

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**CITY OF LAKEWOOD**

**FISCAL YEAR ENDED JUNE 30, 1999**



**Prepared by  
Department of Finance**

**Larry Schroeder  
Director of Finance**



## COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 1999

| INTRODUCTORY SECTION  | <u>Exhibit</u>  | <u>Page</u> |
|---|-----------------|-------------|
| Letter of Transmittal   |                 | i           |
| Organizational Chart  |                 | x           |
| Principal Officers  |                 | xi          |
| Certificate of Achievement for Excellence in Financial Reporting  |                 | xii         |
| Certificate of Award for Outstanding Financial Reporting  |                 | xiii        |
| <br>  |                 |             |
| FINANCIAL SECTION   |                 |             |
| Independent Auditors' Report  |                 | 1           |
| <br>  |                 |             |
| General Purpose Financial Statements  |                 |             |
| Combined Balance Sheet - All Fund Types and Account Groups  | 1               | 4           |
| Combined Statement of Revenues, Expenditures and Changes in Fund Balances<br>- All Governmental Fund Types  | 2               | 7           |
| Combined Statement of Revenues, Expenditures and Changes in Fund Balances<br>- Budget (GAAP Basis) and Actual - General and Special<br>Revenue Fund Types | 3               | 8           |
| Combined Statement of Revenues, Expenses and Changes in Retained<br>Earnings - All Proprietary Fund Types   | 4               | 10          |
| Combined Statement of Cash Flows - All Proprietary Fund Types   | 5               | 11          |
| Notes to Financial Statements   |                 | 13          |
| <br>  |                 |             |
| Combining, Individual Fund and Account Group Statements and Schedules   | <u>Schedule</u> |             |
| <br>  |                 |             |
| General Fund  |                 |             |
| Comparative Balance Sheet   | A-1             | 41          |
| Comparative Statement of Revenues, Expenditures and Changes in Fund Balance<br>- Budget (GAAP Basis) and Actual   | A-2             | 42          |
| <br>  |                 |             |
| Special Revenue Funds   |                 |             |
| Combining Balance Sheet   | B-1             | 44          |
| Combining Statement of Revenues, Expenditures and Changes in<br>Fund Balances   | B-2             | 46          |
| <br>  |                 |             |
| State Gasoline Tax Special Revenue Fund   |                 |             |
| Comparative Balance Sheet   | B-3             | 48          |
| Statement of Revenues, Expenditures and Changes in Fund Balance<br>- Budget (GAAP Basis) and Actual   | B-4             | 49          |

|   | <u>Schedule</u> | <u>Page</u> |
|---|-----------------|-------------|
| Park Dedication Special Revenue Fund  |                 |             |
| Comparative Balance Sheet   | B-5             | 50          |
| Comparative Statement of Revenues, Expenditures and Changes in Fund Balance |                 |             |
| - Budget (GAAP Basis) and Actual  | B-6             | 51          |
| Sewer Reconstruction Special Revenue Fund                                   |                 |             |
| Comparative Balance Sheet   | B-7             | 52          |
| Comparative Statement of Revenues, Expenditures and Changes in Fund Balance |                 |             |
| - Budget (GAAP Basis) and Actual  | B-8             | 53          |
| Prop A Transit Special Revenue Fund   |                 |             |
| Comparative Balance Sheet   | B-9             | 54          |
| Comparative Statement of Revenues, Expenditures and Changes in Fund Balance |                 |             |
| - Budget (GAAP Basis) and Actual  | B-10            | 55          |
| Housing Authority Special Revenue Fund                                      |                 |             |
| Comparative Balance Sheet   | B-11            | 56          |
| Comparative Statement of Revenues, Expenditures and Changes in Fund Balance |                 |             |
| - Budget (GAAP Basis) and Actual  | B-12            | 57          |
| Drug Forfeiture Special Revenue Fund  |                 |             |
| Comparative Balance Sheet   | B-13            | 58          |
| Comparative Statement of Revenues, Expenditures and Changes in Fund Balance |                 |             |
| - Budget (GAAP Basis) and Actual  | B-14            | 59          |
| Prop C Transportation Special Revenue Fund                                  |                 |             |
| Comparative Balance Sheet   | B-15            | 60          |
| Comparative Statement of Revenues, Expenditures and Changes in Fund Balance |                 |             |
| - Budget (GAAP Basis) and Actual  | B-16            | 61          |
| AB2766 Special Revenue Fund   |                 |             |
| Comparative Balance Sheet   | B-17            | 62          |
| Comparative Statement of Revenues, Expenditures and Changes in Fund Balance |                 |             |
| - Budget (GAAP Basis) and Actual  | B-18            | 63          |
| Debt Service Fund   |                 |             |
| Comparative Balance Sheet   | C-1             | 65          |
| Comparative Statement of Revenues, Expenditures and Changes in Fund Balance | C-2             | 65          |
| Capital Projects Funds  |                 |             |
| Combining Balance Sheet   | D-1             | 67          |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances  | D-2             | 68          |

|  | <u>Schedule</u> | <u>Page</u> |
|--|-----------------|-------------|
| Lakewood Capital Improvements Fund   |                 |             |
| Comparative Balance Sheet  | D-3             | 69          |
| Comparative Statement of Revenues, Expenditures and Changes in Fund Balance  | D-4             | 69          |
| Lakewood Redevelopment Agency Capital Projects Fund                          |                 |             |
| Comparative Balance Sheet  | D-5             | 70          |
| Comparative Statement of Revenues, Expenditures and Changes in Fund Balance  | D-6             | 71          |
| <br>Proprietary Funds  |                 |             |
| Water Enterprise Fund  |                 |             |
| Comparative Balance Sheet  | E-1             | 74          |
| Comparative Statement of Revenues, Expenses and Changes in Retained Earnings | E-2             | 76          |
| Comparative Statement of Cash Flows  | E-3             | 77          |
| Internal Service Funds   |                 |             |
| Combining Balance Sheet  | F-1             | 79          |
| Combining Statement of Revenues, Expenses and Changes in Retained Earnings   | F-2             | 79          |
| Combining Statement of Cash Flows  | F-3             | 80          |
| Central Stores Internal Service Fund   |                 |             |
| Comparative Balance Sheet  | F-4             | 81          |
| Comparative Statement of Revenues, Expenses and Changes in Retained Earnings | F-5             | 81          |
| Comparative Statement of Cash Flows  | F-6             | 82          |
| Central Garage Internal Service Fund   |                 |             |
| Comparative Balance Sheet  | F-7             | 83          |
| Comparative Statement of Revenues, Expenses and Changes in Retained Earnings | F-8             | 83          |
| Comparative Statement of Cash Flows  | F-9             | 84          |
| Print Shop Internal Service Fund   |                 |             |
| Comparative Balance Sheet  | F-10            | 85          |
| Comparative Statement of Revenues, Expenses and Changes in Retained Earnings | F-11            | 85          |
| Comparative Statement of Cash Flows  | F-12            | 86          |
| <br>Agency Funds   |                 |             |
| Combining Statement of Changes in Assets and Liabilities - All Agency Funds  | G-1             | 88          |

|   | <u>Schedule</u> | <u>Page</u> |
|---|-----------------|-------------|
| Account Groups  |                 |             |
| General Fixed Assets  |                 |             |
| Comparative Schedule of General Fixed Assets                                      | H-1             | 91          |
| Schedule of Changes in General Fixed Assets                                       | H-2             | 91          |
| Schedule of General Fixed Assets - By Function                                    | H-3             | 92          |
| Schedule of Changes in General Fixed Assets - By Function                         | H-4             | 92          |
| General Long-Term Debt  |                 |             |
| Comparative Schedule of General Long-Term Debt                                    | I-1             | 94          |
| Supplementary Information - Evaluation of Year 2000 Issue                         |                 | 96          |
| <br>  |                 |             |
| STATISTICAL SECTION   | <u>Table</u>    | <u>Page</u> |
| Schedule of Expenditures by Function - Governmental Funds - Last Ten Fiscal Years | 1               | 97          |
| Schedule of Revenues by Source - Governmental Funds - Last Ten Fiscal Years       | 2               | 98          |
| Property Tax Levies and Collections - Last Ten Fiscal Years                       | 3               | 99          |
| Assessed and Estimated Value of all Taxable Property - Last Ten Fiscal Years      | 4               | 100         |
| Property Tax Rates - All Overlapping Governments - Last Ten Fiscal Years          | 5               | 101         |
| Schedule of Legal Debt Margin   | 6               | 102         |
| Schedule of Direct and Overlapping Bonded Debt                                    | 7               | 103         |
| Demographic Statistics - Last Ten Years   | 8               | 104         |
| Principal Taxpayers   | 9               | 105         |
| Construction, Property Value and Bank Deposits - Last Ten Fiscal Years            | 10              | 106         |
| Miscellaneous Statistics  | 11              | 107         |

Wayne F. Piercy  
Vice Mayor

Mar. Titel  
Council Member



Joseph Esquivel

Larry Van Nostran  
Council Member

Robert G. Wagner  
Council Member

December 8, 1999

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, 1999, 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.

## ECONOMIC CONDITION AND OUTLOOK

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 3.6% compared to the previous year's increase of 2.1%. The Countywide assessed value increased 6.0%. This is the third increase in a row in the Los Angeles County assessment roll. During the fiscal year, 1,416 construction permits were drawn with a value of \$25.9 million. This is an increase of 70% from 1997-98 in terms of the value of the construction. This increase was due to permits drawn for the expansion of the Pacific Theatres in the Mall (\$6.7 million), the remodel of the Ralph's supermarket on Del Amo Boulevard (\$1.2 million), and the construction of the Crown America car wash on South Street (\$1.0 million), along with large reinvestment in commercial centers throughout the City and a strong economy which encouraged many home improvement projects.

# Lakewood

The economic base of the City is primarily commercial/retail. Almost 2,300 businesses are located in Lakewood and generated about \$682 million in taxable sales in fiscal 1998-99 (an increase of 7.9% from last year). Lakewood Center Mall, a regional shopping center, ranks among the top five Southern California shopping centers and contributes approximately 38% of the retail sales in the City.

Sales tax receipts almost doubled every ten years from 1960 to 1990. Lakewood hit its high water 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 are estimated to reach \$7.8 million, finally surpassing the 1990 high after ten years. 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.

Based on data from the Bureau of the Census, the California State Department of Finance certified Lakewood's population at 80,100 as of January 1, 1999. In 1988, the Southern California Association of Governments (SCAG) projected Lakewood's population at 83,750 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 1998-99.** The focus areas were identified in the operating budget. These priorities included economic development, intergovernmental relations, emergency preparedness, public safety, park preservation, street system maintenance, street lighting, supporting volunteerism, water resources system, and information systems.

ECONOMIC DEVELOPMENT to preserve the quality of life in Lakewood is the City's number one priority. An encouraging step towards this goal is the development of the Wal-Mart at Carson Street and Paramount Boulevard which will open early in 2000. Unlike many other Wal-Mart stores, the development of Lakewood's Wal-Mart was accomplished without any tax dollar incentives. Other developments have been the expansion of the Pacific Theater at the Mall, the opening of the Albertson's at South Street and Downey Avenue, and the opening of Crown America car wash on South Street.

The City's INTERGOVERNMENTAL RELATIONS program continued to contest mandated Federal flood insurance and to battle increased solid waste disposal costs, which may soon be mandated by the State's Solid Waste Management Board.

Our EMERGENCY PREPAREDNESS efforts continued in the area of staff training, to better prepare for any emergency which may arise.

Our PUBLIC SAFETY initiatives included Lakewood's share of the regional contract, Sky Knight, Neighborhood Watch, the STAR program, Lakewood Auto Watch and enhanced law enforcement through State and Federal grants.

PARK PRESERVATION has been maintained through monies from both the General Fund and the 1992, as well as the 1996. Park Bond Act.

STREET SYSTEM MAINTENANCE was a major budgetary item during the 1998-99 Fiscal Year. During the fiscal year, major repaving projects were completed on Bellflower, Downey and Woodruff Avenues, as well as several residential streets.

The upgrade of the City-owned STREET LIGHTING system by City Light and Power was completed. Now all of the City-owned street lights have been rewired, received new fixtures, and were increased from 50-watt to 100-watt bulbs. The cost of the upgrade is being offset by the energy and tariff charge savings produced by going to a more energy-efficient bulb and multiple-series wiring.

SUPPORTING VOLUNTEERISM encourages citizen participation in our community and stretches limited City resources. The City constantly supports volunteer programs in the areas of law enforcement and youth sports. During the year, many of Lakewood's volunteers were honored at Lakewood Celebrates and other community events.

A new water well, 5.8 miles of replacement water mains, and the installation of two emergency power generators enhanced our WATER RESOURCES SYSTEM. City staff is always working to provide the most constant, purest and lowest cost water to our community.

INFORMATION SYSTEMS were enhanced by coming closer to Year 2000 compliance, expanding the use of the City's geographic information system (GIS), replacing outdated computer equipment, and planning better ways to use technology to disseminate public information. In particular, the implementation of a facilities reservation system was completed.

**For the future.** 1999-2000 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 Long Beach Towne Center and other threats against revenue sources which provide local services like law enforcement and recreation. Staff has completed negotiations with the Lakewood Mall to secure a Macy's and will continue its dialogue with Mall management to encourage a revitalization of the Mall during this period of changing retail trends.

We are continuing our aggressive INTERGOVERNMENTAL RELATIONS efforts at the County Hall of Administration, in Sacramento, and in Washington, D. C. Our focus is on the cost of Federal flood insurance, efforts by the State's Solid Waste Management Board to increase the cost of local solid waste disposal, and the proposals to overhaul the funding of local government.

In the area of EMERGENCY PREPAREDNESS, we have turned our attention to the possible complications which may arise from New Year activities at the beginning of the new millennium. We are also continuing to train staff in order to be prepared to implement our emergency preparedness plan whenever it may be needed.

PUBLIC SAFETY continues to be augmented by grants from the State and Federal governments. A replacement helicopter for Lakewood's Sky Knight Program was included in the 1999-2000 Budget and is on order. A majority of the cost of this helicopter will be offset by contributions from the other agencies participating in this program. Special public safety programs continue to make Lakewood a very safe city in which to live, work and raise a family.

PARK PRESERVATION will be maintained through monies from the General Fund, the 1996 Park Bond Act, and Park Dedication Fund funding.

STREET SYSTEM MAINTENANCE is a major budgetary item for the 1999-2000 fiscal year, including a program of local street resurfacing, slurry seal, and hardscape repair. South Street has already been completed. Later in the 1999-2000 fiscal year, large sections of Del Amo Boulevard and Candlewood Street are scheduled to be resurfaced, along with several residential streets.

Lakewood's STREET LIGHTING has been upgraded by City Light and Power. The remainder of Lakewood's street lights, which are owned by the Edison Company, are currently being upgraded.

SUPPORTING VOLUNTEERISM is very important to the welfare of our community. Three especially important areas of volunteerism are in law enforcement, youth sports, and Volunteers in Action.

Major improvements to our WATER RESOURCES during the 1999-2000 fiscal year, will be water main and water meter replacements, a new water well, an emergency connection with Southern California Water Company, and the

completion of a new 5.5 million gallon water storage tank. This is the first year of a three-year water resources improvement plan.

Technology is a fact of life in doing business today. Support of the City's INFORMATION SYSTEMS is a necessity. During the first half of the 1999-2000 fiscal year, continued testing of Year 2000 compliance has been done. We have embarked on a document management project which will allow access to the City's building records, as well as, City Clerk records such as ordinances, resolutions and the Lakewood Municipal Code. Continued replacement of outdated computer equipment is also underway.

## 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 generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (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 auditor's 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, 1999, 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 1998-99 and 1999-2000, 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 1999, the City Council amended and reaffirmed the previously adopted budget for 1999-2000. In June 1999, the City's "Legacy Capital Improvement Plan" was updated. Projects totaling \$51.0 million were proposed for funding during the five-year period between 1999 and 2004. Of the \$51.0 million, only \$6.8 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, 1999, and the amount and percentage of increases and decreases in relation to prior year revenues.

| <u>Revenues</u>           | <u>Amount</u> | <u>Percent<br/>of Total</u> | <u>Increase<br/>(Decrease)<br/>from 1998</u> | <u>Percent<br/>of Increase<br/>(Decrease)</u> |
|---------------------------|---------------|-----------------------------|--|---|
| Sales tax                 | \$ 7,484,290  | 21%                         | \$ 500,190                                   | 7%  |
| Other taxes               | 10,720,517    | 30                          | 114,852                                      | 1   |
| Licenses and permits      | 371,854       | 1                           | 91,625                                       | 33  |
| Fines and forfeitures     | 441,935       | 1                           | 158,666                                      | 56  |
| Use of money and property | 3,093,155     | 9                           | (883,384)                                    | (22)  |
| Intergovernmental         | 7,578,543     | 21                          | 298,370                                      | 4   |
| Charges for services      | 5,244,734     | 15                          | 218,417                                      | 4   |
| Other                     | 850,409       | 2                           | (75,197)                                     | (8)   |
| Total revenues            | \$ 35,785,437 | 100%                        | \$ 423,539                                   | 1%  |

Revenues for general government functions increased 1% from the preceding year, an increase of \$423,539 due primarily to an increase in sales tax revenue due to a strong local economy and the addition of new retailers like Best Buy and Albertson's supermarket. Sales tax was still below the 1990 high water mark of \$7.5 million.

Property taxes received for general operating purposes generated about 6% 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 remained at \$2 million. 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 generated is the Macerich Company, a real estate investment trust (REIT) which owns the Lakewood Mall. Tax increment revenues also remained at \$3.4 million. Tax increment revenues produced approximately 9.5% of general revenues.

Overall fines and forfeiture revenues were up \$158,666 or 56% due to a change in the law which allowed cities to retain a larger percentage of fines related to citations issued within their jurisdiction.

Licenses and permit fees were up by \$91,625 or 33%, which reflects the increase in the value of the construction associated with the permits issued from the previous year. Some of the larger projects were Best Buy, the Pacific Theatre expansion, Ralph's supermarket, and Crown America Car Wash.

Intergovernmental revenues increased 4% overall. Motor vehicle license fees received from the State were \$3.4 million, an increase of 3% from the previous year. Gas tax revenues remained the same as the previous year at \$1.4 million.

Charges for services increased 4% from the previous year. Refuse collection charges remained at \$3.0 million. Special police services include revenues from the Sky Knight program shared with four surrounding cities, the STAR

drug awareness program shared with the school districts, and additional law enforcement services contracted and paid for by private businesses. Revenues from special police services were \$828,957 a decrease of 3% from 1997-98.

