

COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF LAKEWOOD

FISCAL YEAR ENDED JUNE 30, 1998



**Prepared by
Department of Finance**

**Larry Schroeder
Director of Finance**



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 1998

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Joseph Esquivel
Vice Mayor

Wayne E. Piercy
Council Member



Larry Van Nostran
Mayor

Marc Titel
Council Member

Robert G. Wagner
Council Member

December 9, 1998

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, 1998, 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 2.1% compared to the previous year's decrease of .47%. The County-wide assessed value increased 3.0%. This is the second increase in the Los Angeles County assessment roll in four years. During the fiscal year, 1,421 construction permits were drawn with a value of \$15.2 million. This is a decrease of 3.4% from 1996-97 in terms of the value of the construction.

Lakewood

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The economic base of the City is primarily commercial/retail. Almost 2,400 businesses are located in Lakewood and generated about \$633 million in taxable sales in fiscal 1997-98 (an increase of 5% 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.

Lakewood has still not recovered from the effects of the recession. 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 1998-99 fiscal year, sales tax receipts are estimated to reach \$7.5 million once again. 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 79,005 as of January 1, 1998. The Southern California Association of Governments (SCAG) projects Lakewood's population at 81,000 by the year 2000. 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 1997-98. The focus areas were identified in the operating budget. These priorities included economic strategy, intergovernmental relations, solid waste management, water resources system, public safety, emergency preparedness, information systems, cost containment, park preservation and infrastructure.

The City's number one objective is an ECONOMIC STRATEGY to preserve the quality of life in Lakewood. In December 1997, Redevelopment Project Area 3 was formed, which will make available assistance to many community businesses and prove a useful tool in attracting new businesses into our community. The Economic Development Committee continued to seek out businesses that may wish to locate within the City of Lakewood. A recent success of the committee was the opening of Best Buy in April 1998.

The City's INTERGOVERNMENTAL RELATIONS program responded to the continuing assault on "home rule" authority. Mandates, regulations and pending proposals at the County, State and Federal levels threaten locally-allocated fiscal resources. Major focus areas included the City's effort to eliminate mandated flood insurance by blocking the release of Federal flood maps and accelerating Federal funding of improvements to the Los Angeles River, as well as assuring fair consideration of the efforts to organize a Lakewood Unified School District.

Lakewood's SOLID WASTE MANAGEMENT plan included a collection center network for recyclables, formation of the citizen "Recycling Corps" and a recycling program for the business community. The plan also focused on composting and used oil recycling. The City's recycling network puts a collection center in just about every neighborhood.

Lakewood's WATER RESOURCES SYSTEM continued to be upgraded to assure Lakewood's citizens a reliable and safe water supply. Multi-year projects in 1997-98 included replacement of antiquated water mains, upgrading and replacing water storage facilities, and the addition of a high capacity well at Candlewood and Downey.

Our PUBLIC SAFETY initiatives included Lakewood's share of the regional contract, Sky Knight, Neighborhood Watch, the SANE program, Lakewood Auto Watch and enhanced law enforcement through the continuation of the State Wilson COPS grant and the Federal Local Law Enforcement Block Grant.

Lakewood's EMERGENCY PREPAREDNESS Program established employee training and preparation as its focus for building employee skills as Disaster Service Workers. An emergency generator is now installed at the Civic Center, and our Emergency Operations Center (EOC) can be activated on a moment's notice.

Technologically up-to-date INFORMATION SYSTEMS are critical to the City's operation. The City uses an HP9000 and a wide area network to process data and share information among the system's 120 users. Citizens can also obtain City information through the City's web site (www.lakewoodcity.org) and benefit from information presented graphically by the City's Geographic Information System (GIS), such as the City's flood maps.

The mission of the COST CONTAINMENT Committee is to find new ways to reduce costs and generate new revenues without affecting quality of service. Since its inception in 1992, the committee has reviewed over 90 suggestions and saved over \$850,000.

The maintenance of safe, clean parks and recreation facilities is one of Lakewood's top priorities. PARK PRESERVATION projects included renovations at the Burns Center and a major Prop A funded-project at Mayfair High School.

The 1997-98 Budget included funding for several street projects to insure the ongoing upkeep of the City's INFRASTRUCTURE. Projects included hardscape repairs, slurry seal of residential streets, and the resurfacing of a portion of Del Amo Boulevard with Prop C transit funds.

For the future. 1998-99 is the first year of a two-year operating budget. The priorities for the coming years are as follows:

The number one objective of the city government continues to be ECONOMIC DEVELOPMENT. The development of a Wal-Mart on Carson and Paramount is coming closer to reality after months of negotiations. The Economic Development Committee is working both with the Lakewood Center Mall and with developers who are interested in under-developed parcels to attract new businesses into Lakewood.

We are continuing our INTERGOVERNMENTAL RELATIONS efforts at the County Hall of Administration, in Sacramento, and Washington, D. C. Some progress was made in the effort to eliminate mandated flood insurance, since the Federal government approved \$21 million of the \$240 million needed to complete improvements to the Los Angeles River. A major focus also continues to be assuring fair consideration of the efforts to organize a Lakewood Unified School District.

Our EMERGENCY PREPAREDNESS plan has been revised and approved by the State as of July 1998.

PUBLIC SAFETY continues to be augmented by grants from the State and Federal governments. In September 1998, an additional Federal local law enforcement grant of \$196,143 was approved for the City of Lakewood.

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

STREET SYSTEM MAINTENANCE is a major budgetary item during the 1998-99 Fiscal Year, including a program of local street resurfacing, slurry seal, and hardscape repair. In November 1998, major repaving projects were completed on Bellflower and Woodruff Avenue.

Continuing into the 1998-99 Fiscal Year will be the upgrade of the City's STREET LIGHTING system by a company called City Light and Power. All of the City-owned street lights will be rewired, receive new fixtures, and be 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 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 are continuing to the City's WATER RESOURCES SYSTEM. In October 1998, the new high-capacity well at Candlewood and Downey was dedicated. In November 1998, demolition of ten water storage tanks began to clear the way for a new 5.5 million gallon water storage tank.

During 1998-99, INFORMATION SYSTEMS priorities will be achieving complete Year 2000 compliance, expanded use of the City's geographic information system (GIS), replacing outdated computer equipment, and finding better ways to use technology to disseminate public information. In November 1998, the implementation of a facilities reservation system was completed.

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, 1998, 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 1998, the City Council adopted an operating budget for fiscal years 1998-99 and 1999-2000. In June 1995, the City's "Legacy Capital Improvement Plan" was updated. Projects totaling \$23.9 million were proposed for funding during the five-year period between 1995 and 2000. Of the \$23.9 million, only \$2.1 million comes from the general fund.

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

General Government Functions. The following schedule presents a summary of General Fund, Special Revenues Funds, Debt Service Fund, and Capital Projects Funds revenues for the fiscal year ended June 30, 1998, and the amount and percentage of increases and decreases in relation to prior year revenues.

Revenues	Amount	Percent of Total	Increase (Decrease) from 1997	Percent of Increase (Decrease)
Sales tax	\$ 6,984,100	20%	\$ 242,191	4%
Other taxes	10,605,665	30	(1,832,108)	(15)
Licenses and permits	280,229	1	(38,896)	(12)
Fines and forfeitures	283,269	1	15,582	6
Use of money and property	3,976,539	11	1,066,332	37
Intergovernmental	7,280,173	21	309,486	4
Charges for services	5,026,317	14	(60,479)	(1)
Other	925,606	3	(402,783)	(30)
Total revenues	\$ 35,361,898	100%	\$ (700,675)	(2)%

Revenues for general government functions decreased 2% from the preceding year, a decrease of \$700,675, due primarily to a decrease in the amount of Proposition A Transit taxes received in 1997-98 after a large one-time receipt in 1996-97. Sales tax increased 4%, still \$532,903 below the high water mark reached in 1989-90 of \$7,517,003.

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 were \$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. Tax increment revenues were \$3.4 million. Tax increment decreased 25% from the previous year due to a one-time payment of previous year's taxes from the reassessment of the Lakewood Mall after it became part of the Macerich Company, a real estate investment trust (REIT). Tax increment revenues produced approximately 10% of general revenues.

Overall fines and forfeiture revenues were up \$15,582 or 6%.

Licenses and permit fees were down by \$38,896 or 12%, which reflects the decrease in the value of the construction associated with the permits issued from the previous year.

Intergovernmental revenues increased 4% overall. Motor vehicle license fees received from the State were \$3.3 million, an increase of 9% from the previous year. Gas tax revenues remained the same as the previous year at \$1.4 million.

Charges for services decreased 1% from the previous year. Refuse collection charges were \$3.0 million. Special police services include revenues from the Sky Knight program shared with four surrounding cities, the SANE 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 \$857,654, a decrease of 15% from 1996-97, due to collecting from participating cities a share of the cost of a new Sky Knight helicopter in the previous year.

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, 1998, and the percentage of increases and decreases in relation to prior year amounts.

Expenditures	Amount	Percent of Total	Increase (Decrease) from 1997	Percent of Increase (Decrease)
Current:				
General government	\$ 4,224,972	13%	\$ 588,107	16%
Public safety	7,123,764	22	(400,960)	(5)
Transportation	3,758,734	12	104,682	3
Community development	3,061,834	10	(54,569)	(2)
Health and sanitation	2,674,087	8	97,340	4
Culture and leisure	5,021,588	16	96,309	2
Total current	25,864,979	81	430,909	2
Capital outlay	3,246,813	10	1,532,122	89
Debt service	2,737,152	9	464,190	20
Total expenditures	\$ 31,848,944	100%	\$ 2,427,221	8%

Expenditures for general government obligations increased 8% due primarily to an increase in capital outlay. The cost of the law enforcement contract with Los Angeles County decreased approximately 3% from the previous year, due to a reduction in the number of special private events for which the City is reimbursed and an overall reduction in Lakewood's base law enforcement contract. 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 SANE program. Overall public safety decreased 5% due mainly to the one-time purchase of a new Sky Knight helicopter for approximately \$305,000 in the previous year.

Employees received a salary increase of 2.9% as of July 1, 1998. Total payroll for the year was \$9.0 million, a 6% 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 \$655,804, a 15% 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 \$15,407. Other personnel-related costs totaled \$475,461. 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 3% from the previous year due to additional Proposition C money allocated to street paving.

Health and sanitation expenses increased 4% 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 and slurry sealing (\$754,183), Burns Community Center renovation (\$380,067), and hardscape improvements (\$309,815).

Governmental Fund Balance. The fund balances of the governmental funds increased by \$3,214,923. \$1.1 million was an increase in interest earnings. Over \$400,000 was due to a 4% increase in sales tax (\$242,191) and a 10% increase in property tax revenues (\$185,804). Public safety expenditures decreased \$400,960 due to the one-time expenditure for a new Sky Knight helicopter in the preceding fiscal year. General government expenditures were also less than budgeted due largely to decreases in liability and other insurance expenditures. \$1.5 million of General Fund Balance is allocated in the 1998-2000 Budget to be spent on hardscape and local street resurfacing projects.

Enterprise Operation. The City's water system has approximately 20,490 services and produced 2,927 million gallons of water during 1997-98. 2,808 million gallons were from the "potable" water system (meeting clean drinking water standards) and 119 million gallons were recycled water used for irrigation purposes. Total production was down from last year by 322 million gallons.

Operating revenues of the water system were \$4,973,141, a decrease of 7% due to a decrease in amount of water sold. Operating expenses were \$4,290,982, a decrease of \$104,104. Non-operating revenues net of non-operating expenses were a negative \$13,471.

The direct cost for water (energy, replenishment costs and direct purchase) was \$1,782,636 compared to \$1,999,914 in 1996-97. This represents a decrease of 11% in direct cost. The cost of energy used in pumping decreased 5.7%, \$410,794 compared to \$435,623 last year. The City paid \$1.3 million in ground water replenishment costs for water pumped from City wells. The cost of reclaimed water was \$68,646, including a rebate from the Metropolitan Water District.

Capital additions were made to the system at a cost of \$2,090,338. 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 \$529,148 at June 30, 1998.

Basic water rates were last adjusted February 1, 1996, to \$1.14 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 six general rate adjustments: 1967, 1973, 1978, 1983, 1989 and 1996.

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 "above normal" levels during 1997-98, 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, 1998, the balance of the 1992 series bonds outstanding was \$18,630,000. These bonds are secured by a pledge on the Agency's tax increment revenues.

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, 1998, the balance of the 1996 water revenue bonds outstanding was \$5,675,000. These bonds are secured by an installment purchase contract with

the City which requires payment from the income and revenue derived from the ownership and operation of the City's water system. The bonds are insured by the Financial Guaranty Insurance Company (FGIC).

