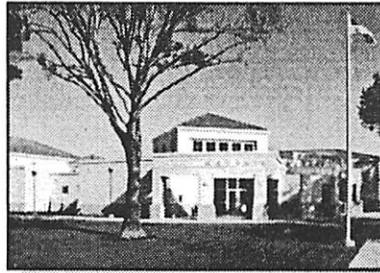


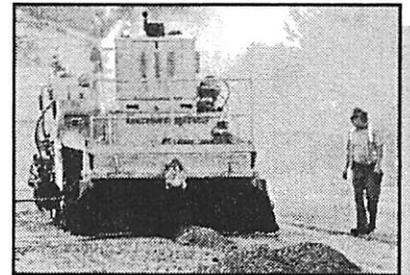
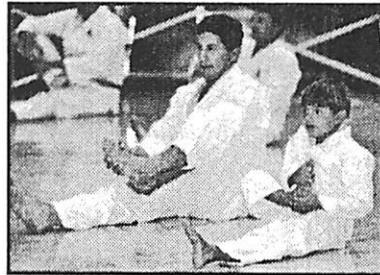
# City of Lakewood, California

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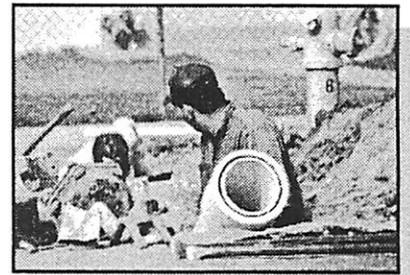
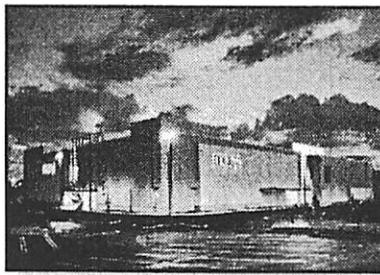
**Lakewood Values:  
Community Facilities  
Public Safety**



**Neighborhood Parks  
Street System Maintenance**



**Economic Development  
Water Quality**



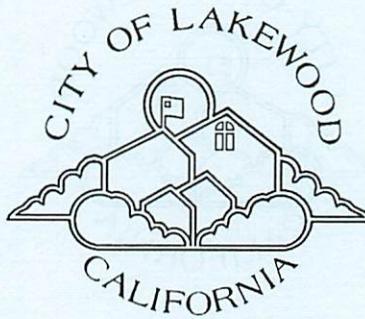
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**Comprehensive Annual Financial Report  
Fiscal Year Ended June 30, 2000**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**CITY OF LAKEWOOD**

**FISCAL YEAR ENDED JUNE 30, 2000**



**Prepared by  
Department of Finance**

**Larry Schroeder  
Director of Finance**



## COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2000

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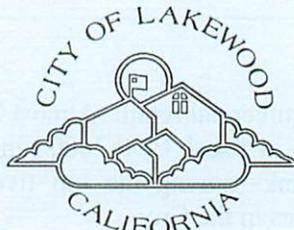
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Robert G. Wagner  
*Vice Mayor*

Joseph Esquivel  
*Council Member*



Wayne Piercy  
*Mayor*

Marc Titel  
*Council Member*

Larry Van Nostran  
*Council Member*

December 8, 2000

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, 2000, 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 5.7% compared to the previous year's increase of 3.6%. The Countywide assessed value increased 6.7%. This is the fourth increase in a row in the Los Angeles County assessment roll. During the fiscal year, 1,411 construction permits were drawn with a value of \$73.8 million. This is an increase of 184% from 1998-99 in terms of the value of the construction. This increase was due to permits drawn for the expansion of the Lakewood Mall with the addition of a Macy's and a new Mervyn's California (totaling \$30.9 million), along with reinvestment in commercial centers throughout the City and a strong economy which encouraged many home improvement projects.

# Lakewood

The economic base of the City is primarily commercial/retail. Almost 2,500 businesses are located in Lakewood and generated about \$744 million in taxable sales in fiscal 1999-2000 (an increase of 9.0% from last year). Lakewood Center Mall, a regional shopping center, ranks among the top five Southern California shopping centers and contributes approximately 35% of the retail sales in the City.

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

Based on data from the Bureau of the Census, the California State Department of Finance certified Lakewood's population at 80,952 as of January 1, 2000. The population figure from the 2000 Census is expected to be available sometime before the end of the 2000 calendar year. In 1988, the Southern California Association of Governments (SCAG) projected Lakewood's population at 83,750 by the year 2010. If this is true, this will present a challenge to the City, and if the present high level of services is to be maintained, the City must continue to find new ways of financing these services.

**MAJOR INITIATIVES**

**For Fiscal Year 1999-2000.** The focus areas were identified in the operating budget. These priorities included economic development, intergovernmental relations, emergency preparedness, public safety, park preservation, street system maintenance, street lighting, supporting volunteerism, water resources system, and information systems.

The City's number one objective continues to be **ECONOMIC DEVELOPMENT** aimed to preserve the quality of life in Lakewood. It is extremely important to bolster Lakewood's local economy against the effects of the Long Beach Towne Center and other threats against revenue sources which provide local services like law enforcement and recreation. In the 1999-2000 fiscal year, the Wal-Mart store was opened and construction of a Macy's and new Mervyn's store began. Staff continues its dialogue with Mall management, as well as other retailers and developers throughout the City, to encourage revitalization during this period of changing retail trends and strong economy.

We are continuing our aggressive **INTERGOVERNMENTAL RELATIONS** efforts at the County Hall of Administration, in Sacramento, and in Washington, D. C. Our dialogue continued with the State's Solid Waste Management Board to prevent increase in the cost of local solid waste disposal and with Washington over the cost of Federal flood insurance. The Los Angeles River flood control project received \$50 million in funding and is expected to be completed by 2001. Upon completion, the mandatory flood insurance requirement will be lifted.

In the area of **EMERGENCY PREPAREDNESS**, the City information technology systems worked flawlessly at the stroke of midnight on December 31, 1999 and beyond. As predicted, the City did not experience any Year 2000 technology problems, due to months spent testing and preparing systems for this potential. We also continued to train staff in order to be prepared to implement our emergency preparedness plan whenever it may be needed.

**PUBLIC SAFETY** continued to be augmented by grants from the State and Federal governments. One of Lakewood's Sky Knight Program's three helicopters was replaced. A majority of the cost of this helicopter will be offset by contributions from the other agencies participating in this program. Special public safety programs continued to make Lakewood a very safe city in which to live, work, and raise a family.

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

STREET SYSTEM MAINTENANCE was a major budgetary item for the 1999-2000 fiscal year, including a program of local street resurfacing, slurry seal, and hardscape repair. South Street, large sections of Del Amo Boulevard and Candlewood Street were resurfaced, along with several residential streets.

Lakewood's STREET LIGHTING had been upgraded by City Light and Power. The remainder of Lakewood's street lights, which are owned by the Edison Company, were upgraded during the 1999-2000 fiscal year.

SUPPORTING VOLUNTEERISM is very important to the welfare of our community. Three especially important areas of volunteerism in the 1999-2000 fiscal year were and continue to be in law enforcement, youth sports, and Volunteers in Action.

Major improvements to our WATER RESOURCES during the 1999-2000 fiscal year were water main and water meter replacements, a new water well, an emergency connection with Southern California Water Company, and the completion of a new 5.5 million gallon water storage tank. Lakewood continues to be committed to maintaining the City's water system and delivering its customers quality water at competitive prices.

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

**For the future.** 2000-2001 is the first year of a two-year operating budget. The priorities for the coming year are as follows:

The City's number one objective continues to be ECONOMIC DEVELOPMENT aimed to preserve the quality of life in Lakewood. It is extremely important to bolster Lakewood's local economy against the effects of area competitors such as surrounding regional shopping centers and, particularly, other retail areas in our surrounding cities bolstered by redevelopment.

Lakewood's Economic Development Committee has been encouraged by the opening of new retailers, the latest being Macy's. The Committee continues to meet regularly and works aggressively to maximize the potential of any commercially-zoned parcel. Lakewood is also offering a new loan program to qualified businesses to encourage economic development and the creation of new jobs in Lakewood.

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

Major IMPROVEMENTS for MONTE VERDE PARK are currently underway. This project is being funded through a State grant, the remainder of the 1996 Park Bond funds, and a foundation grant. Upon completion, a significant portion of the operational costs will come from the City's allocation of 1992 and 1996 Los Angeles County Park Bond operations proceeds.

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

The focus continues on PUBLIC SAFETY with full funding for general law enforcement units to handle approximately 30,000 calls for service annually. The City has expanded its law enforcement services by adding one traffic unit and two neighborhood bike patrol deputies.

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

One of the most significant FACILITY IMPROVEMENTS now underway is the renovation of the Iacoboni Library. These major improvements will serve the community for years to come. Although the City staff is administrating this project to insure its timely completion, the entire funding, including furniture and shelving, is coming from Los Angeles County.

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

Lakewood's plan of WATER QUALITY PRESERVATION continues through our water main replacement program and the installing of emergency water supply interconnection with Southern California Water Company and the City of Long Beach. Although Lakewood's water standards remain high, the State is mandating the removal of manganese, which only exceeds the 50 ppb limit at our Plant #13, and we are proceeding with this removal project.

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

#### 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, 2000, 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 2000, the City Council adopted an operating budget for fiscal years 2000-2001 and 2001-2002. In June 1999, the City's "Legacy Capital Improvement Plan" was updated. Projects totaling \$51.0 million were proposed for funding during the five-year period between 1999 and 2004. Of the \$51.0 million, only \$6.8 million comes from the general fund.

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

General Government Functions. The following schedule presents a summary of General Fund, Special Revenues Funds, Debt Service Fund, and Capital Projects Funds revenues for the fiscal year ended June 30, 2000, and the amount and percentage of increases and decreases in relation to prior year revenues.

Revenues	Amount	Percent of Total	Increase (Decrease) from 1999	Percent of Increase (Decrease)
Sales tax	\$ 8,364,022	22 %	\$ 879,732	12 %
Other taxes	11,309,967	29	589,450	6
Licenses and permits	534,804	1	162,950	44
Fines and forfeitures	489,584	1	47,649	11
Use of money and property	2,858,296	7	(234,859)	(1)
Intergovernmental	9,156,337	24	1,577,794	21
Charges for services	5,510,190	14	265,456	5
Other	585,043	2	(265,366)	(31)
Total revenues	\$ 38,808,243	100 %	\$ 3,022,806	8 %

Revenues for general government functions increased 8% from the preceding year, an increase of \$3,022,806 due to a variety of factors described below.

Sales tax increased 12% due to a strong economy and the opening of new retailers such as Wal-Mart.

Increases in other taxes of 6% included property taxes received for general operating purposes, which itself, 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 increased 12% overall to \$2.3 million. This increase was primarily due to a one-time rebate (\$177,870) of ERAF (Educational Revenue Augmentation Fund) monies taken by the State in prior years. Taxes received for the repayment of Redevelopment Agency debt (tax increment) are based on the 1% rate on the increase in valuation of the redevelopment project area over that of the base year. The major tax increment generator is the Macerich Company, a real estate investment trust (REIT) which owns the Lakewood Mall. Tax increment revenues increased by 7% to \$3.6 million due to the receipt of tax increment in Redevelopment Project Area No. 3 which was established in 1998. Tax increment revenues produced approximately 9.2% of general revenues.

Increases in other taxes also included an increase of Prop A and Prop C transportation funds (\$81,760 and \$64,719, respectively).

Licenses and permit fees increased 44% due primarily to an increase in building permits (\$111,040), including charges for the Macy's and Mervyn's California.

Interest earnings were slightly lower in 1999-2000 than the previous fiscal year which decreased the category of use of money and property by 1%.

The intergovernmental revenue increase of 21% was due to a rise in motor vehicle license fees (\$437,494), receipt of State Transportation Improvement Program funds (\$460,000) for pavement rehabilitation of local streets, and an increase in the State COPS grant (\$148,795). Motor vehicle license fees received from the State were \$3.8 million, an increase of 12.9% from the previous year due to the increase in automobile sales statewide and the higher price of vehicles. Gas tax revenues remained the same as the previous year at \$1.4 million.

Charges for services were up 5% due to the amount charged other cities (\$217,691) for the purchase of a new Sky Knight helicopter, as well as due to an increase in plan check fees (\$63,549) due mainly to the construction of the Macy's and Mervyn's California. Refuse collection charges remained at \$3.1 million.

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, 2000, and the percentage of increases and decreases in relation to prior year amounts.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 1999</u>	<u>Percent of Increase (Decrease)</u>
<b>Current:</b>				
General government	\$ 4,274,782	11 %	\$ (50,240)	(1) %
Public safety	8,099,747	22	374,215	5
Transportation	3,636,350	10	(422,008)	(10)
Community Development	3,158,097	8	71,524	2
Health and sanitation	3,022,062	8	272,694	10
Culture and leisure	5,738,242	15	459,363	9
<b>Total current</b>	<b>27,929,280</b>	<b>74</b>	<b>705,548</b>	<b>3</b>
Capital outlay	7,840,123	21	3,598,307	85
Debt service	1,622,977	5	(198,455)	(11)
<b>Total expenditures</b>	<b>\$ 37,392,380</b>	<b>100 %</b>	<b>\$ 4,105,400</b>	<b>12 %</b>

Expenditures for general government obligations increased 12%, due primarily to an increase in capital outlay for street improvements.

The cost of the law enforcement contract with Los Angeles County increased approximately 5.8% from the previous year, due to an increase in L. A. County Sheriff's contract costs. Law enforcement costs include general law enforcement, traffic regulations, specially assigned officers (SAO's), extra seasonal services for the mall, the mall deputy, sworn observers for the Sky Knight helicopter program, the Neighborhood Watch program, and the STAR Deputy program. Overall public safety, which includes street lighting, parking control, animal regulation, emergency services, along with law enforcement, increased 5%. The increase in overall public safety was due primarily to the purchase of a replacement Sky Knight helicopter. The majority of this cost was offset by the amount charged other cities for participation in this program.

Employees received an salary increase of 1.7% on July 1, 1999 and 1.2% on January 1, 2000. Total payroll for the year was \$9.7 million, a 3.4% 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 \$628,069, a 3.2% increase over last year, which corresponds to the increase in payroll costs. In lieu of paying Social Security costs (6.2%) for part-time employees working less than 1,000 hours per year, Lakewood pays (1.8%) into the Public Agency Retirement System (PARS) for these employees. PARS costs were \$17,140. Other personnel-related costs totaled \$440,910. 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 decreased 10% from the previous year due to a reduction of the Proposition A funds exchanged with other agencies by \$300,000.