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, 1999, 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 1998</u> | <u>Percent of Increase (Decrease)</u> |
|-----------------------|---------------|-------------------------|--------------------------------------|---------------------------------------|
| Current:              |               |                         |                                      |                                       |
| General government    | \$ 4,325,022  | 13%                     | \$ 100,050                           | 2%                                    |
| Public safety         | 7,725,532     | 23                      | 601,768                              | 8                                     |
| Transportation        | 4,058,358     | 12                      | 299,624                              | 8                                     |
| Community development | 3,086,573     | 9                       | 24,739                               | 1                                     |
| Health and sanitation | 2,749,368     | 8                       | 75,281                               | 3                                     |
| Culture and leisure   | 5,278,879     | 16                      | 257,291                              | 5                                     |
| Total current         | 27,223,732    | 81                      | 1,358,753                            | 5                                     |
| Capital outlay        | 4,241,816     | 13                      | 995,003                              | 31                                    |
| Debt service          | 1,821,432     | 6                       | (915,720)                            | (33)                                  |
| Total expenditures    | \$ 33,286,980 | 100%                    | \$ 1,438,036                         | 5%                                    |

Expenditures for general government obligations increased 5% due primarily to an increase in capital outlay. The cost of the law enforcement contract with Los Angeles County increased approximately 7% from the previous year, due to an increase in grant spending, repair of aging helicopters, and an increase in L. A. 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 program. Overall public safety, which includes street lighting, parking control, animal regulation, emergency services, along with law enforcement, increased 8%

Employees received a salary increase of 1.7% as of July 1, 1999. Total payroll for the year was \$9.4 million, a 4.9% 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 \$608,343, a 7.2% decrease over last year due to a decrease in rates charged by PERS. 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 \$16,143. Other personnel-related costs totaled \$486,913. 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 increased 8% from the previous year due to the purchase of vehicles with Proposition A transit and AB 2766 special revenue funds (\$181,500) and increased street maintenance costs.

Health and sanitation expenses increased 3% due to an increase in fees charged for solid waste disposal by SERRF (Southeast Resource Recovery Facility) and an increase in the amount of solid waste, which was sent to SERRF.

Major capital projects during the year were major street resurfacing (\$1,386,103), the Mayfair High School Gym project (\$492,429), and the reroofing of a portion of the Civic Center (\$244,566).

Governmental Fund Balance. The fund balances of the governmental funds increased by \$2,224,053. This was the amount that overall revenues exceeded expenditures in this, the end of the first year of a two-year budget cycle. \$1.1 million of this savings is money which was budgeted in community development for a business revolving loan program which will be carried forward into the 1999-2000 Fiscal Year. Other factors that accounted for this increase included a \$500,000 increase in sales tax from the previous year and various cost-saving measures implemented throughout City departments. These funds have been reprogrammed into the 1999-2000 budget.

Enterprise Operation. The City's water system has approximately 20,500 services and produced 3,042 million gallons of water during 1998-99. 2,905 million gallons were from the "potable" water system (meeting clean drinking water standards) and 137 million gallons were recycled water used for irrigation purposes. Total production was up from last year by 115 million gallons.

Operating revenues of the water system were \$5,319,869, an increase of 7% due to an increase in the amount of water sold. Operating expenses were \$4,548,397, an increase of \$257,415, also due to increased water sales. Non-operating revenues net of non-operating expenses were \$1,226,639. Non-operating revenues include a one-time grant of \$977,060 from the Water Replenishment District.

The direct cost for water (energy, replenishment costs and direct purchase) was \$1,865,524 compared to \$1,782,636 in 1997-98. This represents an increase of 5% in direct cost. The cost of energy used in pumping increased 8%, \$444,292 compared to \$410,794 last year. The City paid \$1.4 million in ground water replenishment costs for water pumped from City wells. The cost of reclaimed water was \$68,797, including a rebate from the Metropolitan Water District.

Capital additions were made to the system at a cost of \$2,947,875. 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 \$482,721 at June 30, 1999.

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 was at normal levels during 1998-99, the City is currently operating at the Voluntary Conservation level.

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

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, 1999, the balance of the 1992 series bonds outstanding was \$18,150,000. These bonds are secured by a pledge on the Agency's tax increment revenues. In 1999-2000, \$6,760,000 of bonds were issued, refunding a portion of the 1992 bonds and yielding a Net Present Value savings of \$257,693 (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, 1999, the balance of the 1996

# 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, 1998

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.



*Cary Brubaker*  
President

*Jeffrey L. Esler*  
Executive Director

*California Society of  
Municipal Finance Officers*

Certificate of Award

*Outstanding Financial Reporting 1997-98*

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 system from which the reports were prepared.*

*March 1, 1999*

*David J. Boust*  
Chief, Professional & Technical Standards Committee

*Dedicated to Excellence in Municipal Financial Management*





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

A PARTNERSHIP INCLUDING ACCOUNTANCY CORPORATIONS

2121 ALTON PARKWAY, SUITE 100  
IRVINE, CALIFORNIA 92606-4906  
(949) 399-0600 • FAX (949) 399-0610

• RODNEY K. MCDANIEL, CPA  
• MICHAEL R. LUDIN, CPA  
• CRAIG W. SPRAKER, CPA  
• NITIN P. PATEL, CPA  
• PHILIP H. HOLTkamp, CPA  
• THOMAS M. PERLOWSKI, CPA  
• HARVEY J. SCHROEDER, CPA  
• A PROFESSIONAL CORPORATION

November 10, 1999

**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, 1999, 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 generally accepted auditing standards 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, 1999, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated November 10, 1999, 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.

The year 2000 supplementary information on page 96 is not a required part of the general purpose financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it. In addition we do not provide assurance that the City of Lakewood is or will become year 2000 compliant, that the City of Lakewood's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the City does business are or will become year 2000 compliant.

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:

2965 ROOSEVELT STREET  
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, 1999

| ASSETS AND OTHER DEBITS                                       | Governmental Fund Types |                     |                     |                     |
|---|-------------------------|---------------------|---------------------|---------------------|
|   | General                 | Special Revenue     | Debt Service        | Capital Projects    |
| Cash and investments (Notes 1.G & 2)                          | \$ 28,464,123           | \$ 2,910,920        | \$ 2,416,560        | \$ 3,051,693        |
| Cash and investments with fiscal agent (Notes 2 & 4.A)        | -                       | -                   | 6,596,464           | -                   |
| Receivables:  |                         |                     |                     |                     |
| Taxes   | 1,666,511               | -                   | 291,084             | -                   |
| Accounts  | 1,121,181               | 337,985             | -                   | -                   |
| Loans (Note 10)   | -                       | -                   | -                   | 257,746             |
| Accrued revenue (Note 1.D)                                    | 296,094                 | -                   | -                   | 25,111              |
| Due from other funds (Note 6)                                 | 76,608                  | -                   | -                   | 34,636              |
| Inventories, at cost (Note 1.H)                               | -                       | -                   | -                   | -                   |
| Restricted assets:  |                         |                     |                     |                     |
| Cash and investments (Note 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           | -                       | -                   | -                   | -                   |
| <b>Total assets and other debits</b>                          | <b>\$ 31,624,517</b>    | <b>\$ 3,248,905</b> | <b>\$ 9,304,108</b> | <b>\$ 3,369,186</b> |
| <b>LIABILITIES, EQUITY AND OTHER CREDITS</b>                  |                         |                     |                     |                     |
| Liabilities:  |                         |                     |                     |                     |
| Accounts payable  | \$ 1,457,517            | \$ 390,148          | \$ -                | \$ 45,222           |
| Accrued liabilities   | 379,954                 | 4,360               | -                   | -                   |
| Accrued revenue bond interest                                 | -                       | -                   | -                   | -                   |
| Deposits  | -                       | -                   | -                   | -                   |
| Deferred revenue (Note 1.D)                                   | 445,341                 | -                   | -                   | 26,250              |
| Deposits payable from restricted assets                       | -                       | -                   | -                   | -                   |
| Due to other funds (Note 6)                                   | 31,738                  | -                   | 2,898               | -                   |
| 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, 4.D & 5.C)                          | -                       | -                   | -                   | -                   |
| <b>Total liabilities</b>                                      | <b>2,314,550</b>        | <b>394,508</b>      | <b>2,898</b>        | <b>71,472</b>       |
| Equity and other credits:                                     |                         |                     |                     |                     |
| Contributed capital (Note 1D)                                 | -                       | -                   | -                   | -                   |
| Investment in general fixed assets (Notes 1.K & 3)            | -                       | -                   | -                   | -                   |
| Retained earnings:  |                         |                     |                     |                     |
| Reserved (Note 9)   | -                       | -                   | -                   | -                   |
| Unreserved  | -                       | -                   | -                   | -                   |
| Fund balance (Note 9):  |                         |                     |                     |                     |
| Reserved  | 5,665,181               | 2,854,397           | 9,301,210           | 3,209,482           |
| Unreserved - designated                                       | 23,644,786              | -                   | -                   | 88,232              |
| <b>Total equity and other credits</b>                         | <b>29,309,967</b>       | <b>2,854,397</b>    | <b>9,301,210</b>    | <b>3,297,714</b>    |
| <b>Total liabilities, equity and other credits</b>            | <b>\$ 31,624,517</b>    | <b>\$ 3,248,905</b> | <b>\$ 9,304,108</b> | <b>\$ 3,369,186</b> |

(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, 1999            | June 30, 1998         |
| \$ 3,737,197           | \$ 56,420         | \$ 877,577          | \$ -                 | \$ -                   | \$ 41,514,490            | \$ 38,806,705         |
| 401                    | -                 | -                   | -                    | -                      | 6,596,865                | 6,360,449             |
| -                      | -                 | -                   | -                    | -                      | 1,957,595                | 1,772,897             |
| 336,245                | -                 | -                   | -                    | -                      | 1,795,411                | 2,018,557             |
| -                      | -                 | 2,354,592           | -                    | -                      | 2,612,338                | 2,552,789             |
| 582,143                | -                 | -                   | -                    | -                      | 903,348                  | 897,834               |
| -                      | -                 | -                   | -                    | -                      | 111,244                  | 225,980               |
| 146,758                | 104,601           | -                   | -                    | -                      | 251,359                  | 227,694               |
| 33,788                 | -                 | -                   | -                    | -                      | 33,788                   | 1,960,933             |
| 14,638,606             | 459,203           | -                   | 45,349,179           | -                      | 60,446,988               | 57,360,681            |
| 193,248                | -                 | -                   | -                    | -                      | 193,248                  | 204,785               |
| -                      | -                 | -                   | -                    | 9,301,210              | 9,301,210                | 8,006,440             |
| -                      | -                 | -                   | -                    | 10,797,609             | 10,797,609               | 12,566,223            |
| <u>\$ 19,668,386</u>   | <u>\$ 620,224</u> | <u>\$ 3,232,169</u> | <u>\$ 45,349,179</u> | <u>\$ 20,098,819</u>   | <u>\$ 136,515,493</u>    | <u>\$ 132,961,967</u> |
| \$ 713,909             | \$ 18,295         | \$ -                | \$ -                 | \$ -                   | \$ 2,625,091             | \$ 2,985,731          |
| -                      | 4,477             | -                   | -                    | -                      | 388,791                  | 356,976               |
| 71,562                 | -                 | -                   | -                    | -                      | 71,562                   | 73,612                |
| -                      | -                 | 496,218             | -                    | -                      | 496,218                  | 450,156               |
| -                      | -                 | -                   | -                    | -                      | 471,591                  | 525,009               |
| 33,788                 | -                 | -                   | -                    | -                      | 33,788                   | 34,754                |
| -                      | 76,608            | -                   | -                    | -                      | 111,244                  | 225,980               |
| -                      | -                 | 2,735,951           | -                    | -                      | 2,735,951                | 2,815,461             |
| 5,447,652              | -                 | -                   | -                    | -                      | 5,447,652                | 5,651,318             |
| -                      | -                 | -                   | -                    | 18,150,000             | 18,150,000               | 18,630,000            |
| -                      | -                 | -                   | -                    | 1,401,102              | 1,401,102                | 1,350,244             |
| 482,721                | -                 | -                   | -                    | 547,717                | 1,030,438                | 1,121,577             |
| <u>6,749,632</u>       | <u>99,380</u>     | <u>3,232,169</u>    | <u>-</u>             | <u>20,098,819</u>      | <u>32,963,428</u>        | <u>34,220,818</u>     |
| 1,267,297              | -                 | -                   | -                    | -                      | 1,267,297                | 1,261,238             |
| -                      | -                 | -                   | 45,349,179           | -                      | 45,349,179               | 44,669,237            |
| 417,131                | -                 | -                   | -                    | -                      | 417,131                  | 476,213               |
| 11,234,326             | 520,844           | -                   | -                    | -                      | 11,755,170               | 9,795,236             |
| -                      | -                 | -                   | -                    | -                      | 21,030,270               | 19,179,067            |
| -                      | -                 | -                   | -                    | -                      | 23,733,018               | 23,360,168            |
| <u>12,918,754</u>      | <u>520,844</u>    | <u>-</u>            | <u>45,349,179</u>    | <u>-</u>               | <u>103,552,065</u>       | <u>98,741,159</u>     |
| <u>\$ 19,668,386</u>   | <u>\$ 620,224</u> | <u>\$ 3,232,169</u> | <u>\$ 45,349,179</u> | <u>\$ 20,098,819</u>   | <u>\$ 136,515,493</u>    | <u>\$ 132,961,977</u> |

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, 1999

|   | General Fund         |                      | Variance<br>Favorable<br>(Unfavorable) |
|---|----------------------|----------------------|--|
|   | Budget               | Actual               |  |
| Revenues:   |                      |                      |  |
| Taxes   | \$ 12,852,712        | \$ 13,208,861        | \$ 356,149                             |
| Licenses and permits  | 332,400              | 354,483              | 22,083                                 |
| Fines and forfeitures   | 272,000              | 441,935              | 169,935                                |
| Interest, rents and concessions   | 1,852,000            | 2,192,687            | 340,687                                |
| From other agencies   | 4,975,272            | 4,599,010            | (376,262)                              |
| Current service charges   | 5,018,600            | 5,175,702            | 157,102                                |
| Other   | 846,194              | 850,370              | 4,176                                  |
| Total revenues  | <u>26,149,178</u>    | <u>26,823,048</u>    | <u>673,870</u>                         |
| Expenditures:   |                      |                      |  |
| Current:  |                      |                      |  |
| General government  | 4,651,609            | 4,325,022            | 326,587                                |
| Public safety   | 8,436,395            | 7,602,448            | 833,947                                |
| Transportation  | 2,411,071            | 2,303,379            | 107,692                                |
| Community development   | 3,438,999            | 2,124,601            | 1,314,398                              |
| Health and sanitation   | 3,091,542            | 2,749,368            | 342,174                                |
| Culture and leisure   | 5,366,172            | 5,275,429            | 90,743                                 |
| Total expenditures  | <u>27,395,788</u>    | <u>24,380,247</u>    | <u>3,015,541</u>                       |
| Excess of revenues over<br>(under) expenditures                                     | <u>(1,246,610)</u>   | <u>2,442,801</u>     | <u>3,689,411</u>                       |
| Other financing sources (uses):   |                      |                      |  |
| Operating transfers in  | 1,696,768            | 1,585,983            | (110,785)                              |
| Operating transfers out   | (3,415,894)          | (2,108,548)          | 1,307,346                              |
| Total other financing sources (uses)  | <u>(1,719,126)</u>   | <u>(522,565)</u>     | <u>1,196,561</u>                       |
| Excess of revenues and other<br>sources over (under)<br>expenditures and other uses | <u>(2,965,736)</u>   | <u>1,920,236</u>     | <u>4,885,972</u>                       |
| Fund balances - July 1  | <u>27,389,731</u>    | <u>27,389,731</u>    | -                                      |
| Fund balances - June 30   | <u>\$ 24,423,995</u> | <u>\$ 29,309,967</u> | <u>\$ 4,885,972</u>                    |

(continued)

(Continued)

| Special Revenue     |                     |  | Totals<br>(Memorandum Only) |                      |  |
|---------------------|---------------------|--|-----------------------------|----------------------|--|
| Budget              | Actual              | Variance<br>Favorable<br>(Unfavorable) | Budget                      | Actual               | Variance<br>Favorable<br>(Unfavorable) |
| \$ 1,600,000        | \$ 1,612,934        | \$ 12,934                              | \$ 14,452,712               | \$ 14,821,795        | \$ 369,083                             |
| 16,000              | 17,371              | 1,371                                  | 348,400                     | 371,854              | 23,454                                 |
| -                   | -                   | -                                      | 272,000                     | 441,935              | 169,935                                |
| 129,500             | 177,622             | 48,122                                 | 1,981,500                   | 2,370,309            | 388,809                                |
| 2,502,500           | 2,444,482           | (58,018)                               | 7,477,772                   | 7,043,492            | (434,280)                              |
| 60,000              | 69,032              | 9,032                                  | 5,078,600                   | 5,244,734            | 166,134                                |
| 18,000              | 20                  | (17,980)                               | 864,194                     | 850,390              | (13,804)                               |
| <u>4,326,000</u>    | <u>4,321,461</u>    | <u>(4,539)</u>                         | <u>30,475,178</u>           | <u>31,144,509</u>    | <u>669,331</u>                         |
| -                   | -                   | -                                      | 4,651,609                   | 4,325,022            | 326,587                                |
| 135,362             | 123,084             | 12,278                                 | 8,571,757                   | 7,725,532            | 846,225                                |
| 1,878,549           | 1,754,979           | 123,570                                | 4,289,620                   | 4,058,358            | 231,262                                |
| 1,030,000           | 961,972             | 68,028                                 | 4,468,999                   | 3,086,573            | 1,382,426                              |
| -                   | -                   | -                                      | 3,091,542                   | 2,749,368            | 342,174                                |
| 5,214               | 3,450               | 1,764                                  | 5,371,386                   | 5,278,879            | 92,507                                 |
| <u>3,049,125</u>    | <u>2,843,485</u>    | <u>205,640</u>                         | <u>30,444,913</u>           | <u>27,223,732</u>    | <u>3,221,181</u>                       |
| 1,276,875           | 1,477,976           | 201,101                                | 30,265                      | 3,920,777            | 3,890,512                              |
| 63,362              | 56,900              | (6,462)                                | 1,760,130                   | 1,642,883            | (117,247)                              |
| (4,337,094)         | (3,111,829)         | 1,225,265                              | (7,752,988)                 | (5,220,377)          | 2,532,611                              |
| <u>(4,273,732)</u>  | <u>(3,054,929)</u>  | <u>1,218,803</u>                       | <u>(5,992,858)</u>          | <u>(3,577,494)</u>   | <u>2,415,364</u>                       |
| (2,996,857)         | (1,576,953)         | 1,419,904                              | (5,962,593)                 | 343,283              | 6,305,876                              |
| 4,431,350           | 4,431,350           | -                                      | 31,821,081                  | 31,821,081           | -                                      |
| <u>\$ 1,434,493</u> | <u>\$ 2,854,397</u> | <u>\$ 1,419,904</u>                    | <u>\$ 25,858,488</u>        | <u>\$ 32,164,364</u> | <u>\$ 6,305,876</u>                    |