Cash Management. Cash temporarily idle during the year was invested in certain eligible securities as constrained by law and the City's Investment Policy. The City invests in demand deposits, time deposits from 30 to 365 days to maturity, issues of federal agencies such as FNMA's and Farm Credit Bank Notes, Bankers' Acceptances, and the Local Agency Investment Fund (LAIF). The goals of the City's investment policy are safety, liquidity and yield, in that order.

The average yield on maturing investments during 1997-98 was 5.95%; interest received was \$3,405,028.

Risk Management. Lakewood is a member of the California Joint Powers Insurance Authority (CJPIA). With 77 city members, it is the largest joint powers insurance authority in California. Through the CJPIA, the City is self-insured against liability and workers' compensation claims. As protection against catastrophic loss, members fund a pool to finance large settlements. During 1997-98, Lakewood continued its proactive liability risk management role through careful monitoring of losses, working closely with the CJPIA's third-party claims adjuster, and designing and implementing programs to minimize risks and reduce losses. In addition, the City's Safety Committee analyzes workers' compensation issues by monitoring work conditions, and organizing and implementing safety training programs to reduce employee exposure to hazards.

OTHER INFORMATION

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

GFOA Certificate of Achievement Award. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Lakewood for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 1997. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

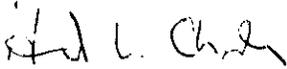
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Lakewood has received a Certificate of Achievement for the last 17 consecutive years (fiscal years ended 1981-1997). We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA.

CSMFO Certificate of Award for Outstanding Financial Reporting. The California Society of Municipal Finance Officers awarded a Certificate of Award for Outstanding Financial Reporting to the City of Lakewood for its CAFR for the fiscal year ended June 30, 1997. The certificate is issued in recognition of meeting professional standards and criteria in reporting, which reflect a high level of quality in the annual financial statements.

Acknowledgments. Preparation of this report was accomplished by the combined efforts of the Finance Department staff. We appreciate the high level of professionalism and dedication that these staff members bring to the City. The contributions made by Carol Moon, Senior Accountant; Pamala Lau, Assistant Accountant; Ronnie Campbell, Assistant Director of Finance; Patsy Uyematsu, Administrative Secretary; and Doug Butler, Deputy Treasurer, deserve special recognition. We would also like to thank the members of the City Council for their interest and support in the development of this report.

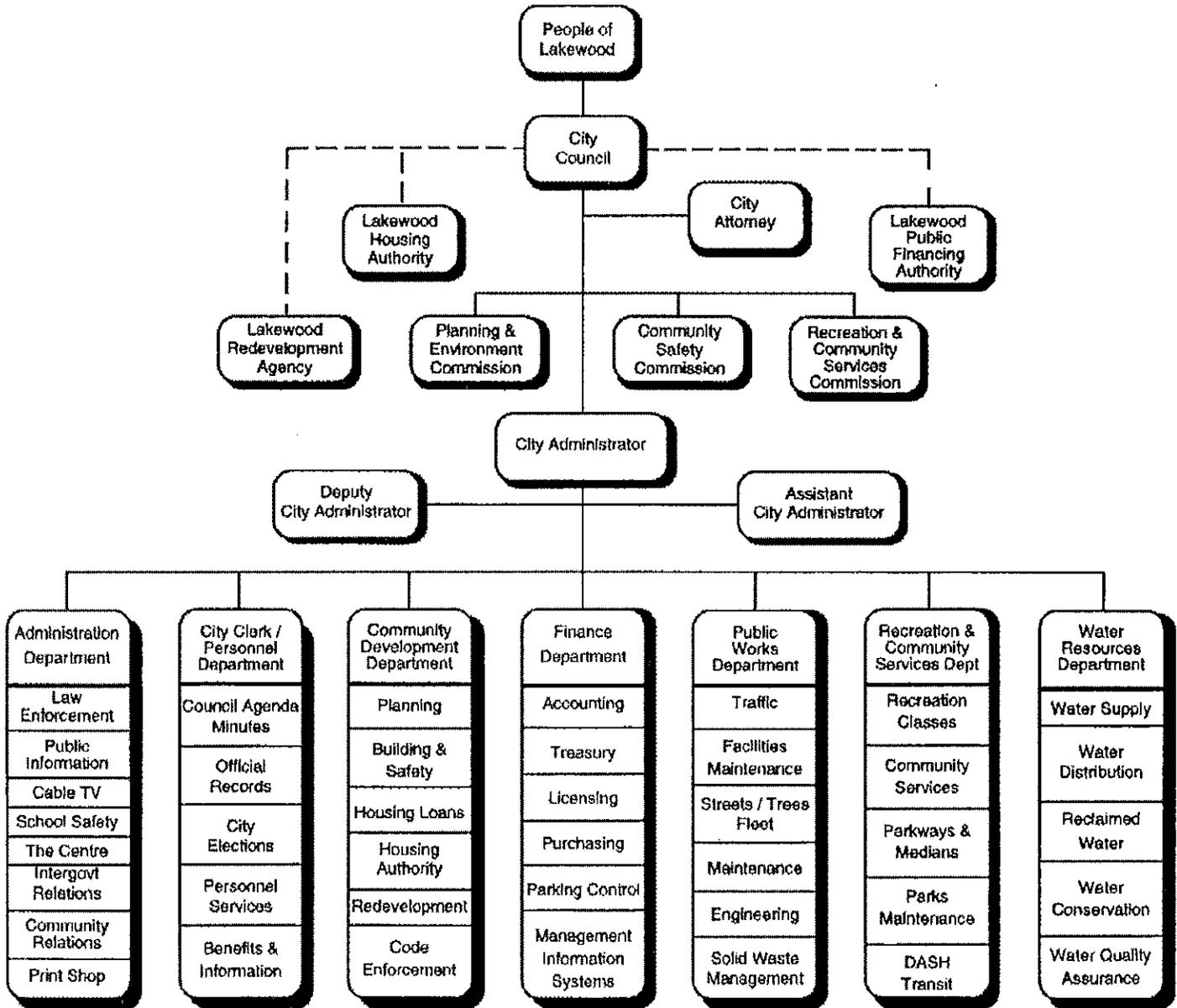
Respectfully submitted,



Howard L. Chambers
City Administrator



Larry Schroeder
Director of Finance



CITY COUNCIL

LARRY VAN NOSTRAN
Mayor

JOSEPH ESQUIVEL
Vice Mayor

WAYNE E. PIERCY
Council Member

MARC TITEL
Council Member

ROBERT G. WAGNER
Council Member

ADMINISTRATION AND DEPARTMENT DIRECTORS

HOWARD L. CHAMBERS
City Administrator

JOHN S. TODD
City Attorney

MICHAEL W. STOVER
Assistant City Administrator

LARRY SCHROEDER
Director of Finance

SANDRA L. RUYLE
Deputy City Administrator

LISA A. RAPP
Director of Public Works

DAVID L. RODDA
Director of Recreation
and Community Services

CHARLES K. EBNER
Director of Community
Development

JAMES B. GLANCY
Director of Water Resources

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Lakewood,
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 1997

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.



Douglas R. Ellsworth
President

Jeffrey L. Esser
Executive Director

*California Society of
Municipal Finance Officers*

Certificate of Award

Outstanding Financial Reporting 1996-97

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.*

February 23, 1998



Debra Hummer
Chair, Professional & Technical Standards Committee

Dedicated to Excellence in Municipal Financial Management





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

A PARTNERSHIP INCLUDING ACCOUNTANCY CORPORATIONS

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• PHILIP H. HOLTkamp, CPA
• THOMAS M. PERLOWSKI, CPA
• HARVEY J. SCHROEDER, CPA
• A PROFESSIONAL CORPORATION

October 28, 1998

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, 1998, as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. 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 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, 1998, 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.

As described in Note 1.G. to the general purpose financial statements, the City of Lakewood adopted Governmental Accounting Standards Board Statement No. 31, which changed its method of accounting for investments.

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

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**GENERAL PURPOSE
FINANCIAL STATEMENTS**



COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1998

ASSETS AND OTHER DEBITS	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Cash and investments (Notes 1.G & 2)	\$ 26,635,334	\$ 4,660,843	\$ 1,361,009	\$ 2,686,974
Cash and investments with fiscal agent (Notes 2 & 4.A)	-	-	6,360,155	-
Receivables:				
Taxes	1,447,723	-	325,174	-
Accounts	1,442,622	353,387	-	-
Loans (Note 10)	-	-	-	-
Accrued revenue (Note 1.D)	200,960	-	-	19,933
Due from other funds (Note 6)	76,608	-	-	149,372
Inventories, at cost (Note 1.H)	-	-	-	-
Restricted assets:				
Cash and investments (Note 2)	-	-	-	-
Property, plant and equip., net (Notes 1.J, 1.K, 3, & 5.A)	-	-	-	-
Bond issuance costs, net (Note 1.N)	-	-	-	-
Amount available in debt service fund	-	-	-	-
Amount to be provided for payment of long-term debt	-	-	-	-
Total assets and other debits	\$ 29,803,247	\$ 5,014,230	\$ 8,046,338	\$ 2,856,279
LIABILITIES, EQUITY AND OTHER CREDITS				
Liabilities:				
Accounts payable	\$ 1,452,811	\$ 580,131	\$ -	\$ 119,565
Accrued liabilities	351,222	2,749	-	-
Accrued revenue bond interest	-	-	-	-
Deposits	-	-	-	-
Deferred revenue (Note 1.D)	500,009	-	-	25,000
Deposits payable from restricted assets	-	-	-	-
Due to other funds (Note 6)	109,474	-	39,898	-
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.L & 4.B)	-	-	-	-
Loans payable (Notes 4.C, 4.D & 5.C)	-	-	-	-
Total liabilities	2,413,516	582,880	39,898	144,565
Equity and other credits:				
Contributed capital (Note 1D)	-	-	-	-
Investment in general fixed assets (Notes 1.J & 3)	-	-	-	-
Retained earnings:				
Reserved (Note 9)	-	-	-	-
Unreserved	-	-	-	-
Fund balance (Note 9):				
Reserved	4,201,851	4,431,350	8,006,440	2,539,426
Unreserved - designated	23,187,880	-	-	172,288
Total equity and other credits	27,389,731	4,431,350	8,006,440	2,711,714
Total liabilities, equity and other credits	\$ 29,803,247	\$ 5,014,230	\$ 8,046,338	\$ 2,856,279

(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, 1998	June 30, 1997
\$ 2,695,001	\$ 54,716	\$ 712,828	\$ -	\$ -	\$ 38,806,705	\$ 33,011,041
294	-	-	-	-	6,360,449	6,158,029
-	-	-	-	-	1,772,897	2,694,255
222,548	-	-	-	-	2,018,557	3,441,107
-	-	2,552,789	-	-	2,552,789	2,386,310
676,941	-	-	-	-	897,834	785,913
-	-	-	-	-	225,980	281,268
109,122	118,572	-	-	-	227,694	217,481
1,960,933	-	-	-	-	1,960,933	3,352,124
12,153,951	537,493	-	44,669,237	-	57,360,681	56,171,059
204,785	-	-	-	-	204,785	216,323
-	-	-	-	8,006,440	8,006,440	7,952,707
-	-	-	-	12,566,233	12,566,233	13,012,065
<u>\$ 18,023,575</u>	<u>\$ 710,781</u>	<u>\$ 3,265,617</u>	<u>\$ 44,669,237</u>	<u>\$ 20,572,673</u>	<u>\$ 132,961,977</u>	<u>\$ 129,679,682</u>
\$ 820,159	\$ 13,065	\$ -	\$ -	\$ -	\$ 2,985,731	\$ 3,181,127
-	3,005	-	-	-	356,976	314,906
73,612	-	-	-	-	73,612	75,512
-	-	450,156	-	-	450,156	389,834
-	-	-	-	-	525,009	250,516
34,754	-	-	-	-	34,754	32,615
-	76,608	-	-	-	225,980	281,268
-	-	2,815,461	-	-	2,815,461	2,630,711
5,651,318	-	-	-	-	5,651,318	5,849,983
-	-	-	-	18,630,000	18,630,000	19,085,000
-	-	-	-	1,350,244	1,350,244	1,245,446
529,148	-	-	-	592,429	1,121,577	1,208,110
<u>7,108,991</u>	<u>92,678</u>	<u>3,265,617</u>	<u>-</u>	<u>20,572,673</u>	<u>34,220,818</u>	<u>34,545,028</u>
1,261,238	-	-	-	-	1,261,238	1,071,527
-	-	-	44,669,237	-	44,669,237	45,034,439
476,213	-	-	-	-	476,213	677,684
9,177,133	618,103	-	-	-	9,795,236	9,026,692
-	-	-	-	-	19,179,067	19,114,993
-	-	-	-	-	23,360,168	20,209,319
<u>10,914,584</u>	<u>618,103</u>	<u>-</u>	<u>44,669,237</u>	<u>-</u>	<u>98,741,159</u>	<u>95,134,654</u>
<u>\$ 18,023,575</u>	<u>\$ 710,781</u>	<u>\$ 3,265,617</u>	<u>\$ 44,669,237</u>	<u>\$ 20,572,673</u>	<u>\$ 132,961,977</u>	<u>\$ 129,679,682</u>



COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 1998

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)	
					Year Ended June 30, 1998	Year Ended June 30, 1997
Revenues:						
Taxes	\$ 12,632,502	\$ 1,563,964	\$ 3,393,299	\$ -	\$ 17,589,765	\$ 19,179,682
Licenses and permits	272,297	7,932	-	-	280,229	319,125
Fines and forfeitures	283,269	-	-	-	283,269	267,687
Interest, rents and concessions	2,833,860	291,041	536,228	315,410	3,976,539	2,910,207
From other agencies	4,386,807	2,366,669	-	526,697	7,280,173	6,970,687
Current service charges	4,967,106	59,211	-	-	5,026,317	5,086,796
Other	923,659	1,763	-	184	925,606	1,328,389
Total revenues	26,299,500	4,290,580	3,929,527	842,291	35,361,898	36,062,573
Expenditures:						
Current:						
General government	4,224,972	-	-	-	4,224,972	3,636,865
Public safety	7,007,375	116,389	-	-	7,123,764	7,524,724
Transportation	2,193,914	1,564,820	-	-	3,758,734	3,654,052
Community development	2,150,897	910,937	-	-	3,061,834	3,116,403
Health and sanitation	2,674,087	-	-	-	2,674,087	2,576,747
Culture and leisure	5,016,698	4,890	-	-	5,021,588	4,925,279
Capital outlay	-	-	-	3,246,813	3,246,813	1,714,691
Debt service:						
Principal retirement	-	-	455,000	-	455,000	430,000
Interest	-	-	2,282,152	-	2,282,152	1,842,962
Total expenditures	23,267,943	2,597,036	2,737,152	3,246,813	31,848,944	29,421,723
Excess of revenues over (under) expenditures	3,031,557	1,693,544	1,192,375	(2,404,522)	3,512,954	6,640,850
Other financing sources (uses):						
Operating transfers in	2,008,383	54,793	-	2,979,339	5,042,515	4,046,550
Operating transfers out	(1,937,478)	(2,264,426)	(1,138,642)	-	(5,340,546)	(4,380,882)
Total other financing sources (uses)	70,905	(2,209,633)	(1,138,642)	2,979,339	(298,031)	(334,332)
Excess of revenues and other sources over (under) expenditures and other uses	3,102,462	(516,089)	53,733	574,817	3,214,923	6,306,518
Fund balances - July 1	24,287,269	4,947,439	7,952,707	2,136,897	39,324,312	27,764,980
Residual equity transfer	-	-	-	-	-	5,252,814
Fund balances - June 30	\$ 27,389,731	\$ 4,431,350	\$ 8,006,440	\$ 2,711,714	\$ 42,539,235	\$ 39,324,312

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

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL
GENERAL AND SPECIAL REVENUE FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 1998

	General Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues:			
Taxes	\$ 12,218,500	\$ 12,632,502	\$ 414,002
Licenses and permits	340,400	272,297	(68,103)
Fines and forfeitures	270,000	283,269	13,269
Interest, rents and concessions	1,596,450	2,833,860	1,237,410
From other agencies	4,289,892	4,386,807	96,915
Current service charges	4,823,800	4,967,106	143,306
Other	881,429	923,659	42,230
Total revenues	<u>24,420,471</u>	<u>26,299,500</u>	<u>1,879,029</u>
Expenditures:			
Current:			
General government	4,700,093	4,224,972	475,121
Public safety	8,140,978	7,007,375	1,133,603
Transportation	2,462,383	2,193,914	268,469
Community development	2,519,498	2,150,897	368,601
Health and sanitation	2,972,917	2,674,087	298,830
Culture and leisure	5,139,472	5,016,698	122,774
Total expenditures	<u>25,935,341</u>	<u>23,267,943</u>	<u>2,667,398</u>
Excess of revenues over (under) expenditures	<u>(1,514,870)</u>	<u>3,031,557</u>	<u>4,546,427</u>
Other financing sources (uses):			
Operating transfers in	1,265,400	2,008,383	742,983
Operating transfers out	(2,748,114)	(1,937,478)	810,636
Total other financing sources (uses)	<u>(1,482,714)</u>	<u>70,905</u>	<u>1,553,619</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>(2,997,584)</u>	<u>3,102,462</u>	<u>6,100,046</u>
Fund balances - July 1	<u>24,287,269</u>	<u>24,287,269</u>	<u>-</u>
Fund balances - June 30	<u>\$ 21,289,685</u>	<u>\$ 27,389,731</u>	<u>\$ 6,100,046</u>

(continued)

(Continued)

Special Revenue			Totals (Memorandum Only)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 1,370,000	\$ 1,563,964	\$ 193,964	\$ 13,588,500	\$ 14,196,466	\$ 607,966
26,000	7,932	(18,068)	366,400	280,229	(86,171)
-	-	-	270,000	283,269	13,269
90,500	291,041	200,541	1,686,950	3,124,901	1,437,951
2,492,200	2,366,669	(125,531)	6,782,092	6,753,476	(28,616)
60,000	59,211	(789)	4,883,800	5,026,317	142,517
18,000	1,763	(16,237)	899,429	925,422	25,993
<u>4,056,700</u>	<u>4,290,580</u>	<u>233,880</u>	<u>28,477,171</u>	<u>30,590,080</u>	<u>2,112,909</u>
-	-	-	4,700,093	4,224,972	475,121
131,379	116,389	14,990	8,272,357	7,123,764	1,148,593
1,892,869	1,564,820	328,049	4,355,252	3,758,734	596,518
1,131,700	910,937	220,763	3,651,198	3,061,834	589,364
-	-	-	2,972,917	2,674,087	298,830
11,253	4,890	6,363	5,150,725	5,021,588	129,137
<u>3,167,201</u>	<u>2,597,036</u>	<u>570,165</u>	<u>29,102,542</u>	<u>25,864,979</u>	<u>3,237,563</u>
889,499	1,693,544	804,045	(625,371)	4,725,101	5,350,472
42,000	54,793	12,793	1,307,400	2,063,176	755,776
(3,683,097)	(2,264,426)	1,418,671	(6,431,211)	(4,201,904)	2,229,307
<u>(3,641,097)</u>	<u>(2,209,633)</u>	<u>1,431,464</u>	<u>(5,123,811)</u>	<u>(2,138,728)</u>	<u>2,985,083</u>
(2,751,598)	(516,089)	2,235,509	(5,749,182)	2,586,373	8,335,555
4,947,439	4,947,439	-	29,234,708	29,234,708	-
<u>\$ 2,195,841</u>	<u>\$ 4,431,350</u>	<u>\$ 2,235,509</u>	<u>\$ 23,485,526</u>	<u>\$ 31,821,081</u>	<u>\$ 8,335,555</u>

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 1998

	Enterprise	Internal Service	Totals (Memorandum Only)	
			June 30, 1998	June 30, 1997
Operating revenues:				
Charges for services	\$ 4,885,931	\$ 566,858	\$ 5,452,789	\$ 5,875,782
Other revenue	87,210	1,012	88,222	89,978
Total operating revenues	<u>4,973,141</u>	<u>567,870</u>	<u>5,541,011</u>	<u>5,965,760</u>
Operating expenses:				
Operations:				
Supply, transmission and distribution	3,290,818	-	3,290,818	3,515,486
Customer service	367,451	-	367,451	339,049
Administration	293,011	-	293,011	206,845
Cost of goods sold	-	850,463	850,463	874,111
Depreciation	339,702	117,052	456,754	451,865
Total operating expenses	<u>4,290,982</u>	<u>967,515</u>	<u>5,258,497</u>	<u>5,387,356</u>
Operating income or (loss)	<u>682,159</u>	<u>(399,645)</u>	<u>282,514</u>	<u>578,404</u>
Nonoperating revenues (expenses):				
Sale of pumping rights	-	-	-	7,250
Interest revenue	160,964	-	160,964	282,840
Interest expense on long-term debt	(23,025)	-	(23,025)	(24,747)
Amortization of bond issuance costs	(11,537)	-	(11,537)	(11,537)
Loss on disposal of assets	(139,873)	-	(139,873)	(88,939)
Total nonoperating revenues (expenses)	<u>(13,471)</u>	<u>-</u>	<u>(13,471)</u>	<u>164,867</u>
Income (loss) before operating transfers in	668,688	(399,645)	269,043	743,271
Operating transfers in	-	298,030	298,030	334,332
Net income (loss)	668,688	(101,615)	567,073	1,077,603
Retained earnings - July 1	8,984,658	719,718	9,704,376	12,626,773
Residual equity transfer	-	-	-	(4,000,000)
Retained earnings - June 30	<u>\$ 9,653,346</u>	<u>\$ 618,103</u>	<u>\$ 10,271,449</u>	<u>\$ 9,704,376</u>

COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 1998

	Enterprise	Internal Service	Totals (Memorandum Only)	
			June 30, 1998	June 30, 1997
Cash flows from operating activities:				
Operating income (loss)	\$ 682,159	\$ (399,645)	\$ 282,514	\$ 578,404
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operations:				
Depreciation	339,702	117,052	456,754	451,865
Changes in operating assets and liabilities:				
(Increase) in accounts receivable	18,947	-	18,947	50,329
(Increase) in inventory	(282)	(9,931)	(10,213)	(19,040)
Increase (decrease) in accounts payable	(266,719)	(28,368)	(295,087)	627,258
Increase in accrued liabilities	-	1,643	1,643	1,362
Increase in customer deposits	2,139	-	2,139	1,181
Total adjustments	93,787	80,396	174,183	1,112,955
Net cash provided by (used in) operating activities	775,946	(319,249)	456,697	1,691,359
Cash flows from non-capital financing activities:				
Operating transfers in	-	298,030	298,030	334,332
Transfer to General Fund	-	-	-	(4,000,000)
Net cash provided by (used in) non-capital financing activities	-	298,030	298,030	(3,665,668)
Cash flows from capital and related financing activities:				
Proceeds from the sale of pumping rights	-	-	-	7,250
Proceeds from capital grant	189,712	-	189,712	-
Purchase of property, plant and equipment	(2,090,338)	(63,013)	(2,153,351)	(2,616,057)
Principal paid on revenue bonds and state loan	(243,301)	-	(243,301)	(206,580)
Interest paid on state loan	(23,025)	-	(23,025)	(51,980)
Net cash (used in) capital and related financing activities	(2,166,952)	(63,013)	(1,931,935)	(2,867,367)
Cash flows from investing activities:				
Interest on investments	160,964	-	160,964	282,840
Net (decrease) in cash and cash equivalents	(1,230,042)	(84,232)	(1,016,244)	(4,558,836)
Cash and cash equivalents - July 1	5,886,270	138,948	6,025,218	10,584,054
Cash and cash equivalents - June 30 (Note 1.G)	\$ 4,656,228	\$ 54,716	\$ 5,008,974	\$ 6,025,218



JUNE 30, 1998

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, 1997, have been presented herein to include the City, Agency, and Housing Authority and Financing Authority. However, prior year comparisons for each individual fund are not presented, since their inclusion would make the statements unduly complex and difficult to read.

Interfund debt between the City and the Agency at June 30, 1998, 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 1997-98 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, 1998. 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 1997-98 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 Funds

Water Enterprise Fund

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

Internal Service Funds

Internal Service Funds (Central Stores, Central Garage, and Print Shop Funds) are used to account for the financing of materials and supplies, maintenance, repair and replacement of vehicles and equipment, and printing services used by various departments of the City.

Fiduciary Funds

Agency Funds

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

Account Groups

General Fixed Assets Account Group

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

General Long-Term Debt Account Group

The General Long-Term Debt Account Group is used to account for debts payable from future resources, including Agency tax increment bonds, 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 by 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 \$189,711 for the year ended June 30, 1998. Capital grants reported as contributed capital as of June 30, 1998, is \$604,978. 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 on 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 1996-97 and 1997-98, 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 \$1,102,797 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, 1998, 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 1997-98, 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.L.

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 \$15,705,065 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.

H. Inventories

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

I. 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.

J. 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.

K. 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

L. 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.

M. 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, 1998, the City Attorney estimated a claim liability of \$81,000 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 (\$522,882 in 1997-98). 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 (\$123,843 in 1997-98). 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.H.)

N. Bond Issuance Costs

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

O. 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
Bankers Acceptances
Negotiable Certificates of Deposit
Repurchase Agreements
Medium Term Corporate Notes

Mutual Funds
Commercial
California Local Agency Investment Fund (LAIF)
Los Angeles

CAMP
800-
729-
7665

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)
Tennessee Valley Authority Notes (TVA's)
Student Loan Association Notes (SALLIE MAE's)

949
399-0610
Grui's
sproker

It is the City's policy not to invest in the following types of Federal Agency obligations 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 1997-98.