Health and sanitation expenses increased 10% due to the cost of a three-month pilot program which sent a portion of the City's solid waste to a material recovery facility in order to comply with AB 939, the State's solid waste reduction law.

Culture and leisure expenditures increased 9% due to improvements made to the Weingart Ballroom at the Centre at Sycamore Plaza from the Community Facility Fund.

Major capital projects during the year were major street resurfacing (\$1,631,127), hardscape repair (\$853,495), game court refurbishing (\$506,969), athletic field lights (\$300,245), and traffic signal improvements (\$230,624).

Governmental Fund Balance. The fund balances of the governmental funds decreased by \$1,450,271. The decrease was primarily due to the restructuring of redevelopment bond debt which defeased a portion of the Series 1992A Bonds and reduced cash with fiscal agent.

Enterprise Operation. The City's water system has approximately 20,000 accounts and produced 3,142 million gallons of water during 1999-2000. 2,987 million gallons were from the "potable" water system (meeting clean drinking water standards) and 155 million gallons were recycled water used for irrigation purposes. Total production was up from last year by 110 million gallons.

Operating revenues of the water system were \$5,802,539, an increase of 9.1% due to an increase in the amount of water sold. Operating expenses were \$4,630,767, an increase of \$82,370, also due to increased water sales. Non-operating revenues net of non-operating expenses were (\$188,889).

The direct cost for water (energy, replenishment costs and direct purchase) was \$1,827,904 compared to \$1,865,524 in 1998-1999. This represents a decrease of 2% in direct cost. The cost of energy used in pumping increased 3%, \$457,373 compared to \$444,292 last year; however, ground water replenishment costs decreased 5% to \$1.3 million due to a decrease in the rate charged by the Water Replenishment District. The City paid \$1.3 million in ground water replenishment costs for water pumped from City wells. The cost of reclaimed water was \$79,513.

Capital additions were made to the system at a cost of \$2,130,056. 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 \$434,431 at June 30, 2000.

Basic water rates were last adjusted May 1, 1999, to \$1.20 per 100 cubic feet of water. The City Council subsequently reduced consumer's water bill by \$1.05 per month during Fiscal Year 2000-2001, thereby passing on the savings realized from the Water Replenishment District of Southern California fee reduction. The unit price per 100 cubic feet is adjusted periodically to cover the increased cost of energy, replenishment, or purchase. The City established the original water rates in 1959. Since 1959, there have been seven general rate adjustments: 1967, 1973, 1978, 1983, 1989, 1996, and 1999.

A conservation rate schedule was adopted by the City Council in November 1991, concurrent with mandated water conservation. The rate structure imposes various surcharges on water consumers who use more than the "average" for their use category, depending on the level of conservation desired. It will remain in place until the City Council determines that conservation measures can be lifted. Although rainfall was slightly below normal levels during 1999-2000, the City is currently operating at the Voluntary Conservation level.

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

On October 13, 1999, the Lakewood Redevelopment Agency issued \$6,760,000 Redevelopment Project No. 1 Tax Allocation Parity Bonds, 1999 Series A, to refinance a portion of the 1992A Bonds and to finance certain obligations under a Participation Agreement. In 1992, the Redevelopment Agency issued the Redevelopment Project No. 1 Refunding Tax Allocation Bonds, Series 1992A and Series 1992B (taxable), to advance refund and defease the Agency's 1984 and 1987 bonds, and to finance public improvements within Project Area No. 1. At June 30, 2000, the balance of the 1999 bonds outstanding remained \$6,760,000 and the 1992 series bonds outstanding was \$9,180,000. These bonds are secured by a pledge on the Agency's tax increment revenues (see notes to financial statements).

On December 12, 1995, the City and the Lakewood Redevelopment Agency created the Lakewood Public Financing Authority by a Joint Exercise of Powers Agreement. In March 1996, the Authority issued \$6,040,000 in water revenue bonds to finance public improvements to the City's water system. At June 30, 2000, the balance of the 1996 water revenue bonds outstanding was \$5,255,000. 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 1999-2000 was 5.82%; interest received was \$2,274,186.

Risk Management. Lakewood is a member of the CALIFORNIA Joint Powers Insurance Authority (CJPIA). With 84 public entity members, it is the largest joint powers insurance authority in California. Through the CJPIA, the City is self-insured against liability and workers' compensation claims. As protection against catastrophic loss, members fund a pool to finance large settlements. During 1999-2000, 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.

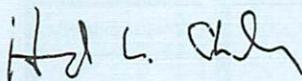
GFOA Certificate of Achievement Award. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Lakewood for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 1999. This was the 19th consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

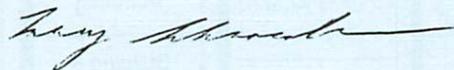
CSMFO Certificate of Award for Outstanding Financial Reporting. The California Society of Municipal Finance Officers awarded a Certificate of Award for Outstanding Financial Reporting to the City of Lakewood for its CAFR for the fiscal year ended June 30, 1999. The certificate is issued in recognition 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.

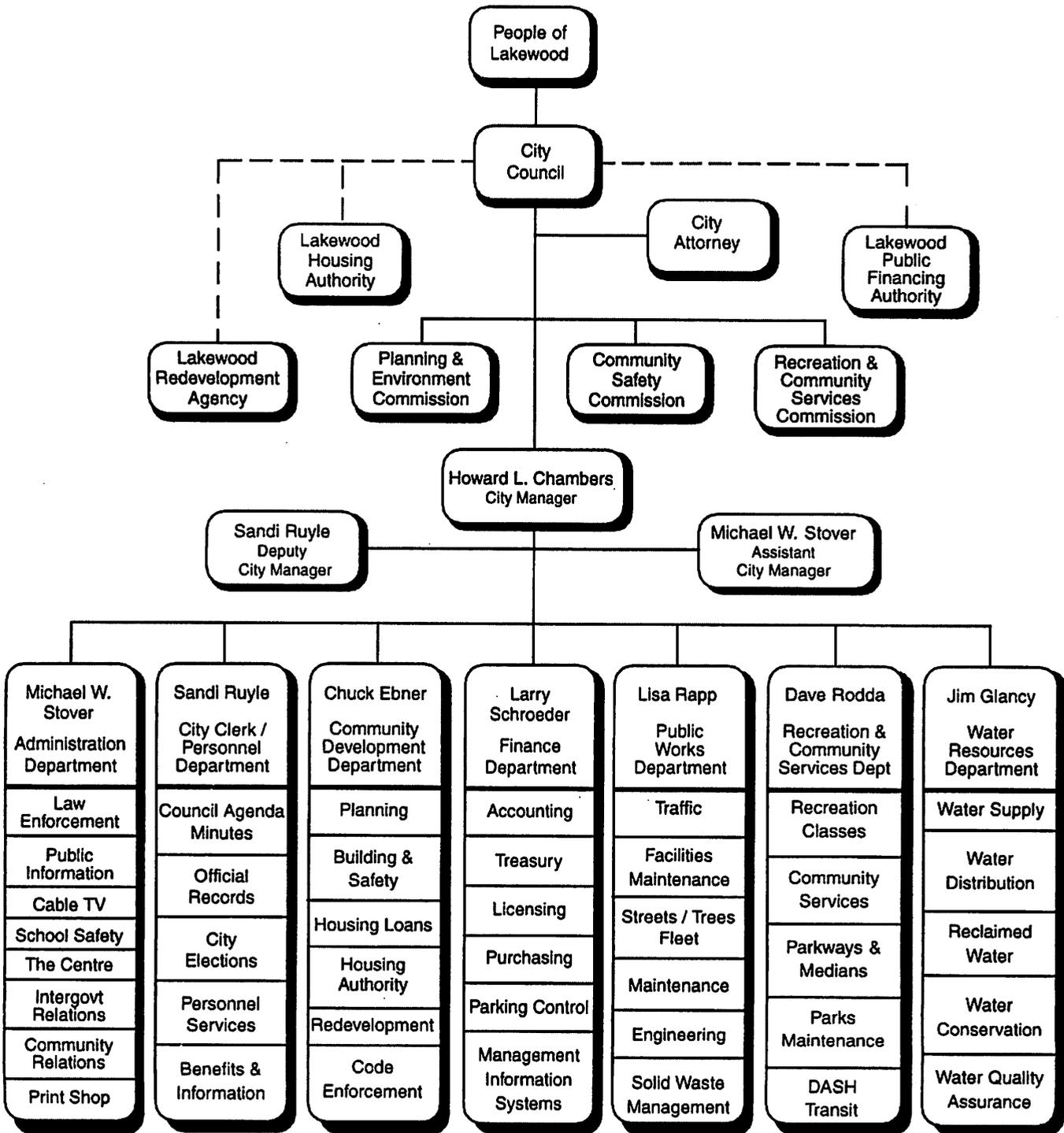
Respectfully submitted,



Howard L. Chambers  
City Manager



Larry Schroeder  
Director of Finance



CITY COUNCIL

WAYNE E. PIERCY  
Mayor

ROBERT G. WAGNER  
Vice Mayor

JOSEPH ESQUIVEL  
Council Member

MARC TITEL  
Council Member

LARRY VAN NOSTRAN  
Council Member

ADMINISTRATION AND DEPARTMENT DIRECTORS

HOWARD L. CHAMBERS  
City Manager

JOHN S. TODD  
City Attorney

MICHAEL W. STOVER  
Assistant City Manager

LARRY SCHROEDER  
Director of Finance

SANDRA L. RUYLE  
Deputy City Manager

LISA A. RAPP  
Director of Public Works

DAVID L. RODDA  
Director of Recreation  
and Community Services

CHARLES K. EBNER  
Director of Community  
Development

JAMES B. GLANCY  
Director of Water Resources

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Lakewood,  
California

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 1999

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.



*Anne Spray Kinsey*  
President

*Jeffrey L. Esser*  
Executive Director

*California Society of  
Municipal Finance Officers*

Certificate of Award

*Outstanding Financial Reporting 1998-99*

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 28, 2000*

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

November 21, 2000

## 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, 2000, as listed in the table of contents. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Lakewood as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated November 21, 2000, on our consideration of the City of Lakewood's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

*Diehl, Evans and Company, LLP*

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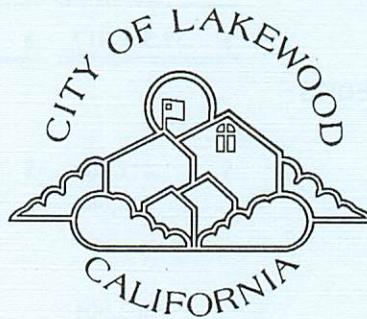
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**GENERAL PURPOSE  
FINANCIAL STATEMENTS**



COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS  
JUNE 30, 2000

ASSETS AND OTHER DEBITS	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Cash and investments (Notes 1.G & 2)	\$ 27,858,030	\$ 4,049,990	\$ 4,470,850	\$ 3,431,165
Cash and investments with fiscal agent (Note 1.G & 2)	-	-	1,808,111	-
Receivables:				
Taxes	1,657,455	-	236,696	-
Accounts	2,661,744	203,486	-	-
Loans (Note 10)	-	-	-	535,442
Accrued revenue (Note 1.D)	306,080	-	-	26,376
Due from other funds (Note 6)	76,608	-	-	939,265
Inventories, at cost (Note 1.H)	-	-	-	-
Land held for resale (Note 1.J)	-	-	-	107,535
Restricted assets:				
Cash and investments (Note 2)	-	-	-	-
Property, plant and equip., net (Notes 1.I, 1.K, 1.L, 3, 5.A)	-	-	-	-
Bond issuance costs, net (Note 1.O)	-	-	-	-
Amount available in debt service fund	-	-	-	-
Amount to be provided for payment of long-term debt	-	-	-	-
<b>Total assets and other debits</b>	<b>\$ 32,559,917</b>	<b>\$ 4,253,476</b>	<b>\$ 6,515,657</b>	<b>\$ 5,039,783</b>
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>				
Liabilities:				
Accounts payable	\$ 1,411,006	\$ 838,410	\$ -	\$ 998,039
Accrued liabilities	194,664	7,485	-	-
Accrued revenue bond interest	-	-	-	-
Deposits	-	-	-	-
Deferred revenue (Note 1.D)	363,001	-	-	561,692
Deposits payable from restricted assets	-	-	-	-
Due to other funds (Note 6)	939,265	-	-	-
Due to other governments (Note 10)	-	-	-	-
Revenue bonds payable (Notes 5.B, & 5.D)	-	-	-	-
Tax increment bonds payable (Note 4.A)	-	-	-	-
Compensated absences payable (Notes 1.M & 4.B)	-	-	-	-
Loans payable (Notes 4.C, 4.D & 5.C)	-	-	-	-
<b>Total liabilities</b>	<b>2,907,936</b>	<b>845,895</b>	<b>-</b>	<b>1,559,731</b>
Equity and other credits:				
Contributed capital (Note 1D)	-	-	-	-
Investment in general fixed assets (Notes 1.K & 3)	-	-	-	-
Retained earnings:				
Reserved (Note 9)	-	-	-	-
Unreserved	-	-	-	-
Fund balance (Note 9):				
Reserved	7,401,335	3,407,581	6,515,657	2,903,379
Unreserved - designated	22,250,646	-	-	576,673
<b>Total equity and other credits</b>	<b>29,651,981</b>	<b>3,407,581</b>	<b>6,515,657</b>	<b>3,480,052</b>
<b>Total liabilities, equity and other credits</b>	<b>\$ 32,559,917</b>	<b>\$ 4,253,476</b>	<b>\$ 6,515,657</b>	<b>\$ 5,039,783</b>

(Continued)

Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)	
Enterprise	Internal Service	Agency	General Fixed Assets	General Long-Term Debt	June 30, 2000	June 30, 1999
\$ 3,022,016	\$ 42,453	\$ 1,103,374	\$ -	\$ -	\$ 43,977,878	\$ 41,514,490
581	-	-	-	-	1,808,692	6,596,865
-	-	-	-	-	1,894,151	1,957,595
343,649	-	-	-	-	3,208,879	1,795,411
-	-	2,230,674	-	-	2,766,116	2,612,338
544,925	-	-	-	-	877,381	903,348
-	-	-	-	-	1,015,873	111,244
124,838	117,948	-	-	-	242,786	251,359
-	-	-	-	-	107,535	-
34,718	-	-	-	-	34,718	33,788
16,130,166	457,432	-	47,043,770	-	63,631,368	60,446,988
181,711	-	-	-	-	181,711	193,248
-	-	-	-	6,515,657	6,515,657	9,301,210
-	-	-	-	11,474,213	11,474,213	10,797,609
<u>\$ 20,382,604</u>	<u>\$ 617,833</u>	<u>\$ 3,334,048</u>	<u>\$ 47,043,770</u>	<u>\$ 17,989,870</u>	<u>\$ 137,736,958</u>	<u>\$ 136,515,493</u>
\$ 708,474	\$ 33,683	\$ -	\$ -	\$ -	\$ 3,989,612	\$ 2,625,091
-	8,039	-	-	-	210,188	388,791
69,358	-	-	-	-	69,358	71,562
-	-	664,275	-	-	664,275	496,218
-	-	-	-	-	924,693	471,591
34,718	-	-	-	-	34,718	33,788
-	76,608	-	-	-	1,015,873	111,244
-	-	2,669,773	-	-	2,669,773	2,735,951
5,233,986	-	-	-	-	5,233,986	5,447,652
-	-	-	-	15,940,000	15,940,000	18,150,000
-	-	-	-	1,549,870	1,549,870	1,401,102
434,431	-	-	-	500,000	934,431	1,030,438
<u>6,480,967</u>	<u>118,330</u>	<u>3,334,048</u>	<u>-</u>	<u>17,989,870</u>	<u>33,236,777</u>	<u>32,963,428</u>
1,267,297	-	-	-	-	1,267,297	1,267,297
-	-	-	47,043,770	-	47,043,770	45,349,179
379,910	-	-	-	-	379,910	417,131
12,254,430	499,503	-	-	-	12,753,933	11,755,170
-	-	-	-	-	20,227,952	21,030,270
-	-	-	-	-	22,827,319	23,733,018
<u>13,901,637</u>	<u>499,503</u>	<u>-</u>	<u>47,043,770</u>	<u>-</u>	<u>104,500,181</u>	<u>103,552,065</u>
<u>\$ 20,382,604</u>	<u>\$ 617,833</u>	<u>\$ 3,334,048</u>	<u>\$ 47,043,770</u>	<u>\$ 17,989,870</u>	<u>\$ 137,736,958</u>	<u>\$ 136,515,493</u>



COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

	General	Special Revenue	Debt Service	Capital Projects	Totals	
					(Memorandum Only)	
					Year Ended June 30, 2000	Year Ended June 30, 1999
<b>Revenues:</b>						
Taxes	\$ 14,296,101	\$ 1,759,413	\$ 3,618,475	\$ -	\$ 19,673,989	\$ 18,204,807
Licenses and permits	523,448	11,356	-	-	534,804	371,854
Fines and forfeitures	489,584	-	-	-	489,584	441,935
Interest, rents and concessions	2,031,024	191,950	375,628	259,694	2,858,296	3,093,155
From other agencies	5,459,102	2,460,641	-	1,236,594	9,156,337	7,578,543
Current service charges	5,510,190	-	-	-	5,510,190	5,244,734
Other	562,586	2,075	-	20,382	585,043	850,409
<b>Total revenues</b>	<b>28,872,035</b>	<b>4,425,435</b>	<b>3,994,103</b>	<b>1,516,670</b>	<b>38,808,243</b>	<b>35,785,437</b>
<b>Expenditures:</b>						
<b>Current:</b>						
General government	4,274,782	-	-	-	4,274,782	4,325,022
Public safety	8,099,747	-	-	-	8,099,747	7,725,532
Transportation	2,445,967	1,190,383	-	-	3,636,350	4,058,358
Community development	2,193,388	964,709	-	-	3,158,097	3,086,573
Health and sanitation	3,022,062	-	-	-	3,022,062	2,749,368
Culture and leisure	5,708,569	29,673	-	-	5,738,242	5,278,879
Capital outlay	-	-	-	7,840,123	7,840,123	4,241,816
<b>Debt service:</b>						
Principal retirement	-	-	505,000	-	505,000	480,000
Interest	-	-	1,117,977	-	1,117,977	1,341,432
<b>Total expenditures</b>	<b>25,744,515</b>	<b>2,184,765</b>	<b>1,622,977</b>	<b>7,840,123</b>	<b>37,392,380</b>	<b>33,286,980</b>
Excess of revenues over (under) expenditures	3,127,520	2,240,670	2,371,126	(6,323,453)	1,415,863	2,498,457
<b>Other financing sources (uses):</b>						
Operating transfers in	1,490,180	-	623,982	7,387,519	9,501,681	5,629,844
Operating transfers out	(4,275,686)	(1,687,486)	(3,338,553)	(623,982)	(9,925,707)	(5,963,995)
Proceeds of bonds	-	-	6,433,632	-	6,433,632	-
Payment to refunded bond escrow agent	-	-	(8,875,740)	-	(8,875,740)	-
<b>Total other financing sources (uses)</b>	<b>(2,785,506)</b>	<b>(1,687,486)</b>	<b>(5,156,679)</b>	<b>6,763,537</b>	<b>(2,866,134)</b>	<b>(334,151)</b>
Excess of revenues and other sources over (under) expen- ditures and other uses	342,014	553,184	(2,785,553)	440,084	(1,450,271)	2,164,306
Fund balances - July 1	29,309,967	2,854,397	9,301,210	3,297,714	44,763,288	42,539,235
Prior Period Adj. (Note 18)	-	-	-	(257,746)	(257,746)	59,747
Fund balance - July 1, as restated	29,309,967	2,854,397	9,301,210	3,039,968	44,505,542	42,598,982
<b>Fund balances - June 30</b>	<b>\$ 29,651,981</b>	<b>\$ 3,407,581</b>	<b>\$ 6,515,657</b>	<b>\$ 3,480,052</b>	<b>\$ 43,055,271</b>	<b>\$ 44,763,288</b>

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, 2000

	General Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues:			
Taxes	\$ 13,318,792	\$ 14,296,101	\$ 977,309
Licenses and permits	355,400	523,448	168,048
Fines and forfeitures	400,000	489,584	89,584
Interest, rents and concessions	1,857,000	2,031,024	174,024
From other agencies	5,305,596	5,459,102	153,506
Current service charges	5,087,600	5,510,190	422,590
Other	515,610	562,586	46,976
Total revenues	<u>26,839,998</u>	<u>28,872,035</u>	<u>2,032,037</u>
Expenditures:			
Current:			
General government	5,149,269	4,274,782	874,487
Public safety	9,438,436	8,099,747	1,338,689
Transportation	2,625,249	2,445,967	179,282
Community development	3,425,020	2,193,388	1,231,632
Health and sanitation	3,302,976	3,022,062	280,914
Culture and leisure	5,791,178	5,708,569	82,609
Total expenditures	<u>29,732,128</u>	<u>25,744,515</u>	<u>3,987,613</u>
Excess of revenues over (under) expenditures	<u>(2,892,130)</u>	<u>3,127,520</u>	<u>6,019,650</u>
Other financing sources (uses):			
Operating transfers in	1,432,334	1,490,180	57,846
Operating transfers out	(8,859,211)	(4,275,686)	4,583,525
Total other financing sources (uses)	<u>(7,426,877)</u>	<u>(2,785,506)</u>	<u>4,641,371</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>(10,319,007)</u>	<u>342,014</u>	<u>10,661,021</u>
Fund balances - July 1	<u>29,309,967</u>	<u>29,309,967</u>	<u>-</u>
Fund balances - June 30	<u>\$ 18,990,960</u>	<u>\$ 29,651,981</u>	<u>\$ 10,661,021</u>

(continued)

(Continued)

Special Revenue			Totals (Memorandum Only)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 1,600,000	\$ 1,759,413	\$ 159,413	\$ 14,918,792	\$ 16,055,514	\$ 1,136,722
16,000	11,356	(4,644)	371,400	534,804	163,404
-	-	-	400,000	489,584	89,584
129,500	191,950	62,450	1,986,500	2,222,974	236,474
2,502,500	2,460,641	(41,859)	7,808,096	7,919,743	111,647
-	-	-	5,087,600	5,510,190	422,590
18,000	2,075	(15,925)	533,610	564,661	31,051
<u>4,266,000</u>	<u>4,425,435</u>	<u>159,435</u>	<u>31,105,998</u>	<u>33,297,470</u>	<u>2,191,472</u>
-	-	-	5,149,269	4,274,782	874,487
-	-	-	9,438,436	8,099,747	1,338,689
1,682,321	1,190,383	491,938	4,307,570	3,636,350	671,220
1,030,000	964,709	65,291	4,455,020	3,158,097	1,296,923
-	-	-	3,302,976	3,022,062	280,914
120,500	29,673	90,827	5,911,678	5,738,242	173,436
<u>2,832,821</u>	<u>2,184,765</u>	<u>648,056</u>	<u>32,564,949</u>	<u>27,929,280</u>	<u>4,635,669</u>
1,433,179	2,240,670	807,491	(1,458,951)	5,368,190	6,827,141
-	-	-	1,432,334	1,490,180	57,846
(3,491,042)	(1,687,486)	1,803,556	(12,350,253)	(5,963,172)	6,387,081
(3,491,042)	(1,687,486)	1,803,556	(10,917,919)	(4,472,992)	6,444,927
(2,057,863)	553,184	2,611,047	(12,376,870)	895,198	13,272,068
<u>2,854,397</u>	<u>2,854,397</u>	<u>-</u>	<u>32,164,364</u>	<u>32,164,364</u>	<u>-</u>
<u>\$ 796,534</u>	<u>\$ 3,407,581</u>	<u>\$ 2,611,047</u>	<u>\$ 19,787,494</u>	<u>\$ 33,059,562</u>	<u>\$ 13,272,068</u>

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

	Enterprise	Internal Service	Totals (Memorandum Only)	
			June 30, 2000	June 30, 1999
Operating revenues:				
Charges for services	\$ 5,651,922	\$ 618,581	\$ 6,270,503	\$ 5,773,600
Other revenue	150,617	891	151,508	129,477
Total operating revenues	<u>5,802,539</u>	<u>619,472</u>	<u>6,422,011</u>	<u>5,903,077</u>
Operating expenses:				
Operations:				
Supply, transmission and distribution	3,521,525	-	3,521,525	3,420,992
Customer service	365,503	-	365,503	343,444
Administration	222,676	-	222,676	315,398
Cost of goods sold	-	922,909	922,909	890,097
Depreciation	521,063	141,930	662,993	593,084
Total operating expenses	<u>4,630,767</u>	<u>1,064,839</u>	<u>5,695,606</u>	<u>5,563,015</u>
Operating income or (loss)	<u>1,171,772</u>	<u>(445,367)</u>	<u>726,405</u>	<u>340,062</u>
Nonoperating revenues (expenses):				
Grant revenue	-	-	-	977,061
Sale of pumping rights	60,000	-	60,000	92,500
Interest revenue	184,829	-	184,829	189,849
Interest expense on long-term debt	(374,976)	-	(374,976)	(21,234)
Amortization of bond issuance costs	(12,871)	-	(12,871)	(11,537)
Loss on disposal of assets	(45,871)	-	(45,871)	-
Total nonoperating revenues (expenses)	<u>(188,889)</u>	<u>-</u>	<u>(188,889)</u>	<u>1,226,639</u>
Income (loss) before operating transfers in	982,883	(445,367)	537,516	1,566,701
Operating transfers in	-	424,026	424,026	334,151
Net income (loss)	982,883	(21,341)	961,542	1,900,852
Retained earnings - July 1	<u>11,651,457</u>	<u>520,844</u>	<u>12,172,301</u>	<u>10,271,449</u>
Retained earnings - June 30	<u>\$ 12,634,340</u>	<u>\$ 499,503</u>	<u>\$ 13,133,843</u>	<u>\$ 12,172,301</u>

COMBINED STATEMENT OF CASH FLOWS  
ALL PROPRIETARY FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

	Enterprise	Internal Service	Totals (Memorandum Only)	
			June 30, 2000	June 30, 1999
Cash flows from operating activities:				
Operating income (loss)	\$ 1,171,772	\$ (445,367)	\$ 726,405	\$ 340,062
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operations:				
Depreciation	521,063	141,930	662,993	593,084
Changes in operating assets and liabilities:				
(Increase) decrease in accounts receivable	29,814	-	29,814	(18,899)
(Increase) decrease in inventory	21,920	(13,347)	8,573	(23,665)
Increase (decrease) in accounts payable	(5,435)	15,388	9,953	(101,020)
Increase in accrued liabilities	-	3,562	3,562	1,472
Increase (decrease) in customer deposits	930	-	930	(966)
Total adjustments	568,292	147,533	715,825	450,006
Net cash provided by (used in) operating activities	1,740,064	(297,834)	1,442,230	790,068
Cash flows from non-capital financing activities:				
Operating transfers in	-	424,026	424,026	334,151
Cash flows from capital and related financing activities:				
Proceeds from the sale of pumping rights	60,000	-	60,000	92,500
Proceeds from grant	-	-	-	977,061
Purchase of property, plant and equipment	(2,130,056)	(140,159)	(2,270,215)	(2,994,106)
Principal paid on revenue bonds and state loan	(263,290)	-	(263,290)	(251,427)
Interest paid on revenue bonds and state loan	(305,618)	-	(305,618)	(21,234)
Net cash (used in) capital and related financing activities	(2,638,964)	(140,159)	(2,779,123)	(2,197,206)
Cash flows from investing activities:				
Interest on investments	184,829	-	184,829	189,849
Net (decrease) in cash and cash equivalents	(714,071)	(13,967)	(728,038)	(883,138)
Cash and cash equivalents - July 1	3,771,386	56,420	3,827,806	4,710,944
Cash and cash equivalents - June 30 (Note 1.G)	\$ 3,057,315	\$ 42,453	\$ 3,099,768	\$ 3,827,806



JUNE 30, 2000

## 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, 1999, have been presented herein to include the City, Agency, Housing Authority, and Financing Authority.

Interfund debt between the City and the Agency at June 30, 2000, 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 1999-2000 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, 2000. 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 1999-2000 consisted of principal and interest payments from the Agency to the City on interfund loans and principal and interest on tax increment bonds.