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

|   | Enterprise           | Internal<br>Service | Totals<br>(Memorandum Only) |                      |
|---|----------------------|---------------------|-----------------------------|----------------------|
|   |                      |                     | June 30, 1999               | June 30, 1998        |
| Operating revenues:                         |                      |                     |                             |                      |
| Charges for services                        | \$ 5,191,377         | \$ 582,223          | \$ 5,773,600                | \$ 5,452,789         |
| Other revenue                               | 128,492              | 985                 | 129,477                     | 88,222               |
| Total operating revenues                    | <u>5,319,869</u>     | <u>583,208</u>      | <u>5,903,077</u>            | <u>5,541,011</u>     |
| Operating expenses:                         |                      |                     |                             |                      |
| Operations:                                 |                      |                     |                             |                      |
| Supply, transmission and distribution       | 3,420,992            | -                   | 3,420,992                   | 3,290,818            |
| Customer service                            | 343,444              | -                   | 343,444                     | 367,451              |
| Administration                              | 315,398              | -                   | 315,398                     | 293,011              |
| Cost of goods sold                          | -                    | 890,097             | 890,097                     | 850,463              |
| Depreciation                                | 468,563              | 124,521             | 593,084                     | 456,754              |
| Total operating expenses                    | <u>4,548,397</u>     | <u>1,014,618</u>    | <u>5,563,015</u>            | <u>5,258,497</u>     |
| Operating income or (loss)                  | <u>771,472</u>       | <u>(431,410)</u>    | <u>340,062</u>              | <u>282,514</u>       |
| Nonoperating revenues (expenses):           |                      |                     |                             |                      |
| Grant revenue                               | 977,061              | -                   | 977,061                     | -                    |
| Sale of pumping rights                      | 92,500               | -                   | 92,500                      | -                    |
| Interest revenue                            | 189,849              | -                   | 189,849                     | 160,964              |
| Interest expense on long-term debt          | (21,234)             | -                   | (21,234)                    | (23,025)             |
| Amortization of bond issuance costs         | (11,537)             | -                   | (11,537)                    | (11,537)             |
| Loss on disposal of assets                  | -                    | -                   | -                           | (139,873)            |
| Total nonoperating revenues (expenses)      | <u>1,226,639</u>     | <u>-</u>            | <u>1,226,639</u>            | <u>(13,471)</u>      |
| Income (loss) before operating transfers in | 1,998,111            | (431,410)           | 1,566,701                   | 269,043              |
| Operating transfers in                      | -                    | 334,151             | 334,151                     | 298,030              |
| Net income (loss)                           | 1,998,111            | (97,259)            | 1,900,852                   | 567,073              |
| Retained earnings - July 1                  | <u>9,653,346</u>     | <u>618,103</u>      | <u>10,271,449</u>           | <u>9,704,376</u>     |
| Retained earnings - June 30                 | <u>\$ 11,651,457</u> | <u>\$ 520,844</u>   | <u>\$ 12,172,301</u>        | <u>\$ 10,271,449</u> |

COMBINED STATEMENT OF CASH FLOWS  
ALL PROPRIETARY FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

|   | Enterprise   | Internal<br>Service | Totals<br>(Memorandum Only) |               |
|---|--------------|---------------------|-----------------------------|---------------|
|   |              |                     | June 30, 1999               | June 30, 1998 |
| Cash flows from operating activities:   |              |                     |                             |               |
| Operating income (loss)   | \$ 771,472   | \$ (431,410)        | \$ 340,062                  | \$ 282,514    |
| Adjustments to reconcile operating income (loss) to<br>net cash provided by (used in) operations: |              |                     |                             |               |
| Depreciation  | 468,563      | 124,521             | 593,084                     | 456,754       |
| Changes in operating assets and liabilities:  |              |                     |                             |               |
| (Increase) decrease in accounts receivable  | (18,899)     | -                   | (18,899)                    | 18,947        |
| (Increase) decrease in inventory  | (37,636)     | 13,971              | (23,665)                    | (10,213)      |
| Increase (decrease) in accounts payable   | (106,250)    | 5,230               | (101,020)                   | (295,087)     |
| Increase in accrued liabilities   | -            | 1,472               | 1,472                       | 1,643         |
| Increase (decrease) in customer deposits  | (966)        | -                   | (966)                       | 2,139         |
| Total adjustments   | 304,812      | 145,194             | 450,006                     | 174,183       |
| Net cash provided by (used in)<br>operating activities  | 1,076,284    | (286,216)           | 790,068                     | 456,697       |
| Cash flows from non-capital financing activities:   |              |                     |                             |               |
| Operating transfers in  | -            | 334,151             | 334,151                     | 298,030       |
| Cash flows from capital and related financing<br>activities:                                      |              |                     |                             |               |
| Proceeds from the sale of pumping rights  | 92,500       | -                   | 92,500                      | -             |
| Proceeds from grant   | 977,061      | -                   | 977,061                     | 189,712       |
| Purchase of property, plant and equipment   | (2,947,875)  | (46,231)            | (2,994,106)                 | (2,153,351)   |
| Principal paid on revenue bonds and state loan  | (251,427)    | -                   | (251,427)                   | (243,301)     |
| Interest paid on state loan   | (21,234)     | -                   | (21,234)                    | (23,025)      |
| Net cash (used in) capital<br>and related financing activities                                    | (2,150,975)  | (46,231)            | (2,197,206)                 | (2,229,965)   |
| Cash flows from investing activities:   |              |                     |                             |               |
| Interest on investments   | 189,849      | -                   | 189,849                     | 160,964       |
| Net increase (decrease) in cash<br>and cash equivalents   | (884,842)    | 1,704               | (883,138)                   | (1,314,274)   |
| Cash and cash equivalents - July 1  | 4,656,228    | 54,716              | 4,710,944                   | 6,025,218     |
| Cash and cash equivalents - June 30 (Note 1.G)  | \$ 3,771,386 | \$ 56,420           | \$ 3,827,806                | \$ 4,710,944  |



JUNE 30, 1999

## 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, 1998, have been presented herein to include the City, Agency, and Housing Authority and Financing Authority.

Interfund debt between the City and the Agency at June 30, 1999, 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 1998-99 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, 1999. 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 1998-99 consisted of principal and interest payments from the Agency to the City on interfund loans and principal and interest on tax increment bonds.

###### 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 FundsWater 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 FundsAgency 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 GroupsGeneral 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, liabilities for compensated absences, capital lease payable, and a land loan.

## 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. Contributed capital increased by \$6,059 for the year ended June 30, 1999. Capital grants reported as contributed capital as of June 30, 1999, 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 fund balance reserve accounts. 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 1998-99 and 1999-2000, 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 Administrator 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 \$1,593,887 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, 1999, 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 1998-99, 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. The adoption of this statement did not affect the current or prior year financial statements of the City because the difference between the cost basis and the fair value of the investments is considered immaterial.

A high level of funds are in short-term obligations of less than thirty days, including \$25,788,856 on deposit with the California Local Agency 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.

**II. 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. The Agency has liquidated land held for resale in a prior year.

**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, 1999, the City Attorney estimated a claim liability of \$61,000 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 (\$523,508 in 1998-99). 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 (\$237,859 in 1998-99). 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 generally accepted accounting principles 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         |  |

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)  
 Tennessee Valley Authority Notes (TVA'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 1998-99.

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 special fund of the California State Treasury through which local governments may pool investments. The City and the Agency each may invest up to \$30,000,000 in the fund. Investments in LAIF are highly liquid, as deposits can be converted to cash within 24 hours without loss of interest. Under section 16429.1 of the Government Code, the funds on deposit cannot be impounded or seized by the State. At June 30, 1999, the total market value of LAIF was \$37,020,937,097. The City's proportionate share of that value is \$25,788,856. Included in LAIF's investment portfolio are certain derivative securities in the form of structured notes totaling \$1,524,350,000 and asset-backed securities totaling \$351,942,000. LAIF's and the City's exposure to credit, market, or legal risk is not currently available.

California Arbitrage 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. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of a City's total deposits. The City Treasurer may waive the collateral requirement for deposits which are fully insured up to \$100,000 by the FDIC. The collateral for deposits in federal and state chartered banks is held in safekeeping by an authorized Agent of Depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California, as an Agent of Depository. These securities are physically held in an undivided pool for all California public agency depositors. All collateral held by California Agents of Depository is considered to be held for, and in the name of, the local government agency.

Category 3 - Deposits which are uninsured or uncollateralized.

## Investments:

Category 1 - Investments which are insured by Securities Investors Protection Corporation (SIPC), or investments which are held in definitive (i.e., physical) form by the City or the City's agent in the City's name, or investments acquired through the federal reserve book-entry system where the financial institution or broker/dealer associated with the purchase is adequately segregated from the custodial safekeeping agent on the same investments, and where the investments are recorded on the books and records of the financial institution or broker/dealer in the name of the City.

Category 2 - Investments which are uninsured, where the investments are acquired through a financial institution's investment or trading department, but are held in the same financial institution's trust department and are recorded in the City's name in the trust department's systems and records.

Category 3 - Investments which are uninsured where (1) the investments are acquired through a financial institution's investment department but are held for custodial purposes in the same financial institution's safekeeping department; or (2) the investments are acquired through a financial institution's trust department and held for custodial safekeeping by the same trust department; or (3) the investments are acquired through, and held for safekeeping by, the same broker/dealer; or (4) investments are not held in the City's name in the systems and records of the financial institution or broker/dealer.

Deposits and investments were categorized as follows at June 30, 1999:

|                       | Category          |                     |               | Bank<br>Balances    | Carrying<br>Amount |
|-----------------------|-------------------|---------------------|---------------|---------------------|--------------------|
|                       | 1                 | 2                   | 3             |                     |                    |
| Deposits:             |                   |                     |               |                     |                    |
| Banks:                |                   |                     |               |                     |                    |
| Demand accounts       | \$ 100,000        | \$ 1,656,968        | \$ -          | \$ 1,756,968        | \$ 2,503,023       |
| Savings accounts      | 100,000           | 1,046,720           | -             | 1,146,720           | 278,366            |
| Fiscal agent deposits | -                 | -                   | 551           | 551                 | 551                |
| Total deposits        | <u>\$ 200,000</u> | <u>\$ 2,703,688</u> | <u>\$ 551</u> | <u>\$ 2,904,239</u> | <u>2,781,940</u>   |

|  | Category             |             |             | Not<br>Categorized   |                   |
|--|----------------------|-------------|-------------|----------------------|-------------------|
|  | 1                    | 2           | 3           |                      |                   |
| Investments:                               |                      |             |             |                      |                   |
| Federal obligations:                       |                      |             |             |                      |                   |
| T-Notes                                    | \$ 993,906           | \$ -        | \$ -        | \$ -                 | 993,906           |
| Federal Home Loan Bank                     | 5,996,314            | -           | -           | -                    | 5,996,314         |
| Federal National Mortgage<br>Association   | 2,000,000            | -           | -           | -                    | 2,000,000         |
| Federal Farm Credit<br>Bank Bonds          | 998,438              | -           | -           | -                    | 998,438           |
| Federal Home Loan<br>Mortgage Corp.        | 2,989,375            | -           | -           | -                    | 2,989,375         |
| California Local Agency<br>Investment Fund | -                    | -           | -           | 25,788,856           | 25,788,856        |
| FHFB - Fiscal Agent                        | 708,225              | -           | -           | -                    | 708,225           |
| Money Market Portfolio -<br>Fiscal Agent   | -                    | -           | -           | 5,888,089            | 5,888,089         |
| Total investments                          | <u>\$ 13,686,258</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 31,676,945</u> | <u>45,363,203</u> |

Total carrying amount (book balances) \$ 48,145,143

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

|  |                      |
|--|----------------------|
| Cash and investments - unrestricted    | \$ 41,514,490        |
| Cash and investments with fiscal agent | 6,596,865            |
| Cash and investments - restricted (1)  | <u>33,788</u>        |
|  | <u>\$ 48,145,143</u> |

(1) All restricted cash and investments are in the Water Enterprise Fund. The total represents customer deposits of \$33,788. There was no balance remaining from the bond proceeds as of June 30, 1999.

## NOTE 3 - CHANGES IN GENERAL FIXED ASSETS

A summary of changes in General Fixed Assets for the year ended June 30, 1999, is as follows:

|                             | Balance<br>June 30, 1998 | Additions           | Deletions         | Balance<br>June 30, 1999 |
|-----------------------------|--------------------------|---------------------|-------------------|--------------------------|
| Land                        | \$ 10,765,913            | \$ -                | \$ -              | \$ 10,765,913            |
| Structures and improvements | 27,767,960               | 130,233             | -                 | 27,898,193               |
| Equipment                   | 6,045,425                | 566,221             | 281,435           | 6,330,211                |
| Construction in progress    | 89,939                   | 395,157             | 130,234           | 354,862                  |
| Total                       | <u>\$ 44,669,237</u>     | <u>\$ 1,091,611</u> | <u>\$ 411,669</u> | <u>\$ 45,349,179</u>     |

## NOTE 4 - GENERAL LONG-TERM DEBT

The changes in the General Long-Term Debt for the year ended June 30, 1999, were as follows:

|                                     | Balance<br>June 30, 1998 | Additions        | Deletions         | Balance<br>June 30, 1999 |
|-------------------------------------|--------------------------|------------------|-------------------|--------------------------|
| Agency tax allocation bonds         | \$ 18,630,000            | \$ -             | \$ 480,000        | \$ 18,150,000            |
| Liability for compensated absences: |                          |                  |                   |                          |
| Vacation                            | 591,007                  | 13,481           | -                 | 604,488                  |
| Sick leave                          | 759,237                  | 37,377           | -                 | 796,614                  |
| Agency land loan                    | 500,000                  | -                | -                 | 500,000                  |
| Capital equipment lease             | 92,429                   | -                | 44,712            | 47,717                   |
| Total                               | <u>\$ 20,572,673</u>     | <u>\$ 50,858</u> | <u>\$ 524,712</u> | <u>\$ 20,098,819</u>     |

## A. Agency Tax Allocation Bonds - 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 finance 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.

Proceeds of the 1992A Bonds were used to (a) advance refund and defease the Agency's 1984 bonds in the principal amount of \$4,780,000 and a portion of the 1987 bonds in the principal amount of \$8,580,000, and (b) repay a loan from the City to the Agency for public improvements. Proceeds of the 1992B Bonds were used to advance refund and to defease the remaining portion of the 1987 bonds. No 1984 and 1987 bonds were outstanding at June 30, 1999.

Of the Series 1992A Bonds, \$3,975,000 are serial bonds maturing annually each September 1 from 1993 through 2003, in amounts ranging from \$215,000 to \$545,000, and bear interest at rates ranging from 3.2% to 6.0%. Interest is payable semiannually on March 1 and September 1. Of the Series 1992A Bonds, \$12,680,000 are term bonds maturing September 1, 2017, and bear interest at the rate of 6.5%, payable semiannually on March 1 and

September 1. These bonds are subject to redemption as a whole, or in part among such maturities as shall be designated by the Agency and by lot within a maturity, at the option of the Agency, on any date on or after September 1, 2002, from any available source of funds, at a redemption price expressed as a percentage of principal amount of the bonds to be redeemed, plus accrued interest to the redemption date. The redemption price ranges from 100% to 102%.

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 bond resolution provides that a portion of the proceeds from the sale of the Series 1992 Bonds be deposited in the Redevelopment Fund and the 1992 Escrow Fund.

Monies in the Redevelopment Fund may be used for the purpose of aiding in financing the project, including acquisition of properties, demolition, relocation assistance, site improvements and other costs of benefit to the project. All monies deposited in the Redevelopment Fund had been expended as of June 30, 1999.

Amounts on deposit with the fiscal agent in the 1992 Escrow Fund may be used for project costs only if tax revenues are at least equal to 125% of maximum annual debt service on the bonds (excluding bonds, the proceeds of which are to remain on deposit in the 1992 Escrow Fund). The balance in the 1992 Escrow Fund at June 30, 1999, was \$4,404,764.

The bond resolution provides that a Special Fund will be established and held by the fiscal agent. Pledged tax revenues will be deposited in the Special Fund and will be set aside in the following special accounts within the Special Fund:

1. Interest Account. On or before February 23 and August 26 of each year an amount which, together with money already contained in the Interest Account, is equal to the aggregate amount of interest becoming due and payable on all outstanding bonds on the next interest payment date. At June 30, 1999, the balance in the Series 1992A account was \$0 and the balance in the Series 1992B account was \$77.
2. Principal Account. On or before August 26 of each year, an amount which, together with any money already contained in the Principal Account, is equal to the principal becoming due on all outstanding bonds on the next principal payment date. There was no balance in these accounts at June 30, 1999.
3. Reserve Account. On or before August 26 of each year, an amount that will maintain the Reserve Account balance at an amount equal to maximum annual debt service. At June 30, 1999, the balance in the Series 1992A account was \$1,436,530 and the balance in the Series 1992B account was \$342,322.
4. Holding Account. On or before September 1 of each year, the fiscal agent shall set aside from the Special Fund and deposit in the Holding Account all monies remaining in the Special Fund after the above-mentioned transfers have taken place. The balance at June 30, 1999, was \$412,771.

The annual requirements to amortize the bonds outstanding at June 30, 1999 are as follows:

| Year      | Series 1992A Bonds   |                      |                      | Series 1992B Bonds  |                     |                     |
|-----------|----------------------|----------------------|----------------------|---------------------|---------------------|---------------------|
|           | Principal            | Interest             | Total                | Principal           | Interest            | Total               |
| 1999-2000 | \$ 440,000           | \$ 953,675           | \$ 1,393,675         | \$ 65,000           | \$ 264,253          | \$ 329,253          |
| 2000-01   | 465,000              | 928,775              | 1,393,775            | 70,000              | 258,262             | 328,262             |
| 2001-02   | 490,000              | 901,668              | 1,391,668            | 80,000              | 251,606             | 331,606             |
| 2002-03   | 520,000              | 872,240              | 1,392,240            | 85,000              | 244,284             | 329,284             |
| 2003-04   | 545,000              | 840,550              | 1,385,550            | 95,000              | 236,297             | 331,297             |
| 2004-17   | 12,680,000           | 6,599,450            | 19,279,450           | 2,615,000           | 1,940,298           | 4,555,298           |
|           | <u>\$ 15,140,000</u> | <u>\$ 11,096,358</u> | <u>\$ 26,236,358</u> | <u>\$ 3,010,000</u> | <u>\$ 3,195,000</u> | <u>\$ 6,205,000</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 is due June 2001. Interest is 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.