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, 1998, the total market value of LAIF was \$32,107,563,728. The City's proportionate share of that value is \$15,705,065. Included in LAIF's investment portfolio are certain derivative securities in the form of structured notes totaling \$977,100,000 and asset-backed securities totaling \$388,537,000. LAIF's and the City's exposure to credit, market, or legal risk is not currently available.

Corporate Trust Investment U. S. Treasury Fund

The fiscal agent for the Lakewood Redevelopment Agency invests reserve bond funds in an investment ^{Trust} similar to a mutual money market fund of U.S. Treasury issues. In accordance with GASB 3, investments in mutual funds are to be disclosed but are not required to be categorized into one of the three risk categories.

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, 1998:

	Category			Bank Balances	Fair Value
	1	2	3		
Deposits:					
Banks:					
Demand accounts	\$ 100,000	\$ 1,594,735	\$ -	\$ 1,694,735	\$ 3,744,243
Savings accounts	100,000	752,856	-	852,856	(1,351,629)
Fiscal agent deposits	-	-	1,332	1,332	1,332
Total deposits	<u>\$ 200,000</u>	<u>\$ 2,347,591</u>	<u>\$ 1,332</u>	<u>\$ 2,548,923</u>	<u>2,393,946</u>

	Category			Not Categorized	
	1	2	3		
Investments:					
Federal obligations:					
T-Notes	\$ 7,970,000	\$ -	\$ -	\$ -	7,970,000
Federal Home Loan Bank	9,998,750	-	-	-	9,998,750
Federal National Mortgage Association	2,998,438	-	-	-	2,998,438
Federal Farm Credit Bank Bonds	998,437	-	-	-	998,437
California Local Agency Investment Fund	-	-	-	15,705,065	15,705,065
Money Market Portfolio	-	-	-	704,334	704,334
T-Notes - Fiscal Agent	738,750	-	-	-	738,750
Money Market Portfolio - Fiscal Agent	-	-	-	5,620,367	5,620,367
Total investments	<u>\$ 22,704,375</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,029,766</u>	<u>44,734,141</u>
Total carrying amount (book balances)					<u>\$ 47,128,087</u>

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

Cash and investments - unrestricted	\$ 38,806,705
Cash and investments with fiscal agent	6,360,449
Cash and investments - restricted (1)	<u>1,960,933</u>
	<u>\$ 47,128,087</u>

(1) All restricted cash and investments are in the Water Enterprise Fund. The total represents \$1,926,179 in unspent bond proceeds and customer deposits of \$34,754. Bond proceeds are required to be used for construction of a new water well, rehabilitation or replacement of storage tanks, and replacement of water mains.

NOTE 3 - CHANGES IN GENERAL FIXED ASSETS

A summary of changes in General Fixed Assets for the year ended June 30, 1998, is as follows:

	Balance June 30, 1997	Additions	Deletions	Balance June 30, 1998
Land	\$ 10,765,913	\$ -	\$ -	\$ 10,765,913
Structures and improvements	26,176,831	1,958,096	366,967	27,767,960
Equipment	6,376,876	124,552	456,003	6,045,425
Construction in progress	1,714,819	19,270	1,644,150	89,939
Total	<u>\$ 45,034,439</u>	<u>\$ 2,101,918</u>	<u>\$ 2,467,120</u>	<u>\$ 44,669,237</u>

NOTE 4 - GENERAL LONG-TERM DEBT

The changes in the General Long-Term Debt for the year ended June 30, 1998, were as follows:

	Balance June 30, 1997	Additions	Deletions	Balance June 30, 1998
Agency tax allocation bonds	\$ 19,085,000	\$ -	\$ 455,000	\$ 18,630,000
Liability for compensated absences:				
Vacation	551,425	39,582	-	591,007
Sick leave	694,021	65,216	-	759,237
Agency land loan	500,000	-	-	500,000
Capital equipment lease	134,326	-	41,897	92,429
Total	<u>\$ 20,964,772</u>	<u>\$ 104,798</u>	<u>\$ 496,897</u>	<u>\$ 20,572,673</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, 1998.

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. The balance in the Redevelopment Fund at June 30, 1998, was \$71,038.

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, 1998, was \$4,187,734.

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, 1998, the balance in the Series 1992A account was \$140 and the balance in the Series 1992B account was \$1.
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, 1998.
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, 1998, the balance in the Series 1992A account was \$1,435,832 and the balance in the Series 1992B account was \$343,186.
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, 1998, was \$393,262.

The annual requirements to amortize the bonds outstanding at June 30, 1998, are as follows:

Year	Series 1992A Bonds			Series 1992B Bonds		
	Principal	Interest	Total	Principal	Interest	Total
1998-99	\$ 420,000	\$ 976,475	\$ 1,396,475	\$ 60,000	\$ 269,800	\$ 329,800
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	1,391,240	85,000	244,284	329,284
2003-17	13,225,000	7,440,000	20,665,000	2,710,000	2,176,595	4,886,595
	<u>\$ 15,560,000</u>	<u>\$ 12,072,833</u>	<u>\$ 27,632,833</u>	<u>\$ 3,070,000</u>	<u>\$ 3,464,800</u>	<u>\$ 6,534,800</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, 1998, are as follows:

Year	Principal	Interest	Total
1998-99	\$ -	\$ 45,000	\$ 45,000
1999-2000	-	45,000	45,000
2000-01	500,000	54,863	554,863
	<u>\$ 500,000</u>	<u>\$ 144,863</u>	<u>\$ 644,863</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, 1998, are as follows:

Year	Total Rent	Purchase Option	Principal	Interest
1998-99	\$ 50,923	\$ 50,590	\$ 44,712	\$ 6,211
1999-2000	50,924	-	47,717	3,207
Total	\$ 101,847	\$ 50,590	\$ 92,429	\$ 9,418

NOTE 5 - CITY WATER UTILITY

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

	Balance June 30, 1997	Additions	Deletions	Balance June 30, 1998
Land and water rights	\$ 1,932,859	\$ -	\$ -	\$ 1,932,859
Source of supply	437,217	-	-	437,217
Pumping plant	519,779	11,650	-	531,429
Water treatment	51,088	-	-	51,088
Transmission/distribution	12,308,386	143,990	237,148	12,215,228
General plant	2,767,361	171,994	-	2,939,355
Construction in progress	2,621,298	1,959,593	198,789	4,382,102
Total	20,637,988	\$ 2,287,227	\$ 435,937	22,489,278
Less : Accumulated depreciation	10,092,900			10,335,327
Net	\$ 10,545,088			\$ 12,153,951

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

	Balance June 30, 1997	Additions	Deletions	Balance June 30, 1998
Loan payable to State of California	\$ 573,784	\$ -	\$ 44,636	\$ 529,148
1996 Water Revenue Bonds	5,875,000	-	200,000	5,675,000
	<u>6,448,784</u>	<u>-</u>	<u>244,636</u>	<u>6,204,148</u>
Less: Discount on Bonds	(25,017)	-	1,334	(23,683)
	<u>(25,017)</u>	<u>-</u>	<u>1,334</u>	<u>(23,683)</u>
Total	\$ 6,423,767	\$ -	\$ 243,302	\$ 6,180,465

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, 1998, are as follows:

Year	Principal	Interest	Total
1998-99	\$ 46,427	\$ 21,234	\$ 67,661
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
	<u>\$ 529,148</u>	<u>\$ 118,207</u>	<u>\$ 647,355</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, 1998, was \$178,635.

The annual requirements to amortize the bonds outstanding at June 30, 1998, are as follows:

Year	Principal	Interest	Total
1998-99	\$ 205,000	\$ 294,447	\$ 499,447
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
	\$ 5,675,000	\$ 3,341,995	\$9,016,995

E. Segment Information.

Net working capital of the Water Utility at June 30, 1998, was as follows:

Current Assets	\$ 3,703,906
Current liabilities payable from current assets	<u>866,586</u>
Net working capital	<u>\$ 2,837,320</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, 1998:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
General fund	\$ 76,608	\$ 109,474
Debt service fund	-	39,898
Capital project funds:		
Lakewood Capital Improvements	109,474	-
Lakewood Redevelopment Agency	39,898	-
Internal service fund:		
Central Stores	-	76,608
Total	<u>\$ 225,980</u>	<u>\$ 225,980</u>

Loans payable and accrued interest payable from the Agency to the City were as follows for the year ended June 30, 1998:

	<u>Loans</u>	<u>Accrued Interest</u>	<u>Total</u>
Balance at June 30, 1997	\$ 9,788,695	\$ -	\$ 9,788,695
Additions	1,105,000	1,001,617	2,106,617
Payments from Agency to City	(508,383)	(1,001,617)	(1,510,000)
Balance at June 30, 1998	<u>\$ 10,385,312</u>	<u>\$ -</u>	<u>\$ 10,385,312</u>

Interest at an annual rate of 6% 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 1997-98 was .941% 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 1997-98, the City's actual and contributed pension cost was \$655,804. The required contribution for fiscal year 1997-98 was determined as part of the June 30, 1995 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 8.5% 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 Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
<u>Miscellaneous Employees</u>			
6/30/96	\$ 888,986	100%	\$ -
6/30/97	771,664	100%	-
6/30/98	655,804	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
6/30/94	\$ 24,516,187	\$ 25,271,493	\$ (754,443)	103.1%	\$ 6,675,156	(11.302%)
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%)

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, 1998 was \$3,535,529. The asset market value of the PERS California Employees Deferred Plan at June 30, 1998 was \$33,310.

NOTE 9 - RESERVES AND DESIGNATIONS OF FUND EQUITY

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

The City's reserves and designations at June 30, 1998, 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	\$ 370,478	\$ 274,248	\$ -	\$ 41,441	\$ -
Continuing appropriations	552,696	1,549,609	-	19,575	-
Personnel benefits	2,620,742	-	-	-	-
Debt service	-	-	8,006,440	-	-
Low and moderate housing	-	-	-	2,478,410	-
Special revenue purposes	-	2,607,493	-	-	-
Other reserves	657,935	-	-	-	476,213
Total reserves	\$ 4,201,851	\$ 4,431,350	\$ 8,006,440	\$ 2,539,426	\$ 476,213

Designations	General Fund	Capital Projects Funds
Self-insurance	\$ 3,917,000	\$ -
Capital improvements	3,914,424	172,288
Facilities replacement	2,589,842	-
Equipment replacement	2,852,420	-
General contingencies	5,315,918	-
Infrastructure improvements	4,000,000	-
Refuse disposal rate stabilization	598,276	-
Total designations	\$ 23,187,880	\$ 172,288

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, 1998 will carry forward as continuing appropriations to be expended in 1998-99.

C. Reserve for Personnel Benefits

This reserve provides for additional negotiated personnel benefits, as provided in the memorandum of understanding effective July 1, 1998.

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. Other reserves

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

H. 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.

I. Designated for Capital Improvements

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

J. 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.

K. 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.

L. Designated for General Contingencies

The remainder of the unreserved fund balance at June 30, 1998, in the General Fund has been designated for general contingencies.

M. Designated for Infrastructure Improvements

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

N. 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 uses Housing and Community Development Block Grant funds to provide housing rehabilitation loans to eligible applicants. 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. The rehabilitation loans 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 77 California member cities and 2 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 of insurance for the pooling of self-insured losses and to purchase excess insurance coverage.

Each member city has a representative on the Board of Directors. Officers of the Authority are elected annually by the Board members. 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. Separate deposits are collected from the member cities to cover claims between \$500,001 and \$5,000,000. Re-insurance is provided for coverage from \$5,000,001 to \$50,000,000.

Workers' Compensation. Periodic 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 participating cities to statutory requirements. This cost is also prorated on a payroll basis.

Property Protection. The City of Lakewood participates in the All Risks Property Protection Program, which is primarily underwritten by a casualty insurance company. The annual deposits 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 \$42 per month. The benefit is increased 2% annually for the duration of the retiree's eligibility. The amounts of the monthly benefit during fiscal 1997-98 were \$117 and \$49, respectively.

Expenditures for this post-retirement benefit are recognized as retirees file claims. During the year, expenditures of \$11,050 were recognized. Sixteen 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, 1998, 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.