###### Capital Project Funds

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

Proprietary FundsWater Enterprise Fund

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

Internal Service Funds

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

Fiduciary FundsAgency Funds

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

Account GroupsGeneral Fixed Assets Account Group

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

General Long-Term Debt Account Group

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

## C. Functional Classifications

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

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

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

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

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

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

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

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

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

#### D. Basis of Accounting

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

The accrual basis of accounting is followed in the proprietary funds. Revenues are recognized when they are earned and expenses are recognized when the liability is incurred. Unbilled water utility revenue is accrued at year end. Grants received by proprietary funds which are restricted for acquisition or construction of capital assets are recorded as contributed equity, and are reported as "contributed capital" in the accompanying financial statements. Capital grants reported as contributed capital as of June 30, 2000, is \$611,037. Under the provisions of GASB Statement No. 20, the City's proprietary funds are accounted for in accordance with (1) All GASB Pronouncements applicable to proprietary fund types, and (2) FASB Statements 1 through 102 issued on or before November 30, 1989, all Accounting Principles Board Opinions, and all Accounting Research Bulletins (unless those pronouncements contradict GASB pronouncements). The City has elected not to apply the provisions of FASB Statements 103 through 129, because in the opinion of management, these bulletins do not have a material impact on the accounting and financial reporting of its proprietary funds.

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

#### E. Measurement Focus

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

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

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

#### F. Budgetary Accounting

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

1. The annual budget adopted by the City Council provides for the general operation of the City. It includes proposed expenditures and the means of financing them. Although the City adopted a two-year budget for fiscal 1998-99 and 1999-2000, each year is treated separately for accounting purposes.
2. The City Council approves total budgeted appropriations and any amendments to appropriations throughout the year. This "appropriated budget" covers substantially all City expenditures, with the exception of debt service on bond issues and capital improvement projects, which expenditures constitute legally-authorized "non-appropriated budget." There were no significant non-budgeted financial activities. Actual expenditures may not exceed budgeted appropriations at the fund level. However, the City Manager is authorized to transfer budgeted amounts between funds and between functional categories. Budget figures used in the financial statements are the final adjusted amounts, including any amendments to the budget during the year. Supplementary budgetary appropriations of the General Fund and Special Revenue Funds in the amount of \$3,495,201 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, 2000, 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 1999-2000, the City Council passed a resolution setting aside all unappropriated fund balances in the General Fund as contingency funds. This fund designation is more fully described at Note 9.M.

#### G. Cash and Investments

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

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

A high level of funds are in short-term obligations of less than thirty days, including \$16,472,568 on deposit with the California Local Agency Investment Fund. For purposes of the statements of cash flows, all cash and investments held by the enterprise and internal service funds (including restricted cash and investments) are considered to be short term and, accordingly, are classified as cash and cash equivalents.

**H. Inventories**

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

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

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

**J. Land Held for Resale**

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

**K. General Fixed Assets**

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

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

**L. Water Utility Plant**

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

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

#### M. Compensated Absences

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

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

#### N. Claims and Judgments

The City accounts for claims and judgments in accordance with the provisions of GASB Statement No. 10. When it is probable that a claim liability has been incurred at year end and the amount of the loss can be reasonably estimated, the City records the estimated loss, net of any insurance coverage under its self-insurance program. At June 30, 2000, the City Attorney estimated a claim liability of \$101,000, 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 (\$507,801 in 1999-2000). 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 (\$226,079 in 1999-2000). Adverse claims experience in prior years results in the payment of additional deposits and such deposits, if any, are recorded as insurance expenditures when paid.

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

#### O. Bond Issuance Costs

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

#### P. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### NOTE 2 - CASH AND INVESTMENTS

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

##### Investments

##### Authorized Investments:

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

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

U.S. Treasury Bills, Notes or Bonds  
Bankers Acceptances  
Negotiable Certificates of Deposit  
Repurchase Agreements  
Medium-Term Corporate Notes

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

**Federal Agency Obligations:**

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

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

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

**Repurchase Agreements:**

The City had no investments in Repurchase Agreements during fiscal year 1999-2000.

**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, 2000, the total market value of LAIF was \$43,227,355,507. The City's proportionate share of that value is \$16,472,568. Included in LAIF's investment portfolio are structured notes totaling \$1,909,398,000 and asset-backed securities totaling \$770,758,000. LAIF's and the City's exposure to credit, market, or legal risk is not currently available.

**California Asset Management Program (CAMP) Cash Reserve Portfolio**

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

Allocation of Interest Income Among Funds

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

Classification of Deposits and Investments By Credit Risk

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

## Deposits:

Category 1 - Deposits which are insured by FDIC.

Category 2 - Deposits which are collateralized. The California Government Code requires California banks and savings and loan associations to secure a City's deposits by pledging government securities with a value of 110% of a City's deposits. 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, 2000:

	Category			Bank Balances	Carrying Amount
	1	2	3		
<b>Deposits:</b>					
<b>Banks:</b>					
Demand accounts	\$ 100,000	\$ 483,427	\$ -	\$ 583,427	\$ 611,205
Savings accounts	100,000	1,636,195	-	1,736,195	1,473,223
Fiscal agent deposits	-	-	4,101	4,101	4,101
<b>Total deposits</b>	<b>\$ 200,000</b>	<b>\$ 2,119,622</b>	<b>\$ 4,101</b>	<b>\$ 2,323,723</b>	<b>2,088,529</b>

	Category			Not Categorized	
	1	2	3		
<b>Investments:</b>					
<b>Federal obligations:</b>					
Federal Home Loan Bank	\$ 10,875,937	\$ -	\$ -	\$ -	\$ 10,875,937
Federal National Mortgage Association	3,941,212	-	-	-	3,941,212
Federal Farm Credit Bank Bonds	2,992,310	-	-	-	2,992,310
Federal Home Loan Mortgage Corp.	5,170,921	-	-	-	5,170,921
Student Loan Assn. Notes	1,989,630	-	-	-	1,989,630
California Local Agency Investment Fund	-	-	-	16,472,568	16,472,568
Money Market Portfolio	-	-	-	485,590	485,590
FHLB - Fiscal Agent	1,635,938	-	-	-	1,635,938
Money Market Portfolio - Fiscal Agent	-	-	-	168,653	168,653
<b>Total investments</b>	<b>\$ 26,605,948</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 17,126,811</b>	<b>43,732,759</b>

**Total carrying amount (book balances) \$ 45,821,288**

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

Cash and investments - unrestricted	\$ 43,977,878
Cash and investments with fiscal agent	1,808,692
Cash and investments - restricted (1)	34,718
	<u>\$ 45,821,288</u>

(1) All restricted cash and investments are in the Water Enterprise Fund. The total represents customer deposits of \$34,718.

## NOTE 3 - CHANGES IN GENERAL FIXED ASSETS

A summary of changes in General Fixed Assets for the year ended June 30, 2000, is as follows:

	Balance June 30, 1999	Additions	Deletions	Balance June 30, 2000
Land	\$ 10,765,913	\$ -	\$ -	\$ 10,765,913
Structures and improvements	27,898,193	868,202	5,163	28,761,232
Equipment	6,330,211	934,921	239,981	7,025,151
Construction in progress	354,862	1,004,814	868,202	491,474
Total	<u>\$ 45,349,179</u>	<u>\$ 2,807,937</u>	<u>\$ 1,113,346</u>	<u>\$ 47,043,770</u>

## NOTE 4 - GENERAL LONG-TERM DEBT

The changes in the General Long-Term Debt for the year ended June 30, 2000, were as follows:

	Balance June 30, 1999	Additions	Deletions	Balance June 30, 2000
Agency tax allocation bonds	\$ 18,150,000	\$ 6,760,000	\$ 8,970,000	\$ 15,940,000
Liability for compensated absences:				
Vacation	604,488	69,902	-	674,390
Sick leave	796,614	78,866	-	875,480
Agency land loan	500,000	-	-	500,000
Capital equipment lease	47,717	-	47,717	-
Total	<u>\$ 20,098,819</u>	<u>\$ 6,908,768</u>	<u>\$ 9,017,717</u>	<u>\$ 17,989,870</u>

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

Series 1999A

On October 13, 1999, the Agency issued \$6,760,000 Redevelopment Project No. 1 Tax Allocation Parity Refunding Bonds, 1999 Series A, to refinance a portion of the 1992A Bonds and to finance certain obligations under a Participation Agreement with Lakewood Mall Business Company. The 1999A Bonds are secured by a pledge of tax increment revenue from Project Area No. 1 on a parity with the remaining 1992A Bonds and the 1992B Bonds.

The 1999A Bonds are serial bonds maturing annually each September 1 from 2002 through 2017, in amounts ranging from \$195,000 to \$630,000, and bear interest at rates ranging from 4.0% to 5.4%. Interest is payable semiannually on March 1 and September 1. The 1999A Bonds are subject to redemption prior to maturity at the option of the Agency as a whole, or in part, by such maturities as designated by the Agency and by lot within a maturity, at a redemption price equal to the principal amount to be redeemed, plus a premium (expressed as a percentage of the principal amount of bonds to be redeemed) plus accrued interest to the redemption date. The redemption prices range from 100% to 102%.

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

Advance Refunding Info for GASB No. 7

\$3.927 million of net proceeds of the 1999A Bonds, together with \$4.949 million on deposit with the trustee for the 1992A Bonds, were used to purchase U. S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service with respect to \$8.465 million of the 1992A Bonds, assuming such bonds are called for redemption on September 1, 2002. As a result, a portion of the 1992A Bonds are considered to be defeased, and the liability for those bonds has been removed from the long-term debt account group. As of June 30, 2000, \$8.2 million remained outstanding on the refunded 1992A Bonds. The Agency advance partial refunding of the 1992A Bonds resulted in an economic gain (the difference between the present values of the debt service payments on the old and new debt) of \$61,663. In addition, the total debt service payments have increased by \$164,133 over the life of the issue.

The economic gain has been calculated on 44.25% of the 1992A Bonds refunded, using the proportionate amount of 1999A Bonds, 61.24% attributable to amounts deposited in the refunding escrow, discounted using a rate of 5.418%.

Series 1992A and Series 1992B

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

After refinancing, \$6,600,000 of the Series 1992A Bonds remained. These are serial bonds maturing annually each September 1, through 2017, in amounts ranging from \$180,000 to \$560,000, and bear interest at rates ranging from 5.2% to 6.5%. Interest is payable semiannually on March 1 and September 1. The balance of the Series 1992A Bonds as of June 30, 2000, is \$6,235,000.

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

The annual requirements to amortize the bonds outstanding at June 30, 2000 are as follows:

Year	Series 1992 A			Series 1992 B		
	Principal	Interest	Total	Principal	Interest	Total
2000-2001	\$ 200,000	\$ 393,830	\$ 593,830	\$ 70,000	\$ 258,262	\$ 328,262
2001-2002	\$ 210,000	\$ 382,193	\$ 592,193	\$ 80,000	\$ 251,606	\$ 331,606
2002-2003	\$ 220,000	\$ 369,665	\$ 589,665	\$ 85,000	\$ 244,284	\$ 329,284
2003-2004	\$ 230,000	\$ 356,275	\$ 586,275	\$ 95,000	\$ 236,297	\$ 331,297
2004-2005	\$ 250,000	\$ 341,250	\$ 591,250	\$ 100,000	\$ 227,644	\$ 327,644
2005-2017	\$ 5,125,000	\$ 2,456,513	\$ 7,581,513	\$ 2,515,000	\$ 1,712,653	\$ 4,227,653
	<u>\$ 6,235,000</u>	<u>\$ 4,299,726</u>	<u>\$ 10,534,726</u>	<u>\$ 2,945,000</u>	<u>\$ 2,930,746</u>	<u>\$ 5,875,746</u>

Year	Series 1999 A		
	Principal	Interest	Total
2000-2001	\$ -	\$ 331,465	\$ 331,465
2001-2002	\$ -	\$ 331,465	\$ 331,465
2002-2003	\$ 195,000	\$ 327,565	\$ 522,565
2003-2004	\$ 225,000	\$ 319,165	\$ 544,165
2004-2005	\$ 285,000	\$ 308,680	\$ 593,680
2005-2017	\$ 6,055,000	\$ 518,472	\$ 6,573,472
	<u>\$ 6,760,000</u>	<u>\$ 2,136,812</u>	<u>\$ 8,896,812</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, 2000, are as follows:

Year	Principal	Interest	Total
2000-01	\$ 500,000	\$ 54,863	\$ 554,863

#### 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. This lease has been fully paid as of June 30, 2000.

#### NOTE 5 - CITY WATER UTILITY

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

	Balance June 30, 1999	Additions	Deletions	Balance June 30, 2000
Land and water rights	\$ 1,932,859	\$ -	\$ -	\$ 1,932,859
Source of supply	437,217	1,508,051	-	1,945,268
Pumping plant	531,429	-	-	531,429
Water treatment	52,266	-	-	52,266
Transmission/distribution	12,153,785	7,922,088	632,311	19,443,562
General Plant	2,932,590	68,215	-	3,000,805
Construction in progress	7,194,363	16,844	7,194,363	16,844
Total	25,234,509	<u>\$ 9,515,198</u>	<u>\$ 7,826,674</u>	26,923,033
Less: Accumulated depreciation	<u>10,595,903</u>			<u>10,792,867</u>
Net	<u>\$ 14,638,606</u>			<u>\$ 16,130,166</u>

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

	Balance June 30, 1999	Additions	Deletions	Balance June 30, 2000
Loan payable to State of California	\$ 482,721	\$ -	\$ 48,290	\$ 434,431
1996 Water Revenue Bonds	5,470,000	-	215,000	5,255,000
	<u>5,952,721</u>		<u>263,290</u>	<u>5,689,431</u>
Less Discount on Bonds	(22,349)	-	1,335	(21,014)
Total	<u>\$ 5,930,372</u>	<u>\$ -</u>	<u>\$ 261,955</u>	<u>\$ 5,668,417</u>

## C. Loan Payable to State of California

The water utility constructed a six-mile reclaimed water line funded in part by a loan from the State of California Water Resources Control Board. A loan of \$864,831 was received in February 1989. The term of the loan is 18-1/2 years at an interest rate of 4.01%. Principal and interest payments are due on May 31 of each year, beginning May 31, 1990. The final payment is due December 22, 2007.