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.

The annual requirements to amortize this loan outstanding at June 30, 1999, are as follows:

| Year      | Principal         | Interest         | Total             |
|-----------|-------------------|------------------|-------------------|
| 1999-2000 | -                 | 45,000           | 45,000            |
| 2000-01   | 500,000           | 54,863           | 554,863           |
|           | <u>\$ 500,000</u> | <u>\$ 99,863</u> | <u>\$ 599,863</u> |

## D. Capital Lease Payable

On March 21, 1995, the City entered into a lease purchase arrangement with Municipal Leasing Associates, Inc. in order to finance computer equipment totaling \$224,508. The lease term is five (5) years, with payments due in five (5) consecutive annual payments. Each payment (except the first principal only payment) includes interest at the rate of 6.72% per annum on the unpaid principal. The computer equipment has been recorded in the General Fixed Assets Account Group.

The annual requirements to amortize this lease at June 30, 1999, are as follows:

| Year      | Total<br>Rent | Principal | Interest |
|-----------|---------------|-----------|----------|
| 1999-2000 | \$ 50,924     | \$ 47,717 | \$ 3,207 |

## NOTE 5 - CITY WATER UTILITY

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

|                                 | Balance<br>June 30, 1998 | Additions    | Deletions  | Balance<br>June 30, 1999 |
|---------------------------------|--------------------------|--------------|------------|--------------------------|
| Land and water rights           | \$ 1,932,859             | \$ -         | \$ -       | \$ 1,932,859             |
| Source of supply                | 437,217                  | -            | -          | 437,217                  |
| Pumping plant                   | 531,429                  | -            | -          | 531,429                  |
| Water treatment                 | 51,088                   | 1,178        | -          | 52,266                   |
| Transmission/distribution       | 12,215,228               | 135,130      | 196,573    | 12,153,785               |
| General plant                   | 2,939,355                | 4,649        | 11,414     | 2,932,590                |
| Construction in progress        | 4,382,102                | 2,950,555    | 138,294    | 7,194,363                |
| Total                           | 22,489,278               | \$ 3,091,512 | \$ 346,281 | 25,234,509               |
| Less : Accumulated depreciation | 10,335,327               |              |            | 10,595,903               |
| Net                             | \$ 12,153,951            |              |            | \$ 14,638,606            |

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

|                                     | Balance<br>June 30, 1998 | Additions   | Deletions         | Balance<br>June 30, 1999 |
|-------------------------------------|--------------------------|-------------|-------------------|--------------------------|
| Loan payable to State of California | \$ 529,148               | \$ -        | \$ 46,427         | \$ 482,721               |
| 1996 Water Revenue Bonds            | 5,675,000                | -           | 205,000           | 5,470,000                |
|                                     | 6,204,148                | -           | 251,427           | 5,952,721                |
| Less: Discount on Bonds             | (23,683)                 | -           | 1,334             | (22,349)                 |
| Total                               | <u>\$ 6,180,465</u>      | <u>\$ -</u> | <u>\$ 250,093</u> | <u>\$ 5,930,372</u>      |

C. Loan Payable to State of California

The water utility constructed a 6-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, 1999, are as follows:

| Year      | Principal         | Interest         | Total             |
|-----------|-------------------|------------------|-------------------|
| 1999-2000 | \$ 48,290         | \$ 19,371        | \$ 67,661         |
| 2000-01   | 50,228            | 17,433           | 67,661            |
| 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     | <u>\$ 482,721</u> | <u>\$ 96,973</u> | <u>\$ 579,694</u> |

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 City incurs interest charges on the bonds payable. Certain interest is capitalized as a component cost of the projects constructed with bond proceeds and amortized over the useful life of the facilities. Interest capitalized, net of interest earnings on the proceeds for the year ended June 30, 1999, was \$229,051.

The annual requirements to amortize the bonds outstanding at June 30, 1999, are as follows:

| Year      | Principal    | Interest     | Total       |
|-----------|--------------|--------------|-------------|
| 1999-2000 | 215,000      | 286,248      | 501,248     |
| 2000-01   | 225,000      | 277,432      | 502,432     |
| 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     |
|           | \$ 5,470,000 | \$ 3,047,548 | \$8,517,548 |

#### E. Segment Information.

Net working capital of the Water Utility at June 30, 1999, was as follows:

|   |                     |
|---|---------------------|
| Current Assets                                  | \$ 4,802,744        |
| Current liabilities payable from current assets | <u>762,199</u>      |
| Net working capital                             | <u>\$ 4,040,545</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, 1999

|                               | <u>Due From<br/>Other Funds</u> | <u>Due to<br/>Other Funds</u> |
|-------------------------------|---------------------------------|-------------------------------|
| General fund                  | \$ 76,608                       | \$ 31,738                     |
| Debt service fund             | -                               | 2,898                         |
| Capital project funds:        |                                 |                               |
| Lakewood Capital Improvements | 31,738                          | -                             |
| Lakewood Redevelopment Agency | 2,898                           | -                             |
| Internal service fund:        |                                 |                               |
| Central Stores                | -                               | 76,608                        |
| Total                         | <u>\$ 111,244</u>               | <u>\$ 111,244</u>             |

Loans payable and accrued interest payable from the Agency to the City were as follows for the year ended June 30, 1999:

|                              | <u>Loans</u>         | <u>Accrued<br/>Interest</u> | <u>Total</u>         |
|------------------------------|----------------------|-----------------------------|----------------------|
| Balance at June 30, 1998     | \$ 10,385,312        | \$ -                        | \$ 10,385,312        |
| Additions                    | 925,000              | 89,160                      | 1,014,160            |
| Payments from Agency to City | (120,840)            | (89,160)                    | (210,000)            |
| Balance at June 30, 1999     | <u>\$ 11,189,472</u> | <u>\$ -</u>                 | <u>\$ 11,189,472</u> |

Interest at an annual rate of 9% 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 are 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 1998-99 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 1998-99, the City's actual and contributed pension cost was \$608,343. The required contribution for fiscal year 1998-99 was determined as part of the June 30, 1997 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 8.25% investment rate of return (net of administrative expenses), (b) projected salary increases that vary by duration of service ranging from 4.5% to 14.95%, and (c) a 2% cost-of-living adjustment. Both (a) and (b) include an inflation component of 4.5%. 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 two to five year period depending on the size of investment gains and/or losses. The Plan's unfunded actuarial accrued liability (or excess assets) are being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 1998 was 2 years.

Funding Status and Progress

Three-Year Trend Information for the Miscellaneous Plan:

| <u>Fiscal Year<br/>Ending</u>  | <u>Annual Pension<br/>Cost (APC)</u> | <u>Percentage of<br/>APC Contributed</u> | <u>Net Pension<br/>Obligation</u> |
|--------------------------------|--------------------------------------|--|-----------------------------------|
| <u>Miscellaneous Employees</u> |                                      |  |                                   |
| 6/30/97                        | 771,664                              | 100%                                     | -                                 |
| 6/30/98                        | 655,804                              | 100%                                     | -                                 |
| 6/30/99                        | 608,343                              | 100%                                     | -                                 |

Schedule of Funding Progress for PERS

| Actuarial Valuation Date | Entry Age Normal Accrued Liability | Actuarial Value of Assets | Unfunded (Overfunded) Liability | Funded Ratio | Annual Covered Payroll | UAAL As a % of Payroll |
|--------------------------|------------------------------------|---------------------------|---------------------------------|--------------|------------------------|------------------------|
| 6/30/95                  | 26,272,315                         | 27,221,175                | (948,860)                       | 103.6%       | 7,277,015              | (13.039%)              |
| 6/30/96                  | 28,029,664                         | 30,759,962                | (2,730,298)                     | 109.7%       | 6,976,437              | (39.136%)              |
| 6/30/97                  | 27,832,183                         | 35,351,374                | (7,519,191)                     | 127.0%       | 7,845,364              | (95.842%)              |

## 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 employees' 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.

The asset market value of the ICMA Retirement Corporation Plan at June 30, 1999 was \$4,085,597. The asset market value of the PERS California Employees Deferred Plan at June 30, 1999 was \$108,995.

## NOTE 9 - RESERVES AND DESIGNATIONS OF FUND EQUITY

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

The City's reserves and designations at June 30, 1999 are tabulated below, followed by explanations as to the nature and purpose of each reserve and designation.

| Reserves                  | General Fund        | Special Revenue Fund | Debt Service Fund   | Capital Projects Fund | Enterprise Fund   |
|---------------------------|---------------------|----------------------|---------------------|-----------------------|-------------------|
| Encumbrances              | \$ 319,889          | \$ 80,020            | \$ -                | \$ 32,803             | \$ -              |
| Continuing appropriations | 2,066,615           | 1,041,332            | -                   | 104,874               | -                 |
| Personnel benefits        | 2,620,742           | -                    | -                   | -                     | -                 |
| Debt service              | -                   | -                    | 9,301,210           | -                     | -                 |
| Low and moderate housing  | -                   | -                    | -                   | 2,814,059             | -                 |
| Special revenue purposes  | -                   | 1,733,045            | -                   | -                     | -                 |
| Notes receivable          | -                   | -                    | -                   | 257,746               | -                 |
| Other reserves            | 657,935             | -                    | -                   | -                     | 417,131           |
| Total reserves            | <u>\$ 5,665,181</u> | <u>\$ 2,854,397</u>  | <u>\$ 9,301,210</u> | <u>\$ 3,209,482</u>   | <u>\$ 417,131</u> |

| Designations                       | General Fund         | Capital Projects Funds |
|------------------------------------|----------------------|------------------------|
| Self-insurance                     | \$ 3,917,000         | \$ -                   |
| Capital improvements               | 3,914,424            | 88,232                 |
| Facilities replacement             | 2,589,842            | -                      |
| Equipment replacement              | 2,852,420            | -                      |
| General contingencies              | 5,435,780            | -                      |
| Infrastructure improvements        | 4,000,000            | -                      |
| Refuse disposal rate stabilization | 935,320              | -                      |
| Total designations                 | <u>\$ 23,644,786</u> | <u>\$ 88,232</u>       |

#### 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, 1999 will carry forward as continuing appropriations to be expended in 1999-2000.

#### C. Reserve for Personnel Benefits

This reserve provides for additional negotiated personnel benefits, as provided in the memorandum of understanding effective July 1, 1999.

#### D. Reserve for Debt Service

The Tax Increment Bond Resolutions require that reserves be established. (See Note 4.A for a description of the title and the purpose for each fund.)

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, and drug abuse prevention programs.

G. Reserve for Notes Receivable

These funds are reserved for deferred loans receivable which are made to senior citizens, the physically handicapped, and low- and moderate-income residents to provide housing rehabilitation loans. The loans are not repayable until the title to the property changes. (See Note 10 for description of loan program.)

H. Other reserves

Other reserves have been established for law enforcement, capital lease payable, 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, 1999 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. 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 sixty 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 - JOINT POWERS AUTHORITY

A. Description of Joint Powers Authority

The City is a member of the California Joint Powers Insurance Authority (Authority). The Authority is comprised of 80 California member cities and four other public agencies and is organized under a Joint Powers Agreement pursuant to the California Government Code. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess or re-insurance coverage, and to arrange for group-purchased insurance for property and other coverages.

Each member city has a representative on the Board of Directors. The Board operates through a 9-member Executive Committee. The Authority was formed in 1977.

B. Self-insurance Programs of the Authority

General liability insurance. Annual deposits are paid by member cities and are adjusted retrospectively to cover costs. Each member city, including Lakewood, self-insures for the first \$20,000 of each loss. Participating cities then share in the next \$20,001 to \$500,000 per loss occurrence. Specific coverage includes comprehensive and general automotive liability, personal injury, contractual liability, errors and omissions, and certain other coverage. Losses between \$500,001 and \$5,000,000 are pooled based on payroll. Re-insurance is provided for coverage from \$5,000,001 to \$50,000,000.

Workers' Compensation. Annual deposits are paid by member cities and are adjusted retrospectively to cover costs. Each member city has a specific retention level. The City of Lakewood has a retention level of \$50,000 and pays 100% of all losses incurred under \$50,000. The City does not share or pay for losses of other cities under \$50,000. Losses of \$50,001 to \$100,000 are prorated among all participating cities on the basis of each city's total losses under its retention level. Losses between \$100,001 and \$500,000 are prorated on a payroll basis. Losses in excess of \$500,000 are covered by excess insurance purchased by the Authority to statutory requirements. This cost is also prorated on a payroll basis.

Property Protection. The City of Lakewood participates in the All Risk Property Protection Program, which is underwritten by several casualty insurance companies. The annual premiums paid by participating member cities are based upon deductibility levels and are not subject to retroactive adjustments.

#### C. Insurance Coverage

During the past three fiscal years, none of the above programs have had settlements that exceeded insurance coverage. Furthermore, there have been no significant reductions in insurance 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 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. The benefit is a "defined dollar benefit" set at \$100 per month on July 1, 1989, continuing until the retiree has met the insured status requirements for Medicare. Thereafter, the payment is reduced to \$51 per month. The benefit is increased 2% annually for the duration of the retiree's eligibility. The amounts of the monthly benefit during fiscal 1998-99 were \$122 and \$51, respectively.

Expenditures for this post-retirement benefit are recognized as retirees file claims. During the year, expenditures of \$12,447 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. During the fiscal year ended June 30, 1999, the results of an actuarial study of both existing open claims and claims not yet reported revealed the Liability Trust Fund was significantly underfunded. In order to fund these past obligations of the Liability Trust Fund, the premium paid by the City may increase in future periods. The precise amount and timing of any

contingencies or commitments resulting from the shortfall in the County's Liability Trust Fund cannot be determined at this time.

#### 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- PRIOR PERIOD ADJUSTMENT

In Fiscal Years 1996-97 and 1997-98, the Lakewood Redevelopment Agency made \$63,000 in housing rehabilitation deferred loans (see Note 10) and received loan repayments of \$3,253. These transactions were reported as revenues and expenditures in the Lakewood Redevelopment Agency Capital Project Fund, but should have been reported as notes receivable. Therefore a prior period adjustment of \$59,747 is reflected in the Lakewood Redevelopment Agency Capital Project Fund as of June 30, 1999.

#### NOTE 17- SUBSEQUENT EVENTS

##### A. 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.

##### B. 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.

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. The value of the lease is based on the amount of additional tax increment received above a base year amount and is capped at \$750,000 per year. The annual lease payments will be paid with tax increment revenues generated by the Mall.

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.

C. Lakewood Redevelopment Agency Redevelopment Project No. 1 (Town Center) Tax Allocation Parity Refunding Bonds, 1999 Series A

Subsequent to June 30, 1999, the Lakewood Redevelopment Agency issued the Redevelopment Project No. 1 (Town Center) Tax Allocation Parity Refunding Bonds, 1999 Series. The bonds were sold on October 13, 1999. Proceeds of the 1999 Series A Bonds were used to advance refund a portion of the 1992 Bonds, to fund certain obligations of the Agency, to establish a reserve account, and to pay the expenses of the Agency in connection with the issuance of the Bonds.

Annual debt service requirements to amortize the bonds will be as follows:

| <u>Year</u> | <u>Principal</u>    | <u>Interest</u>      | <u>Total</u>         |
|-------------|---------------------|----------------------|----------------------|
| 1999-2000   | \$ -                | \$ 138,110           | \$ 138,110           |
| 2000-2001   | -                   | 331,465              | 331,465              |
| 2001-2002   | -                   | 331,465              | 331,465              |
| 2002-2003   | 195,000             | 327,565              | 522,565              |
| 2003-2004   | 225,000             | 319,165              | 544,165              |
| 2004-2018   | 6,340,000           | 9,343,603            | 15,683,603           |
|             | <u>\$ 6,760,000</u> | <u>\$ 10,791,373</u> | <u>\$ 17,551,373</u> |



**FINANCIAL STATEMENTS  
OF  
INDIVIDUAL FUNDS**



COMBINING BALANCE SHEET -  
ALL SPECIAL REVENUE FUNDS  
JUNE 30, 1999

|  | State<br>Gasoline<br>Tax | Park<br>Dedication | Sewer<br>Recon-<br>struction | Prop A<br>Transit |
|--|--------------------------|--------------------|------------------------------|-------------------|
| <b>ASSETS</b>                              |                          |                    |                              |                   |
| Cash and investments                       | \$ -                     | \$ 765,802         | \$ 156,591                   | \$ 420,203        |
| Accounts receivable                        | 137,603                  | -                  | -                            | 82,215            |
| <b>Total assets</b>                        | <b>\$ 137,603</b>        | <b>\$ 765,802</b>  | <b>\$ 156,591</b>            | <b>\$ 502,418</b> |
| <b>LIABILITIES AND FUND BALANCES</b>       |                          |                    |                              |                   |
| <b>Liabilities:</b>                        |                          |                    |                              |                   |
| Accounts payable                           | \$ -                     | \$ 10,919          | \$ -                         | \$ 39,863         |
| Accrued liabilities                        | -                        | -                  | -                            | 3,075             |
| <b>Total liabilities</b>                   | <b>-</b>                 | <b>10,919</b>      | <b>-</b>                     | <b>42,938</b>     |
| <b>Fund balances:</b>                      |                          |                    |                              |                   |
| <b>Reserved:</b>                           |                          |                    |                              |                   |
| For encumbrances                           | -                        | 77,620             | -                            | 2,400             |
| For continuing appropriations              | -                        | 16,834             | -                            | 85,818            |
| For special revenue purposes               | 137,603                  | 660,429            | 156,591                      | 371,262           |
| <b>Total fund balances</b>                 | <b>137,603</b>           | <b>754,883</b>     | <b>156,591</b>               | <b>459,480</b>    |
| <b>Total liabilities and fund balances</b> | <b>\$ 137,603</b>        | <b>\$ 765,802</b>  | <b>\$ 156,591</b>            | <b>\$ 502,418</b> |

(continued)