FINANCIAL STATEMENTS
OF
INDIVIDUAL FUNDS



GENERAL FUND

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

GENERAL FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 1998 AND 1997

	1998	1997
ASSETS		
Cash and investments	\$ 26,635,334	\$ 22,913,406
Taxes receivable	1,447,723	1,447,723
Accounts receivable	1,442,622	1,677,800
Accrued revenue	200,960	201,410
Due from other funds	76,608	76,608
	<u>29,803,247</u>	<u>26,316,947</u>
Total assets	<u>\$ 29,803,247</u>	<u>\$ 26,316,947</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 1,452,811	\$ 1,327,230
Accrued liabilities	351,222	312,170
Deferred revenue	500,009	225,516
Due to other funds	109,474	164,762
	<u>2,413,516</u>	<u>2,029,678</u>
Total liabilities	<u>2,413,516</u>	<u>2,029,678</u>
Fund balance:		
Reserved:		
Reserved for encumbrances	370,478	248,545
Reserved for continuing appropriations	552,696	1,279,310
Reserved for personnel benefits	2,620,742	1,971,886
Other reserves	657,935	647,440
Unreserved:		
Designated for infrastructure improvements	4,000,000	4,000,000
Designated for refuse disposal rate stabilization	598,276	265,833
Designated for self-insurance	3,917,000	3,417,000
Designated for capital improvements	3,914,424	3,214,424
Designated for facilities replacement	2,589,842	1,689,842
Designated for equipment replacement	2,852,420	1,962,915
Designated for general contingencies	5,315,918	5,590,074
	<u>27,389,731</u>	<u>24,287,269</u>
Total fund balance	<u>27,389,731</u>	<u>24,287,269</u>
Total liabilities and fund balance	<u>\$ 29,803,247</u>	<u>\$ 26,316,947</u>

GENERAL FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEARS ENDED JUNE 30, 1998 AND 1997

	1998			1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$ 12,218,500	\$ 12,632,502	\$ 414,002	\$ 11,690,575	\$ 12,198,271	\$ 507,696
Licenses and permits	340,400	272,297	(68,103)	358,400	295,945	(62,455)
Fines and forfeitures	270,000	283,269	13,269	320,000	267,687	(52,313)
Interest, rents and concessions	1,596,450	2,833,860	1,237,410	1,516,500	2,099,355	582,855
From other agencies	4,289,892	4,386,807	96,915	4,081,579	4,233,609	152,030
Current service charges	4,823,800	4,967,106	143,306	5,436,841	5,025,190	(411,651)
Other	881,429	923,659	42,230	906,633	1,308,341	401,708
Total revenues	24,420,471	26,299,500	1,879,029	24,310,528	25,428,398	1,117,870
Expenditures:						
General government	4,700,093	4,224,972	475,121	4,269,151	3,636,865	632,286
Public safety	8,140,978	7,007,375	1,133,603	8,203,234	7,408,898	794,336
Transportation	2,462,383	2,193,914	268,469	2,515,790	2,207,449	308,341
Community development	2,519,498	2,150,897	368,601	2,381,820	2,084,473	297,347
Health and sanitation	2,972,917	2,674,087	298,830	3,317,234	2,576,747	740,487
Culture and leisure	5,139,472	5,016,698	122,774	5,091,453	4,918,533	172,920
Total expenditures	25,935,341	23,267,943	2,667,398	25,778,682	22,832,965	2,945,717
Excess of revenues over (under) expenditures	(1,514,870)	3,031,557	4,546,427	(1,468,154)	2,595,433	4,063,587
Other financing sources (uses):						
Operating transfers in	1,265,400	2,008,383	742,983	1,378,448	1,963,709	585,261
Operating transfers out	(2,748,114)	(1,937,478)	810,636	(2,924,396)	(1,495,852)	1,428,544
Total other financing sources (uses)	(1,482,714)	70,905	1,553,619	(1,545,948)	467,857	2,013,805
Excess of revenues and sources over (under) expenditures and other uses	(2,997,584)	3,102,462	6,100,046	(3,014,102)	3,063,290	6,077,392
Fund balance - July 1	24,287,269	24,287,269	-	15,971,165	15,971,165	-
Residual equity transfer	-	-	-	-	5,252,814	5,252,814
Fund balance - June 30	\$ 21,289,685	\$ 27,389,731	\$ 6,100,046	\$ 12,957,063	\$ 24,287,269	\$ 11,330,206

SPECIAL REVENUE FUNDS

Special revenue funds account for taxes and other revenues set aside in accordance with law or administrative regulation for a specific purpose.

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

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

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

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

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

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

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

AB2766 Fund - to account for motor vehicle registration fees authorized by Assembly Bill 2766. These funds are to be used solely to reduce air pollution from mobile sources.

COMBINING BALANCE SHEET
 ALL SPECIAL REVENUE FUNDS
 JUNE 30, 1998

	State Gasoline Tax	Park Dedication	Sewer Recon- struction	Prop A Transit
ASSETS				
Cash and investments	\$ 9,533	\$ 1,067,536	\$ 139,880	\$ 962,045
Accounts receivable	127,964	-	-	90,584
Total assets	<u>\$ 137,497</u>	<u>\$ 1,067,536</u>	<u>\$ 139,880</u>	<u>\$ 1,052,629</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 49,300	\$ -	\$ 27,360
Accrued liabilities	-	-	-	1,986
Total liabilities	<u>-</u>	<u>49,300</u>	<u>-</u>	<u>29,346</u>
Fund balances:				
Reserved:				
For encumbrances	-	-	-	151,286
For continuing appropriations	-	11,265	-	-
For special revenue purposes	137,497	1,006,971	139,880	871,997
Total fund balances	<u>137,497</u>	<u>1,018,236</u>	<u>139,880</u>	<u>1,023,283</u>
Total liabilities and fund balances	<u>\$ 137,497</u>	<u>\$ 1,067,536</u>	<u>\$ 139,880</u>	<u>\$ 1,052,629</u>

(continued)

(Continued)

Housing Authority Fund	Drug Forfeiture Fund	Prop C Trans- portation	AB 2766	Totals	
				June 30, 1998	June 30, 1997
\$ 424,518	\$ 2,242	\$ 1,649,790	\$ 405,299	\$ 4,660,843	\$ 3,964,207
3,516	7,457	80,233	43,633	353,387	1,427,224
<u>\$ 428,034</u>	<u>\$ 9,699</u>	<u>\$ 1,730,023</u>	<u>\$ 448,932</u>	<u>\$ 5,014,230</u>	<u>\$ 5,391,431</u>
\$ 428,034	\$ 9,699	\$ 11,392	\$ 54,346	\$ 580,131	\$ 442,618
-	-	577	186	2,749	1,374
<u>428,034</u>	<u>9,699</u>	<u>11,969</u>	<u>54,532</u>	<u>582,880</u>	<u>443,992</u>
-	-	83,486	39,476	274,248	80,163
-	-	1,514,054	24,290	1,549,609	1,749,371
-	-	120,514	330,634	2,607,493	3,117,905
-	-	1,718,054	394,400	4,431,350	4,947,439
<u>\$ 428,034</u>	<u>\$ 9,699</u>	<u>\$ 1,730,023</u>	<u>\$ 448,932</u>	<u>\$ 5,014,230</u>	<u>\$ 5,391,431</u>

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1998

	State Gasoline Tax	Park Dedication	Sewer Recon- struction	Prop A Transit
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ 854,907
Licenses and permits	-	6,633	1,299	-
Interest, rents and concessions	68,890	-	-	86,214
From other agencies	1,378,771	-	-	-
Current service charges	-	-	-	-
Other	-	20	-	-
Total revenues	1,447,661	6,653	1,299	941,121
Expenditures:				
Public safety	-	-	-	-
Transportation	-	-	-	1,317,177
Community development	-	-	-	-
Culture and leisure	-	4,890	-	-
Total expenditures	-	4,890	-	1,317,177
Excess of revenues over (under) expenditures	1,447,661	1,763	1,299	(376,056)
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers out	(1,500,000)	(133,317)	-	-
Total other financing sources (uses)	(1,500,000)	(133,317)	-	-
Excess of revenues and other sources over (under) expenditures and other uses	(52,339)	(131,554)	1,299	(376,056)
Fund balances - July 1	189,836	1,149,790	138,581	1,399,339
Fund balances - June 30	<u>\$ 137,497</u>	<u>\$ 1,018,236</u>	<u>\$ 139,880</u>	<u>\$ 1,023,283</u>

(continued)

(Continued)

Housing Authority Fund	Drug Forfeiture Fund	Prop C Trans- portation	AB 2766	Totals	
				June 30, 1998	June 30, 1997
\$ -	\$ -	\$ 709,057	\$ -	\$ 1,563,964	\$ 2,462,876
-	-	-	-	7,932	23,180
25,113	-	87,613	23,211	291,041	185,424
885,824	-	-	102,074	2,366,669	2,489,633
-	59,211	-	-	59,211	61,606
-	1,743	-	-	1,763	20,048
<u>910,937</u>	<u>60,954</u>	<u>796,670</u>	<u>125,285</u>	<u>4,290,580</u>	<u>5,242,767</u>
-	116,389	-	-	116,389	115,826
-	-	101,128	146,515	1,564,820	1,446,603
910,937	-	-	-	910,937	1,031,930
-	-	-	-	4,890	6,746
<u>910,937</u>	<u>116,389</u>	<u>101,128</u>	<u>146,515</u>	<u>2,597,036</u>	<u>2,601,105</u>
-	(55,435)	695,542	(21,230)	1,693,544	2,641,662
-	54,793	-	-	54,793	12,910
-	-	(631,109)	-	(2,264,426)	(1,616,935)
-	54,793	(631,109)	-	(2,209,633)	(1,604,025)
-	(642)	64,433	(21,230)	(516,089)	1,037,637
-	642	1,653,621	415,630	4,947,439	3,909,802
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,718,054</u>	<u>\$ 394,400</u>	<u>\$ 4,431,350</u>	<u>\$ 4,947,439</u>

STATE GASOLINE TAX SPECIAL REVENUE FUND
 COMPARATIVE BALANCE SHEET
 JUNE 30, 1998 AND 1997

	<u>1998</u>	<u>1997</u>
ASSETS		
Cash and investments	\$ 9,533	\$ 36,541
Accounts receivable	<u>127,964</u>	<u>153,295</u>
Total assets	<u>\$ 137,497</u>	<u>\$ 189,836</u>
FUND BALANCE		
Fund balance:		
Reserved for special revenue purposes	<u>\$ 137,497</u>	<u>\$ 189,836</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, 1998 AND 1997

	1998			1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Interest, rents and concessions	\$ 10,000	\$ 68,890	\$ 58,890	\$ 30,600	\$ 49,926	\$ 19,326
From other agencies	1,291,500	1,378,771	87,271	1,222,500	1,393,857	171,357
Total revenues	1,301,500	1,447,661	146,161	1,253,100	1,443,783	190,683
Other financing (uses):						
Operating transfers out	(1,265,400)	(1,500,000)	(234,600)	(1,378,448)	(1,553,448)	(175,000)
Excess of revenues over (under) other uses	36,100	(52,339)	(88,439)	(125,348)	(109,665)	15,683
Fund balance - July 1	189,836	189,836	-	299,501	299,501	-
Fund balance - June 30	\$ 225,936	\$ 137,497	\$ (88,439)	\$ 174,153	\$ 189,836	\$ 15,683

PARK DEDICATION SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 1998 AND 1997

	<u>1998</u>	<u>1997</u>
ASSETS		
Cash and investments	<u>\$ 1,067,536</u>	<u>\$ 1,150,970</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	<u>\$ 49,300</u>	<u>\$ 1,180</u>
Fund balance:		
Reserved for encumbrances	-	75,789
Reserved for continuing appropriations	11,265	16,149
Reserved for special revenue purposes	<u>1,006,971</u>	<u>1,057,852</u>
Total fund balance	<u>1,018,236</u>	<u>1,149,790</u>
Total liabilities and fund balance	<u>\$ 1,067,536</u>	<u>\$ 1,150,970</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, 1998 AND 1997

	1998			1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Licenses and permits	\$ 20,000	\$ 6,633	\$ (13,367)	\$ 20,000	\$ 990	\$ (19,010)
Other	-	20	20	-	48	48
Total revenues	20,000	6,653	(13,347)	20,000	1,038	(18,962)
Expenditures:						
Culture and leisure	11,253	4,890	(6,363)	18,000	6,746	(11,254)
Excess of revenues over (under) expenditures	8,747	1,763	(6,984)	2,000	(5,708)	(7,708)
Other financing (uses):						
Operating transfers out	(169,558)	(133,317)	36,241	(96,535)	(13,036)	83,499
Excess of revenues over (under) expenditures and other uses	(160,811)	(131,554)	29,257	(94,535)	(18,744)	75,791
Fund balance - July 1	1,149,790	1,149,790	-	1,168,534	1,168,534	-
Fund balance - June 30	\$ 988,979	\$ 1,018,236	\$ 29,257	\$ 1,073,999	\$ 1,149,790	\$ 75,791

SEWER RECONSTRUCTION SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 1998 AND 1997

	<u>1998</u>	<u>1997</u>
ASSETS		
Cash and investments	<u>\$ 139,880</u>	<u>\$ 138,581</u>
FUND BALANCE		
Fund balance:		
Reserved for special revenue purposes	<u>\$ 139,880</u>	<u>\$ 138,581</u>