The annual requirements to amortize the loan outstanding at June 30, 2000, are as follows:

Year	Principal	Interest	Total
2000-01	\$ 50,228	\$ 17,433	\$ 67,661
2001-02	52,244	15,417	67,661
2002-03	54,340	13,321	67,661
2003-04	56,521	11,140	67,661
2004-05	58,789	8,872	67,661
2005-06	61,148	6,513	67,661
2006-07	63,601	4,059	67,660
2007-08	37,560	847	38,407
Total	<u>\$ 434,431</u>	<u>\$ 77,602</u>	<u>\$ 512,033</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 annual requirements to amortize the bonds outstanding at June 30, 2000, are as follows:

Year	Principal	Interest	Total
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
	<u>\$ 5,255,000</u>	<u>\$ 2,761,300</u>	<u>\$ 8,016,300</u>

E. Segment Information.

Net working capital of the Water Utility at June 30, 2000, was as follows:

Current Assets	\$ 4,036,009
Current liabilities payable from current assets	<u>756,764</u>
Net working capital	<u>\$ 4,792,773</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, 2000:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
General fund	\$ 76,608	\$ 939,265
Capital project funds:		
Lakewood Capital Improvements	939,265	-
Internal service funds:		
Central Stores	-	76,608
Total	<u>\$ 1,015,873</u>	<u>\$ 1,015,873</u>

Loans payable and accrued interest payable from the Agency to the City were as follows for the year ended June 30, 2000:

	<u>Loans</u>	<u>Accrued Interest</u>	<u>Total</u>
Balance at June 30, 1999	\$ 11,189,472	\$ -	\$ 11,189,472
Additions	975,000	27,550	1,002,550
Payments from Agency to City	(18,500)	(27,550)	(46,050)
Balance at June 30, 2000	<u>\$ 12,145,972</u>	<u>\$ -</u>	<u>\$ 12,145,972</u>

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

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

Plan Description

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

Funding Policy

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

Additionally, the City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 1999-2000 was .0% for local miscellaneous members. The contribution requirements of the plan members are established by State statute and the employer contribution rates were established and may be amended by CalPERS.

Annual Pension Cost

For fiscal year 1999-2000, the City's required and actual contributed pension cost was \$628,069. The required contribution for fiscal year 1999-2000 was determined as part of the June 30, 1998, actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 8.25% investment rate of return (net of administrative expenses), (b) projected salary increases that vary by duration of service ranging from 3.75% to 14.2%, and (c) a 2% cost-of-living adjustment. Both (a) and (b) include an inflation component of 3.5%. In order to dampen the effect of short-term market value fluctuations on employer contribution rates, the following asset smoothing technique is used. First an Expected Value of Assets is computed by bringing forward the prior year's Actuarial Value of Assets and the contributions received and benefits paid during the year at the assumed actuarial rate of return. The Actuarial Value of Assets is then computed as the Expected Value of Assets plus one-third of the difference between the actual Market Value of Assets and the Expected Value of Assets as of the valuation date. However, in no case will the Actuarial Value of Assets be less than 90% or greater than 110% of the actual Market Value of Assets. The Plan's unfunded actuarial accrued liability (or excess assets) is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 1998, was 62 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>			
6/30/98	655,804	100%	-
6/30/99	608,343	100%	-
6/30/00	628,069	100%	-

Schedule of Funding Progress for PERS

<u>Actuarial Valuation Date</u>	<u>Entry Age Normal Accrued Liability</u>	<u>Actuarial Value of Assets</u>	<u>Unfunded Liability/ (Excess Assets)</u>	<u>Funded Status</u>	<u>Annual Covered Payroll</u>	<u>UAAL As a % of Payroll</u>
6/30/96	28,029,664	30,759,962	(2,730,298)	109.7%	6,976,437	(39.136%)
6/30/97	27,832,183	35,351,374	(7,519,191)	127.0%	7,845,364	(95.842%)
6/30/98	32,940,778	44,223,091	(11,282,313)	134.3%	8,585,546	(131.411%)

## NOTE 8 - DEFERRED COMPENSATION PLAN

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

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

The asset market value of the ICMA Retirement Corporation Plan at June 30, 2000, was \$4,608,797. The asset market value of the PERS California Employees Deferred Plan at June 30, 2000, was \$156,914.

## NOTE 9 - RESERVES AND DESIGNATIONS OF FUND EQUITY

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

The City's reserves and designations at June 30, 2000, 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	\$ 3,034,534	\$ 1,650,821	\$ -	\$ 23,563	\$ -
Continuing appropriations	1,098,620	272,095	-	246,000	-
Personnel benefits	2,620,741	-	-	-	-
Debt service	-	-	6,515,657	-	-
Low and moderate housing	-	-	-	2,526,281	-
Special revenue purposes	-	1,484,665	-	-	-
Land held for resale	-	-	-	107,535	-
Other reserves	647,440	-	-	-	379,910
<b>Total reserves</b>	<b>\$ 7,401,335</b>	<b>\$ 3,407,581</b>	<b>\$ 6,515,657</b>	<b>\$ 2,903,379</b>	<b>\$ 379,910</b>

Designations	General Fund	Capital Projects Funds
Self-insurance	\$ 3,917,000	\$ -
Capital improvements	2,545,907	576,673
Facilities replacement	2,589,842	-
Equipment replacement	2,852,420	-
General contingencies	5,238,324	-
Infrastructure improvements	4,000,000	-
Refuse disposal rate stabilization	1,107,153	-
<b>Total designations</b>	<b>\$ 22,250,646</b>	<b>\$ 576,673</b>

**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, 2000, will carry forward as continuing appropriations to be expended in 2000-01.

**C. Reserve for Personnel Benefits**

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

**D. Reserve for Debt Service**

The Tax Increment Bond Resolutions require that reserves be established.

## E. Reserve for Low and Moderate Housing

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

## F. Reserve for Special Revenue Purposes

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

## G. Reserve for Land Held for Resale

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

## H. Other reserves

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

## I. Designated for Self-Insurance

These funds have been designated to provide for the general liability and workers' compensation insurance programs. The City is a member of the California Joint Powers Insurance Authority as described in Note 12.

## J. Designated for Capital Improvements

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

## K. Designated for Facilities Replacement

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

## L. Designated for Equipment Replacement

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

## M. Designated for General Contingencies

The remainder of the unreserved fund balance at June 30, 2000 in the General Fund has been designated for general contingencies.

## N. Designated for Infrastructure Improvements

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

**O. Designated for Refuse Disposal Rate Stabilization**

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

**NOTE 10 - HOUSING AND COMMUNITY DEVELOPMENT LOAN PROGRAM**

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

**NOTE 11 - PROPERTY TAXES**

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

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

**NOTE 12 – LIABILITY, PROPERTY AND WORKERS COMPENSATION PROTECTION**

**A. Description of self-Insurance Pool Pursuant to Joint Powers Agreement**

The City is a member of the CALIFORNIA Joint Powers Insurance Authority (Authority). The Authority is comprised of 84 California public entities and is organized under a joint powers agreement pursuant to California Government Code Section 6500, et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group-purchased insurance for property and other coverages. The Authority's pool began covering claims of its members in 1978. Each member government has a representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

**B. Self-insurance Programs of the Authority**

General liability insurance. Each member government pays a primary deposit to cover estimated losses for a fiscal year (claims year). Six months after the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Costs are spread to members as follows: the first \$20,000 of each occurrence is charged directly to the City; costs from \$20,001 to \$500,000 are pooled based on a members share of costs under \$20,000; costs from \$500,001 to \$5,000,000 are pooled based on payroll. Costs of

covered claims above \$5,000,000 are currently paid by reinsurance. The protection for the City is \$50,000,000 per occurrence and \$50,000,000 annual aggregate.

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

#### C. Insurance Coverage

Property Insurance. The City participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City property is currently insured according to a schedule of covered property submitted by the City to the Authority. Total all-risk property insurance coverage is \$31,149,752. There is a \$5,000 per loss deductible. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

Earthquake and Flood Insurance. The City purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Authority. City property currently has earthquake protection in the amount of \$22,260,968. There is a deductible of 5% of value with a minimum deductible of \$100,000. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

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

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

#### D. Adequacy of Protection

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

#### NOTE 13 - POST-EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 7, the City provides a post-retirement medical care benefit under the terms of a Memorandum of Understanding between the City and its employees. The benefit is in the form of a monthly supplemental payment to assist qualified retirees with premium payment on medical insurance. Effective July 1, 1989, this benefit is available to all employees retiring under the Public Employees Retirement System directly from Lakewood City service on or after attaining age 60 and who have completed at least 15 years of continuous service to the City as a full-time, regular employee immediately prior to retiring. The benefit is a "defined dollar benefit" set at \$100 per month on July 1, 1989, continuing until the retiree has met the insured status requirements for Medicare. Thereafter, the payment is reduced to \$51 per month. The benefit is increased 2% annually for the duration of the retiree's eligibility. The amounts of the monthly benefit during fiscal 1999-2000 were \$122 and \$51, respectively.

Expenditures for this post-retirement benefit are recognized as retirees file claims. During the year, expenditures of \$13,226 were recognized. Seventeen employees were covered by the plan. This represents .1% of the current year's payroll for active employees.

**NOTE 14 - CONTINGENT LIABILITIES**

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

**NOTE 15 - PARTICIPATION IN THE CSCDA**

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

**NOTE 16- EDA REVOLVING LOAN FUND GRANT**

The Gateway Cities Council of Governments has received grant funds for economic development from the Economic Development Administration (EDA). On August 24, 1999, the City of Lakewood approved an agreement with the Gateway Cities Council of Governments, of which the City of Lakewood is a member, to receive \$750,000 of these funds as a sub-grantee. These funds will be used to establish a commercial revolving loan fund to provide for business expansion, economic development and job creation in Lakewood. The revolving loan fund will particularly target industrial, manufacturing and commercial businesses adjacent to the Boeing plant and Long Beach Airport and at the 19-acre former Rockwell site in Lakewood.

This is a matching grant program. The funds received from the EDA are matched with \$75,000 from a California Trade and Commerce Agency Defense Adjustment Matching Grant and \$183,160 in Community Development Block Grant (CDBG) funds. As of June 30, 2000, no loans were made.

**NOTE 17 - PARTICIPATION AGREEMENT AND PARKING FACILITIES LEASE**

On September 14, 1999, the Lakewood Redevelopment Agency (Agency) approved a participation agreement with the Lakewood Mall Business Company. Under this agreement, the Agency will pay \$4 million in two equal payments to the Lakewood Mall Business Company for building and opening of a Macy's department store. The first payment was made on March 3, 2000, and the second payment was made on November 21, 2000.

On September 14, 1999, the Agency also approved an agreement to lease 1,900 parking stalls from the Lakewood Mall Business Company to provide public parking. Rent is comprised of basic rent and additional rent. The basic rent is \$450,000 per year. The additional rent is based on the amount of additional tax increment received above a base year amount and is capped at \$300,000 per year. The Agency also entered into a sublease with the developer in order for the developer to operate and maintain the premises as public facilities. The annual lease payments will be paid with tax increment revenues generated by the Mall. As of June 30, no lease payments were made.

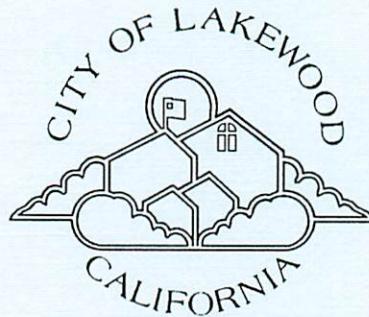
The agreement and lease are designed to induce the Lakewood Mall Business Company to expand and renovate the Mall, including the addition of a Macy's.

#### NOTE 18 – PRIOR PERIOD ADJUSTMENT

The Lakewood Redevelopment Agency makes housing rehabilitation deferred loans (see Note 10). These loans are booked as loans receivable in the Lakewood Redevelopment Agency Capital Project Fund, but should be offset by deferred revenue, since note repayments are not available for current expenditures. Therefore, a prior period adjustment of \$257,746 to deferred loans is reflected in the Lakewood Redevelopment Agency Capital Project Fund as of June 30, 2000.



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, 2000 AND 1999

	2000	1999
<b>ASSETS</b>		
Cash and investments	\$ 27,858,030	\$ 28,464,123
Taxes receivable	1,657,455	1,666,511
Accounts receivable	2,661,744	1,121,181
Accrued revenue	306,080	296,094
Due from other funds	76,608	76,608
	<u>32,559,917</u>	<u>31,624,517</u>
Total assets	<u>\$ 32,559,917</u>	<u>\$ 31,624,517</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable	\$ 1,411,006	\$ 1,457,517
Accrued liabilities	194,664	379,954
Deferred revenue	363,001	445,341
Due to other funds	939,265	31,738
	<u>2,907,936</u>	<u>2,314,550</u>
Total liabilities	<u>2,907,936</u>	<u>2,314,550</u>
Fund balance:		
Reserved:		
Reserved for encumbrances	3,034,534	319,889
Reserved for continuing appropriations	1,098,620	2,066,615
Reserved for personnel benefits	2,620,741	2,620,742
Other reserves	647,440	657,935
Unreserved:		
Designated for infrastructure improvements	4,000,000	4,000,000
Designated for refuse disposal rate stabilization	1,107,153	935,320
Designated for self-insurance	3,917,000	3,917,000
Designated for capital improvements	2,545,907	3,914,424
Designated for facilities replacement	2,589,842	2,589,842
Designated for equipment replacement	2,852,420	2,852,420
Designated for general contingencies	5,238,324	5,435,780
	<u>29,651,981</u>	<u>29,309,967</u>
Total fund balance	<u>29,651,981</u>	<u>29,309,967</u>
Total liabilities and fund balance	<u>\$ 32,559,917</u>	<u>\$ 31,624,517</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, 2000 AND 1999

