\$ -	\$ (2,000)	\$ 18,000	\$ 1,986	\$ (16,014)
Other financing (uses):						
Operating transfers out	(2,000)	-	2,000	-	(4,834)	(4,834)
Excess of revenues over (under) other uses	-	-	-	18,000	(2,848)	(20,848)
Fund balance - July 1	-	-	-	2,848	2,848	-
Fund balance - June 30	\$ -	\$ -	\$ -	\$ 20,848	\$ -	\$ (20,848)

PROP C TRANSPORTATION SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2001 AND 2000

	2001	2000
ASSETS		
Cash and investments	\$ 1,147,835	\$ 1,767,840
Accounts receivable	87,962	17,020
	\$ 1,235,797	\$ 1,784,860
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accrued liabilities	\$ 1,057	\$ 1,590
Fund balance:		
Reserved for encumbrances	-	1,420,000
Reserved for continuing appropriations	1,133,337	131,637
Reserved for special revenue purposes	101,403	231,633
	1,234,740	1,783,270
Total fund balance	\$ 1,235,797	\$ 1,784,860
Total liabilities and fund balance	\$ 1,235,797	\$ 1,784,860

PROP C TRANSPORTATION SPECIAL REVENUE FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEARS ENDED JUNE 30, 2001 AND 2000

	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$ 800,000	\$ 862,259	\$ 62,259	\$ 700,000	\$ 798,913	\$ 98,913
Investment income, rents and concessions	62,000	58,534	(3,466)	50,000	79,376	29,376
Other	-	3,272	3,272	-	-	-
Total revenues	862,000	924,065	62,065	750,000	878,289	128,289
Expenditures:						
Transportation	53,953	52,595	1,358	150,476	115,720	34,756
Excess of revenues over expenditures	808,047	871,470	63,423	599,524	762,569	163,045
Other financing (uses):						
Operating transfers out	(2,551,637)	(1,420,000)	1,131,637	(1,551,637)	-	1,551,637
Excess of revenues over (under) expenditures and other uses	(1,743,590)	(548,530)	1,195,060	(952,113)	762,569	1,714,682
Fund balance - July 1	1,783,270	1,783,270	-	1,020,701	1,020,701	-
Fund balance - June 30	\$ 39,680	\$ 1,234,740	\$ 1,195,060	\$ 68,588	\$ 1,783,270	\$ 1,714,682

AB 2766 SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2001 AND 2000

	2001	2000
ASSETS		
Cash and investments	\$ 307,877	\$ 340,235
Accounts receivable	27,703	26,210
 Total assets	 \$ 335,580	 \$ 366,445
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts Payable	\$ 299	\$ -
Accrued liabilities	560	527
 Total liabilities	 859	 527
Fund balance:		
Reserved for encumbrances	47,289	3,500
Reserved for continuing appropriations	287,432	26,057
Reserved for special revenue purposes	-	336,361
 Total fund balance	 334,721	 365,918
 Total liabilities and fund balance	 \$ 335,580	 \$ 366,445

AB 2766 SPECIAL REVENUE FUND
 COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
 FOR THE FISCAL YEARS ENDED JUNE 30, 2001 AND 2000

	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Investment income, rents and concessions \$	17,000	\$ 22,561	\$ 5,561	\$ 14,500	\$ 16,930	\$ 2,430
From other agencies	215,000	90,064	(124,936)	80,000	88,365	8,365
Other	-	1,587	1,587	-	-	-
Total revenues	232,000	114,212	(117,788)	94,500	105,295	10,795
Expenditures:						
Transportation	263,163	141,454	121,709	184,585	57,725	126,860
Excess of revenues over (under) expenditures	(31,163)	(27,242)	3,921	(90,085)	47,570	137,655
Other financing sources (uses):						
Operating transfers out	(256,057)	(3,955)	252,102	(30,000)	(3,943)	26,057
Excess of revenues and sources over (under) expenditures and other uses	(287,220)	(31,197)	256,023	(120,085)	43,627	163,712
Fund balance - July 1	365,918	365,918	-	322,291	322,291	-
Fund balance - June 30	\$ 78,698	\$ 334,721	\$ 256,023	\$ 202,206	\$ 365,918	\$ 163,712

DEBT SERVICE FUND

Lakewood Redevelopment Agency Debt Service Fund - to account for tax increment revenue and related interest income. Tax increment is property tax revenue based on the increase in valuation of the Project Areas over that of the base year. The Agency has three project areas. These funds are used for the repayment of principal and interest on the indebtedness of the Agency.

LAKWOOD REDEVELOPMENT AGENCY DEBT SERVICE FUND
 COMPARATIVE BALANCE SHEET
 JUNE 30, 2001 AND 2000

	2001	2000
ASSETS		
Cash and investments	\$ 4,697,171	\$ 4,470,850
Cash and investments with fiscal agent	1,736,986	1,808,111
Taxes receivable	102,690	236,696
Total assets	<u>\$ 6,536,847</u>	<u>\$ 6,515,657</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 2,480	\$ -
Fund balance:		
Reserved for debt service	6,534,367	6,515,657
Total liabilities and fund balance	<u>\$ 6,536,847</u>	<u>\$ 6,515,657</u>

SCHEDULE C-2

LAKWOOD REDEVELOPMENT AGENCY DEBT SERVICE FUND
 COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 FOR THE FISCAL YEARS ENDED JUNE 30, 2001 AND 2000

	2001	2000
Revenues:		
Taxes	\$ 4,002,727	\$ 3,618,475
Investment income, rents and concessions	346,522	375,628
Total revenues	<u>4,349,249</u>	<u>3,994,103</u>
Expenditures:		
Debt service:		
Owner participation agreements	1,439,072	-
Principal retirement	270,000	505,000
Interest	1,568,611	1,117,977
Payment to refunded bond escrow agent	-	4,948,647
Total expenditures	<u>3,277,683</u>	<u>6,571,624</u>
Excess of revenues over expenditures	<u>1,071,566</u>	<u>(2,577,521)</u>
Other financing sources (uses):		
Operating transfers in	-	623,982
Operating transfers out	(1,052,856)	(3,338,553)
Proceeds of bonds	-	6,433,632
Payment to refunded bond escrow agent	-	(3,927,093)
Total other financing sources (uses)	<u>(1,052,856)</u>	<u>(208,032)</u>
Excess of revenues and other sources over expenditures and other uses	18,710	(2,785,553)
Fund balance - July 1	6,515,657	9,301,210
Fund balance - June 30	<u>\$ 6,534,367</u>	<u>\$ 6,515,657</u>

CAPITAL PROJECTS FUNDS

Lakewood Capital Improvements Fund - 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 Fund, and federal and state grants.