(Continued)

| Housing<br>Authority<br>Fund | Drug<br>Forfeiture<br>Fund | Prop C<br>Trans-<br>portation | AB 2766           | Totals              |                     |
|------------------------------|----------------------------|-------------------------------|-------------------|---------------------|---------------------|
|                              |                            |                               |                   | June 30,<br>1999    | June 30,<br>1998    |
| \$ 321,194                   | \$ 462                     | \$ 949,177                    | \$ 297,491        | \$ 2,910,920        | \$ 4,660,843        |
| 4,295                        | 12,643                     | 75,767                        | 25,462            | 337,985             | 353,387             |
| <u>\$ 325,489</u>            | <u>\$ 13,105</u>           | <u>\$ 1,024,944</u>           | <u>\$ 322,953</u> | <u>\$ 3,248,905</u> | <u>\$ 5,014,230</u> |
| <br>                         |                            |                               |                   |                     |                     |
| \$ 325,489                   | \$ 10,257                  | \$ 3,254                      | \$ 366            | \$ 390,148          | \$ 580,131          |
| -                            | -                          | 989                           | 296               | 4,360               | 2,749               |
| <u>325,489</u>               | <u>10,257</u>              | <u>4,243</u>                  | <u>662</u>        | <u>394,508</u>      | <u>582,880</u>      |
| <br>                         |                            |                               |                   |                     |                     |
| -                            | -                          | -                             | -                 | 80,020              | 274,248             |
| -                            | -                          | 903,642                       | 35,038            | 1,041,332           | 1,549,609           |
| -                            | 2,848                      | 117,059                       | 287,253           | 1,733,045           | 2,607,493           |
| <u>-</u>                     | <u>2,848</u>               | <u>1,020,701</u>              | <u>322,291</u>    | <u>2,854,397</u>    | <u>4,431,350</u>    |
| <br>                         |                            |                               |                   |                     |                     |
| <u>\$ 325,489</u>            | <u>\$ 13,105</u>           | <u>\$ 1,024,944</u>           | <u>\$ 322,953</u> | <u>\$ 3,248,905</u> | <u>\$ 5,014,230</u> |

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
ALL SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

|   | State<br>Gasoline<br>Tax | Park<br>Dedication | Sewer<br>Recon-<br>struction | Prop A<br>Transit |
|---|--------------------------|--------------------|------------------------------|-------------------|
| Revenues:   |                          |                    |                              |                   |
| Taxes   | \$ -                     | \$ -               | \$ -                         | \$ 878,740        |
| Licenses and permits  | -                        | 660                | 16,711                       | -                 |
| Interest, rents and concessions   | 37,951                   | -                  | -                            | 30,204            |
| From other agencies   | 1,427,298                | -                  | -                            | -                 |
| Current service charges   | -                        | -                  | -                            | -                 |
| Other   | -                        | 20                 | -                            | -                 |
| Total revenues  | <u>1,465,249</u>         | <u>680</u>         | <u>16,711</u>                | <u>908,944</u>    |
| Expenditures:   |                          |                    |                              |                   |
| Public safety   | -                        | -                  | -                            | -                 |
| Transportation  | -                        | -                  | -                            | 1,472,747         |
| Community development   | -                        | -                  | -                            | -                 |
| Culture and leisure   | -                        | 3,450              | -                            | -                 |
| Total expenditures  | <u>-</u>                 | <u>3,450</u>       | <u>-</u>                     | <u>1,472,747</u>  |
| Excess of revenues over<br>(under) expenditures                                     | <u>1,465,249</u>         | <u>(2,770)</u>     | <u>16,711</u>                | <u>(563,803)</u>  |
| Other financing sources (uses):   |                          |                    |                              |                   |
| Operating transfers in  | -                        | -                  | -                            | -                 |
| Operating transfers out   | <u>(1,465,143)</u>       | <u>(260,583)</u>   | <u>-</u>                     | <u>-</u>          |
| Total other financing sources (uses)  | <u>(1,465,143)</u>       | <u>(260,583)</u>   | <u>-</u>                     | <u>-</u>          |
| Excess of revenues and other<br>sources over (under)<br>expenditures and other uses | 106                      | (263,353)          | 16,711                       | (563,803)         |
| Fund balances - July 1  | <u>137,497</u>           | <u>1,018,236</u>   | <u>139,880</u>               | <u>1,023,283</u>  |
| Fund balances - June 30   | <u>\$ 137,603</u>        | <u>\$ 754,883</u>  | <u>\$ 156,591</u>            | <u>\$ 459,480</u> |

(continued)

(Continued)

| Housing<br>Authority<br>Fund | Drug<br>Forfeiture<br>Fund | Prop C<br>Trans-<br>portation | AB 2766           | Totals              |                     |
|------------------------------|----------------------------|-------------------------------|-------------------|---------------------|---------------------|
|                              |                            |                               |                   | June 30,<br>1999    | June 30,<br>1998    |
| \$ -                         | \$ -                       | \$ 734,194                    | \$ -              | \$ 1,612,934        | \$ 1,563,964        |
| -                            | -                          | -                             | -                 | 17,371              | 7,932               |
| 29,472                       | -                          | 61,521                        | 18,474            | 177,622             | 291,041             |
| 932,500                      | -                          | -                             | 84,684            | 2,444,482           | 2,366,669           |
| -                            | 69,032                     | -                             | -                 | 69,032              | 59,211              |
| -                            | -                          | -                             | -                 | 20                  | 1,763               |
| <u>961,972</u>               | <u>69,032</u>              | <u>795,715</u>                | <u>103,158</u>    | <u>4,321,461</u>    | <u>4,290,580</u>    |
| -                            | 123,084                    | -                             | -                 | 123,084             | 116,389             |
| -                            | -                          | 106,965                       | 175,267           | 1,754,979           | 1,564,820           |
| 961,972                      | -                          | -                             | -                 | 961,972             | 910,937             |
| -                            | -                          | -                             | -                 | 3,450               | 4,890               |
| <u>961,972</u>               | <u>123,084</u>             | <u>106,965</u>                | <u>175,267</u>    | <u>2,843,485</u>    | <u>2,597,036</u>    |
| -                            | (54,052)                   | 688,750                       | (72,109)          | 1,477,976           | 1,693,544           |
| -                            | 56,900                     | -                             | -                 | 56,900              | 54,793              |
| -                            | -                          | (1,386,103)                   | -                 | (3,111,829)         | (2,264,426)         |
| -                            | 56,900                     | (1,386,103)                   | -                 | (3,054,929)         | (2,209,633)         |
| -                            | 2,848                      | (697,353)                     | (72,109)          | (1,576,953)         | (516,089)           |
| -                            | -                          | 1,718,054                     | 394,400           | 4,431,350           | 4,947,439           |
| <u>\$ -</u>                  | <u>\$ 2,848</u>            | <u>\$ 1,020,701</u>           | <u>\$ 322,291</u> | <u>\$ 2,854,397</u> | <u>\$ 4,431,350</u> |

STATE GASOLINE TAX SPECIAL REVENUE FUND  
 COMPARATIVE BALANCE SHEET  
 JUNE 30, 1999 AND 1998

|                                       | <u>1999</u>       | <u>1998</u>       |
|---------------------------------------|-------------------|-------------------|
| ASSETS                                |                   |                   |
| Cash and investments                  | \$ -              | \$ 9,533          |
| Accounts receivable                   | <u>137,603</u>    | <u>127,964</u>    |
| Total assets                          | <u>\$ 137,603</u> | <u>\$ 137,497</u> |
| FUND BALANCE                          |                   |                   |
| Fund balance:                         |                   |                   |
| Reserved for special revenue purposes | <u>\$ 137,603</u> | <u>\$ 137,497</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, 1999 AND 1998

|   | 1999         |             |  | 1998        |             |  |
|---|--------------|-------------|--|-------------|-------------|--|
|   | Budget       | Actual      | Variance<br>Favorable<br>(Unfavorable) | Budget      | Actual      | Variance<br>Favorable<br>(Unfavorable) |
| Revenues:                                     |              |             |  |             |             |  |
| Interest, rents and<br>concessions            | \$ 20,000    | \$ 37,951   | \$ 17,951                              | \$ 10,000   | \$ 68,890   | \$ 58,890                              |
| From other agencies                           | 1,407,500    | 1,427,298   | 19,798                                 | 1,291,500   | 1,378,771   | 87,271                                 |
| Total revenues                                | 1,427,500    | 1,465,249   | 37,749                                 | 1,301,500   | 1,447,661   | 146,161                                |
| Other financing (uses):                       |              |             |  |             |             |  |
| Operating transfers out                       | (1,696,768)  | (1,465,143) | 231,625                                | (1,265,400) | (1,500,000) | (234,600)                              |
| Excess of revenues over<br>(under) other uses | (269,268)    | 106         | 269,374                                | 36,100      | (52,339)    | (88,439)                               |
| Fund balance - July 1                         | 137,497      | 137,497     | -                                      | 189,836     | 189,836     | -                                      |
| Fund balance - June 30                        | \$ (131,771) | \$ 137,603  | \$ 269,374                             | \$ 225,936  | \$ 137,497  | \$ (88,439)                            |

PARK DEDICATION SPECIAL REVENUE FUND  
COMPARATIVE BALANCE SHEET  
JUNE 30, 1999 AND 1998

|  | <u>1999</u>       | <u>1998</u>         |
|--|-------------------|---------------------|
| ASSETS                                 |                   |                     |
| Cash and investments                   | <u>\$ 765,802</u> | <u>\$ 1,067,536</u> |
| LIABILITIES AND FUND BALANCE           |                   |                     |
| Liabilities:                           |                   |                     |
| Accounts payable                       | <u>\$ 10,919</u>  | <u>\$ 49,300</u>    |
| Fund balance:                          |                   |                     |
| Reserved for encumbrances              | 77,620            | -                   |
| Reserved for continuing appropriations | 16,834            | 11,265              |
| Reserved for special revenue purposes  | <u>660,429</u>    | <u>1,006,971</u>    |
| Total fund balance                     | <u>754,883</u>    | <u>1,018,236</u>    |
| Total liabilities and fund balance     | <u>\$ 765,802</u> | <u>\$ 1,067,536</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, 1999 AND 1998

|   | 1999       |            |  | 1998       |              |  |
|---|------------|------------|--|------------|--------------|--|
|   | Budget     | Actual     | Variance<br>Favorable<br>(Unfavorable) | Budget     | Actual       | Variance<br>Favorable<br>(Unfavorable) |
| Revenues:   |            |            |  |            |              |  |
| Licenses and permits  | \$ 10,000  | \$ 660     | \$ (9,340)                             | \$ 20,000  | \$ 6,633     | \$ (13,367)                            |
| Other   | -          | 20         | 20                                     | -          | 20           | 20                                     |
| Total revenues  | 10,000     | 680        | (9,320)                                | 20,000     | 6,653        | (13,347)                               |
| Expenditures:   |            |            |  |            |              |  |
| Culture and leisure   | 5,214      | 3,450      | 1,764                                  | 11,253     | 4,890        | 6,363                                  |
| Excess of revenues over<br>(under) expenditures                   | 4,786      | (2,770)    | (7,556)                                | 8,747      | 1,763        | (6,984)                                |
| Other financing (uses):   |            |            |  |            |              |  |
| Operating transfers out   | (353,295)  | (260,583)  | 92,712                                 | (169,558)  | (133,317)    | 36,241                                 |
| Excess of revenues over<br>(under) expenditures<br>and other uses | (348,509)  | (263,353)  | 85,156                                 | (160,811)  | (131,554)    | 29,257                                 |
| Fund balance - July 1   | 1,018,236  | 1,018,236  | -                                      | 1,149,790  | 1,149,790    | -                                      |
| Fund balance - June 30  | \$ 669,727 | \$ 754,883 | \$ 85,156                              | \$ 988,979 | \$ 1,018,236 | \$ 29,257                              |

SEWER RECONSTRUCTION SPECIAL FUND  
 COMPARATIVE BALANCE SHEET  
 JUNE 30, 1999 AND 1998

|                                       | <u>1999</u>       | <u>1998</u>       |
|---------------------------------------|-------------------|-------------------|
| ASSETS                                |                   |                   |
| Cash and investments                  | <u>\$ 156,591</u> | <u>\$ 139,880</u> |
| FUND BALANCE                          |                   |                   |
| Fund balance:                         |                   |                   |
| Reserved for special revenue purposes | <u>\$ 156,591</u> | <u>\$ 139,880</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, 1999 AND 1998

|                           | 1999           |                   |  | 1998              |                   |  |
|---------------------------|----------------|-------------------|--|-------------------|-------------------|--|
|                           | Budget         | Actual            | Variance<br>Favorable<br>(Unfavorable) | Budget            | Actual            | Variance<br>Favorable<br>(Unfavorable) |
| Revenues:                 |                |                   |  |                   |                   |  |
| Licenses and permits \$   | 6,000          | \$ 16,711         | \$ 10,711                              | \$ 6,000          | \$ 1,299          | \$ (4,701)                             |
| Fund balance - July 1     | <u>139,880</u> | <u>139,880</u>    | <u>-</u>                               | <u>138,581</u>    | <u>138,581</u>    | <u>-</u>                               |
| Fund balance - June 30 \$ | <u>145,880</u> | <u>\$ 156,591</u> | <u>\$ 10,711</u>                       | <u>\$ 144,581</u> | <u>\$ 139,880</u> | <u>\$ (4,701)</u>                      |

PROP A TRANSIT SPECIAL REVENUE FUND  
COMPARATIVE BALANCE SHEET  
JUNE 30, 1999 AND 1998

|  | 1999           | 1998             |
|--|----------------|------------------|
| <b>ASSETS</b>                          |                |                  |
| Cash and investments                   | \$ 420,203     | \$ 962,045       |
| Accounts receivable                    | 82,215         | 90,584           |
| <br>Total assets                       | <br>\$ 502,418 | <br>\$ 1,052,629 |
| <b>LIABILITIES AND FUND BALANCE</b>    |                |                  |
| Liabilities:                           |                |                  |
| Accounts payable                       | \$ 39,863      | \$ 27,360        |
| Accrued liabilities                    | 3,075          | 1,986            |
| <br>Total liabilities                  | <br>42,938     | <br>29,346       |
| Fund balance:                          |                |                  |
| Reserved for encumbrances              | 2,400          | 151,286          |
| Reserved for continuing appropriations | 85,818         | -                |
| Reserved for special revenue purposes  | 371,262        | 871,997          |
| <br>Total fund balance                 | <br>459,480    | <br>1,023,283    |
| <br>Total liabilities and fund balance | <br>\$ 502,418 | <br>\$ 1,052,629 |

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, 1999 AND 1998

|   | 1999       |            |  | 1998       |              |  |
|---|------------|------------|--|------------|--------------|--|
|   | Budget     | Actual     | Variance<br>Favorable<br>(Unfavorable) | Budget     | Actual       | Variance<br>Favorable<br>(Unfavorable) |
| Revenues:                                       |            |            |  |            |              |  |
| Taxes   | \$ 900,000 | \$ 878,740 | \$ (21,260)                            | \$ 700,000 | \$ 854,907   | \$ 154,907                             |
| Interest, rents and<br>concessions              | 30,000     | 30,204     | 204                                    | 15,000     | 86,214       | 71,214                                 |
| Total revenues                                  | 930,000    | 908,944    | (21,056)                               | 715,000    | 941,121      | 226,121                                |
| Expenditures:                                   |            |            |  |            |              |  |
| Transportation                                  | 1,558,565  | 1,472,747  | 85,818                                 | 1,524,097  | 1,317,177    | 206,920                                |
| Excess of revenues over<br>(under) expenditures | (628,565)  | (563,803)  | 64,762                                 | (809,097)  | (376,056)    | 433,041                                |
| Fund balance - July 1                           | 1,023,283  | 1,023,283  | -                                      | 1,399,339  | 1,399,339    | -                                      |
| Fund balance - June 30                          | \$ 394,718 | \$ 459,480 | \$ 64,762                              | \$ 590,242 | \$ 1,023,283 | \$ 433,041                             |

HOUSING AUTHORITY SPECIAL REVENUE FUND  
COMPARATIVE BALANCE SHEET  
JUNE 30, 1999 AND 1998

|                      | <u>1999</u>       | <u>1998</u>       |
|----------------------|-------------------|-------------------|
| ASSETS               |                   |                   |
| Cash and investments | \$ 321,194        | \$ 424,518        |
| Accounts receivable  | <u>4,295</u>      | <u>3,516</u>      |
| Total assets         | <u>\$ 325,489</u> | <u>\$ 428,034</u> |
| LIABILITIES          |                   |                   |
| Liabilities:         |                   |                   |
| Accounts payable     | <u>\$ 325,489</u> | <u>\$ 428,034</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, 1999 AND 1998

|   | 1999      |           |  | 1998      |           |  |
|---|-----------|-----------|--|-----------|-----------|--|
|   | Budget    | Actual    | Variance<br>Favorable<br>(Unfavorable) | Budget    | Actual    | Variance<br>Favorable<br>(Unfavorable) |
| Revenues:                                       |           |           |  |           |           |  |
| Interest, rents and<br>concessions              | \$ 15,000 | \$ 29,472 | \$ 14,472                              | \$ 11,000 | \$ 25,113 | \$ 14,113                              |
| From other agencies                             | 1,015,000 | 932,500   | (82,500)                               | 1,120,700 | 885,824   | (234,876)                              |
| Total revenues                                  | 1,030,000 | 961,972   | (68,028)                               | 1,131,700 | 910,937   | (220,763)                              |
| Expenditures:                                   |           |           |  |           |           |  |
| Community<br>development                        | 1,030,000 | 961,972   | 68,028                                 | 1,131,700 | 910,937   | 220,763                                |
| Excess of revenues over<br>(under) expenditures | -         | -         | -                                      | -         | -         | -                                      |
| Fund balance - July 1                           | -         | -         | -                                      | -         | -         | -                                      |
| Fund balance - June 30                          | \$ -      | \$ -      | \$ -                                   | \$ -      | \$ -      | \$ -                                   |