	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes	\$ 13,318,792	\$ 14,296,101	\$ 977,309	\$ 12,852,712	\$ 13,208,861	\$ 356,149
Licenses and permits	355,400	523,448	168,048	332,400	354,483	22,083
Fines and forfeitures	400,000	489,584	89,584	272,000	441,935	169,935
Interest, rents and concessions	1,857,000	2,031,024	174,024	1,852,000	2,192,687	340,687
From other agencies	5,305,596	5,459,102	153,506	4,975,272	4,599,010	(376,262)
Current service charges	5,087,600	5,510,190	422,590	5,018,600	5,175,702	157,102
Other	515,610	562,586	46,976	846,194	850,370	4,176
<b>Total revenues</b>	<b>26,839,998</b>	<b>28,872,035</b>	<b>2,032,037</b>	<b>26,149,178</b>	<b>26,823,048</b>	<b>673,870</b>
<b>Expenditures:</b>						
General government	5,149,269	4,274,782	874,487	4,651,609	4,325,022	326,587
Public safety	9,438,436	8,099,747	1,338,689	8,436,395	7,602,448	833,947
Transportation	2,625,249	2,445,967	179,282	2,411,071	2,303,379	107,692
Community development	3,425,020	2,193,388	1,231,632	3,438,999	2,124,601	1,314,398
Health and sanitation	3,302,976	3,022,062	280,914	3,091,542	2,749,368	342,174
Culture and leisure	5,791,178	5,708,569	82,609	5,366,172	5,275,429	90,743
<b>Total expenditures</b>	<b>29,732,128</b>	<b>25,744,515</b>	<b>3,987,613</b>	<b>27,395,788</b>	<b>24,380,247</b>	<b>3,015,541</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(2,892,130)</b>	<b>3,127,520</b>	<b>6,019,650</b>	<b>(1,246,610)</b>	<b>2,442,801</b>	<b>3,689,411</b>
<b>Other financing sources (uses):</b>						
Operating transfers in	1,432,334	1,490,180	57,846	1,696,768	1,585,983	(110,785)
Operating transfers out	(8,859,211)	(4,275,686)	4,583,525	(3,415,894)	(2,108,548)	1,307,346
<b>Total other financing sources (uses)</b>	<b>(7,426,877)</b>	<b>(2,785,506)</b>	<b>4,641,371</b>	<b>(1,719,126)</b>	<b>(522,565)</b>	<b>1,196,561</b>
<b>Excess of revenues and other sources over (under) expenditures and other uses</b>	<b>(10,319,007)</b>	<b>342,014</b>	<b>10,661,021</b>	<b>(2,965,736)</b>	<b>1,920,236</b>	<b>4,885,972</b>
<b>Fund balance - July 1</b>	<b>29,309,967</b>	<b>29,309,967</b>	<b>-</b>	<b>27,389,731</b>	<b>27,389,731</b>	<b>-</b>
<b>Fund balance - June 30</b>	<b>\$ 18,990,960</b>	<b>\$ 29,651,981</b>	<b>\$ 10,661,021</b>	<b>\$ 24,423,995</b>	<b>\$ 29,309,967</b>	<b>\$ 4,885,972</b>

### 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, 2000

	State Gasoline Tax	Park Dedication	Sewer Recon- struction	Prop A Transit
<b>ASSETS</b>				
Cash and investments	\$ -	\$ 575,973	\$ 167,947	\$ 414,927
Accounts receivable	150,412	-	-	3,710
<b>Total assets</b>	<b>\$ 150,412</b>	<b>\$ 575,973</b>	<b>\$ 167,947</b>	<b>\$ 418,637</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 17,676	\$ -	\$ 31,532
Accrued liabilities	-	-	-	5,368
<b>Total liabilities</b>	<b>-</b>	<b>17,676</b>	<b>-</b>	<b>36,900</b>
<b>Fund balances:</b>				
<b>Reserved:</b>				
For encumbrances	-	77,283	-	150,038
For continuing appropriations	-	114,401	-	-
For special revenue purposes	150,412	366,613	167,947	231,699
<b>Total fund balances</b>	<b>150,412</b>	<b>558,297</b>	<b>167,947</b>	<b>381,737</b>
<b>Total liabilities and fund balances</b>	<b>\$ 150,412</b>	<b>\$ 575,973</b>	<b>\$ 167,947</b>	<b>\$ 418,637</b>

(continued)

(Continued)

Housing Authority Fund	Drug Forfeiture Fund	Prop C Trans- portation	AB 2766	Totals	
				June 30, 2000	June 30, 1999
\$ 783,068	\$ -	\$ 1,767,840	\$ 340,235	\$ 4,049,990	\$ 2,910,920
6,134	-	17,020	26,210	203,486	337,985
<u>\$ 789,202</u>	<u>\$ -</u>	<u>\$ 1,784,860</u>	<u>\$ 366,445</u>	<u>\$ 4,253,476</u>	<u>\$ 3,248,905</u>
\$ 789,202	\$ -	\$ -	\$ -	\$ 838,410	\$ 390,148
-	-	1,590	527	7,485	4,360
<u>789,202</u>	<u>-</u>	<u>1,590</u>	<u>527</u>	<u>845,895</u>	<u>394,508</u>
-	-	1,420,000	3,500	1,650,821	80,020
-	-	131,637	26,057	272,095	1,041,332
-	-	231,633	336,361	1,484,665	1,733,045
<u>-</u>	<u>-</u>	<u>1,783,270</u>	<u>365,918</u>	<u>3,407,581</u>	<u>2,854,397</u>
<u>\$ 789,202</u>	<u>\$ -</u>	<u>\$ 1,784,860</u>	<u>\$ 366,445</u>	<u>\$ 4,253,476</u>	<u>\$ 3,248,905</u>

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 ALL SPECIAL REVENUE FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2000

	State Gasoline Tax	Park Dedication	Sewer Recon- struction	Prop A Transit
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ 960,500
Licenses and permits	-	-	11,356	-
Interest, rents and concessions	39,366	-	-	23,556
From other agencies	1,440,289	-	-	-
Current service charges	-	-	-	-
Other	-	-	-	89
<b>Total revenues</b>	<b>1,479,655</b>	<b>-</b>	<b>11,356</b>	<b>984,145</b>
<b>Expenditures:</b>				
Public safety	-	-	-	-
Transportation	-	-	-	1,016,938
Community development	-	-	-	-
Culture and leisure	-	29,673	-	-
<b>Total expenditures</b>	<b>-</b>	<b>29,673</b>	<b>-</b>	<b>1,016,938</b>
<b>Excess of revenues over (under) expenditures</b>	<b>1,479,655</b>	<b>(29,673)</b>	<b>11,356</b>	<b>(32,793)</b>
<b>Other financing sources (uses):</b>				
Operating transfers in	-	-	-	-
Operating transfers out	(1,466,846)	(166,913)	-	(44,950)
<b>Total other financing sources (uses)</b>	<b>(1,466,846)</b>	<b>(166,913)</b>	<b>-</b>	<b>(44,950)</b>
<b>Excess of revenues and other sources over (under) expenditures and other uses</b>	<b>12,809</b>	<b>(196,586)</b>	<b>11,356</b>	<b>(77,743)</b>
<b>Fund balances - July 1</b>	<b>137,603</b>	<b>754,883</b>	<b>156,591</b>	<b>459,480</b>
<b>Fund balances - June 30</b>	<b>\$ 150,412</b>	<b>\$ 558,297</b>	<b>\$ 167,947</b>	<b>\$ 381,737</b>

(continued)

(Continued)

Housing Authority Fund	Drug Forfeiture Fund	Prop C Trans- portation	AB 2766	Totals	
				June 30, 2000	June 30, 1999
\$ -	\$ -	\$ 798,913	\$ -	\$ 1,759,413	\$ 1,612,934
-	-	-	-	11,356	17,371
32,722	-	79,376	16,930	191,950	177,622
931,987	-	-	88,365	2,460,641	2,444,482
-	-	-	-	-	69,032
-	1,986	-	-	2,075	20
<u>964,709</u>	<u>1,986</u>	<u>878,289</u>	<u>105,295</u>	<u>4,425,435</u>	<u>4,321,461</u>
-	-	-	-	-	123,084
-	-	115,720	57,725	1,190,383	1,754,979
964,709	-	-	-	964,709	961,972
-	-	-	-	29,673	3,450
<u>964,709</u>	<u>-</u>	<u>115,720</u>	<u>57,725</u>	<u>2,184,765</u>	<u>2,843,485</u>
-	1,986	762,569	47,570	2,240,670	1,477,976
-	-	-	-	-	56,900
-	(4,834)	-	(3,943)	(1,687,486)	(3,111,829)
-	(4,834)	-	(3,943)	(1,687,486)	(3,054,929)
-	(2,848)	762,569	43,627	553,184	(1,576,953)
-	2,848	1,020,701	322,291	2,854,397	4,431,350
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,783,270</u>	<u>\$ 365,918</u>	<u>\$ 3,407,581</u>	<u>\$ 2,854,397</u>

STATE GASOLINE TAX SPECIAL REVENUE FUND  
COMPARATIVE BALANCE SHEET  
JUNE 30, 2000 AND 1999

	<u>2000</u>	<u>1999</u>
<b>ASSETS</b>		
Accounts receivable	\$ <u>150,412</u>	\$ <u>137,603</u>
Total assets	\$ <u><u>150,412</u></u>	\$ <u><u>137,603</u></u>
<b>FUND BALANCE</b>		
Fund balance:		
Reserved for special revenue purposes	\$ <u><u>150,412</u></u>	\$ <u><u>137,603</u></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, 2000 AND 1999

	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Interest, rents and concessions	\$ 20,000	\$ 39,366	\$ 19,366	\$ 20,000	\$ 37,951	\$ 17,951
From other agencies	1,407,500	1,440,289	32,789	1,407,500	1,427,298	19,798
Total revenues	1,427,500	1,479,655	52,155	1,427,500	1,465,249	37,749
Other financing (uses):						
Operating transfers out	(1,427,500)	(1,466,846)	(39,346)	(1,696,768)	(1,465,143)	231,625
Excess of revenues over (under) other uses	-	12,809	12,809	(269,268)	106	269,374
Fund balance - July 1	137,603	137,603	-	137,497	137,497	-
Fund balance - June 30	\$ 137,603	\$ 150,412	\$ 12,809	\$ (131,771)	\$ 137,603	\$ 269,374

PARK DEDICATION SPECIAL REVENUE FUND  
COMPARATIVE BALANCE SHEET  
JUNE 30, 2000 AND 1999

	<u>2000</u>	<u>1999</u>
<b>ASSETS</b>		
Cash and investments	<u>\$ 575,973</u>	<u>\$ 765,802</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable	<u>\$ 17,676</u>	<u>\$ 10,919</u>
Fund balance:		
Reserved for encumbrances	77,283	77,620
Reserved for continuing appropriations	114,401	16,834
Reserved for special revenue purposes	<u>366,613</u>	<u>660,429</u>
Total fund balance	<u>558,297</u>	<u>754,883</u>
Total liabilities and fund balance	<u>\$ 575,973</u>	<u>\$ 765,802</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, 2000 AND 1999

	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Licenses and permits	\$ 10,000	\$ -	\$ (10,000)	\$ 10,000	\$ 660	\$ (9,340)
Other	-	-	-	-	20	20
Total revenues	10,000	-	(10,000)	10,000	680	(9,320)
Expenditures:						
Culture and leisure	120,500	29,673	90,827	5,214	3,450	1,764
Excess of revenues over (under) expenditures	(110,500)	(29,673)	80,827	4,786	(2,770)	(7,556)
Other financing (uses):						
Operating transfers out	(431,905)	(166,913)	264,992	(353,295)	(260,583)	92,712
Excess of revenues over (under) expenditures and other uses	(542,405)	(196,586)	345,819	(348,509)	(263,353)	85,156
Fund balance - July 1	754,883	754,883	-	1,018,236	1,018,236	-
Fund balance - June 30	\$ 212,478	\$ 558,297	\$ 345,819	\$ 669,727	\$ 754,883	\$ 85,156

SEWER RECONSTRUCTION SPECIAL FUND  
COMPARATIVE BALANCE SHEET  
JUNE 30, 2000 AND 1999

	<u>2000</u>	<u>1999</u>
<b>ASSETS</b>		
Cash and investments	<u>\$ 167,947</u>	<u>\$ 156,591</u>
<b>FUND BALANCE</b>		
Fund balance:		
Reserved for special revenue purposes	<u>\$ 167,947</u>	<u>\$ 156,591</u>

SEWER RECONSTRUCTION SPECIAL REVENUE FUND  
 COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL  
 FOR THE FISCAL YEARS ENDED JUNE 30, 2000 AND 1999

	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Licenses and permits \$	6,000	\$ 11,356	\$ 5,356	\$ 6,000	\$ 16,711	\$ 10,711
Fund balance - July 1	<u>156,591</u>	<u>156,591</u>	<u>-</u>	<u>139,880</u>	<u>139,880</u>	<u>-</u>
Fund balance - June 30	<u>\$ 162,591</u>	<u>\$ 167,947</u>	<u>\$ 5,356</u>	<u>\$ 145,880</u>	<u>\$ 156,591</u>	<u>\$ 10,711</u>

PROP A TRANSIT SPECIAL REVENUE FUND  
COMPARATIVE BALANCE SHEET  
JUNE 30, 2000 AND 1999

	2000	1999
<b>ASSETS</b>		
Cash and investments	\$ 414,927	\$ 420,203
Accounts receivable	3,710	82,215
	<u>\$ 418,637</u>	<u>\$ 502,418</u>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 31,532	\$ 39,863
Accrued liabilities	5,368	3,075
	<u>36,900</u>	<u>42,938</u>
<b>Fund balance:</b>		
Reserved for encumbrances	150,038	2,400
Reserved for continuing appropriations	-	85,818
Reserved for special revenue purposes	231,699	371,262
	<u>381,737</u>	<u>459,480</u>
<b>Total fund balance</b>	<u>381,737</u>	<u>459,480</u>
<b>Total liabilities and fund balance</b>	<u>\$ 418,637</u>	<u>\$ 502,418</u>

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, 2000 AND 1999

	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$ 900,000	\$ 960,500	\$ 60,500	\$ 900,000	\$ 878,740	\$ (21,260)
Interest, rents and concessions	30,000	23,556	(6,444)	30,000	30,204	204
Other	-	89	89	-	-	-
Total revenues	930,000	984,145	54,145	930,000	908,944	(21,056)
Expenditures:						
Transportation	1,347,260	1,016,938	330,322	1,558,565	1,472,747	85,818
Excess of revenues over (under) expenditures	(417,260)	(32,793)	384,467	(628,565)	(563,803)	64,762
Other financing (uses):						
Operating transfers out	(50,000)	(44,950)	5,050	-	-	-
Excess of revenues over (under) expenditures and other uses	(467,260)	(77,743)	389,517	(628,565)	(563,803)	64,762
Fund balance - July 1	459,480	459,480	-	1,023,283	1,023,283	-
Fund balance - June 30	\$ (7,780)	\$ 381,737	\$ 389,517	\$ 394,718	\$ 459,480	\$ 64,762