Lakewood Redevelopment Agency Fund -to account for the construction of all capital projects located in the Project Areas and financed by the Redevelopment Agency.

COMBINING BALANCE SHEET
ALL CAPITAL PROJECTS FUNDS
JUNE 30, 2001

	Lakewood	Lakewood	Totals	
	Capital Improvements	Redevelopment Agency	June 30, 2001	June 30, 2000
ASSETS				
Cash and investments	\$ -	\$ 3,374,210	\$ 3,374,210	\$ 3,431,165
Accrued revenue	-	28,785	28,785	26,376
Due from other funds	410,721	-	410,721	939,265
Notes receivable	-	814,298	814,298	535,442
Land held for resale	-	255,289	255,289	107,535
Total assets	\$ 410,721	\$ 4,472,582	\$ 4,883,303	\$ 5,039,783
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$ 410,721	\$ 68,817	\$ 479,538	\$ 998,039
Deferred revenue	-	840,548	840,548	561,692
Total liabilities	410,721	909,365	1,320,086	1,559,731
Fund balance:				
Reserved:				
Reserved for encumbrances	-	33,642	33,642	23,563
Reserved for continuing appropriations	-	628,367	628,367	246,000
Reserved for land held for resale	-	255,289	255,289	107,535
Reserved for low and moderate housing	-	2,645,919	2,645,919	2,526,281
Unreserved:				
Designated for capital improvements	-	-	-	576,673
Total fund balances	-	3,563,217	3,563,217	3,480,052
Total liabilities and fund balances	\$ 410,721	\$ 4,472,582	\$ 4,883,303	\$ 5,039,783

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ALL CAPITAL PROJECTS FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001 AND 2000

	Lakewood	Lakewood	Totals	
	Capital Improvements	Redevelopment Agency	June 30, 2001	June 30, 2000
Revenues:				
Investment income, rents and concessions	\$ -	\$ 357,036	\$ 357,036	\$ 259,694
From other agencies	3,001,198	-	3,001,198	1,236,594
Other	-	117,990	117,990	20,382
Total revenues	3,001,198	475,026	3,476,224	1,516,670
Expenditures:				
Capital outlay:				
General government	93,620	-	93,620	277,832
Public safety	73,462	-	73,462	-
Transportation	6,584,183	-	6,584,183	2,812,988
Community development	-	2,835,284	2,835,284	3,511,063
Culture and leisure	2,681,111	-	2,681,111	1,238,240
Total expenditures	9,432,376	2,835,284	12,267,660	7,840,123
Excess of revenues over (under) expenditures	(6,431,178)	(2,360,258)	(8,791,436)	(6,323,453)
Other financing sources (uses):				
Operating transfers in	6,431,178	2,443,423	8,874,601	7,387,519
Operating transfers out	-	-	-	(623,982)
Total other financing sources (uses)	6,431,178	2,443,423	8,874,601	6,763,537
Excess of revenues and other sources over expenditures and other uses	-	83,165	83,165	440,084
Fund balances - July 1	-	3,480,052	3,480,052	3,039,968
Fund balance - June 30	\$ -	\$ 3,563,217	\$ 3,563,217	\$ 3,480,052

**LAKWOOD CAPITAL IMPROVEMENTS FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2001 AND 2000**

	<u>2001</u>	<u>2000</u>
ASSETS		
Due from other funds	<u>\$ 410,721</u>	<u>\$ 939,265</u>
LIABILITIES		
Accounts payable	<u>\$ 410,721</u>	<u>\$ 939,265</u>

SCHEDULE D-4

**LAKWOOD CAPITAL IMPROVEMENTS FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEARS ENDED JUNE 30, 2001 AND 2000**

	<u>2001</u>	<u>2000</u>
Revenues:		
From other agencies	<u>\$ 3,001,198</u>	<u>\$ 1,236,594</u>
Expenditures:		
General government	93,620	277,832
Public safety	73,462	-
Transportation	6,584,183	2,812,988
Culture and leisure	<u>2,681,111</u>	<u>1,238,240</u>
Total expenditures	<u>9,432,376</u>	<u>4,329,060</u>
Excess of revenues over (under) expenditures	(6,431,178)	(3,092,466)
Other financing sources:		
Operating transfers in	<u>6,431,178</u>	<u>3,092,466</u>
Excess of revenues and other sources over (under) expenditures	-	-
Fund balance - July 1	<u>-</u>	<u>-</u>
Fund balance - June 30	<u>\$ -</u>	<u>\$ -</u>

LAKEWOOD REDEVELOPMENT AGENCY CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2001 AND 2000

	2001	2000
ASSETS		
Cash and investments	\$ 3,374,210	\$ 3,431,165
Accrued revenue	28,785	26,376
Notes receivable	814,298	535,442
Land held for resale	255,289	107,535
Total assets	\$ 4,472,582	\$ 4,100,518
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 68,817	\$ 58,774
Deferred revenue	840,548	561,692
Total liabilities	909,365	620,466
Fund balance:		
Reserved:		
Reserved for encumbrances	33,642	23,563
Reserved for continuing appropriations	628,367	246,000
Reserved for land held for resale	255,289	107,535
Reserved for low and moderate housing	2,645,919	2,526,281
Unreserved:		
Designated for capital improvements	-	576,673
Total fund balance	3,563,217	3,480,052
Total liabilities and fund balance	\$ 4,472,582	\$ 4,100,518

LAKEWOOD REDEVELOPMENT AGENCY CAPITAL PROJECTS FUND
 COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 FOR THE FISCAL YEARS ENDED JUNE 30, 2001 AND 2000