DRUG FORFEITURE SPECIAL REVENUE FUND  
COMPARATIVE BALANCE SHEET  
JUNE 30, 1999 AND 1998

|                                       | <u>1999</u>      | <u>1998</u>     |
|---------------------------------------|------------------|-----------------|
| ASSETS                                |                  |                 |
| Cash and investments                  | \$ 462           | \$ 2,242        |
| Accounts receivable                   | <u>12,643</u>    | <u>7,457</u>    |
| Total assets                          | <u>\$ 13,105</u> | <u>\$ 9,699</u> |
| LIABILITIES AND FUND BALANCE          |                  |                 |
| Liabilities:                          |                  |                 |
| Accounts Payable                      | \$ 10,257        | \$ 9,699        |
| Fund Balance:                         |                  |                 |
| Reserved for special revenue purposes | <u>2,848</u>     | <u>-</u>        |
| Total liabilities and fund balance    | <u>\$ 13,105</u> | <u>\$ 9,699</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, 1999 AND 1998

|  | 1999      |           |  | 1998        |           |  |
|--|-----------|-----------|--|-------------|-----------|--|
|  | Budget    | Actual    | Variance<br>Favorable<br>(Unfavorable) | Budget      | Actual    | Variance<br>Favorable<br>(Unfavorable) |
| Revenues:  |           |           |  |             |           |  |
| Current service charges  | \$ 60,000 | \$ 69,032 | \$ 9,032                               | \$ 60,000   | \$ 59,211 | \$ (789)                               |
| Other  | 18,000    | -         | (18,000)                               | 18,000      | 1,743     | (16,257)                               |
| Total revenues   | 78,000    | 69,032    | (8,968)                                | 78,000      | 60,954    | (17,046)                               |
| Expenditures:  |           |           |  |             |           |  |
| Public safety  | 135,362   | 123,084   | 12,278                                 | 131,379     | 116,389   | 14,990                                 |
| Excess of revenues over<br>(under) expenditures  | (57,362)  | (54,052)  | 3,310                                  | (53,379)    | (55,435)  | (2,056)                                |
| Other financing sources:   |           |           |  |             |           |  |
| Operating transfers in   | 63,362    | 56,900    | (6,462)                                | 42,000      | 54,793    | 12,793                                 |
| Excess of revenues and<br>other sources over (under)<br>expenditures and<br>other uses | 6,000     | 2,848     | (3,152)                                | (11,379)    | (642)     | 10,737                                 |
| Fund balance - July 1  | -         | -         | -                                      | 642         | 642       | -                                      |
| Fund balance - June 30   | \$ 6,000  | \$ 2,848  | \$ (3,152)                             | \$ (10,737) | \$ -      | \$ 10,737                              |

PROP C TRANSPORTATION SPECIAL REVENUE FUND  
COMPARATIVE BALANCE SHEET  
JUNE 30, 1999 AND 1998

|  | 1999         | 1998         |
|--|--------------|--------------|
| <b>ASSETS</b>                          |              |              |
| Cash and investments                   | \$ 949,177   | \$ 1,649,790 |
| Accounts receivable                    | 75,767       | 80,233       |
|  | \$ 1,024,944 | \$ 1,730,023 |
| <b>LIABILITIES AND FUND BALANCE</b>    |              |              |
| Liabilities:                           |              |              |
| Accounts payable                       | \$ 3,254     | \$ 11,392    |
| Accrued liabilities                    | 989          | 577          |
|  | 4,243        | 11,969       |
| Fund balance:                          |              |              |
| Reserved for encumbrances              | -            | 83,486       |
| Reserved for continuing appropriations | 903,642      | 1,514,054    |
| Reserved for special revenue purposes  | 117,059      | 120,514      |
|  | 1,020,701    | 1,718,054    |
| Total fund balance                     | 1,020,701    | 1,718,054    |
| Total liabilities and fund balance     | \$ 1,024,944 | \$ 1,730,023 |

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, 1999 AND 1998

|  | 1999        |              |  | 1998        |              |  |
|--|-------------|--------------|--|-------------|--------------|--|
|  | Budget      | Actual       | Variance<br>Favorable<br>(Unfavorable) | Budget      | Actual       | Variance<br>Favorable<br>(Unfavorable) |
| Revenues:  |             |              |  |             |              |  |
| Taxes  | \$ 700,000  | \$ 734,194   | \$ 34,194                              | \$ 670,000  | \$ 709,057   | \$ 39,057                              |
| Interest, rents and<br>concessions                                       | 50,000      | 61,521       | 11,521                                 | 40,000      | 87,613       | 47,613                                 |
| Total revenues   | 750,000     | 795,715      | 45,715                                 | 710,000     | 796,670      | 86,670                                 |
| Expenditures:  |             |              |  |             |              |  |
| Transportation   | 133,970     | 106,965      | 27,005                                 | 128,672     | 101,128      | 27,544                                 |
| Excess of revenues over<br>(under) expenditures                          | 616,030     | 688,750      | 72,720                                 | 581,328     | 695,542      | 114,214                                |
| Other financing sources (uses):  |             |              |  |             |              |  |
| Operating transfers out  | (2,262,740) | (1,386,103)  | 876,637                                | (2,223,849) | (631,109)    | 1,592,740                              |
| Excess of revenues and<br>sources over<br>expenditures and<br>other uses | (1,646,710) | (697,353)    | 949,357                                | (1,642,521) | 64,433       | 1,706,954                              |
| Fund balance - July 1  | 1,718,054   | 1,718,054    | -                                      | 1,653,621   | 1,653,621    | -                                      |
| Fund balance - June 30   | \$ 71,344   | \$ 1,020,701 | \$ 949,357                             | \$ 11,100   | \$ 1,718,054 | \$ 1,706,954                           |

AB 2766 SPECIAL REVENUE FUND  
COMPARATIVE BALANCE SHEET  
JUNE 30, 1999 AND 1998

|  | 1999       | 1998       |
|--|------------|------------|
| <b>ASSETS</b>                          |            |            |
| Cash and investments                   | \$ 297,491 | \$ 405,299 |
| Accounts receivable                    | 25,462     | 43,633     |
| Total assets                           | \$ 322,953 | \$ 448,932 |
| <b>LIABILITIES AND FUND BALANCE</b>    |            |            |
| Liabilities:                           |            |            |
| Accounts Payable                       | \$ 366     | \$ 54,346  |
| Accrued liabilities                    | 296        | 186        |
| Total liabilities                      | 662        | 54,532     |
| Fund balance:                          |            |            |
| Reserved for encumbrances              | -          | 39,476     |
| Reserved for continuing appropriations | 35,038     | 24,290     |
| Reserved for special revenue purposes  | 287,253    | 330,634    |
| Total fund balance                     | 322,291    | 394,400    |
| Total liabilities and fund balance     | \$ 322,953 | \$ 448,932 |

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, 1999 AND 1998

|  | 1999       |            |  | 1998       |            |  |
|--|------------|------------|--|------------|------------|--|
|  | Budget     | Actual     | Variance<br>Favorable<br>(Unfavorable) | Budget     | Actual     | Variance<br>Favorable<br>(Unfavorable) |
| Revenues:  |            |            |  |            |            |  |
| Interest, rents and<br>concessions   | \$ 14,500  | \$ 18,474  | \$ 3,974                               | \$ 14,500  | \$ 23,211  | \$ 8,711                               |
| From other agencies  | 80,000     | 84,684     | 4,684                                  | 80,000     | 102,074    | 22,074                                 |
| Total revenues   | 94,500     | 103,158    | 8,658                                  | 94,500     | 125,285    | 30,785                                 |
| Expenditures:  |            |            |  |            |            |  |
| Transportation   | 186,015    | 175,267    | 10,748                                 | 240,100    | 146,515    | 93,585                                 |
| Excess of revenues over<br>(under) expenditures                                  | (91,515)   | (72,109)   | 19,406                                 | (145,600)  | (21,230)   | 124,370                                |
| Other financing sources (uses):  |            |            |  |            |            |  |
| Operating transfers out  | (24,290)   | -          | 24,290                                 | (24,290)   | -          | 24,290                                 |
| Excess of revenues and<br>sources over (under)<br>expenditures and<br>other uses | (115,805)  | (72,109)   | 43,696                                 | (169,890)  | (21,230)   | 148,660                                |
| Fund balance - July 1  | 394,400    | 394,400    | -                                      | 415,630    | 415,630    | -                                      |
| Fund balance - June 30   | \$ 278,595 | \$ 322,291 | \$ 43,696                              | \$ 245,740 | \$ 394,400 | \$ 148,660                             |

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.

LAKEWOOD REDEVELOPMENT AGENCY DEBT SERVICE FUND  
COMPARATIVE BALANCE SHEET  
JUNE 30, 1999 AND 1998

|  | 1999         | 1998         |
|--|--------------|--------------|
| <b>ASSETS</b>                          |              |              |
| Cash and investments                   | \$ 2,416,560 | \$ 1,361,009 |
| Cash and investments with fiscal agent | 6,596,464    | 6,360,155    |
| Taxes receivable                       | 291,084      | 325,174      |
| Total assets                           | \$ 9,304,108 | \$ 8,046,338 |
| <b>LIABILITIES AND FUND BALANCE</b>    |              |              |
| Liabilities:                           |              |              |
| Due to other funds                     | \$ 2,898     | \$ 39,898    |
| Fund balance:                          |              |              |
| Reserved for debt service              | 9,301,210    | 8,006,440    |
| Total liabilities and fund balance     | \$ 9,304,108 | \$ 8,046,338 |

**SCHEDULE C-2**

LAKEWOOD REDEVELOPMENT AGENCY DEBT SERVICE FUND  
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE FISCAL YEARS ENDED JUNE 30, 1999 AND 1998

|   | 1999         | 1998         |
|---|--------------|--------------|
| Revenues:   |              |              |
| Taxes   | \$ 3,383,012 | \$ 3,393,299 |
| Interest, rents and concessions                     | 476,808      | 536,228      |
| Total revenues                                      | 3,859,820    | 3,929,527    |
| Expenditures:                                       |              |              |
| Debt service:                                       |              |              |
| Principal retirement                                | 480,000      | 455,000      |
| Interest  | 1,341,432    | 2,282,152    |
| Total expenditures                                  | 1,821,432    | 2,737,152    |
| Excess of revenues over expenditures                | 2,038,388    | 1,192,375    |
| Other financing (uses):                             |              |              |
| Operating transfers out                             | (743,618)    | (1,138,642)  |
| Excess of revenues over expenditures and other uses | 1,294,770    | 53,733       |
| Fund balance - July 1                               | 8,006,440    | 7,952,707    |
| Fund balance - June 30                              | \$ 9,301,210 | \$ 8,006,440 |

**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, 1999

|  | Lakewood                | Lakewood                | Totals              |                     |
|--|-------------------------|-------------------------|---------------------|---------------------|
|  | Capital<br>Improvements | Redevelopment<br>Agency | June 30,<br>1999    | June 30,<br>1998    |
| <b>ASSETS</b>                              |                         |                         |                     |                     |
| Cash and investments                       | \$ -                    | \$ 3,051,693            | \$ 3,051,693        | \$ 2,686,974        |
| Accrued revenue                            | -                       | 25,111                  | 25,111              | 19,933              |
| Due from other funds                       | 31,738                  | 2,898                   | 34,636              | 149,372             |
| Notes receivable                           | -                       | 257,746                 | 257,746             | -                   |
| <b>Total assets</b>                        | <b>\$ 31,738</b>        | <b>\$ 3,337,448</b>     | <b>\$ 3,369,186</b> | <b>\$ 2,856,279</b> |
| <b>LIABILITIES AND FUND BALANCE</b>        |                         |                         |                     |                     |
| <b>Liabilities:</b>                        |                         |                         |                     |                     |
| Accounts payable                           | \$ 31,738               | \$ 13,484               | \$ 45,222           | \$ 119,565          |
| Deferred revenue                           | -                       | 26,250                  | 26,250              | 25,000              |
| <b>Total liabilities</b>                   | <b>31,738</b>           | <b>39,734</b>           | <b>71,472</b>       | <b>144,565</b>      |
| <b>Fund balance:</b>                       |                         |                         |                     |                     |
| <b>Reserved:</b>                           |                         |                         |                     |                     |
| Reserved for encumbrances                  | -                       | 32,803                  | 32,803              | 41,441              |
| Reserved for continuing appropriations     | -                       | 104,874                 | 104,874             | 19,575              |
| Reserved for notes receivable              | -                       | 257,746                 | 257,746             | -                   |
| Reserved for low and moderate housing      | -                       | 2,814,059               | 2,814,059           | 2,478,410           |
| <b>Unreserved:</b>                         |                         |                         |                     |                     |
| Designated for capital improvements        | -                       | 88,232                  | 88,232              | 172,288             |
| <b>Total fund balances</b>                 | <b>-</b>                | <b>3,297,714</b>        | <b>3,297,714</b>    | <b>2,711,714</b>    |
| <b>Total liabilities and fund balances</b> | <b>\$ 31,738</b>        | <b>\$ 3,337,448</b>     | <b>\$ 3,369,186</b> | <b>\$ 2,856,279</b> |

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
ALL CAPITAL PROJECTS FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999 AND 1998

|   | Lakewood                | Lakewood                | Totals        |               |
|---|-------------------------|-------------------------|---------------|---------------|
|   | Capital<br>Improvements | Redevelopment<br>Agency | June 30, 1999 | June 30, 1998 |
| Revenues:   |                         |                         |               |               |
| Interest, rents and concessions                           | \$ -                    | \$ 246,038              | \$ 246,038    | \$ 315,410    |
| From other agencies                                       | 535,051                 | -                       | 535,051       | 526,697       |
| Other   | -                       | 19                      | 19            | 184           |
| Total revenues  | 535,051                 | 246,057                 | 781,108       | 842,291       |
| Expenditures:   |                         |                         |               |               |
| Capital Outlay:   |                         |                         |               |               |
| General government  | -                       | -                       | -             | 4,167         |
| Public safety   | -                       | -                       | -             | 5,701         |
| Transportation  | 1,790,173               | -                       | 1,790,173     | 1,063,998     |
| Community development                                     | -                       | 1,267,583               | 1,267,583     | 347,393       |
| Culture and leisure                                       | 1,184,060               | -                       | 1,184,060     | 1,825,554     |
| Total expenditures  | 2,974,233               | 1,267,583               | 4,241,816     | 3,246,813     |
| Excess of revenues over (under)<br>expenditures           | (2,439,182)             | (1,021,526)             | (3,460,708)   | (2,404,522)   |
| Other financing sources:                                  |                         |                         |               |               |
| Operating transfers in                                    | 2,439,182               | 1,547,779               | 3,986,961     | 2,979,339     |
| Excess of revenues and other sources<br>over expenditures | -                       | 526,253                 | 526,253       | 574,817       |
| Fund balances - July 1                                    | -                       | 2,711,714               | 2,711,714     | 2,136,897     |
| Prior period adjustment                                   | -                       | 59,747                  | 59,747        | -             |
| Fund balance - July 1, as restated                        | -                       | 2,771,461               | 2,771,461     | 2,136,897     |
| Fund balances - June 30                                   | \$ -                    | \$ 3,297,714            | \$ 3,297,714  | \$ 2,711,714  |

LAKEWOOD CAPITAL IMPROVEMENTS FUND  
COMPARATIVE BALANCE SHEET  
JUNE 30, 1999 AND 1998

|                      | 1999      | 1998       |
|----------------------|-----------|------------|
| <b>ASSETS</b>        |           |            |
| Due from other funds | \$ 31,738 | \$ 109,474 |
| <b>LIABILITIES</b>   |           |            |
| Accounts payable     | \$ 31,738 | \$ 109,474 |

**SCHEDULE D-4**

LAKEWOOD CAPITAL IMPROVEMENTS FUND  
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE FISCAL YEARS ENDED JUNE 30, 1999 AND 1998

|   | 1999        | 1998        |
|---|-------------|-------------|
| Revenues:   |             |             |
| From other agencies   | \$ 535,051  | \$ 526,697  |
| Expenditures:   |             |             |
| General government  | -           | 4,167       |
| Transportation  | 1,790,173   | 1,063,998   |
| Culture and leisure   | 1,184,060   | 702,612     |
| Total expenditures  | 2,974,233   | 1,770,777   |
| Excess of revenues over<br>(under) expenditures                   | (2,439,182) | (1,244,080) |
| Other financing sources:  |             |             |
| Operating transfers in  | 2,439,182   | 1,244,080   |
| Excess of revenues and other sources<br>over (under) expenditures | -           | -           |
| Fund balance - July 1   | -           | -           |
| Fund balance - June 30  | \$ -        | \$ -        |

LAKEWOOD REDEVELOPMENT AGENCY CAPITAL PROJECTS FUND  
COMPARATIVE BALANCE SHEET  
JUNE 30, 1999 AND 1998

|  | 1999         | 1998         |
|--|--------------|--------------|
| <b>ASSETS</b>                          |              |              |
| Cash and investments                   | \$ 3,051,693 | \$ 2,686,974 |
| Accrued revenue                        | 25,111       | 19,933       |
| Due from other funds                   | 2,898        | 39,898       |
| Notes receivable                       | 257,746      | -            |
| Total assets                           | \$ 3,337,448 | \$ 2,746,805 |
| <b>LIABILITIES AND FUND BALANCE</b>    |              |              |
| Liabilities:                           |              |              |
| Accounts payable                       | \$ 13,484    | \$ 10,091    |
| Deferred revenue                       | 26,250       | 25,000       |
| Total liabilities                      | 39,734       | 35,091       |
| Fund balance:                          |              |              |
| Reserved:                              |              |              |
| Reserved for encumbrances              | 32,803       | 41,441       |
| Reserved for continuing appropriations | 104,874      | 19,575       |
| Reserved for notes receivable          | 257,746      | -            |
| Reserved for low and moderate housing  | 2,814,059    | 2,478,410    |
| Unreserved:                            |              |              |
| Designated for capital improvements    | 88,232       | 172,288      |
| Total fund balance                     | 3,297,714    | 2,711,714    |
| Total liabilities and fund balance     | \$ 3,337,448 | \$ 2,746,805 |