HOUSING AUTHORITY SPECIAL REVENUE FUND  
COMPARATIVE BALANCE SHEET  
JUNE 30, 2000 AND 1999

	<u>2000</u>	<u>1999</u>
<b>ASSETS</b>		
Cash and investments	\$ 783,068	\$ 321,194
Accounts receivable	<u>6,134</u>	<u>4,295</u>
Total assets	<u>\$ 789,202</u>	<u>\$ 325,489</u>
<b>LIABILITIES</b>		
Liabilities:		
Accounts payable	<u>\$ 789,202</u>	<u>\$ 325,489</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, 2000 AND 1999

	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Interest, rents and concessions	\$ 15,000	\$ 32,722	\$ 17,722	\$ 15,000	\$ 29,472	\$ 14,472
From other agencies	1,015,000	931,987	(83,013)	1,015,000	932,500	(82,500)
Total revenues	1,030,000	964,709	(65,291)	1,030,000	961,972	(68,028)
Expenditures:						
Community development	1,030,000	964,709	65,291	1,030,000	961,972	68,028
Excess of revenues over (under) expenditures	-	-	-	-	-	-
Fund balance - July 1	-	-	-	-	-	-
Fund balance - June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

DRUG FORFEITURE SPECIAL REVENUE FUND  
COMPARATIVE BALANCE SHEET  
JUNE 30, 2000 AND 1999

	<u>2000</u>	<u>1999</u>
<b>ASSETS</b>		
Cash and investments	\$ -	\$ 462
Accounts receivable	-	<u>12,643</u>
Total assets	<u>\$ -</u>	<u>\$ 13,105</u>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities:</b>		
Accounts Payable	\$ -	\$ 10,257
<b>Fund Balance:</b>		
Reserved for special revenue purposes	-	<u>2,848</u>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ 13,105</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, 2000 AND 1999

	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Current service charges	\$ -	\$ -	\$ -	\$ 60,000	\$ 69,032	\$ 9,032
Other	18,000	1,986	(16,014)	18,000	-	(18,000)
Total revenues	18,000	1,986	(16,014)	78,000	69,032	(8,968)
Expenditures:						
Public safety	-	-	-	135,362	123,084	12,278
Excess of revenues over (under) expenditures	18,000	1,986	(16,014)	(57,362)	(54,052)	3,310
Other financing sources:						
Operating transfers in	-	-	-	63,362	56,900	(6,462)
Operating transfers out	-	(4,834)	(4,834)	-	-	-
	-	(4,834)	(4,834)	63,362	56,900	(6,462)
Excess of revenues and other sources over (under) expenditures and other uses	18,000	(2,848)	(20,848)	6,000	2,848	(3,152)
Fund balance - July 1	2,848	2,848	-	-	-	-
Fund balance - June 30	<u>\$ 20,848</u>	<u>\$ -</u>	<u>\$ (20,848)</u>	<u>\$ 6,000</u>	<u>\$ 2,848</u>	<u>\$ (3,152)</u>

PROP C TRANSPORTATION SPECIAL REVENUE FUND  
 COMPARATIVE BALANCE SHEET  
 JUNE 30, 2000 AND 1999

	<u>2000</u>	<u>1999</u>
<b>ASSETS</b>		
Cash and investments	\$ 1,767,840	\$ 949,177
Accounts receivable	17,020	75,767
<b>Total assets</b>	<u>\$ 1,784,860</u>	<u>\$ 1,024,944</u>
 <b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities:</b>		
Accounts payable	\$ -	\$ 3,254
Accrued liabilities	1,590	989
<b>Total liabilities</b>	<u>1,590</u>	<u>4,243</u>
<b>Fund balance:</b>		
Reserved for encumbrances	1,420,000	-
Reserved for continuing appropriations	131,637	903,642
Reserved for special revenue purposes	231,633	117,059
<b>Total fund balance</b>	<u>1,783,270</u>	<u>1,020,701</u>
<b>Total liabilities and fund balance</b>	<u>\$ 1,784,860</u>	<u>\$ 1,024,944</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, 2000 AND 1999

	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$ 700,000	\$ 798,913	\$ 98,913	\$ 700,000	\$ 734,194	\$ 34,194
Interest, rents and concessions	50,000	79,376	29,376	50,000	61,521	11,521
Total revenues	750,000	878,289	128,289	750,000	795,715	45,715
Expenditures:						
Transportation	150,476	115,720	34,756	133,970	106,965	27,005
Excess of revenues over expenditures	599,524	762,569	163,045	616,030	688,750	72,720
Other financing (uses):						
Operating transfers out	(1,551,637)	-	1,551,637	(2,262,740)	(1,386,103)	876,637
Excess of revenues over (under) expenditures and other uses	(952,113)	762,569	1,714,682	(1,646,710)	(697,353)	949,357
Fund balance - July 1	1,020,701	1,020,701	-	1,718,054	1,718,054	-
Fund balance - June 30	\$ 68,588	\$ 1,783,270	\$ 1,714,682	\$ 71,344	\$ 1,020,701	\$ 949,357

**AB 2766 SPECIAL REVENUE FUND  
COMPARATIVE BALANCE SHEET  
JUNE 30, 2000 AND 1999**

	<u>2000</u>	<u>1999</u>
<b>ASSETS</b>		
Cash and investments	\$ 340,235	\$ 297,491
Accounts receivable	26,210	25,462
<b>Total assets</b>	<b><u>\$ 366,445</u></b>	<b><u>\$ 322,953</u></b>
 <b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities:</b>		
Accounts Payable	\$ -	\$ 366
Accrued liabilities	527	296
<b>Total liabilities</b>	<b><u>527</u></b>	<b><u>662</u></b>
 <b>Fund balance:</b>		
Reserved for encumbrances	3,500	-
Reserved for continuing appropriations	26,057	35,038
Reserved for special revenue purposes	336,361	287,253
<b>Total fund balance</b>	<b><u>365,918</u></b>	<b><u>322,291</u></b>
<b>Total liabilities and fund balance</b>	<b><u>\$ 366,445</u></b>	<b><u>\$ 322,953</u></b>

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, 2000 AND 1999

	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Interest, rents and concessions	\$ 14,500	\$ 16,930	\$ 2,430	\$ 14,500	\$ 18,474	\$ 3,974
From other agencies	80,000	88,365	8,365	80,000	84,684	4,684
Total revenues	94,500	105,295	10,795	94,500	103,158	8,658
Expenditures:						
Transportation	184,585	57,725	126,860	186,015	175,267	10,748
Excess of revenues over (under) expenditures	(90,085)	47,570	137,655	(91,515)	(72,109)	19,406
Other financing sources (uses):						
Operating transfers out	(30,000)	(3,943)	26,057	(24,290)	-	24,290
Excess of revenues and sources over (under) expenditures and other uses	(120,085)	43,627	163,712	(115,805)	(72,109)	43,696
Fund balance - July 1	322,291	322,291	-	394,400	394,400	-
Fund balance - June 30	\$ 202,206	\$ 365,918	\$ 163,712	\$ 278,595	\$ 322,291	\$ 43,696

**DEBT SERVICE FUND**

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

LAKEWOOD REDEVELOPMENT AGENCY DEBT SERVICE FUND  
COMPARATIVE BALANCE SHEET  
JUNE 30, 2000 AND 1999

	2000	1999
ASSETS		
Cash and investments	\$ 4,470,850	\$ 2,416,560
Cash and investments with fiscal agent	1,808,111	6,596,464
Taxes receivable	236,696	291,084
Total assets	\$ 6,515,657	\$ 9,304,108
LIABILITIES AND FUND BALANCE		
Liabilities:		
Due to other funds	\$ -	\$ 2,898
Fund balance:		
Reserved for debt service	6,515,657	9,301,210
Total liabilities and fund balance	\$ 6,515,657	\$ 9,304,108

## SCHEDULE C-2

LAKEWOOD REDEVELOPMENT AGENCY DEBT SERVICE FUND  
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE FISCAL YEARS ENDED JUNE 30, 2000 AND 1999

	2000	1999
Revenues:		
Taxes	\$ 3,618,475	\$ 3,383,012
Interest, rents and concessions	375,628	476,808
Total revenues	3,994,103	3,859,820
Expenditures:		
Debt service:		
Principal retirement	505,000	480,000
Interest	1,117,977	1,341,432
Total expenditures	1,622,977	1,821,432
Excess of revenues over expenditures	2,371,126	2,038,388
Other financing sources (uses):		
Operating transfers in	623,982	-
Operating transfers out	(3,338,553)	(743,618)
Proceeds of bonds	6,433,632	-
Payment to refunded bond escrow agent	(8,875,740)	-
Total other financing sources (uses)	(5,156,679)	(743,618)
Excess of revenues and other sources over expenditures and other uses	(2,785,553)	1,294,770
Fund balance - July 1	9,301,210	8,006,440
Fund balance - June 30	\$ 6,515,657	\$ 9,301,210

**CAPITAL PROJECTS FUNDS**

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

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

COMBINING BALANCE SHEET  
ALL CAPITAL PROJECTS FUNDS  
JUNE 30, 2000

	Lakewood	Lakewood	Totals	
	Capital Improvements	Redevelopment Agency	June 30, 2000	June 30, 1999
<b>ASSETS</b>				
Cash and investments	\$ -	\$ 3,431,165	\$ 3,431,165	\$ 3,051,693
Accrued revenue	-	26,376	26,376	25,111
Due from other funds	939,265	-	939,265	34,636
Notes receivable	-	535,442	535,442	257,746
Land held for resale	-	107,535	107,535	-
<b>Total assets</b>	<b>\$ 939,265</b>	<b>\$ 4,100,518</b>	<b>\$ 5,039,783</b>	<b>\$ 3,369,186</b>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 939,265	\$ 58,774	\$ 998,039	\$ 45,222
Deferred revenue	-	561,692	561,692	26,250
<b>Total liabilities</b>	<b>939,265</b>	<b>620,466</b>	<b>1,559,731</b>	<b>71,472</b>
<b>Fund balance:</b>				
<b>Reserved:</b>				
Reserved for encumbrances	-	23,563	23,563	32,803
Reserved for continuing appropriations	-	246,000	246,000	104,874
Reserved for notes receivable	-	-	-	257,746
Reserved for land held for resale	-	107,535	107,535	-
Reserved for low and moderate housing	-	2,526,281	2,526,281	2,814,059
<b>Unreserved:</b>				
Designated for capital improvements	-	576,673	576,673	88,232
<b>Total fund balances</b>	<b>-</b>	<b>3,480,052</b>	<b>3,480,052</b>	<b>3,297,714</b>
<b>Total liabilities and fund balances</b>	<b>\$ 939,265</b>	<b>\$ 4,100,518</b>	<b>\$ 5,039,783</b>	<b>\$ 3,369,186</b>

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
ALL CAPITAL PROJECTS FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000 AND 1999

	Lakewood	Lakewood	Totals	
	Capital Improvements	Redevelopment Agency	June 30, 2000	June 30, 1999
<b>Revenues:</b>				
Interest, rents and concessions	\$ -	\$ 259,694	\$ 259,694	\$ 246,038
From other agencies	1,236,594	-	1,236,594	535,051
Other	-	20,382	20,382	19
<b>Total revenues</b>	<b>1,236,594</b>	<b>280,076</b>	<b>1,516,670</b>	<b>781,108</b>
<b>Expenditures:</b>				
<b>Capital Outlay:</b>				
General government	277,832	-	277,832	-
Transportation	2,812,988	-	2,812,988	1,790,173
Community development	-	3,511,063	3,511,063	1,267,583
Culture and leisure	1,238,240	-	1,238,240	1,184,060
<b>Total expenditures</b>	<b>4,329,060</b>	<b>3,511,063</b>	<b>7,840,123</b>	<b>4,241,816</b>
Excess of revenues over (under) expenditures	(3,092,466)	(3,230,987)	(6,323,453)	(3,460,708)
<b>Other financing sources (uses):</b>				
Operating transfers in	3,092,466	4,295,053	7,387,519	3,986,961
Operating transfers out	-	(623,982)	(623,982)	-
<b>Total other financing sources (uses)</b>	<b>3,092,466</b>	<b>3,671,071</b>	<b>6,763,537</b>	<b>3,986,961</b>
Excess of revenues and other sources over (under) expenditures and other uses	-	440,084	440,084	526,253
Fund balances - July 1	-	3,297,714	3,297,714	2,711,714
Prior period adjustment	-	(257,746)	(257,746)	59,747
Fund balance - July 1, as restated	-	3,039,968	3,039,968	2,771,461
Fund balance - June 30	\$ -	\$ 3,480,052	\$ 3,480,052	\$ 3,297,714

LAKESWOOD CAPITAL IMPROVEMENTS FUND  
 COMPARATIVE BALANCE SHEET  
 JUNE 30, 2000 AND 1999

	<u>2000</u>	<u>1999</u>
<b>ASSETS</b>		
Due from other funds	\$ 939,265	\$ 31,738
<b>LIABILITIES</b>		
Accounts payable	\$ 939,265	\$ 31,738

SCHEDULE D-4

LAKESWOOD CAPITAL IMPROVEMENTS FUND  
 COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 FOR THE FISCAL YEARS ENDED JUNE 30, 2000 AND 1999

	<u>2000</u>	<u>1999</u>
Revenues:		
From other agencies	\$ 1,236,594	\$ 535,051
Expenditures:		
General government	277,832	-
Transportation	2,812,988	1,790,173
Culture and leisure	1,238,240	1,184,060
Total expenditures	4,329,060	2,974,233
Excess of revenues over (under) expenditures	(3,092,466)	(2,439,182)
Other financing sources:		
Operating transfers in	3,092,466	2,439,182
Excess of revenues and other sources over (under) expenditures	-	-
Fund balance - July 1	-	-
Fund balance - June 30	\$ -	\$ -