	<u>2001</u>	<u>2000</u>
Revenues:		
Investment income, rents and concessions	\$ 357,036	\$ 259,694
Other	<u>117,990</u>	<u>20,382</u>
Total revenues	<u>475,026</u>	<u>280,076</u>
 Expenditures:		
Community development	<u>2,835,284</u>	<u>3,511,063</u>
Excess of revenues over (under) expenditures	<u>(2,360,258)</u>	<u>(3,230,987)</u>
 Other financing sources (uses):		
Operating transfers in	2,443,423	4,295,053
Operating transfers out	<u>-</u>	<u>(623,982)</u>
Total other financing sources (uses)	<u>2,443,423</u>	<u>3,671,071</u>
Excess of revenues and other sources over expenditures and other uses	83,165	440,084
 Fund balance - July 1	<u>3,480,052</u>	<u>3,039,968</u>
 Fund balance - June 30	<u><u>\$ 3,563,217</u></u>	<u><u>\$ 3,480,052</u></u>



ENTERPRISE FUND

Water Enterprise Fund - to account for the provision of water to the residents of the City. All activities necessary to provide such services are accounted for in this fund including, but not limited to, administration, operation, maintenance, construction, financing, and related debt service.

WATER ENTERPRISE FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2001 AND 2000

	<u>2001</u>	<u>2000</u>
ASSETS		
Current assets:		
Cash and investments	\$ 3,958,168	\$ 3,022,016
Cash with fiscal agent	938	581
Accounts receivable	350,839	343,649
Accrued revenue receivable	579,669	544,925
Inventory	76,085	124,838
Total current assets	<u>4,965,699</u>	<u>4,036,009</u>
Restricted assets:		
Cash - customer deposits	<u>36,406</u>	<u>34,718</u>
Total restricted assets	<u>36,406</u>	<u>34,718</u>
Property, plant and equipment, at cost:		
Land and water rights	1,932,859	1,932,859
Source of supply	1,945,268	1,945,268
Pumping plant	531,429	531,429
Water treatment	52,266	52,266
Transmission/distribution	19,478,579	19,443,562
General plant	3,016,793	3,000,805
Construction in progress	461,193	16,844
	27,418,387	26,923,033
Less: Accumulated depreciation	<u>(11,484,466)</u>	<u>(10,792,867)</u>
Net property, plant and equipment	<u>15,933,921</u>	<u>16,130,166</u>
Other assets:		
Bond issuance costs	230,744	230,744
Less: Accumulated amortization	<u>(60,570)</u>	<u>(49,033)</u>
Net other assets	<u>170,174</u>	<u>181,711</u>
Total assets	<u>\$ 21,106,200</u>	<u>\$ 20,382,604</u>

(continued)

CITY OF LAKEWOOD

SCHEDULE E-1

(Continued)

	<u>2001</u>	<u>2000</u>
LIABILITIES AND FUND EQUITY		
Liabilities:		
Current liabilities (payable from current assets):		
Accounts payable and compensated absences payable	\$ 816,368	\$ 708,474
Current portion of reclaimed water loan	<u>52,244</u>	<u>48,290</u>
Total current liabilities (payable from current assets)	<u>868,612</u>	<u>756,764</u>
Current liabilities (payable from restricted assets):		
Customer deposits	36,406	34,718
Accrued revenue bond interest	66,996	69,358
Current portion of revenue bonds payable	<u>235,000</u>	<u>215,000</u>
Total current liabilities (payable from restricted assets)	<u>338,402</u>	<u>319,076</u>
Long-term liabilities:		
Reclaimed water loan	331,959	386,141
Revenue bonds	<u>4,775,320</u>	<u>5,018,986</u>
Total long-term liabilities	<u>5,107,279</u>	<u>5,405,127</u>
Total liabilities	<u>6,314,293</u>	<u>6,480,967</u>
Fund equity:		
Contributed capital:		
Capital grants	611,037	611,037
Other contributed capital - municipality	<u>656,260</u>	<u>656,260</u>
Total contributed capital	<u>1,267,297</u>	<u>1,267,297</u>
Retained earnings:		
Other reserves	700,693	379,910
Unreserved	<u>12,823,917</u>	<u>12,254,430</u>
Total retained earnings	<u>13,524,610</u>	<u>12,634,340</u>
Total fund equity	<u>14,791,907</u>	<u>13,901,637</u>
Total liabilities and fund equity	<u>\$ 21,106,200</u>	<u>\$ 20,382,604</u>

WATER ENTERPRISE FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
FOR THE FISCAL YEARS ENDED JUNE 30, 2001 AND 2000

	<u>2001</u>	<u>2000</u>
Operating revenues:		
Metered water sales	\$ 4,941,196	\$ 5,360,098
Reclaimed water sales	183,327	210,166
Fire protection	21,420	20,520
Service initiation and restoration charges	33,460	34,355
Installation charges	320	26,783
Other revenue	177,284	150,617
	<u>5,357,007</u>	<u>5,802,539</u>
 Total operating revenues		
Operating expenses:		
Operations:		
Supply, transmission and distribution	3,151,791	3,521,525
Customer service	370,745	365,503
Administration	273,077	222,676
Depreciation	698,915	521,063
	<u>4,494,528</u>	<u>4,630,767</u>
 Total operating expenses		
Operating income	<u>862,479</u>	<u>1,171,772</u>
Nonoperating revenues (expenses):		
Sales of pumping rights	105,000	60,000
Investment income	271,047	184,829
Interest expense on long-term debt	(292,503)	(374,976)
Amortization of bond issuance costs	(12,871)	(12,871)
Loss on disposal of assets	(42,882)	(45,871)
	<u>27,791</u>	<u>(188,889)</u>
 Total nonoperating revenues (expenses)		
Net income	890,270	982,883
Retained earnings - July 1	<u>12,634,340</u>	<u>11,651,457</u>
Retained earnings - June 30	<u>\$ 13,524,610</u>	<u>\$ 12,634,340</u>