LAKEWOOD REDEVELOPMENT AGENCY CAPITAL PROJECTS FUND  
 COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 FOR THE FISCAL YEARS ENDED JUNE 30, 1999 AND 1998

|   | <u>1999</u>         | <u>1998</u>         |
|---|---------------------|---------------------|
| Revenues:   |                     |                     |
| Interest, rents and concessions                           | \$ 246,038          | \$ 315,410          |
| Other   | 19                  | 184                 |
| Total revenues  | <u>246,057</u>      | <u>315,594</u>      |
| Expenditures:   |                     |                     |
| Public safety   | -                   | 5,701               |
| Community development                                     | 1,267,583           | 347,393             |
| Culture and leisure                                       | -                   | 1,122,942           |
| Total expenditures  | <u>1,267,583</u>    | <u>1,476,036</u>    |
| Excess of revenues over (under)<br>expenditures           | (1,021,526)         | (1,160,442)         |
| Other financing sources:                                  |                     |                     |
| Operating transfers in                                    | <u>1,547,779</u>    | <u>1,735,259</u>    |
| Excess of revenues and other sources<br>over expenditures | <u>526,253</u>      | <u>574,817</u>      |
| Fund balance - July 1                                     | 2,711,714           | 2,136,897           |
| Prior period adjustment                                   | <u>59,747</u>       | -                   |
| Fund balance - July 1, as restated                        | <u>2,771,461</u>    | <u>2,136,897</u>    |
| Fund balance - June 30                                    | <u>\$ 3,297,714</u> | <u>\$ 2,711,714</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, 1999 AND 1998

|   | <u>1999</u>          | <u>1998</u>          |
|---|----------------------|----------------------|
| ASSETS                                  |                      |                      |
| Current assets:                         |                      |                      |
| Cash and investments                    | \$ 3,737,197         | \$ 2,695,001         |
| Cash with fiscal agent                  | 401                  | 294                  |
| Accounts receivable                     | 336,245              | 222,548              |
| Accrued revenue receivable              | 582,143              | 676,941              |
| Inventory                               | 146,758              | 109,122              |
|   | <u>4,802,744</u>     | <u>3,703,906</u>     |
| <br>                                    |                      |                      |
| Restricted assets:                      |                      |                      |
| Cash and investments                    | -                    | 1,926,179            |
| Cash - customer deposits                | 33,788               | 34,754               |
|   | <u>33,788</u>        | <u>1,960,933</u>     |
| <br>                                    |                      |                      |
| Property, plant and equipment, at cost: |                      |                      |
| Land and water rights                   | 1,932,859            | 1,932,859            |
| Source of supply                        | 437,217              | 437,217              |
| Pumping plant                           | 531,429              | 531,429              |
| Water treatment                         | 52,266               | 51,088               |
| Transmission/distribution               | 12,153,785           | 12,215,228           |
| General plant                           | 2,932,590            | 2,939,355            |
| Construction in progress                | 7,194,363            | 4,382,102            |
|   | <u>25,234,509</u>    | <u>22,489,278</u>    |
| <br>                                    |                      |                      |
| Less: Accumulated depreciation          | <u>(10,595,903)</u>  | <u>(10,335,327)</u>  |
|   | <u>14,638,606</u>    | <u>12,153,951</u>    |
| <br>                                    |                      |                      |
| Other assets:                           |                      |                      |
| Bond issuance costs                     | 230,744              | 230,744              |
|   | <u>(37,496)</u>      | <u>(25,959)</u>      |
|   | <u>193,248</u>       | <u>204,785</u>       |
| <br>                                    |                      |                      |
| Total assets                            | <u>\$ 19,668,386</u> | <u>\$ 18,023,575</u> |

(continued)

(Continued)

|  | 1999          | 1998          |
|--|---------------|---------------|
| LIABILITIES AND FUND EQUITY                                |               |               |
| Liabilities:   |               |               |
| Current liabilities (payable from current assets):         |               |               |
| Accounts payable and compensated absences payable          | \$ 713,909    | \$ 820,159    |
| Current portion of reclaimed water loan                    | 48,290        | 46,427        |
| Total current liabilities (payable from current assets)    | 762,199       | 866,586       |
| Current liabilities (payable from restricted assets):      |               |               |
| Customer deposits  | 33,788        | 34,754        |
| Accrued revenue bond interest                              | 71,562        | 73,612        |
| Current portion of revenue bonds payable                   | 215,000       | 205,000       |
| Total current liabilities (payable from restricted assets) | 320,350       | 313,366       |
| Long-term liabilities:                                     |               |               |
| Reclaimed water loan                                       | 434,431       | 482,721       |
| Revenue bonds  | 5,232,652     | 5,446,318     |
| Total long-term liabilities                                | 5,667,083     | 5,929,039     |
| Total liabilities  | 6,749,632     | 7,108,991     |
| Fund equity:   |               |               |
| Contributed capital:                                       |               |               |
| Capital grants   | 611,037       | 604,978       |
| Other contributed capital - municipality                   | 656,260       | 656,260       |
| Total contributed capital                                  | 1,267,297     | 1,261,238     |
| Retained earnings:   |               |               |
| Other reserves   | 417,131       | 476,213       |
| Unreserved   | 11,234,326    | 9,177,133     |
| Total retained earnings                                    | 11,651,457    | 9,653,346     |
| Total fund equity  | 12,918,754    | 10,914,584    |
| Total liabilities and fund equity                          | \$ 19,668,386 | \$ 18,023,575 |

WATER ENTERPRISE FUND  
 COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS  
 FOR THE FISCAL YEARS ENDED JUNE 30, 1999 AND 1998

|  | <u>1999</u>          | <u>1998</u>         |
|--|----------------------|---------------------|
| Operating revenues:                        |                      |                     |
| Metered water sales                        | \$ 4,926,446         | \$ 4,646,170        |
| Reclaimed water sales                      | 184,473              | 171,227             |
| Fire protection                            | 19,917               | 20,200              |
| Service initiation and restoration charges | 38,784               | 46,488              |
| Installation charges                       | 21,757               | 1,846               |
| Other revenue                              | 128,492              | 87,210              |
|  | <u>5,319,869</u>     | <u>4,973,141</u>    |
| <br>Operating expenses:                    |                      |                     |
| Operations:                                |                      |                     |
| Supply, transmission and distribution      | 3,420,992            | 3,290,818           |
| Customer service                           | 343,444              | 367,451             |
| Administration                             | 315,398              | 293,011             |
| Depreciation                               | 468,563              | 339,702             |
|  | <u>4,548,397</u>     | <u>4,290,982</u>    |
| <br>Total operating revenues               | <u>5,319,869</u>     | <u>4,973,141</u>    |
| <br>Total operating expenses               | <u>4,548,397</u>     | <u>4,290,982</u>    |
| <br>Operating income                       | <u>771,472</u>       | <u>682,159</u>      |
| <br>Nonoperating revenues (expenses):      |                      |                     |
| Grant revenue                              | 977,061              | -                   |
| Sales of pumping rights                    | 92,500               | -                   |
| Interest revenue                           | 189,849              | 160,964             |
| Interest expense on long-term debt         | (21,234)             | (23,025)            |
| Amortization of bond issuance costs        | (11,537)             | (11,537)            |
| Loss on disposal of assets                 | -                    | (139,873)           |
|  | <u>1,226,639</u>     | <u>(13,471)</u>     |
| <br>Total nonoperating revenues (expenses) | <u>1,226,639</u>     | <u>(13,471)</u>     |
| <br>Net income                             | 1,998,111            | 668,688             |
| <br>Retained earnings - July 1             | <u>9,653,346</u>     | <u>8,984,658</u>    |
| <br>Retained earnings - June 30            | <u>\$ 11,651,457</u> | <u>\$ 9,653,346</u> |

WATER ENTERPRISE FUND  
 COMPARATIVE STATEMENT OF CASH FLOWS  
 FOR THE FISCAL YEARS ENDED JUNE 30, 1999 AND 1998

|   | 1999         | 1998         |
|---|--------------|--------------|
| Cash flows from operating activities:   |              |              |
| Operating income  | \$ 771,472   | \$ 682,159   |
| Adjustments to reconcile operating income to net cash provided by operations: |              |              |
| Depreciation  | 468,563      | 339,702      |
| Changes in operating assets and liabilities:                                  |              |              |
| (Increase) decrease in accounts receivable                                    | (18,899)     | 18,947       |
| (Increase) in inventory   | (37,636)     | (282)        |
| (Decrease) in accounts payable  | (106,250)    | (266,719)    |
| Increase (decrease) in customer deposits                                      | (966)        | 2,139        |
| Total adjustments   | 304,812      | 93,787       |
| Net cash provided by operating activities                                     | 1,076,284    | 775,946      |
| Cash flows from capital and related financing activities:                     |              |              |
| Proceeds from the sale of pumping rights                                      | 92,500       | -            |
| Proceeds from grant   | 977,061      | 189,712      |
| Purchase of property, plant and equipment                                     | (2,947,875)  | (2,090,338)  |
| Principal paid on revenue bonds and state loan                                | (251,427)    | (243,301)    |
| Interest paid on state loan   | (21,234)     | (23,025)     |
| Net cash provided by (used in) capital and related financing activities       | (2,150,975)  | (2,166,952)  |
| Cash flows from investing activities:   |              |              |
| Interest on investments   | 189,849      | 160,964      |
| Net (decrease) in cash and cash equivalents                                   | (884,842)    | (1,230,042)  |
| Cash and cash equivalents - July 1  | 4,656,228    | 5,886,270    |
| Cash and cash equivalents - June 30   | \$ 3,771,386 | \$ 4,656,228 |

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, 1999

|  | Central<br>Stores | Central<br>Garage | Print<br>Shop   | Totals            |                   |
|--|-------------------|-------------------|-----------------|-------------------|-------------------|
|  |                   |                   |                 | June 30,<br>1999  | June 30,<br>1998  |
| <b>ASSETS</b>                                  |                   |                   |                 |                   |                   |
| Cash and investments                           | \$ 8,484          | \$ 44,892         | \$ 3,044        | \$ 56,420         | \$ 54,716         |
| Inventory                                      | 94,436            | 10,165            | -               | 104,601           | 118,572           |
| Equipment - net of depreciation                | -                 | 459,203           | -               | 459,203           | 537,493           |
| <b>Total assets</b>                            | <b>\$ 102,920</b> | <b>\$ 514,260</b> | <b>\$ 3,044</b> | <b>\$ 620,224</b> | <b>\$ 710,781</b> |
| <b>LIABILITIES AND RETAINED EARNINGS</b>       |                   |                   |                 |                   |                   |
| Liabilities:                                   |                   |                   |                 |                   |                   |
| Accounts payable                               | \$ 1,833          | \$ 15,164         | \$ 1,298        | \$ 18,295         | \$ 13,065         |
| Accrued liabilities                            | -                 | 2,731             | 1,746           | 4,477             | 3,005             |
| Due to General Fund                            | 76,608            | -                 | -               | 76,608            | 76,608            |
| <b>Total liabilities</b>                       | <b>78,441</b>     | <b>17,895</b>     | <b>3,044</b>    | <b>99,380</b>     | <b>92,678</b>     |
| Retained earnings                              | 24,479            | 496,365           | -               | 520,844           | 618,103           |
| <b>Total liabilities and retained earnings</b> | <b>\$ 102,920</b> | <b>\$ 514,260</b> | <b>\$ 3,044</b> | <b>\$ 620,224</b> | <b>\$ 710,781</b> |

## SCHEDULE F-2

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS  
ALL INTERNAL SERVICE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

|                                   | Central<br>Stores | Central<br>Garage | Print<br>Shop  | Totals            |                   |
|-----------------------------------|-------------------|-------------------|----------------|-------------------|-------------------|
|                                   |                   |                   |                | June 30, 1999     | June 30, 1998     |
| Operating revenues:               |                   |                   |                |                   |                   |
| Billings to departments           | \$ 159,890        | \$ 298,753        | \$ 123,580     | \$ 582,223        | \$ 566,858        |
| Other                             | 599               | 17                | 369            | 985               | 1,012             |
| <b>Total operating revenues</b>   | <b>160,489</b>    | <b>298,770</b>    | <b>123,949</b> | <b>583,208</b>    | <b>567,870</b>    |
| Operating expenses:               |                   |                   |                |                   |                   |
| Cost of goods sold                | 162,731           | 481,903           | 245,463        | 890,097           | 850,463           |
| Depreciation                      | -                 | 124,521           | -              | 124,521           | 117,052           |
| <b>Total operating expenses</b>   | <b>162,731</b>    | <b>606,424</b>    | <b>245,463</b> | <b>1,014,618</b>  | <b>967,515</b>    |
| (Loss) before operating transfers | (2,242)           | (307,654)         | (121,514)      | (431,410)         | (399,645)         |
| Operating transfers in            | -                 | 212,637           | 121,514        | 334,151           | 298,030           |
| <b>Net (loss)</b>                 | <b>(2,242)</b>    | <b>(95,017)</b>   | <b>-</b>       | <b>(97,259)</b>   | <b>(101,615)</b>  |
| Retained earnings July 1          | 26,721            | 591,382           | -              | 618,103           | 719,718           |
| <b>Retained earnings June 30</b>  | <b>\$ 24,479</b>  | <b>\$ 496,365</b> | <b>\$ -</b>    | <b>\$ 520,844</b> | <b>\$ 618,103</b> |

COMBINING STATEMENT OF CASH FLOWS  
ALL INTERNAL SERVICE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

|  | Central    | Central      | Print        | Totals        |               |
|--|------------|--------------|--------------|---------------|---------------|
|  | Stores     | Garage       | Shop         | June 30, 1999 | June 30, 1998 |
| Cash flows from operating activities:  |            |              |              |               |               |
| Operating (loss)   | \$ (2,242) | \$ (307,654) | \$ (121,514) | \$ (431,410)  | \$ (399,645)  |
| Adjustments to reconcile operating (loss)<br>to net cash provided by (used in) operations: |            |              |              |               |               |
| Depreciation   | -          | 124,521      | -            | 124,521       | 117,052       |
| Changes in assets and liabilities:   |            |              |              |               |               |
| (Increase) decrease in inventory   | 8,318      | 5,653        | -            | 13,971        | (9,931)       |
| Increase (decrease) in accounts payable  | (1,212)    | 10,112       | (3,670)      | 5,230         | (28,368)      |
| Increase in accrued liabilities  | -          | 925          | 547          | 1,472         | 1,643         |
| Total adjustments  | 7,106      | 141,211      | (3,123)      | 145,194       | 80,396        |
| Net cash provided by (used in) operating activities  | 4,864      | (166,443)    | (124,637)    | (286,216)     | (319,249)     |
| Cash flows from non-capital financing activities:  |            |              |              |               |               |
| Operating transfers in   | -          | 212,637      | 121,514      | 334,151       | 298,030       |
| Cash flows from capital financing activities:  |            |              |              |               |               |
| Purchase of property, plant and equipment  | -          | (46,231)     | -            | (46,231)      | (63,013)      |
| Net increase (decrease) in cash and cash equivalents                                       | 4,864      | (37)         | (3,123)      | 1,704         | (84,232)      |
| Cash and cash equivalents - July 1   | 3,620      | 44,929       | 6,167        | 54,716        | 138,948       |
| Cash and cash equivalents - June 30  | \$ 8,484   | \$ 44,892    | \$ 3,044     | \$ 56,420     | \$ 54,716     |

CENTRAL STORES INTERNAL SERVICE FUND  
COMPARATIVE BALANCE SHEET  
JUNE 30, 1999 AND 1998

|  | 1999       | 1998       |
|--|------------|------------|
| <b>ASSETS</b>                            |            |            |
| Cash and investments                     | \$ 8,484   | \$ 3,620   |
| Inventory                                | 94,436     | 102,754    |
| Total assets                             | \$ 102,920 | \$ 106,374 |
| <b>LIABILITIES AND RETAINED EARNINGS</b> |            |            |
| Liabilities:                             |            |            |
| Accounts payable                         | \$ 1,833   | \$ 3,045   |
| Due to General Fund                      | 76,608     | 76,608     |
| Total liabilities                        | 78,441     | 79,653     |
| Retained earnings:                       |            |            |
| Unreserved                               | 24,479     | 26,721     |
| Total liabilities and retained earnings  | \$ 102,920 | \$ 106,374 |

**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, 1999 AND 1998

|                           | 1999       | 1998       |
|---------------------------|------------|------------|
| Operating revenues:       |            |            |
| Billings to departments   | \$ 159,890 | \$ 159,699 |
| Other income              | 599        | 648        |
| Total operating revenues  | 160,489    | 160,347    |
| Operating expenses:       |            |            |
| Cost of goods sold        | 162,731    | 156,020    |
| Net income (loss)         | (2,242)    | 4,327      |
| Retained earnings July 1  | 26,721     | 22,394     |
| Retained earnings June 30 | \$ 24,479  | \$ 26,721  |

CENTRAL STORES INTERNAL SERVICE FUND  
 COMPARATIVE STATEMENT OF CASH FLOWS  
 FOR THE FISCAL YEARS ENDED JUNE 30, 1999 AND 1998

|  | 1999       | 1998     |
|--|------------|----------|
| Cash flows from operating activities:  |            |          |
| Operating income (loss)  | \$ (2,242) | \$ 4,327 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operations: |            |          |
| Changes in assets and liabilities:   |            |          |
| (Increase) decrease in inventory   | 8,318      | (9,313)  |
| (Decrease) in accounts payable   | (1,212)    | (49)     |
| Total adjustments  | 7,106      | (9,362)  |
| Net cash provided by (used in) operating activities  | 4,864      | (5,035)  |
| Net increase (decrease) in cash and cash equivalents   | 4,864      | (5,035)  |
| Cash and cash equivalents - July 1   | 3,620      | 8,655    |
| Cash and cash equivalents - June 30  | \$ 8,484   | \$ 3,620 |

CENTRAL GARAGE INTERNAL SERVICE FUND  
COMPARATIVE BALANCE SHEET  
JUNE 30, 1999 AND 1998

|  | 1999       | 1998       |
|--|------------|------------|
| <b>ASSETS</b>                            |            |            |
| Cash and investments                     | \$ 44,892  | \$ 44,929  |
| Inventory                                | 10,165     | 15,818     |
| Equipment - net of depreciation          | 459,203    | 537,493    |
| Total assets                             | \$ 514,260 | \$ 598,240 |
| <b>LIABILITIES AND RETAINED EARNINGS</b> |            |            |
| Liabilities:                             |            |            |
| Accounts payable                         | \$ 15,164  | \$ 5,052   |
| Accrued liabilities                      | 2,731      | 1,806      |
| Total liabilities                        | 17,895     | 6,858      |
| Retained earnings:                       |            |            |
| Unreserved                               | 496,365    | 591,382    |
| Total liabilities and retained earnings  | \$ 514,260 | \$ 598,240 |

**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, 1999 AND 1998

|                                   | 1999       | 1998       |
|-----------------------------------|------------|------------|
| Operating revenues:               |            |            |
| Billings to departments           | \$ 298,753 | \$ 316,544 |
| Other income                      | 17         | 62         |
| Total operating revenues          | 298,770    | 316,606    |
| Operating expenses:               |            |            |
| Cost of goods sold                | 481,903    | 458,695    |
| Depreciation                      | 124,521    | 117,052    |
| Total operating expenses          | 606,424    | 575,747    |
| (Loss) before operating transfers | (307,654)  | (259,141)  |
| Operating transfers in            | 212,637    | 153,199    |
| Net (loss)                        | (95,017)   | (105,942)  |
| Retained earnings July 1          | 591,382    | 697,324    |
| Retained earnings June 30         | \$ 496,365 | \$ 591,382 |