SEWER RECONSTRUCTION SPECIAL REVENUE FUND
 COMPARATIVE STATEMENT OF REVENUES AND CHANGES IN
 FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
 FOR THE FISCAL YEARS ENDED JUNE 30, 1998 AND 1997

	1998			1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Licenses and permits	\$ 6,000	\$ 1,299	\$ (4,701)	\$ 6,000	\$ 22,190	\$ 16,190
Fund balance - July 1	<u>138,581</u>	<u>138,581</u>	<u>-</u>	<u>116,391</u>	<u>116,391</u>	<u>-</u>
Fund balance - June 30	<u>\$ 144,581</u>	<u>\$ 139,880</u>	<u>\$ (4,701)</u>	<u>\$ 122,391</u>	<u>\$ 138,581</u>	<u>\$ 16,190</u>

PROP A TRANSIT SPECIAL REVENUE FUND
 COMPARATIVE BALANCE SHEET
 JUNE 30, 1998 AND 1997

	1998	1997
ASSETS		
Cash and investments	\$ 962,045	\$ 352,998
Accounts receivable	90,584	1,167,217
Total assets	\$ 1,052,629	\$ 1,520,215
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 27,360	\$ 119,819
Accrued liabilities	1,986	1,057
Total liabilities	29,346	120,876
Fund balance:		
Reserved for encumbrances	151,286	167
Reserved for special revenue purposes	871,997	1,399,172
Total fund balance	1,023,283	1,399,339
Total liabilities and fund balance	\$ 1,052,629	\$ 1,520,215

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, 1998 AND 1997

	1998			1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$ 700,000	\$ 854,907	\$ 154,907	\$ 844,526	\$ 1,839,225	\$ 994,699
Interest, rents and concessions	15,000	86,214	71,214	23,500	36,104	12,604
Other	-	-	-	-	20,000	20,000
Total revenues	715,000	941,121	226,121	868,026	1,895,329	1,027,303
Expenditures:						
Transportation	1,524,097	1,317,177	206,920	1,369,835	1,308,376	61,459
Excess of revenues over (under) expenditures	(809,097)	(376,056)	433,041	(501,809)	586,953	1,088,762
Fund balance - July 1	1,399,339	1,399,339	-	812,386	812,386	-
Fund balance - June 30	\$ 590,242	\$ 1,023,283	\$ 433,041	\$ 310,577	\$ 1,399,339	\$ 1,088,762

HOUSING AUTHORITY SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 1998 AND 1997

	<u>1998</u>	<u>1997</u>
ASSETS		
Cash and investments	\$ 424,518	\$ 303,923
Accounts receivable	<u>3,516</u>	<u>3,312</u>
Total assets	<u>\$ 428,034</u>	<u>\$ 307,235</u>
LIABILITIES		
Liabilities:		
Accounts payable	<u>\$ 428,034</u>	<u>\$ 307,235</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, 1998 AND 1997

	1998			1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Interest, rents and concessions	\$ 11,000	\$ 25,113	\$ 14,113	\$ 11,000	\$ 17,032	\$ 6,032
From other agencies	1,120,700	885,824	(234,876)	1,120,700	1,014,898	(105,802)
Total revenues	1,131,700	910,937	(220,763)	1,131,700	1,031,930	(99,770)
Expenditures:						
Community development	1,131,700	910,937	220,763	1,131,700	1,031,930	99,770
Excess of revenues over (under) expenditures	-	-	-	-	-	-
Fund balance - July 1	-	-	-	-	-	-
Fund balance - June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

DRUG FORFEITURE SPECIAL REVENUE FUND
 COMPARATIVE BALANCE SHEET
 JUNE 30, 1998 AND 1997

	<u>1998</u>	<u>1997</u>
ASSETS		
Cash and investments	\$ 2,242	\$ 5,159
Accounts receivable	<u>7,457</u>	<u>5,134</u>
Total assets	<u>\$ 9,699</u>	<u>\$ 10,293</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts Payable	\$ 9,699	\$ 9,651
Fund Balance:		
Reserved for special revenue purposes	<u>-</u>	<u>642</u>
Total liabilities and fund balance	<u>\$ 9,699</u>	<u>\$ 10,293</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, 1998 AND 1997

	1998			1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Current service charges	\$ 60,000	\$ 59,211	\$ (789)	\$ 60,000	\$ 61,606	\$ 1,606
Other	18,000	1,743	(16,257)	18,000	-	(18,000)
Total revenues	78,000	60,954	(17,046)	78,000	61,606	(16,394)
Expenditures:						
Public safety	131,379	116,389	14,990	127,206	115,826	11,380
Excess of revenues over (under) expenditures	(53,379)	(55,435)	(2,056)	(49,206)	(54,220)	(5,014)
Other financing sources :						
Operating transfers in	42,000	54,793	12,793	40,614	12,910	(27,704)
Excess of revenues and other sources over (under) expenditures	(11,379)	(642)	10,737	(8,592)	(41,310)	(32,718)
Fund balance - July 1	642	642	-	41,952	41,952	-
Fund balance - June 30	\$ (10,737)	\$ -	\$ 10,737	\$ 33,360	\$ 642	\$ (32,718)

PROP C TRANSPORTATION SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 1998 AND 1997

	<u>1998</u>	<u>1997</u>
ASSETS		
Cash and investments	\$ 1,649,790	\$ 1,583,820
Accounts receivable	<u>80,233</u>	<u>74,511</u>
Total assets	<u>\$ 1,730,023</u>	<u>\$ 1,658,331</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 11,392	\$ 4,478
Accrued liabilities	<u>577</u>	<u>232</u>
Total liabilities	<u>11,969</u>	<u>4,710</u>
Fund balance:		
Reserved for encumbrances	83,486	-
Reserved for continuing appropriations	1,514,054	1,579,732
Reserved for special revenue purposes	<u>120,514</u>	<u>73,889</u>
Total fund balance	<u>1,718,054</u>	<u>1,653,621</u>
Total liabilities and fund balance	<u>\$ 1,730,023</u>	<u>\$ 1,658,331</u>

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, 1998 AND 1997

	1998			1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$ 670,000	\$ 709,057	\$ 39,057	\$ 702,294	\$ 623,651	\$ (78,643)
Interest, rents and concessions	40,000	87,613	47,613	54,700	63,785	9,085
Total revenues	710,000	796,670	86,670	756,994	687,436	(69,558)
Expenditures:						
Transportation	128,672	101,128	27,544	125,454	100,005	25,449
Excess of revenues over (under) expenditures	581,328	695,542	114,214	631,540	587,431	(44,109)
Other financing sources (uses):						
Operating transfers out	(2,223,849)	(631,109)	1,592,740	(1,637,539)	(50,451)	1,587,088
Excess of revenues and sources over (under) expenditures and other uses	(1,642,521)	64,433	1,706,954	(1,005,999)	536,980	1,542,979
Fund balance - July 1	1,653,621	1,653,621	-	1,116,641	1,116,641	-
Fund balance - June 30	\$ 11,100	\$ 1,718,054	\$ 1,706,954	\$ 110,642	\$ 1,653,621	\$ 1,542,979

AB 2766 SPECIAL REVENUE FUND
 COMPARATIVE BALANCE SHEET
 JUNE 30, 1998 AND 1997

	<u>1998</u>	<u>1997</u>
ASSETS		
Cash and investments	\$ 405,299	\$ 392,215
Accounts receivable	43,633	23,755
	<u>448,932</u>	<u>415,970</u>
Total assets	<u>\$ 448,932</u>	<u>\$ 415,970</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts Payable	\$ 54,346	\$ 255
Accrued liabilities	186	85
	<u>54,532</u>	<u>340</u>
Total liabilities	<u>54,532</u>	<u>340</u>
Fund balance:		
Reserved for encumbrances	39,476	4,207
Reserved for continuing appropriations	24,290	153,490
Reserved for special revenue purposes	330,634	257,933
	<u>394,400</u>	<u>415,630</u>
Total fund balance	<u>394,400</u>	<u>415,630</u>
Total liabilities and fund balance	<u>\$ 448,932</u>	<u>\$ 415,970</u>

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, 1998 AND 1997

	1998			1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Interest, rents and concessions	\$ 14,500	\$ 23,211	\$ 8,711	\$ 14,100	\$ 18,577	\$ 4,477
From other agencies	80,000	102,074	22,074	80,000	80,878	878
Total revenues	94,500	125,285	30,785	94,100	99,455	5,355
Expenditures:						
Transportation	240,100	146,515	93,585	171,628	38,222	133,406
Excess of revenues over (under) expenditures	(145,600)	(21,230)	124,370	(77,528)	61,233	138,761
Other financing sources (uses):						
Operating transfers out	(24,290)	-	24,290	(24,290)	-	24,290
Excess of revenues and sources over (under) expenditures and other uses	(169,890)	(21,230)	148,660	(101,818)	61,233	163,051
Fund balance - July 1	415,630	415,630	-	354,397	354,397	-
Fund balance - June 30	\$ 245,740	\$ 394,400	\$ 148,660	\$ 252,579	\$ 415,630	\$ 163,051

LAKEWOOD REDEVELOPMENT AGENCY CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 1998 AND 1997

	1998	1997
ASSETS		
Cash and investments	\$ 2,686,974	\$ 2,173,340
Accrued revenue	19,933	2,150
Due from other funds	39,898	39,898
Total assets	\$ 2,746,805	\$ 2,215,388
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 10,091	\$ 53,491
Deferred revenue	25,000	25,000
Total liabilities	35,091	78,491
Fund balance:		
Reserved:		
Reserved for encumbrances	41,441	22,514
Reserved for continuing appropriations	19,575	399,411
Reserved for low and moderate housing	2,478,410	1,645,741
Unreserved:		
Designated for capital improvements	172,288	69,231
Total fund balance	2,711,714	2,136,897
Total liabilities and fund balance	\$ 2,746,805	\$ 2,215,388

LAKEWOOD REDEVELOPMENT AGENCY CAPITAL PROJECTS FUND
 COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 FOR THE FISCAL YEARS ENDED JUNE 30, 1998 AND 1997

	<u>1998</u>	<u>1997</u>
Revenues:		
Interest, rents and concessions	\$ 315,410	\$ 160,457
Other	184	-
	<u>315,594</u>	<u>160,457</u>
Total revenues		
Expenditures:		
Public safety	5,701	196,863
Community development	347,393	324,200
Culture and leisure	1,122,942	589,086
	<u>1,476,036</u>	<u>1,110,149</u>
Total expenditures		
Excess of revenues (under) expenditures	(1,160,442)	(949,692)
Other financing sources:		
Operating transfers in	<u>1,735,259</u>	<u>1,712,834</u>
Excess of revenues and other sources over expenditures	574,817	763,142
Fund balance - July 1	<u>2,136,897</u>	<u>1,373,755</u>
Fund balance - June 30	<u>\$ 2,711,714</u>	<u>\$ 2,136,897</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, 1998 AND 1997

	<u>1998</u>	<u>1997</u>
ASSETS		
Current assets:		
Cash and investments	\$ 2,695,001	\$ 2,534,035
Cash with fiscal agent	294	111
Accounts receivable	222,548	336,083
Accrued revenue receivable	676,941	582,353
Inventory	109,122	108,840
Total current assets	<u>3,703,906</u>	<u>3,561,422</u>
Restricted assets:		
Cash and investments	1,926,179	3,319,509
Cash - customer deposits	34,754	32,615
Total restricted assets	<u>1,960,933</u>	<u>3,352,124</u>
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	519,779
Water treatment	51,088	51,088
Transmission/distribution	12,215,228	12,308,386
General plant	2,939,355	2,767,361
Construction in progress	4,382,102	2,621,298
	<u>22,489,278</u>	<u>20,637,988</u>
Less: Accumulated depreciation	<u>(10,335,327)</u>	<u>(10,092,900)</u>
Net property, plant and equipment	<u>12,153,951</u>	<u>10,545,088</u>
Other assets:		
Bond issuance costs	230,744	230,744
Less: Accumulated amortization	<u>(25,959)</u>	<u>(14,421)</u>
Net other assets	<u>204,785</u>	<u>216,323</u>
Total assets	<u>\$ 18,023,575</u>	<u>\$ 17,674,957</u>

(continued)

(Continued)