WATER ENTERPRISE FUND
COMPARATIVE STATEMENT OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2001 AND 2000

	<u>2001</u>	<u>2000</u>
Cash flows from operating activities:		
Operating income	\$ 862,479	\$ 1,171,772
Adjustments to reconcile operating income to net cash provided by operations:		
Depreciation	698,915	521,063
Changes in operating assets and liabilities:		
(Increase) in accounts receivable	(7,190)	(7,404)
(Increase) decrease in accrued revenue	(34,744)	37,218
Decrease in inventory	48,753	21,920
Increase (decrease) in accounts payable	107,894	(5,435)
Increase in customer deposits	1,688	930
Total adjustments	<u>815,316</u>	<u>568,292</u>
Net cash provided by operating activities	<u>1,677,795</u>	<u>1,740,064</u>
Cash flows from capital and related financing activities:		
Proceeds from the sale of pumping rights	105,000	60,000
Purchase of property, plant and equipment	(545,552)	(2,130,056)
Principal paid on revenue bonds and state loan	(275,228)	(263,290)
Interest paid on revenue bonds and state loan	(294,865)	(305,618)
Net cash (used in) capital and related financing activities	<u>(1,010,645)</u>	<u>(2,638,964)</u>
Cash flows from investing activities:		
Investment income	<u>271,047</u>	<u>184,829</u>
Net increase (decrease) in cash and cash equivalents	938,197	(714,071)
Cash and cash equivalents - July 1	<u>3,057,315</u>	<u>3,771,386</u>
Cash and cash equivalents - June 30	<u>\$ 3,995,512</u>	<u>\$ 3,057,315</u>

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 departments 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.

COMBINING BALANCE SHEET
ALL INTERNAL SERVICE FUNDS
JUNE 30, 2001

	Central Stores	Central Garage	Print Shop	Totals	
				June 30, 2001	June 30, 2000
ASSETS					
Cash and investments	\$ 12,432	\$ 32,265	\$ 4,222	\$ 48,919	\$ 42,453
Inventory	93,521	19,631	-	113,152	117,948
Equipment - net of depreciation	-	425,264	-	425,264	457,432
Total assets	\$ 105,953	\$ 477,160	\$ 4,222	\$ 587,335	\$ 617,833
LIABILITIES AND RETAINED EARNINGS					
Liabilities:					
Accounts payable	\$ 1,941	\$ 14,403	\$ 914	\$ 17,258	\$ 33,683
Accrued liabilities	-	3,941	3,308	7,249	8,039
Due to General Fund	76,608	-	-	76,608	76,608
Total liabilities	78,549	18,344	4,222	101,115	118,330
Retained earnings	27,404	458,816	-	486,220	499,503
Total liabilities and retained earnings	\$ 105,953	\$ 477,160	\$ 4,222	\$ 587,335	\$ 617,833

SCHEDULE F-2

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
ALL INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	Central Stores	Central Garage	Print Shop	Totals	
				June 30, 2001	June 30, 2000
Operating revenues:					
Billings to departments	\$ 149,104	\$ 349,181	\$ 107,161	\$ 605,446	\$ 618,581
Other	404	12,726	9,714	22,844	891
Total operating revenues	149,508	361,907	116,875	628,290	619,472
Operating expenses:					
Cost of goods sold	147,926	532,765	275,662	956,353	922,909
Depreciation	-	147,274	-	147,274	141,930
Total operating expenses	147,926	680,039	275,662	1,103,627	1,064,839
Income (loss) before operating transfers	1,582	(318,132)	(158,787)	(475,337)	(445,367)
Operating transfers in	-	303,267	158,787	462,054	424,026
Net income (loss)	1,582	(14,865)	-	(13,283)	(21,341)
Retained earnings July 1	25,822	473,681	-	499,503	520,844
Retained earnings June 30	\$ 27,404	\$ 458,816	\$ -	\$ 486,220	\$ 499,503

COMBINING STATEMENT OF CASH FLOWS
ALL INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	Central Stores	Central Garage	Print Shop	Totals	
				June 30, 2001	June 30, 2000
Cash flows from operating activities:					
Operating income (loss)	\$ 1,582	\$ (318,132)	\$ (158,787)	\$ (475,337)	\$ (445,367)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operations:					
Depreciation	-	147,274	-	147,274	141,930
Changes in assets and liabilities:					
(Increase) decrease in inventory	8,178	(3,382)	-	4,796	(13,347)
Increase (decrease) in accounts payable	(6,718)	(9,745)	38	(16,425)	15,388
Increase (decrease) in accrued liabilities	-	(944)	154	(790)	3,562
Total adjustments	1,460	133,203	192	134,855	147,533
Net cash provided by (used in) operating activities	3,042	(184,929)	(158,595)	(340,482)	(297,834)
Cash flows from non-capital financing activities:					
Operating transfers in	-	303,267	158,787	462,054	424,026
Cash flows from capital financing activities:					
Purchase of property, plant and equipment	-	(115,106)	-	(115,106)	(140,159)
Net increase (decrease) in cash and cash equivalents	3,042	3,232	192	6,466	(13,967)
Cash and cash equivalents - July 1	9,390	29,033	4,030	42,453	56,420
Cash and cash equivalents - June 30	\$ 12,432	\$ 32,265	\$ 4,222	\$ 48,919	\$ 42,453

**CENTRAL STORES INTERNAL SERVICE FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2001 AND 2000**

	<u>2001</u>	<u>2000</u>
ASSETS		
Cash and investments	\$ 12,432	\$ 9,390
Inventory	93,521	101,699
Total assets	\$ 105,953	\$ 111,089
LIABILITIES AND RETAINED EARNINGS		
Liabilities:		
Accounts payable	\$ 1,941	\$ 8,659
Due to General Fund	76,608	76,608
Total liabilities	78,549	85,267
Retained earnings:		
Unreserved	27,404	25,822
Total liabilities and retained earnings	\$ 105,953	\$ 111,089

SCHEDULE F-5

**CENTRAL STORES INTERNAL SERVICE FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
FOR THE FISCAL YEARS ENDED JUNE 30, 2001 AND 2000**

	<u>2001</u>	<u>2000</u>
Operating revenues:		
Billings to departments	\$ 149,104	\$ 148,379
Other income	404	537
Total operating revenues	149,508	148,916
Operating expenses:		
Cost of goods sold	147,926	147,573
Net income	1,582	1,343
Retained earnings July 1	25,822	24,479
Retained earnings June 30	\$ 27,404	\$ 25,822