CENTRAL GARAGE INTERNAL SERVICE FUND  
 COMPARATIVE STATEMENT OF CASH FLOWS  
 FOR THE FISCAL YEARS ENDED JUNE 30, 1999 AND 1998

|   | 1999         | 1998         |
|---|--------------|--------------|
| Cash flows from operating activities:   |              |              |
| Operating (loss)  | \$ (307,654) | \$ (259,141) |
| Adjustments to reconcile operating income (loss) to net cash<br>(used in) operations: |              |              |
| Depreciation  | 124,521      | 117,052      |
| Changes in assets and liabilities:  |              |              |
| (Increase) decrease in inventory  | 5,653        | (618)        |
| Increase (decrease) in accounts payable   | 10,112       | (31,620)     |
| Increase (decrease) in accrued liabilities  | 925          | 1,002        |
| Total adjustments   | 141,211      | 85,816       |
| Net cash (used in) operating activities   | (166,443)    | (173,325)    |
| Cash flows from non-capital financing activities:                                     |              |              |
| Operating transfers in  | 212,637      | 153,199      |
| Cash flows from capital financing activities:   |              |              |
| Purchase of property, plant and equipment   | (46,231)     | (63,013)     |
| Net (decrease) in cash and cash equivalents   | (37)         | (83,139)     |
| Cash and cash equivalents - July 1  | 44,929       | 128,068      |
| Cash and cash equivalents - June 30   | \$ 44,892    | \$ 44,929    |

PRINT SHOP INTERNAL SERVICE FUND  
 COMPARATIVE BALANCE SHEET  
 JUNE 30, 1999 AND 1998

|                      | <u>1999</u>     | <u>1998</u>     |
|----------------------|-----------------|-----------------|
| ASSETS               |                 |                 |
| Cash and investments | \$ 3,044        | \$ 6,167        |
| Total assets         | <u>\$ 3,044</u> | <u>\$ 6,167</u> |
| LIABILITIES          |                 |                 |
| Liabilities:         |                 |                 |
| Accounts payable     | \$ 1,298        | \$ 4,968        |
| Accrued liabilities  | <u>1,746</u>    | <u>1,199</u>    |
| Total liabilities    | <u>\$ 3,044</u> | <u>\$ 6,167</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, 1999 AND 1998

|                                   | <u>1999</u>    | <u>1998</u>    |
|-----------------------------------|----------------|----------------|
| Operating revenues:               |                |                |
| Billings to departments           | \$ 123,580     | \$ 90,615      |
| Other income                      | <u>369</u>     | <u>302</u>     |
| Total operating revenues          | 123,949        | 90,917         |
| Operating expenses:               |                |                |
| Cost of goods sold                | <u>245,463</u> | <u>235,748</u> |
| (Loss) before operating transfers | (121,514)      | (144,831)      |
| Operating transfers in            | <u>121,514</u> | <u>144,831</u> |
| Net income                        | -              | -              |
| Retained earnings July 1          | <u>-</u>       | <u>-</u>       |
| 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, 1999 AND 1998

|   | 1999         | 1998         |
|---|--------------|--------------|
| Cash flows from operating activities:   |              |              |
| Operating (loss)  | \$ (121,514) | \$ (144,831) |
| Adjustments to reconcile operating income (loss) to net cash<br>(used in) operations: |              |              |
| Changes in assets and liabilities:  |              |              |
| Increase (decrease) in accounts payable   | (3,670)      | 3,301        |
| Increase in accrued liabilities   | 547          | 641          |
| Total adjustments   | (3,123)      | 3,942        |
| Net cash (used in) operating activities   | (124,637)    | (140,889)    |
| Cash flows from non-capital financing activities:                                     |              |              |
| Operating transfers in  | 121,514      | 144,831      |
| Net (decrease) in cash and cash equivalents   | (3,123)      | 3,942        |
| Cash and cash equivalents - July 1  | 6,167        | 2,225        |
| Cash and cash equivalents - June 30   | \$ 3,044     | \$ 6,167     |

**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, 1999

|                                    | Balance<br>July 1, 1998 | Additions  | Deductions | Balance<br>June 30, 1999 |
|------------------------------------|-------------------------|------------|------------|--------------------------|
| <u>DEPOSIT FUND</u>                |                         |            |            |                          |
| ASSETS                             |                         |            |            |                          |
| Cash                               | \$ 331,381              | \$ 332,582 | \$ 266,591 | \$ 397,372               |
| LIABILITIES                        |                         |            |            |                          |
| Deposits                           | \$ 331,381              | \$ 551,204 | \$ 485,213 | \$ 397,372               |
| <u>RECREATION FUND</u>             |                         |            |            |                          |
| ASSETS                             |                         |            |            |                          |
| Cash                               | \$ 22,219               | \$ -       | \$ -       | \$ 22,219                |
| LIABILITIES                        |                         |            |            |                          |
| Deposits                           | \$ 22,219               | \$ -       | \$ -       | \$ 22,219                |
| <u>HOUSING REHABILITATION FUND</u> |                         |            |            |                          |
| ASSETS                             |                         |            |            |                          |
| Cash                               | \$ 359,229              | \$ 458,886 | \$ 360,129 | \$ 457,986               |
| Loans receivable                   | 2,552,789               | 165,000    | 363,197    | 2,354,592                |
| Total assets                       | \$ 2,912,018            | \$ 623,886 | \$ 723,326 | \$ 2,812,578             |
| LIABILITIES                        |                         |            |            |                          |
| Deposits                           | \$ 96,557               | \$ 496,641 | \$ 516,571 | \$ 76,627                |
| Due to HUD                         | 2,815,461               | 387,736    | 467,246    | 2,735,951                |
| Total liabilities                  | \$ 2,912,018            | \$ 884,377 | \$ 983,817 | \$ 2,812,578             |

(continued)

(continued)

|                                  | <u>Balance</u><br><u>July 1, 1998</u> | <u>Additions</u>    | <u>Deductions</u>   | <u>Balance</u><br><u>June 30, 1999</u> |
|----------------------------------|---------------------------------------|---------------------|---------------------|--|
| <u>TOTALS - ALL AGENCY FUNDS</u> |                                       |                     |                     |  |
| ASSETS                           |                                       |                     |                     |  |
| Cash                             | \$ 712,829                            | \$ 791,468          | \$ 626,720          | \$ 877,577                             |
| Loans receivable                 | 2,552,789                             | 165,000             | 363,197             | 2,354,592                              |
| Total assets                     | <u>\$ 3,265,618</u>                   | <u>\$ 956,468</u>   | <u>\$ 989,917</u>   | <u>\$ 3,232,169</u>                    |
| LIABILITIES                      |                                       |                     |                     |  |
| Deposits                         | \$ 450,157                            | \$ 1,047,845        | \$ 1,001,784        | \$ 496,218                             |
| Due to HUD                       | 2,815,461                             | 387,736             | 467,246             | 2,735,951                              |
| Total liabilities                | <u>\$ 3,265,618</u>                   | <u>\$ 1,435,581</u> | <u>\$ 1,469,030</u> | <u>\$ 3,232,169</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, 1999 AND 1998

|  | 1999          | 1998          |
|--|---------------|---------------|
| General fixed assets:                    |               |               |
| Land                                     | \$ 10,765,913 | \$ 10,765,913 |
| Structures and improvements              | 27,898,193    | 27,767,960    |
| Equipment                                | 6,330,211     | 6,045,425     |
| Construction in progress                 | 354,862       | 89,939        |
| Total general fixed assets               | \$ 45,349,179 | \$ 44,669,237 |
| Investment in general fixed assets:      |               |               |
| General fund                             | \$ 23,006,127 | \$ 22,508,539 |
| Federal/state grants                     | 6,758,561     | 6,576,207     |
| Redevelopment projects                   | 15,584,491    | 15,584,491    |
| Total investment in general fixed assets | \$ 45,349,179 | \$ 44,669,237 |

**SCHEDULE H-2**

SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

|                       | Land          | Structures<br>and<br>Improvements | Equipment    | Construction<br>in Progress | Total         |
|-----------------------|---------------|-----------------------------------|--------------|-----------------------------|---------------|
| Balance July 1, 1998  | \$ 10,765,913 | \$ 27,767,960                     | \$ 6,045,425 | \$ 89,939                   | \$ 44,669,237 |
| Additions             | -             | 130,233                           | 566,221      | 395,156                     | 1,091,610     |
| Deletions             | -             | -                                 | (281,435)    | (130,233)                   | (411,668)     |
| Balance June 30, 1999 | \$ 10,765,913 | \$ 27,898,193                     | \$ 6,330,211 | \$ 354,862                  | \$ 45,349,179 |

SCHEDULE OF GENERAL FIXED ASSETS - BY FUNCTION  
AS OF JUNE 30, 1999

| Function   | Total                | Land                 | Structures and       |                     |
|--|----------------------|----------------------|----------------------|---------------------|
|  |                      |                      | Improvements         | Equipment           |
| General government                               | \$ 6,642,182         | \$ 2,030,143         | \$ 1,884,392         | \$ 2,727,647        |
| Public safety                                    | 866,956              | -                    | 5,872                | 861,084             |
| Transportation                                   | 869,962              | -                    | 142,178              | 727,784             |
| Community development                            | 11,068,223           | 5,893,874            | 4,407,328            | 767,021             |
| Health and sanitation                            | 31,640               | -                    | -                    | 31,640              |
| Culture and leisure                              | 25,515,354           | 2,841,896            | 21,458,423           | 1,215,035           |
| Total general fixed assets allocated to function | 44,994,317           | <u>\$ 10,765,913</u> | <u>\$ 27,898,193</u> | <u>\$ 6,330,211</u> |
| Construction in progress                         | <u>354,862</u>       |                      |                      |                     |
| Total general fixed assets                       | <u>\$ 45,349,179</u> |                      |                      |                     |

## SCHEDULE H-4

SCHEDULE OF CHANGES IN FIXED ASSETS - BY FUNCTION  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

| Function                   | Balance              | Additions           | Deletions           | Balance              |
|----------------------------|----------------------|---------------------|---------------------|----------------------|
|                            | June 30, 1998        |                     |                     | June 30, 1999        |
| General government         | \$ 6,298,154         | \$ 394,746          | \$ (50,718)         | \$ 6,642,182         |
| Public safety              | 881,159              | 4,616               | (18,819)            | 866,956              |
| Transportation             | 1,002,160            | 6,223               | (138,421)           | 869,962              |
| Community development      | 10,999,792           | 104,768             | (36,337)            | 11,068,223           |
| Health and sanitation      | 31,640               | -                   | -                   | 31,640               |
| Culture and leisure        | 25,366,393           | 186,101             | (37,140)            | 25,515,354           |
| Construction in progress   | <u>89,939</u>        | <u>395,157</u>      | <u>(130,234)</u>    | <u>354,862</u>       |
| Total general fixed assets | <u>\$ 44,669,237</u> | <u>\$ 1,091,611</u> | <u>\$ (411,669)</u> | <u>\$ 45,349,179</u> |

**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, 1999 AND 1998

|   | 1999          | 1998          |
|---|---------------|---------------|
| Amounts available and to be provided for the payment of general long-term debt: |               |               |
| Amount available in debt service fund   | \$ 9,301,210  | \$ 8,006,440  |
| Amount to be provided   | 10,797,609    | 12,566,233    |
|   | \$ 20,098,819 | \$ 20,572,673 |
| <br>General long-term debt payable:   |               |               |
| Lakewood Redevelopment Agency tax allocation bonds                              | \$ 18,150,000 | \$ 18,630,000 |
| Compensated absences payable from future resources                              | 1,401,102     | 1,350,244     |
| Lakewood Redevelopment Agency land loan   | 500,000       | 500,000       |
| Capital lease   | 47,717        | 92,429        |
| <br>Total general long-term debt payable  | \$ 20,098,819 | \$ 20,572,673 |

SUPPLEMENTARY INFORMATION -  
EVALUATION OF YEAR 2000 ISSUE

EVALUATION OF YEAR 2000 ISSUE  
JUNE 30, 1999

The Year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that might result in a failure to recognize and process information dated on or after the year 2000.

In September 1997, the City of Lakewood approved an agreement with our information systems service provider, Affiliated Computer Services (ACS), to complete an assessment of its computer systems that may be affected by the year 2000 issue and that are necessary to conducting normal City operations. Of the numerous systems evaluated, a small percentage was found to be non-compliant. ACS commenced an aggressive work plan to achieve year 2000 compliance by September 30, 1999. A summary of their efforts follows.

*Data Center Applications.* ACS renovated all of the non-compliant systems.

*Contract Vendor Systems.* (Security, Telephone and Water Monitoring Systems) All non-compliant systems have either been upgraded or replaced.

*DeskTop Software.* Non-compliant desktop systems have been corrected with a version upgrade. All obsolete systems were replaced or upgraded to year 2000 compliant desktop systems of Pentiums and Microsoft Office Suite of products.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. The scope of an audit does not include an evaluation of the adequacy of management's plans with respect to this issue. Management cannot guarantee that the City of Lakewood's remediation efforts will be successful in whole or in part nor those of the contract service providers with which the City of Lakewood does business.

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         |
|-------------|--------------------|---------------|----------------|-----------------------|-----------------------|---------------------|--------------|---------------|
| 1990        | \$ 4,516,189       | \$ 5,559,054  | \$ 3,525,951   | \$ 2,308,802          | \$ 2,404,996          | \$ 6,807,944        | \$ 1,909,732 | \$ 27,032,668 |
| 1991        | 4,531,242          | 5,335,855     | 4,156,903      | 2,787,213             | 2,635,426             | 6,543,138           | 1,912,581    | 27,902,358    |
| 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    |

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<br>Year | Taxes         | Licenses<br>and<br>Permits | Fines and<br>Forfeitures | Interest<br>Rents and<br>Concessions | From other<br>Agencies | Current<br>Service<br>Charges | Other      | Total         |
|----------------|---------------|----------------------------|--------------------------|--------------------------------------|------------------------|-------------------------------|------------|---------------|
| 1990           | \$ 12,676,801 | \$ 340,298                 | \$ 627,534               | \$ 3,172,837                         | \$ 6,185,445           | \$ 4,267,991                  | \$ 814,178 | \$ 28,085,084 |
| 1991           | 12,116,075    | 264,060                    | 586,418                  | 2,889,582                            | 5,221,696              | 4,419,317                     | 847,258    | 26,344,406    |
| 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    |

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 |
|-------------|----------------|-------------------------|---------------------------|----------------------------|-----------------------|--|
| 1990        | \$ 757,936     | \$ 739,985              | 97.6 %                    | \$ 48,797                  | \$ 788,782            | 104.1 %                                  |
| 1991        | 801,621        | 752,666                 | 93.9                      | 52,135                     | 804,801               | 100.4                                    |
| 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                                    |

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

Source: Department of Finance, City of Lakewood

SCHEDULE OF LEGAL DEBT MARGIN

JUNE 30, 1999

|  |                        |
|--|------------------------|
| Net assessed value of all taxable property | <u>\$3,678,463,035</u> |
|--|------------------------|

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, 1999

1998-99 Assessed Valuation: \$3,317,498,170 (after deducting \$360,964,865 redevelopment incremental valuation)

|  | <u>Gross Bonded<br/>Debt Balance</u> | <u>Percent<br/>Applicable<br/>to City<br/>of Lakewood</u> | <u>City of<br/>Lakewood<br/>Share of Debt</u> |
|--|--------------------------------------|---|---|
| DIRECT AND OVERLAPPING BONDED DEBT:              |                                      |   |   |
| LA County Facilities 1987 Debt Service           | \$ 53,005,000                        | 0.699 %   | \$ 370,329                                    |
| LA County Flood Control Storm Drain Debt Service | 24,250,000                           | 0.714   | 173,085                                       |
| Flood Control Ref Bonds 1993 Debt Service        | 14,485,000                           | 0.714   | 103,387                                       |
| Metropolitan Water District                      | 578,035,000                          | 0.230   | 1,331,775                                     |
| Central Basin Munic Water District               | 578,035,000                          | 0.230   | 1,331,594                                     |
| ABC Unified School District                      | 19,260,000                           | 13.889  | 2,675,060                                     |
| Paramount Unified School District                | 29,999,255                           | 12.151  | 3,645,331                                     |
| City of Lakewood                                 |                                      | 100.000   | -   |
| Total gross direct and overlapping bonded debt   |                                      |   | \$ 9,630,561                                  |

## Ratios to Assessed Valuation:

|                  |      |   |
|------------------|------|---|
| Direct debt      | -    | % |
| Total gross debt | 0.29 | % |
| Total net debt   | 0.29 | % |

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

## DEMOGRAPHIC STATISTICS

## LAST TEN FISCAL YEARS

| <u>Fiscal<br/>Year</u> | <u>Population</u> | <u>School<br/>Enrollment</u> |
|------------------------|-------------------|------------------------------|
| 1990                   | 76,668            | 12,214                       |
| 1991                   | 73,626            | 11,971                       |
| 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                       |

Source: Population - State Department of Finance

School enrollment - Department of Community Development, City of Lakewood

## PRINCIPAL TAXPAYERS

JUNE 30, 1999

Alin Party Supply  
Bahour Oil Inc.  
Best Buy  
Carls Jr.  
Champs Sports  
Chevron USA  
Circuit City Stores  
Harbor Chevrolet  
Home Depot  
Hometown Buffet  
J. C. Penney  
Long Beach Lincoln Mercury  
Marshalls  
McDonalds  
Mervyns  
Montgomery Ward  
99 Cents Only Store  
Pacific Ford  
Ralphs Grocery Store  
Red Lobster  
Robinsons May  
Ross Stores  
Sav On Osco Drug Stores  
Vons Companies  
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) |
|-------------|-------------------------------------|------------------------------------|-------------------------|----------------------------|--------------------------|--------------------------------------|
| 1990        | 1,278                               | 247                                | 1,525                   | \$ 34,312                  | \$ 1,442,108             | \$ 2,675,025                         |
| 1991        | 1,281                               | 192                                | 1,473                   | 23,320                     | 1,474,270                | 2,785,618                            |
| 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)                      | 3,717,301                            |

(1) Not available

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

## MISCELLANEOUS STATISTICS

JUNE 30, 1999

|                         |  |
|-------------------------|--|
| 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 | 51 |

## 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 | 264 |

## Municipal water department:

|                           |                   |
|---------------------------|-------------------|
| Number of consumers       | 19,873            |
| Average daily consumption | 7,903,000 gallons |
| Miles of water mains      | 195 miles         |

|        |           |
|--------|-----------|
| Sewers | 167 miles |
|--------|-----------|

|                         |       |
|-------------------------|-------|
| Building permits issued | 1,411 |
|-------------------------|-------|

## Culture and leisure:

|                                 |         |
|---------------------------------|---------|
| Number of recreation facilities | 13      |
| Acres of facilities             | 151.6   |
| Number of pools                 | 2       |
| Number of libraries             | 2       |
| Number of volumes               | 276,864 |

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

## Employees:

|           |     |
|-----------|-----|
| Full time | 170 |
| Part time | 269 |