	<u>1998</u>	<u>1997</u>
LIABILITIES AND FUND EQUITY		
Liabilities:		
Current liabilities (payable from current assets):		
Accounts payable and compensated absences payable	\$ 820,159	\$ 1,086,878
Current portion of reclaimed water loan	<u>46,427</u>	<u>43,772</u>
Total current liabilities (payable from current assets)	<u>866,586</u>	<u>1,130,650</u>
Current liabilities (payable from restricted assets):		
Customer deposits	34,754	32,615
Accrued revenue bond interest	73,612	75,512
Current portion of revenue bonds payable	<u>205,000</u>	<u>200,000</u>
Total current liabilities (payable from restricted assets)	<u>313,366</u>	<u>308,127</u>
Long-term liabilities:		
Reclaimed water loan	482,721	530,012
Revenue bonds	<u>5,446,318</u>	<u>5,649,983</u>
Total long-term liabilities	<u>5,929,039</u>	<u>6,179,995</u>
Total liabilities	<u>7,108,991</u>	<u>7,618,772</u>
Fund equity:		
Contributed capital:		
Capital grants	604,978	415,267
Other contributed capital - municipality	<u>656,260</u>	<u>656,260</u>
Total contributed capital	<u>1,261,238</u>	<u>1,071,527</u>
Retained earnings:		
Other reserves	476,213	677,684
Unreserved	<u>9,177,133</u>	<u>8,306,974</u>
Total retained earnings	<u>9,653,346</u>	<u>8,984,658</u>
Total fund equity	<u>10,914,584</u>	<u>10,056,185</u>
Total liabilities and fund equity	<u>\$ 18,023,575</u>	<u>\$ 17,674,957</u>

WATER ENTERPRISE FUND
 COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
 FOR THE FISCAL YEARS ENDED JUNE 30, 1998 AND 1997

	1998	1997
Operating revenues:		
Metered water sales	\$ 4,646,170	\$ 4,967,584
Reclaimed water sales	171,227	210,737
Fire protection	20,200	21,027
Service initiation and restoration charges	46,488	40,850
Installation charges	1,846	21,717
Other revenue	87,210	89,006
 Total operating revenues	 4,973,141	 5,350,921
 Operating expenses:		
Operations:		
Supply, transmission and distribution	3,290,818	3,515,486
Customer service	367,451	339,049
Administration	293,011	206,845
Depreciation	339,702	333,706
 Total operating expenses	 4,290,982	 4,395,086
 Operating income	 682,159	 955,835
 Nonoperating revenues (expenses):		
Sales of pumping rights	-	7,250
Interest revenue	160,964	282,840
Interest expense on long-term debt	(23,025)	(24,747)
Amortization of bond issuance costs	(11,537)	(11,537)
Loss on disposal of assets	(139,873)	(88,939)
 Total nonoperating revenues (expenses)	 (13,471)	 164,867
 Net income	 668,688	 1,120,702
Retained earnings - July 1	8,984,658	11,863,956
Residual equity transfer	-	(4,000,000)
Retained earnings - June 30	\$ 9,653,346	\$ 8,984,658

WATER ENTERPRISE FUND
COMPARATIVE STATEMENT OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 1998 AND 1997

	1998	1997
Cash flows from operating activities:		
Operating income	\$ 682,159	\$ 955,835
Adjustments to reconcile operating income to net cash provided by operations:		
Depreciation	339,702	333,706
Changes in operating assets and liabilities:		
Decrease in accounts receivable	18,947	50,329
(Increase) in inventory	(282)	(30,190)
Increase (decrease) in accounts payable	(266,719)	606,738
Increase in customer deposits	2,139	1,181
Total adjustments	93,787	961,764
Net cash provided by operating activities	775,946	1,917,599
Cash flows from non-capital financing activities:		
Transfer to General fund	-	(4,000,000)
Cash flows from capital and related financing activities:		
Proceeds from the sale of pumping rights	-	7,250
Proceeds from capital grant	189,712	-
Purchase of property, plant and equipment	(2,090,338)	(2,442,338)
Principal paid on revenue bonds and state loan	(243,301)	(206,580)
Interest paid on state loan	(23,025)	(51,980)
Net cash provided by (used in) capital and related financing activities	(2,166,952)	(2,693,648)
Cash flows from investing activities:		
Interest on investments	160,964	282,840
Net (decrease) in cash and cash equivalents	(1,230,042)	(4,493,209)
Cash and cash equivalents - July 1	5,886,270	10,379,479
Cash and cash equivalents - June 30	\$ 4,656,228	\$ 5,886,270

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, 1998

	Central Stores	Central Garage	Print Shop	Totals	
				June 30, 1998	June 30, 1997
ASSETS					
Cash and investments	\$ 3,620	\$ 44,929	\$ 6,167	\$ 54,716	\$ 138,948
Inventory	102,754	15,818	-	118,572	108,641
Equipment - net of depreciation	-	537,493	-	537,493	591,532
Total assets	<u>\$ 106,374</u>	<u>\$ 598,240</u>	<u>\$ 6,167</u>	<u>\$ 710,781</u>	<u>\$ 839,121</u>
LIABILITIES AND RETAINED EARNINGS					
Liabilities:					
Accounts payable	\$ 3,045	\$ 5,052	\$ 4,968	\$ 13,065	\$ 41,433
Accrued liabilities	-	1,806	1,199	3,005	1,362
Due to General Fund	76,608	-	-	76,608	76,608
Total liabilities	79,653	6,858	6,167	92,678	119,403
Retained earnings	26,721	591,382	-	618,103	719,718
Total liabilities and retained earnings	<u>\$ 106,374</u>	<u>\$ 598,240</u>	<u>\$ 6,167</u>	<u>\$ 710,781</u>	<u>\$ 839,121</u>

SCHEDULE F-2

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
ALL INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1998

	Central Stores	Central Garage	Print Shop	Totals	
				June 30, 1998	June 30, 1997
Operating revenues:					
Billings to departments	\$ 159,699	\$ 316,544	\$ 90,615	\$ 566,858	\$ 613,867
Other income	648	62	302	1,012	972
Total operating revenues	160,347	316,606	90,917	567,870	614,839
Operating expenses:					
Cost of goods sold	156,020	458,695	235,748	850,463	874,111
Depreciation	-	117,052	-	117,052	118,159
Total operating expenses	156,020	575,747	235,748	967,515	992,270
Income (loss) before operating transfers	4,327	(259,141)	(144,831)	(399,645)	(377,431)
Operating transfers in	-	153,199	144,831	298,030	334,332
Net income (loss)	4,327	(105,942)	-	(101,615)	(43,099)
Retained earnings July 1	22,394	697,324	-	719,718	762,817
Retained earnings June 30	<u>\$ 26,721</u>	<u>\$ 591,382</u>	<u>\$ -</u>	<u>\$ 618,103</u>	<u>\$ 719,718</u>

COMBINING STATEMENT OF CASH FLOWS
ALL INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1998

	Central	Central	Print	Totals	
	Stores	Garage	Shop	June 30, 1998	June 30, 1997
Cash flows from operating activities:					
Operating income (loss)	\$ 4,327	\$ (259,141)	\$ (144,831)	\$ (399,645)	\$ (377,431)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operations:					
Depreciation	-	117,052	-	117,052	118,159
Changes in assets and liabilities:					
(Increase) decrease in inventory	(9,313)	(618)	-	(9,931)	11,150
Increase (decrease) in accounts payable	(49)	(31,620)	3,301	(28,368)	20,520
Increase in accrued liabilities	-	1,002	641	1,643	1,362
Total adjustments	(9,362)	85,816	3,942	80,396	151,191
Net cash (used in) operating activities	(5,035)	(173,325)	(140,889)	(319,249)	(226,240)
Cash flows from non-capital financing activities:					
Operating transfers in	-	153,199	144,831	298,030	334,332
Cash flows from capital financing activities:					
Purchase of property, plant and equipment	-	(63,013)	-	(63,013)	(173,719)
Net increase (decrease) in cash and cash equivalents	(5,035)	(83,139)	3,942	(84,232)	(65,627)
Cash and cash equivalents - July 1	8,655	128,068	2,225	138,948	204,575
Cash and cash equivalents - June 30	\$ 3,620	\$ 44,929	\$ 6,167	\$ 54,716	\$ 138,948

CENTRAL STORES INTERNAL SERVICE FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 1998 AND 1997

	1998	1997
ASSETS		
Cash and investments	\$ 3,620	\$ 8,655
Inventory	102,754	93,441
Total assets	\$ 106,374	\$ 102,096
LIABILITIES AND RETAINED EARNINGS		
Liabilities:		
Accounts payable	\$ 3,045	\$ 3,094
Due to General Fund	76,608	76,608
Total liabilities	79,653	79,702
Retained earnings:		
Unreserved	26,721	22,394
Total liabilities and retained earnings	\$ 106,374	\$ 102,096

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, 1998 AND 1997

	1998	1997
Operating revenues:		
Billings to departments	\$ 159,699	\$ 160,448
Other income	648	588
Total operating revenues	160,347	161,036
Operating expenses:		
Cost of goods sold	156,020	176,936
Net income (loss)	4,327	(15,900)
Retained earnings July 1	22,394	38,294
Retained earnings June 30	\$ 26,721	\$ 22,394

CENTRAL STORES INTERNAL SERVICE FUND
 COMPARATIVE STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEARS ENDED JUNE 30, 1998 AND 1997

	1998	1997
Cash flows from operating activities:		
Operating income (loss)	\$ 4,327	\$ (15,900)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operations:		
Changes in assets and liabilities:		
(Increase) decrease in inventory	(9,313)	10,893
Increase (decrease) in accounts payable	(49)	1,545
Total adjustments	(9,362)	12,438
Net cash provided by (used in) operating activities	(5,035)	(3,462)
Net increase (decrease) in cash and cash equivalents	(5,035)	(3,462)
Cash and cash equivalents - July 1	8,655	12,117
Cash and cash equivalents - June 30	\$ 3,620	\$ 8,655

CENTRAL GARAGE INTERNAL SERVICE FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 1998 AND 1997

	1998	1997
ASSETS		
Cash and investments	\$ 44,929	\$ 128,068
Inventory	15,818	15,200
Equipment - net of depreciation	537,493	591,532
Total assets	\$ 598,240	\$ 734,800
LIABILITIES AND RETAINED EARNINGS		
Liabilities:		
Accounts payable	\$ 5,052	\$ 36,672
Accrued liabilities	1,806	804
Total liabilities	6,858	37,476
Retained earnings:		
Unreserved	591,382	697,324
Total liabilities and retained earnings	\$ 598,240	\$ 734,800

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, 1998 AND 1997

	1998	1997
Operating revenues:		
Billings to departments	\$ 316,544	\$ 322,244
Other income	62	58
Total operating revenues	316,606	322,302
Operating expenses:		
Cost of goods sold	458,695	463,367
Depreciation	117,052	118,159
Total operating expenses	575,747	581,526
(Loss) before operating transfers	(259,141)	(259,224)
Operating transfers in	153,199	232,025
Net (loss)	(105,942)	(27,199)
Retained earnings July 1	697,324	724,523
Retained earnings June 30	\$ 591,382	\$ 697,324

CENTRAL GARAGE INTERNAL SERVICE FUND
 COMPARATIVE STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEARS ENDED JUNE 30, 1998 AND 1997

	1998	1997
Cash flows from operating activities:		
Operating (loss)	\$ (259,141)	\$ (259,224)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operations:		
Depreciation	117,052	118,159
Changes in assets and liabilities:		
(Increase) decrease in inventory	(618)	257
Increase (decrease) in accounts payable	(31,620)	20,393
Increase in accrued liabilities	1,002	804
Total adjustments	85,816	139,613
Net cash (used in) operating activities	(173,325)	(119,611)
Cash flows from non-capital financing activities:		
Operating transfers in	153,199	232,025
Cash flows from capital financing activities:		
Purchase of property, plant and equipment	(63,013)	(173,719)
Net (decrease) in cash and cash equivalents	(83,139)	(61,305)
Cash and cash equivalents - July 1	128,068	189,373
Cash and cash equivalents - June 30	\$ 44,929	\$ 128,068

PRINT SHOP INTERNAL SERVICE FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 1998 AND 1997

	1998	1997
ASSETS		
Cash and investments	\$ 6,167	\$ 2,225
LIABILITIES		
Liabilities:		
Accounts payable	\$ 4,968	\$ 1,667
Accrued liabilities	1,199	558
Total liabilities	\$ 6,167	\$ 2,225

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, 1998 AND 1997

	1998	1997
Operating revenues:		
Billings to departments	\$ 90,615	\$ 131,175
Other income	302	326
Total operating revenues	90,917	131,501
Operating expenses:		
Cost of goods sold	235,748	233,808
(Loss) before operating transfers	(144,831)	(102,307)
Operating transfers in	144,831	102,307
Net income	-	-
Retained earnings July 1	-	-
Retained earnings June 30	\$ -	\$ -

PRINT SHOP INTERNAL SERVICE FUND
 COMPARATIVE STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEARS ENDED JUNE 30, 1998 AND 1997

	1998	1997
Cash flows from operating activities:		
Operating (loss)	\$ (144,831)	\$ (102,307)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operations:		
Changes in assets and liabilities:		
Increase (decrease) in accounts payable	3,301	(1,418)
Increase in accrued liabilities	641	558
Total adjustments	3,942	(860)
Net cash (used in) operating activities	(140,889)	(103,167)
Cash flows from non-capital financing activities:		
Operating transfers in	144,831	102,307
Net increase (decrease) in cash and cash equivalents	3,942	(860)
Cash and cash equivalents - July 1	2,225	3,085
Cash and cash equivalents - June 30	\$ 6,167	\$ 2,225