CENTRAL STORES INTERNAL SERVICE FUND
COMPARATIVE STATEMENT OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2001 AND 2000

	<u>2001</u>	<u>2000</u>
Cash flows from operating activities:		
Operating income	\$ 1,582	\$ 1,343
Adjustments to reconcile operating income to net cash provided by operations:		
Changes in assets and liabilities:		
(Increase) decrease in inventory	8,178	(7,263)
Increase (decrease) in accounts payable	<u>(6,718)</u>	<u>6,826</u>
Total adjustments	<u>1,460</u>	<u>(437)</u>
Net cash provided by operating activities	<u>3,042</u>	<u>906</u>
Net increase in cash and cash equivalents	3,042	906
Cash and cash equivalents - July 1	<u>9,390</u>	<u>8,484</u>
Cash and cash equivalents - June 30	<u>\$ 12,432</u>	<u>\$ 9,390</u>

CENTRAL GARAGE INTERNAL SERVICE FUND
 COMPARATIVE BALANCE SHEET
 JUNE 30, 2001 AND 2000

	2001	2000
ASSETS		
Cash and investments	\$ 32,265	\$ 29,033
Inventory	19,631	16,249
Equipment - net of depreciation	425,264	457,432
Total assets	\$ 477,160	\$ 502,714
LIABILITIES AND RETAINED EARNINGS		
Liabilities:		
Accounts payable	\$ 14,403	\$ 24,148
Accrued liabilities	3,941	4,885
Total liabilities	18,344	29,033
Retained earnings:		
Unreserved	458,816	473,681
Total liabilities and retained earnings	\$ 477,160	\$ 502,714

SCHEDULE F-8

CENTRAL GARAGE INTERNAL SERVICE FUND
 COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
 FOR THE FISCAL YEARS ENDED JUNE 30, 2001 AND 2000

	2001	2000
Operating revenues:		
Billings to departments	\$ 349,181	\$ 343,353
Other income	12,726	18
Total operating revenues	361,907	343,371
Operating expenses:		
Cost of goods sold	532,765	529,232
Depreciation	147,274	141,930
Total operating expenses	680,039	671,162
(Loss) before operating transfers	(318,132)	(327,791)
Operating transfers in	303,267	305,107
Net (loss)	(14,865)	(22,684)
Retained earnings July 1	473,681	496,365
Retained earnings June 30	\$ 458,816	\$ 473,681

CENTRAL GARAGE INTERNAL SERVICE FUND
 COMPARATIVE STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEARS ENDED JUNE 30, 2001 AND 2000

	<u>2001</u>	<u>2000</u>
Cash flows from operating activities:		
Operating (loss)	\$ (318,132)	\$ (327,791)
Adjustments to reconcile operating (loss) to net cash (used in) operations:		
Depreciation	147,274	141,930
Changes in assets and liabilities:		
(Increase) in inventory	(3,382)	(6,084)
Increase (decrease) in accounts payable	(9,745)	8,984
Increase (decrease) in accrued liabilities	(944)	2,154
Total adjustments	<u>133,203</u>	<u>146,984</u>
Net cash (used in) operating activities	(184,929)	(180,807)
Cash flows from non-capital financing activities:		
Operating transfers in	303,267	305,107
Cash flows from capital financing activities:		
Purchase of property, plant and equipment	<u>(115,106)</u>	<u>(140,159)</u>
Net increase (decrease) in cash and cash equivalents	3,232	(15,859)
Cash and cash equivalents - July 1	<u>29,033</u>	<u>44,892</u>
Cash and cash equivalents - June 30	<u>\$ 32,265</u>	<u>\$ 29,033</u>

PRINT SHOP INTERNAL SERVICE FUND
 COMPARATIVE BALANCE SHEET
 JUNE 30, 2001 AND 2000

	<u>2001</u>	<u>2000</u>
ASSETS		
Cash and investments	\$ 4,222	\$ 4,030
LIABILITIES		
Liabilities:		
Accounts payable	\$ 914	\$ 876
Accrued liabilities	3,308	3,154
Total liabilities	<u>\$ 4,222</u>	<u>\$ 4,030</u>

SCHEDULE F-11

PRINT SHOP INTERNAL SERVICE FUND
 COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
 FOR THE FISCAL YEARS ENDED JUNE 30, 2001 AND 2000

	<u>2001</u>	<u>2000</u>
Operating revenues:		
Billings to departments	\$ 107,161	\$ 126,849
Other income	9,714	336
Total operating revenues	116,875	127,185
Operating expenses:		
Cost of goods sold	275,662	246,104
(Loss) before operating transfers	(158,787)	(118,919)
Operating transfers in	158,787	118,919
Net income	-	-
Retained earnings July 1	-	-
Retained earnings June 30	<u>\$ -</u>	<u>\$ -</u>

PRINT SHOP INTERNAL SERVICE FUND
COMPARATIVE STATEMENT OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2001 AND 2000

	<u>2001</u>	<u>2000</u>
Cash flows from operating activities:		
Operating (loss)	\$ (158,787)	\$ (118,919)
Adjustments to reconcile operating (loss) to net cash (used in) operations:		
Changes in assets and liabilities:		
Increase (decrease) in accounts payable	38	(422)
Increase in accrued liabilities	<u>154</u>	<u>1,408</u>
Total adjustments	<u>192</u>	<u>986</u>
Net cash (used in) operating activities	(158,595)	(117,933)
Cash flows from non-capital financing activities:		
Operating transfers in	<u>158,787</u>	<u>118,919</u>
Net increase in cash and cash equivalents	192	986
Cash and cash equivalents - July 1	<u>4,030</u>	<u>3,044</u>
Cash and cash equivalents - June 30	<u>\$ 4,222</u>	<u>\$ 4,030</u>

AGENCY FUNDS

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

Recreation Fund - to account for collection and payment of recreation excursion program monies.

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.

COMBINING STATEMENT OF CHANGES IN ASSETS
AND LIABILITIES - ALL AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	Balance July 1, 2000	Additions	Deductions	Balance June 30, 2001
<u>DEPOSIT FUND</u>				
ASSETS				
Cash	\$ 504,188	\$ 215,848	\$ 326,800	\$ 393,236
LIABILITIES				
Deposits	\$ 504,188	\$ 405,098	\$ 516,050	\$ 393,236
<u>RECREATION FUND</u>				
ASSETS				
Cash	\$ 22,219	\$ -	\$ -	\$ 22,219
LIABILITIES				
Deposits	\$ 22,219	\$ -	\$ -	\$ 22,219
<u>HOUSING REHABILITATION FUND</u>				
ASSETS				
Cash	\$ 576,967	\$ 765,187	\$ 839,211	\$ 502,943
Loans receivable	2,230,674	3,672	188,519	2,045,827
Total assets	\$ 2,807,641	\$ 768,859	\$ 1,027,730	\$ 2,548,770
LIABILITIES				
Deposits	\$ 137,868	\$ 667,316	\$ 566,249	\$ 238,935
Due to HUD	2,669,773	373,334	733,272	2,309,835
Total liabilities	\$ 2,807,641	\$ 1,040,650	\$ 1,299,521	\$ 2,548,770

(continued)

(continued)

	<u>Balance</u> <u>July 1, 2000</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2001</u>
<u>TOTALS - ALL AGENCY FUNDS</u>				
ASSETS				
Cash	\$ 1,103,374	\$ 981,035	\$ 1,166,011	\$ 918,398
Loans receivable	2,230,674	3,672	188,519	2,045,827
Total assets	<u>\$ 3,334,048</u>	<u>\$ 984,707</u>	<u>\$ 1,354,530</u>	<u>\$ 2,964,225</u>
LIABILITIES				
Deposits	\$ 664,275	\$ 1,072,414	\$ 1,082,299	\$ 654,390
Due to HUD	2,669,773	373,334	733,272	2,309,835
Total liabilities	<u>\$ 3,334,048</u>	<u>\$ 1,445,748</u>	<u>\$ 1,815,571</u>	<u>\$ 2,964,225</u>

GENERAL FIXED ASSETS ACCOUNT GROUP

To account for fixed assets not used in proprietary fund operations.

**COMPARATIVE SCHEDULE OF GENERAL FIXED ASSETS
JUNE 30, 2001 AND 2000**

	<u>2001</u>	<u>2000</u>
General fixed assets:		
Land	\$ 10,765,913	\$ 10,765,913
Structures and improvements	31,199,383	28,761,232
Equipment	7,480,263	7,025,151
Construction in progress	<u>1,052,232</u>	<u>491,474</u>
Total general fixed assets	<u><u>\$ 50,497,791</u></u>	<u><u>\$ 47,043,770</u></u>
 Investment in general fixed assets:		
General fund	\$ 27,172,249	\$ 24,370,237
Federal/state grants	15,584,492	15,584,492
Redevelopment projects	<u>7,741,050</u>	<u>7,089,041</u>
Total investment in general fixed assets	<u><u>\$ 50,497,791</u></u>	<u><u>\$ 47,043,770</u></u>

SCHEDULE H-2

**SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	<u>Land</u>	<u>Structures and Improvements</u>	<u>Equipment</u>	<u>Construction in Progress</u>	<u>Total</u>
Balance July 1, 2000	\$ 10,765,913	\$ 28,761,232	\$ 7,025,151	\$ 491,474	\$ 47,043,770
Additions	-	2,438,151	726,575	2,998,909	6,163,635
Deletions	-	-	(271,463)	(2,438,151)	(2,709,614)
Balance June 30, 2001	<u><u>\$ 10,765,913</u></u>	<u><u>\$ 31,199,383</u></u>	<u><u>\$ 7,480,263</u></u>	<u><u>\$ 1,052,232</u></u>	<u><u>\$ 50,497,791</u></u>

SCHEDULE OF GENERAL FIXED ASSETS - BY FUNCTION
AS OF JUNE 30, 2001

Function	Total	Land	Structures and Improvements	Equipment
General government	\$ 7,359,089	\$ 2,030,143	\$ 2,201,254	\$ 3,127,692
Public safety	1,174,362	-	5,872	1,168,490
Transportation	1,111,012	-	439,936	671,076
Community development	11,393,910	5,893,874	4,407,328	1,092,708
Health and sanitation	31,640	-	-	31,640
Culture and leisure	28,375,546	2,841,896	24,144,993	1,388,657
Total general fixed assets allocated to function	49,445,559	\$ 10,765,913	\$ 31,199,383	\$ 7,480,263
Construction in progress	1,052,232			
Total general fixed assets	\$ 50,497,791			

SCHEDULE H-4

SCHEDULE OF CHANGES IN FIXED ASSETS - BY FUNCTION
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

Function	Balance June 30, 2000	Additions	Deletions	Balance June 30, 2001
General government	\$ 7,080,424	\$ 461,664	\$ (182,999)	\$ 7,359,089
Public safety	1,156,424	20,561	(2,623)	1,174,362
Transportation	815,748	316,138	(20,874)	1,111,012
Community development	11,340,352	109,184	(55,626)	11,393,910
Health and sanitation	31,640	-	-	31,640
Culture and leisure	26,127,708	2,257,179	(9,341)	28,375,546
Construction in progress	491,474	2,998,909	(2,438,151)	1,052,232
Total general fixed assets	\$ 47,043,770	\$ 6,163,635	\$ (2,709,614)	\$ 50,497,791

GENERAL LONG-TERM DEBT ACCOUNT GROUP

To account for debt payable from future resources including liabilities for Redevelopment Agency tax increment bonds, compensated absences, a Capital Lease and a Redevelopment Agency land loan.