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, 1998

	Balance July 1, 1997	Additions	Deductions	Balance June 30, 1998
<u>DEPOSIT FUND</u>				
ASSETS				
Cash	\$ 332,642	\$ 144,547	\$ 145,808	\$ 331,381
LIABILITIES				
Deposits	\$ 332,642	\$ 290,139	\$ 291,400	\$ 331,381
<u>RECREATION FUND</u>				
ASSETS				
Cash	\$ 22,218	\$ -	\$ -	\$ 22,218
LIABILITIES				
Deposits	\$ 22,218	\$ -	\$ -	\$ 22,218
<u>HOUSING REHABILITATION FUND</u>				
ASSETS				
Cash	\$ 279,375	\$ 610,001	\$ 530,147	\$ 359,229
Loans receivable	2,386,310	375,305	208,826	2,552,789
Total assets	\$ 2,665,685	\$ 985,306	\$ 738,973	\$ 2,912,018
LIABILITIES				
Deposits	\$ 34,974	\$ 702,929	\$ 641,346	\$ 96,557
Due to HUD	2,630,711	604,050	419,300	2,815,461
Total liabilities	\$ 2,665,685	\$ 1,306,979	\$ 1,060,646	\$ 2,912,018

(continued)

(continued)

	<u>Balance</u> <u>July 1, 1997</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 1998</u>
<u>TOTALS - ALL AGENCY FUNDS</u>				
ASSETS				
Cash	\$ 634,235	\$ 754,548	\$ 675,955	\$ 712,828
Loans receivable	<u>2,386,310</u>	<u>375,305</u>	<u>208,826</u>	<u>2,552,789</u>
Total assets	<u>\$ 3,020,545</u>	<u>\$ 1,129,853</u>	<u>\$ 884,781</u>	<u>\$ 3,265,617</u>
LIABILITIES				
Deposits	\$ 389,834	\$ 993,068	\$ 932,746	\$ 450,156
Due to HUD	<u>2,630,711</u>	<u>604,050</u>	<u>419,300</u>	<u>2,815,461</u>
Total liabilities	<u>\$ 3,020,545</u>	<u>\$ 1,597,118</u>	<u>\$ 1,352,046</u>	<u>\$ 3,265,617</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, 1998 AND 1997

	<u>1998</u>	<u>1997</u>
General fixed assets:		
Land	\$ 10,765,913	\$ 10,765,913
Structures and improvements	27,767,960	26,176,831
Equipment	6,045,425	6,376,876
Construction in progress	<u>89,939</u>	<u>1,714,819</u>
Total general fixed assets	<u>\$ 44,669,237</u>	<u>\$ 45,034,439</u>
Investment in general fixed assets:		
General fund	\$ 22,508,539	\$ 23,190,537
Federal/state grants	6,576,207	6,506,613
Redevelopment projects	<u>15,584,491</u>	<u>15,337,289</u>
Total investment in general fixed assets	<u>\$ 44,669,237</u>	<u>\$ 45,034,439</u>

SCHEDULE H-2

SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 1998

	<u>Land</u>	<u>Structures and Improvements</u>	<u>Equipment</u>	<u>Construction in Progress</u>	<u>Total</u>
Balance July 1, 1997	\$ 10,765,913	\$ 26,176,831	\$ 6,376,876	\$ 1,714,819	\$ 45,034,439
Additions	-	1,958,096	124,552	19,270	2,101,918
Deletions	-	<u>(366,967)</u>	<u>(456,003)</u>	<u>(1,644,150)</u>	<u>(2,467,120)</u>
Balance June 30, 1998	<u>\$ 10,765,913</u>	<u>\$ 27,767,960</u>	<u>\$ 6,045,425</u>	<u>\$ 89,939</u>	<u>\$ 44,669,237</u>

SCHEDULE OF GENERAL FIXED ASSETS - BY FUNCTION
AS OF JUNE 30, 1998

Function	Total	Land	Structures and Improvements	Equipment
General government	\$ 6,298,154	\$ 2,030,143	\$ 1,884,392	\$ 2,383,619
Public safety	881,159	-	5,872	875,287
Transportation	1,002,160	-	142,178	859,982
Community development	10,999,792	5,893,874	4,407,328	698,590
Health and sanitation	31,640	-	-	31,640
Culture and leisure	25,366,393	2,841,896	21,328,190	1,196,307
Total general fixed assets allocated to function	44,579,298	<u>\$ 10,765,913</u>	<u>\$ 27,767,960</u>	<u>\$ 6,045,425</u>
Construction in progress	89,939			
Total general fixed assets	<u>\$ 44,669,237</u>			

SCHEDULE H-4

SCHEDULE OF CHANGES IN FIXED ASSETS - BY FUNCTION
FOR THE FISCAL YEAR ENDED JUNE 30, 1998

Function	Balance June 30, 1997	Additions	Deletions	Balance June 30, 1998
General government	\$ 6,428,211	\$ 58,747	\$ (188,804)	\$ 6,298,154
Public safety	859,421	38,533	(16,795)	881,159
Transportation	1,168,771	1,066	(167,677)	1,002,160
Community development	11,015,704	30,189	(46,101)	10,999,792
Health and sanitation	31,640	-	-	31,640
Culture and leisure	23,815,873	1,954,113	(403,593)	25,366,393
Construction in progress	1,714,819	19,270	(1,644,150)	89,939
Total general fixed assets	<u>\$ 45,034,439</u>	<u>\$ 2,101,918</u>	<u>\$ (2,467,120)</u>	<u>\$ 44,669,237</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, 1998 AND 1997

	<u>1998</u>	<u>1997</u>
Amounts available and to be provided for the payment of general long-term debt:		
Amount available in debt service fund	\$ 8,006,440	\$ 7,952,707
Amount to be provided	<u>12,566,233</u>	<u>13,012,065</u>
	<u>\$ 20,572,673</u>	<u>\$ 20,964,772</u>
General long-term debt payable:		
Lakewood Redevelopment Agency tax allocation bonds	\$ 18,630,000	\$ 19,085,000
Compensated absences payable from future resources	1,350,244	1,245,446
Lakewood Redevelopment Agency land loan	500,000	500,000
Capital lease	<u>92,429</u>	<u>134,326</u>
Total general long-term debt payable	<u>\$ 20,572,673</u>	<u>\$ 20,964,772</u>

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
1989	\$ 3,863,844	\$ 5,405,189	\$ 3,713,475	\$ 6,995,207	\$ 2,148,782	\$ 3,701,487	\$ 1,720,070	\$ 27,548,054
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

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

Source: Department of Finance, City of Lakewood

SCHEDULE OF REVENUES BY SOURCE
GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

Fiscal Year	Taxes	Licenses and Permits	Fines and Forfeitures	Interest Rents and Concessions	From other Agencies	Current Service Charges	Other	Total
1989	\$ 12,163,393	\$ 396,121	\$ 601,488	\$ 2,954,750	\$ 4,219,702	\$ 4,080,767	\$ 1,154,754	\$ 25,570,975
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

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
1989	\$ 674,138	\$ 640,301	95.0 %	\$ 47,147	\$ 687,448	102.0 %
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

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

Source: Department of Finance, City of Lakewood

ASSESSED AND ESTIMATED VALUE OF ALL TAXABLE PROPERTY

LAST TEN FISCAL YEARS
(In 000's)

Fiscal Year	Land	Improvements	Personal Property	Total	Less Exemptions	Net Assessed Value	Estimated Actual Value
1989	\$ 967,270	\$ 1,288,606	\$ 80,088	\$ 2,335,964	\$ 16,675	\$ 2,319,289	\$ 2,335,964
1990	1,092,488	1,509,068	73,469	2,675,025	16,959	2,658,066	2,675,025
1991	1,253,251	1,456,155	76,212	2,785,618	13,766	2,771,852	2,785,618
1992	1,376,113	1,521,091	68,707	2,965,911	17,190	2,948,721	2,965,911
1993	1,491,360	1,599,273	71,700	3,162,333	19,207	3,143,126	3,162,333
1994	1,575,569	1,656,694	71,887	3,304,150	18,505	3,285,645	3,304,150
1995	1,648,900	1,704,997	74,650	3,428,547	25,999	3,402,548	3,428,547
1996	1,693,444	1,720,734	72,780	3,486,958	29,743	3,457,215	3,486,958
1997	1,756,179	1,806,798	77,232	3,640,209	20,779	3,619,430	3,640,209
1998	1,775,364	1,789,388	70,429	3,635,181	33,767	3,601,414	3,635,181

Source: Los Angeles County Assessor's Office

PROPERTY TAX RATES - ALL OVERLAPPING GOVERNMENTS

(PER \$100 OF ASSESSED VALUATION)

LAST TEN FISCAL YEARS

Fiscal Year	General City	Los Angeles County	School Districts	Sanitation and Water	Water Districts	Other	Total
1989	\$ -	\$ 0.0133	\$ 0.1607	\$ 0.0084	\$ 0.0110	\$ 1.0000	\$ 1.1934
1990	-	0.0092	0.1673	0.0073	0.0121	1.0000	1.1959
1991	-	0.0021	0.1478	0.0093	0.0097	1.0000	1.1689
1992	-	0.0019	0.1362	0.0068	0.0089	1.0000	1.1538
1993	-	0.0014	0.0393	0.0048	0.0089	1.0000	1.0544
1994	-	0.0017	0.0042	0.0052	0.0089	1.0000	1.0200
1995	-	0.0020	0.0084	0.0075	0.0089	1.0000	1.0268
1996	-	0.0018	0.0032	0.0027	0.0089	1.0000	1.0166
1997	-	0.0016	0.0046	0.0021	0.0089	1.0000	1.0172
1998	-	0.0016	0.0307	0.0228	0.0089	1.0000	1.0639

Source: Los Angeles County Auditor/Controller - Tax Division

SCHEDULE OF LEGAL DEBT MARGIN

JUNE 30, 1998

Net assessed value of all taxable property	<u>\$3,601,414,297</u>
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Section 43605 of the Government Code of the State of California limits the amount of indebtedness for public improvements to 15% of the assessed valuation of all real and personal property of the City.

The City of Lakewood has no general bonded indebtedness.

SCHEDULE OF DIRECT AND OVERLAPPING BONDED DEBT

JUNE 30, 1998

1997-98 Assessed Valuation: \$3,249,351,911 (after deducting \$352,062,386 redevelopment incremental valuation)

	<u>Gross Bonded Debt Balance</u>	<u>Percent Applicable to City of Lakewood</u>	<u>City of Lakewood Share of Debt</u>
DIRECT AND OVERLAPPING BONDED DEBT:			
LA County Facilities 1987 Debt Service	\$ 57,825,000	0.727 %	\$ 420,221
LA County Flood Control Storm Drain Debt Service	4,600,000	0.738	33,943
Flood Control Ref Bonds 1993 Debt Service	20,970,000	0.738	154,737
Metropolitan Water District	1,248,295,000	0.363	4,537,530
ABC Unified School District	20,000,000	9.394	1,878,735
City of Lakewood		100.000	-
Total gross direct and overlapping bonded debt			\$ 7,025,166

Ratios to Assessed Valuation:

Direct debt	-	%
Total gross debt	0.22	%
Total net debt	0.22	%

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

DEMOGRAPHIC STATISTICS

LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Population</u>	<u>School Enrollment</u>
1989	76,512	13,989
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

Source: Population - State Department of Finance

School enrollment - Department of Community Development, City of Lakewood

PRINCIPAL TAXPAYERS

JUNE 30, 1998

Alin Party Supply
Altadena Arco
AM PM Mini Mart
Carls Jr.
Circuit City Stores
Footlocker
Harbor Chevrolet
Home Depot
Hometown Buffet
J. C. Penney
Lakewood Mobil Mart
Long Beach Lincoln Mercury
Lucky Stores
Marshalls
McDonalds
McDonnell Douglas Corporation
Mervyns
Montgomery Ward
Office Max
Pacific Ford
Ralphs Grocery Store
Robinsons May
Ross Stores
Sav On Osco Drug Stores
Vons Companies

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)
1989	1,343	343	1,686	\$ 38,270	\$ 1,381,588	\$ 2,335,964
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)	3,635,181

(1) Not available

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

MISCELLANEOUS STATISTICS

JUNE 30, 1998

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	6,639

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	45

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	251

Municipal water department:

Number of consumers	19,873
Average daily consumption	7,689,457 gallons
Miles of water mains	195 miles

Sewers	167 miles
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Building permits issued	1,421
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Culture and leisure:

Number of recreation facilities	13
Acres of facilities	151.6
Number of pools	2
Number of libraries	2
Number of volumes	122,782

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

Employees:

Full time	171
Part time	228