**GENERAL LONG-TERM DEBT ACCOUNT GROUP
COMPARATIVE SCHEDULE OF GENERAL LONG-TERM DEBT
JUNE 30, 2001 AND 2000**

	2001	2000
Amounts available and to be provided for the payment of general long-term debt:		
Amount available in debt service fund	\$ 6,534,367	\$ 6,515,657
Amount to be provided	10,828,430	11,474,213
	\$ 17,362,797	\$ 17,989,870
General long-term debt payable:		
Lakewood Redevelopment Agency tax allocation bonds	\$ 15,670,000	\$ 15,940,000
Compensated absences payable from future resources	1,692,797	1,549,870
Lakewood Redevelopment Agency land loan	-	500,000
Total general long-term debt payable	\$ 17,362,797	\$ 17,989,870

SCHEDULE OF EXPENDITURES BY FUNCTION
GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

Fiscal Year	General Government	Public Safety	Transportation	Community Development	Health and Sanitation	Culture and Leisure	Debt Service	Total
1992	\$ 3,508,812	\$ 5,772,721	\$ 3,390,001	\$ 2,968,718	\$ 2,644,528	\$ 6,295,436	\$ 1,901,739	\$ 26,481,955
1993	3,185,463	5,857,022	4,014,060	3,106,197	3,045,633	3,587,124	1,656,565	24,452,064
1994	3,816,356	6,132,881	3,401,258	3,558,692	3,091,877	6,440,999	2,095,410	28,537,473
1995	4,119,624	6,680,922	4,573,304	3,967,568	3,258,562	5,027,015	1,762,980	29,389,975
1996	3,745,576	6,932,904	3,999,971	5,945,466	3,296,820	6,682,610	1,676,010	32,279,357
1997	3,774,221	7,721,587	3,789,473	3,440,603	2,576,747	5,846,130	2,272,962	29,421,723
1998	4,229,139	7,129,465	4,822,732	3,409,227	2,674,087	6,847,142	2,737,152	31,848,944
1999	4,325,022	7,725,532	5,848,531	4,354,156	2,749,368	6,462,939	1,821,432	33,286,980
2000	4,552,614	8,099,747	6,449,338	6,669,160	3,022,062	6,976,482	1,622,977	37,392,380
2001	4,470,503	8,116,686	10,208,999	6,283,594	3,684,626	8,268,587	3,277,683	44,310,678

The above amounts include capital outlay, which is set forth separately on the Combined Statement of Revenues, Expenditures and Changes in Fund Balances, All Governmental Fund Types (Exhibit 2, Page 7)

Source: Department of Finance, City of Lakewood

SCHEDULE OF REVENUES BY SOURCE
GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

Fiscal Year	Taxes	Licenses and Permits	Fines and Forfeitures	Investment Income Rents and Concessions	From other Agencies	Current Service Charges	Other	Total
1992	\$ 11,946,831	\$ 386,127	\$ 355,872	\$ 2,277,992	\$ 5,044,352	\$ 4,726,915	\$ 777,869	\$ 25,515,958
1993	15,335,874	552,401	287,644	2,368,843	5,529,090	4,863,384	833,609	29,770,845
1994	14,896,011	391,688	326,138	2,242,778	7,049,230	5,009,823	1,145,598	31,061,266
1995	14,415,060	818,742	332,178	2,254,860	5,901,426	4,947,511	916,337	29,586,114
1996	15,546,495	426,101	335,803	2,347,158	7,084,146	4,943,109	2,425,262	33,108,074
1997	19,179,682	319,125	267,687	2,910,207	6,970,687	5,086,796	1,328,389	36,062,573
1998	17,589,765	280,229	283,269	3,976,539	7,280,173	5,026,317	925,606	35,361,898
1999	18,204,807	371,854	441,935	3,093,155	7,578,543	5,244,734	850,409	35,785,437
2000	19,673,989	534,804	489,584	2,858,296	9,156,337	5,510,190	585,043	38,808,243
2001	21,799,842	449,204	502,205	4,143,179	12,453,303	5,403,063	1,201,060	45,951,856

Source: Department of Finance, City of Lakewood

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Levy
1992	\$ 833,578	\$ 802,074	96.2 %	\$ 51,357	\$ 853,431	102.4 %
1993	1,020,351 *	939,260	92.1	12,236	951,496	93.3
1994	1,034,532 *	1,026,244	99.2	56,452	1,082,696	104.7
1995	1,626,220	1,617,905	99.5	6,544	1,624,449	99.9
1996	1,918,865	1,966,017	102.5	3,712	1,969,729	102.7
1997	2,030,556	1,814,736	89.4	25,703	1,840,439	90.6
1998	1,995,892	1,937,757	97.1	42,694	1,980,451	99.2
1999	2,054,891	2,045,061	99.5	9,204	2,054,265	100.0
2000	2,114,842	2,268,538	107.3	33,183	2,301,720	108.8
2001	2,242,359	2,479,668	110.6	3,108	2,482,776	110.7

* Adjusted for AB 1197, SB 697 and SB 2557 changes in property tax allocations

Source: Department of Finance, City of Lakewood

ASSESSED AND ESTIMATED VALUE OF ALL TAXABLE PROPERTY

LAST TEN FISCAL YEARS
(In 000's)

Fiscal Year	Land	Improvements	Personal Property	Total	Less Exemptions	Net Assessed Value	Estimated Actual Value
1992	\$ 1,376,113	\$ 1,521,091	\$ 68,707	\$ 2,965,911	\$ 17,190	\$ 2,948,721	\$ 2,965,911
1993	1,491,360	1,599,273	71,700	3,162,333	19,207	3,143,126	3,162,333
1994	1,575,569	1,656,694	71,887	3,304,150	18,505	3,285,645	3,304,150
1995	1,648,900	1,704,997	74,650	3,428,547	25,999	3,402,548	3,428,547
1996	1,693,444	1,720,734	72,780	3,486,958	29,743	3,457,215	3,486,958
1997	1,756,179	1,806,798	77,232	3,640,209	20,779	3,619,430	3,640,209
1998	1,775,364	1,789,388	70,429	3,635,181	33,767	3,601,414	3,635,181
1999	1,813,549	1,827,061	76,691	3,717,301	38,838	3,678,463	3,717,301
2000	1,888,855	1,882,440	75,534	3,846,829	38,450	3,808,379	3,846,829
2001	2,028,644	1,947,875	79,905	4,056,424	36,070	4,020,354	4,056,424

Source: Los Angeles County Assessor's Office

PROPERTY TAX RATES - ALL OVERLAPPING GOVERNMENTS

(PER \$100 OF ASSESSED VALUATION)

LAST TEN FISCAL YEARS

Fiscal Year	General City	Los Angeles County	School Districts	Sanitation and Water	Water Districts	Other	Total
1992	\$ -	\$ 0.0019	\$ 0.1362	\$ 0.0068	\$ 0.0089	\$ 1.0000	\$ 1.1538
1993	-	0.0014	0.0393	0.0048	0.0089	1.0000	1.0544
1994	-	0.0017	0.0042	0.0052	0.0089	1.0000	1.0200
1995	-	0.0020	0.0084	0.0075	0.0089	1.0000	1.0268
1996	-	0.0018	0.0032	0.0027	0.0089	1.0000	1.0166
1997	-	0.0016	0.0046	0.0021	0.0089	1.0000	1.0172
1998	-	0.0016	0.0307	0.0228	0.0089	1.0000	1.0639
1999	-	0.0015	0.0914	0.0015	0.0089	1.0000	1.1032
2000	-	0.0014	0.0971	0.0016	0.0089	1.0000	1.1090
2001	-	0.0013	0.0985	0.0013	0.0088	1.0000	1.1100

Source: Los Angeles County Auditor/Controller - Tax Division

SCHEDULE OF LEGAL DEBT MARGIN

JUNE 30, 2001

Net assessed value of all taxable property	<u>\$4,020,354,980</u>
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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.

SCHEDULE OF DIRECT AND OVERLAPPING BONDED DEBT

JUNE 30, 2001

2000-01 Assessed Valuation: \$3,603,264,335 (after deducting \$417,090,645 redevelopment incremental valuation)

	<u>Gross Bonded Debt Balance</u>	<u>Percent Applicable to City of Lakewood</u>	<u>City of Lakewood Share of Debt</u>
DIRECT AND OVERLAPPING BONDED DEBT:			
LA County Facilities 1987 Debt Service	\$ 42,375,000	0.702 %	\$ 297,566
LA County Flood Control Storm Drain Debt Service	17,930,000	0.716	128,298
Flood Control Ref Bonds 1993 Debt Service	5,710,000	0.716	40,858
Metropolitan Water District	1,054,960,000	1.171	6,177,498
Central Basin Munic Water District	527,480,000	0.542	1,819
ABC Unified School District	42,824,924	28.170	6,031,900
Paramount Unified School District	29,659,256	10.690	3,170,634
Long Beach Unified School District	54,790,000	17.763	4,866,120
City of Lakewood		100.000	-
Total gross direct and overlapping bonded debt			\$ 20,714,693

Ratios to Assessed Valuation:

Direct debt	-	%
Total gross debt	0.57	%
Total net debt	0.57	%

Note: Prepared for the City of Lakewood by Hinderliter, de Llamas & Associates.

DEMOGRAPHIC STATISTICS

LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Population</u>	<u>School Enrollment</u>
1992	73,865	11,964
1993	74,497	12,418
1994	75,286	12,629
1995	76,007	12,962
1996	77,149	13,317
1997	78,323	14,024
1998	79,005	14,381
1999	80,100	14,747
2000	80,952	15,115
2001	81,100 *	15,523

Source: Population - State Department of Finance
 * Census 2000 reduced this figure to 79,345

School enrollment - Department of Community Development, City of Lakewood

PRINCIPAL TAXPAYERS

JUNE 30, 2001

Albertsons
Arco
Best Buy
Burger King
Chevron USA
Circuit City Stores
Harbor Chevrolet
Home Depot
J. C. Penney
Long Beach Lincoln Mercury
Macy West
Marshalls
McDonald's
Mervyns
Mobil Mart
Montgomery Ward
Pacific Ford
Ralphs Grocery Store
Red Lobster
Robinsons May
Ross Stores
Sav On Osco Drug Stores
Vons Companies
Wal Mart
Woodruff Gas Station

Amounts paid by taxpayers are confidential. Taxpayers are listed in alphabetical order.

Source: Hinderliter, de Llamas & Associates

CONSTRUCTION, PROPERTY VALUE AND BANK DEPOSITS

LAST TEN FISCAL YEARS

Fiscal Year	Total Number of Residential Permits	Total Number of Commercial Permits	Total Number of Permits	Total Valuation (in 000's)	Bank Deposits (in 000's)	Total Assessed Valuations (in 000's)
1992	1,423	165	1,588	\$ 32,905	\$ 1,395,876	\$ 2,965,911
1993	1,375	221	1,596	56,634	1,312,473	3,162,333
1994	1,384	159	1,543	30,958	1,255,548	3,304,150
1995	1,246	164	1,410	21,697	1,234,769	3,428,547
1996	1,267	211	1,478	23,250	1,203,904	3,486,958
1997	1,180	227	1,407	15,749	1,156,933	3,640,209
1998	1,254	167	1,421	15,216	1,138,443	3,635,181
1999	1,248	163	1,411	25,933	1,084,401	3,717,301
2000	1,195	213	1,408	73,750	1,012,534	3,846,829
2001	1,265	294	1,559	30,429	(1)	4,056,424

(1) Not available

Source: Department of Community Development and Department of Finance, City of Lakewood

MISCELLANEOUS STATISTICS

JUNE 30, 2001

Date of incorporation	April 16, 1954
Form of government	Council-City Administrator (General Law)
Area	9.5 square miles
Miles of streets	196 miles
Number of street lights	6,654

Fire protection:

The City of Lakewood is part of the Los Angeles County Consolidated Fire Protection District.

Number of stations	3
Number of firemen and officers	18

Police protection:

The City of Lakewood contracts with the County of Los Angeles for police protection. The Lakewood Sheriff Station serves six cities.

Number of stations	1
Number of sworn personnel	230

Municipal water department:

Number of consumers	19,873
Average daily consumption	8,200,000 gallons
Miles of water mains	195 miles

Sewers	167 miles
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Building permits issued	1,559
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Culture and leisure:

Number of recreation facilities	13
Acres of facilities	151.6
Number of pools	2
Number of libraries	2
Number of volumes	283,965

The City of Lakewood is part of the Los Angeles County Library District

Employees:

Full time	166
Part time	255