LAKEWOOD REDEVELOPMENT AGENCY CAPITAL PROJECTS FUND  
COMPARATIVE BALANCE SHEET  
JUNE 30, 2000 AND 1999

	2000	1999
<b>ASSETS</b>		
Cash and investments	\$ 3,431,165	\$ 3,051,693
Accrued revenue	26,376	25,111
Due from other funds	-	2,898
Notes receivable	535,442	257,746
Land held for resale	107,535	-
	<u>107,535</u>	<u>-</u>
Total assets	<u>\$ 4,100,518</u>	<u>\$ 3,337,448</u>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 58,774	\$ 13,484
Deferred revenue	561,692	26,250
	<u>561,692</u>	<u>26,250</u>
Total liabilities	<u>620,466</u>	<u>39,734</u>
<b>Fund balance:</b>		
<b>Reserved:</b>		
Reserved for encumbrances	23,563	32,803
Reserved for continuing appropriations	246,000	104,874
Reserved for notes receivable	-	257,746
Reserved for land held for resale	107,535	-
Reserved for low and moderate housing	2,526,281	2,814,059
<b>Unreserved:</b>		
Designated for capital improvements	576,673	88,232
	<u>576,673</u>	<u>88,232</u>
Total fund balance	<u>3,480,052</u>	<u>3,297,714</u>
Total liabilities and fund balance	<u>\$ 4,100,518</u>	<u>\$ 3,337,448</u>

LAKEWOOD REDEVELOPMENT AGENCY CAPITAL PROJECTS FUND  
 COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 FOR THE FISCAL YEARS ENDED JUNE 30, 2000 AND 1999

	<u>2000</u>	<u>1999</u>
Revenues:		
Interest, rents and concessions	\$ 259,694	\$ 246,038
Other	20,382	19
	<u>280,076</u>	<u>246,057</u>
Total revenues		
Expenditures:		
Community development	<u>3,511,063</u>	<u>1,267,583</u>
Excess of revenues over (under) expenditures	(3,230,987)	(1,021,526)
Other financing sources (uses):		
Operating transfers in	4,295,053	1,547,779
Operating transfers out	<u>(623,982)</u>	<u>-</u>
Total other financing sources (uses)	<u>3,671,071</u>	<u>1,547,779</u>
Excess of revenues and other sources over expenditures and other uses	<u>440,084</u>	<u>526,253</u>
Fund balance - July 1	3,297,714	2,711,714
Prior period adjustment	<u>(257,746)</u>	<u>59,747</u>
Fund balance - July 1, as restated	<u>3,039,968</u>	<u>2,771,461</u>
Fund balance - June 30	<u>\$ 3,480,052</u>	<u>\$ 3,297,714</u>



**ENTERPRISE FUND**

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

WATER ENTERPRISE FUND  
COMPARATIVE BALANCE SHEET  
JUNE 30, 2000 AND 1999

	2000	1999
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and investments	\$ 3,022,016	\$ 3,737,197
Cash with fiscal agent	581	401
Accounts receivable	343,649	336,245
Accrued revenue receivable	544,925	582,143
Inventory	124,838	146,758
	<b>4,036,009</b>	<b>4,802,744</b>
<b>Restricted assets:</b>		
Cash - customer deposits	34,718	33,788
	<b>34,718</b>	<b>33,788</b>
<b>Property, plant and equipment, at cost:</b>		
Land and water rights	1,932,859	1,932,859
Source of supply	1,945,268	437,217
Pumping plant	531,429	531,429
Water treatment	52,266	52,266
Transmission/distribution	19,443,562	12,153,785
General plant	3,000,805	2,932,590
Construction in progress	16,844	7,194,363
	<b>26,923,033</b>	<b>25,234,509</b>
Less: Accumulated depreciation	(10,792,867)	(10,595,903)
	<b>16,130,166</b>	<b>14,638,606</b>
<b>Other assets:</b>		
Bond issuance costs	230,744	230,744
Less: Accumulated amortization	(49,033)	(37,496)
	<b>181,711</b>	<b>193,248</b>
<b>Total assets</b>	<b>\$ 20,382,604</b>	<b>\$ 19,668,386</b>

(continued)

(Continued)

	<u>2000</u>	<u>1999</u>
LIABILITIES AND FUND EQUITY		
Liabilities:		
Current liabilities (payable from current assets):		
Accounts payable and compensated absences payable	\$ 708,474	\$ 713,909
Current portion of reclaimed water loan	48,290	48,290
	<u>756,764</u>	<u>762,199</u>
Current liabilities (payable from restricted assets):		
Customer deposits	34,718	33,788
Accrued revenue bond interest	69,358	71,562
Current portion of revenue bonds payable	215,000	215,000
	<u>319,076</u>	<u>320,350</u>
Long-term liabilities:		
Reclaimed water loan	386,141	434,431
Revenue bonds	5,018,986	5,232,652
	<u>5,405,127</u>	<u>5,667,083</u>
	<u>6,480,967</u>	<u>6,749,632</u>
Fund equity:		
Contributed capital:		
Capital grants	611,037	611,037
Other contributed capital - municipality	656,260	656,260
	<u>1,267,297</u>	<u>1,267,297</u>
Retained earnings:		
Other reserves	379,910	417,131
Unreserved	12,254,430	11,234,326
	<u>12,634,340</u>	<u>11,651,457</u>
	<u>13,901,637</u>	<u>12,918,754</u>
	<u>\$ 20,382,604</u>	<u>\$ 19,668,386</u>

WATER ENTERPRISE FUND  
 COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS  
 FOR THE FISCAL YEARS ENDED JUNE 30, 2000 AND 1999

	<u>2000</u>	<u>1999</u>
Operating revenues:		
Metered water sales	\$ 5,360,098	\$ 4,926,446
Reclaimed water sales	210,166	184,473
Fire protection	20,520	19,917
Service initiation and restoration charges	34,355	38,784
Installation charges	26,783	21,757
Other revenue	150,617	128,492
	<u>5,802,539</u>	<u>5,319,869</u>
 Total operating revenues		
	<u>5,802,539</u>	<u>5,319,869</u>
 Operating expenses:		
Operations:		
Supply, transmission and distribution	3,521,525	3,420,992
Customer service	365,503	343,444
Administration	222,676	315,398
Depreciation	521,063	468,563
	<u>4,630,767</u>	<u>4,548,397</u>
 Total operating expenses		
	<u>4,630,767</u>	<u>4,548,397</u>
 Operating income	<u>1,171,772</u>	<u>771,472</u>
 Nonoperating revenues (expenses):		
Grant revenue	-	977,061
Sales of pumping rights	60,000	92,500
Interest revenue	184,829	189,849
Interest expense on long-term debt	(374,976)	(21,234)
Amortization of bond issuance costs	(12,871)	(11,537)
Loss on disposal of assets	(45,871)	-
	<u>(188,889)</u>	<u>1,226,639</u>
 Total nonoperating revenues (expenses)		
	<u>(188,889)</u>	<u>1,226,639</u>
 Net income	982,883	1,998,111
 Retained earnings - July 1	<u>11,651,457</u>	<u>9,653,346</u>
 Retained earnings - June 30	<u>\$ 12,634,340</u>	<u>\$ 11,651,457</u>

WATER ENTERPRISE FUND  
COMPARATIVE STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2000 AND 1999

	<u>2000</u>	<u>1999</u>
Cash flows from operating activities:		
Operating income	\$ 1,171,772	\$ 771,472
Adjustments to reconcile operating income to net cash provided by operations:		
Depreciation	521,063	468,563
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	29,814	(18,899)
(Increase) decrease in inventory	21,920	(37,636)
(Decrease) in accounts payable	(5,435)	(106,250)
Increase (decrease) in customer deposits	930	(966)
Total adjustments	<u>568,292</u>	<u>304,812</u>
Net cash provided by operating activities	<u>1,740,064</u>	<u>1,076,284</u>
Cash flows from capital and related financing activities:		
Proceeds from the sale of pumping rights	60,000	92,500
Proceeds from grant	-	977,061
Purchase of property, plant and equipment	(2,130,056)	(2,947,875)
Principal paid on revenue bonds and state loan	(263,290)	(251,427)
Interest paid on revenue bonds and state loan	<u>(305,618)</u>	<u>(21,234)</u>
Net cash provided by (used in) capital and related financing activities	<u>(2,638,964)</u>	<u>(2,150,975)</u>
Cash flows from investing activities:		
Interest on investments	<u>184,829</u>	<u>189,849</u>
Net (decrease) in cash and cash equivalents	(714,071)	(884,842)
Cash and cash equivalents - July 1	<u>3,771,386</u>	<u>4,656,228</u>
Cash and cash equivalents - June 30	<u>\$ 3,057,315</u>	<u>\$ 3,771,386</u>

**INTERNAL SERVICE FUNDS**

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

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

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

**CITY OF LAKEWOOD**

**SCHEDULE F-1**

COMBINING BALANCE SHEET  
ALL INTERNAL SERVICE FUNDS  
JUNE 30, 2000

	Central Stores	Central Garage	Print Shop	Totals	
				June 30, 2000	June 30, 1999
<b>ASSETS</b>					
Cash and investments	\$ 9,390	\$ 29,033	\$ 4,030	\$ 42,453	\$ 56,420
Inventory	101,699	16,249	-	117,948	104,601
Equipment - net of depreciation	-	457,432	-	457,432	459,203
<b>Total assets</b>	<b>\$ 111,089</b>	<b>\$ 502,714</b>	<b>\$ 4,030</b>	<b>\$ 617,833</b>	<b>\$ 620,224</b>
<b>LIABILITIES AND RETAINED EARNINGS</b>					
Liabilities:					
Accounts payable	\$ 8,659	\$ 24,148	\$ 876	\$ 33,683	\$ 18,295
Accrued liabilities	-	4,885	3,154	8,039	4,477
Due to General Fund	76,608	-	-	76,608	76,608
<b>Total liabilities</b>	<b>85,267</b>	<b>29,033</b>	<b>4,030</b>	<b>118,330</b>	<b>99,380</b>
Retained earnings	25,822	473,681	-	499,503	520,844
<b>Total liabilities and retained earnings</b>	<b>\$ 111,089</b>	<b>\$ 502,714</b>	<b>\$ 4,030</b>	<b>\$ 617,833</b>	<b>\$ 620,224</b>

**SCHEDULE F-2**

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS  
ALL INTERNAL SERVICE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

	Central Stores	Central Garage	Print Shop	Totals	
				June 30, 2000	June 30, 1999
<b>Operating revenues:</b>					
Billings to departments	\$ 148,379	\$ 343,353	\$ 126,849	\$ 618,581	\$ 582,223
Other	537	18	336	891	985
<b>Total operating revenues</b>	<b>148,916</b>	<b>343,371</b>	<b>127,185</b>	<b>619,472</b>	<b>583,208</b>
<b>Operating expenses:</b>					
Cost of goods sold	147,573	529,232	246,104	922,909	890,097
Depreciation	-	141,930	-	141,930	124,521
<b>Total operating expenses</b>	<b>147,573</b>	<b>671,162</b>	<b>246,104</b>	<b>1,064,839</b>	<b>1,014,618</b>
Income (loss) before operating transfers	1,343	(327,791)	(118,919)	(445,367)	(431,410)
Operating transfers in	-	305,107	118,919	424,026	334,151
<b>Net income (loss)</b>	<b>1,343</b>	<b>(22,684)</b>	<b>-</b>	<b>(21,341)</b>	<b>(97,259)</b>
Retained earnings July 1	24,479	496,365	-	520,844	618,103
<b>Retained earnings June 30</b>	<b>\$ 25,822</b>	<b>\$ 473,681</b>	<b>\$ -</b>	<b>\$ 499,503</b>	<b>\$ 520,844</b>

COMBINING STATEMENT OF CASH FLOWS  
ALL INTERNAL SERVICE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

	Central	Central	Print	Totals	
	Stores	Garage	Shop	June 30, 2000	June 30, 1999
<b>Cash flows from operating activities:</b>					
Operating income (loss)	\$ 1,343	\$ (327,791)	\$ (118,919)	\$ (445,367)	\$ (431,410)
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used in) operations:</b>					
Depreciation	-	141,930	-	141,930	124,521
<b>Changes in assets and liabilities:</b>					
(Increase) decrease in inventory	(7,263)	(6,084)	-	(13,347)	13,971
Increase (decrease) in accounts payable	6,826	8,984	(422)	15,388	5,230
Increase in accrued liabilities	-	2,154	1,408	3,562	1,472
<b>Total adjustments</b>	<b>(437)</b>	<b>146,984</b>	<b>986</b>	<b>147,533</b>	<b>145,194</b>
<b>Net cash provided by (used in) operating activities</b>	<b>906</b>	<b>(180,807)</b>	<b>(117,933)</b>	<b>(297,834)</b>	<b>(286,216)</b>
<b>Cash flows from non-capital financing activities:</b>					
Operating transfers in	-	305,107	118,919	424,026	334,151
<b>Cash flows from capital financing activities:</b>					
Purchase of property, plant and equipment	-	(140,159)	-	(140,159)	(46,231)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>906</b>	<b>(15,859)</b>	<b>986</b>	<b>(13,967)</b>	<b>1,704</b>
Cash and cash equivalents - July 1	8,484	44,892	3,044	56,420	54,716
<b>Cash and cash equivalents - June 30</b>	<b>\$ 9,390</b>	<b>\$ 29,033</b>	<b>\$ 4,030</b>	<b>\$ 42,453</b>	<b>\$ 56,420</b>

CENTRAL STORES INTERNAL SERVICE FUND  
 COMPARATIVE BALANCE SHEET  
 JUNE 30, 2000 AND 1999

	<u>2000</u>	<u>1999</u>
ASSETS		
Cash and investments	\$ 9,390	\$ 8,484
Inventory	101,699	94,436
	<u>111,089</u>	<u>102,920</u>
Total assets		
LIABILITIES AND RETAINED EARNINGS		
Liabilities:		
Accounts payable	\$ 8,659	\$ 1,833
Due to General Fund	76,608	76,608
	<u>85,267</u>	<u>78,441</u>
Total liabilities		
Retained earnings:		
Unreserved	<u>25,822</u>	<u>24,479</u>
Total liabilities and retained earnings		
	<u>\$ 111,089</u>	<u>\$ 102,920</u>

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, 2000 AND 1999

	<u>2000</u>	<u>1999</u>
Operating revenues:		
Billings to departments	\$ 148,379	\$ 159,890
Other income	537	599
	<u>148,916</u>	<u>160,489</u>
Total operating revenues		
Operating expenses:		
Cost of goods sold	<u>147,573</u>	<u>162,731</u>
	1,343	(2,242)
Net income (loss)		
Retained earnings July 1	<u>24,479</u>	<u>26,721</u>
Retained earnings June 30	<u>\$ 25,822</u>	<u>\$ 24,479</u>

CENTRAL STORES INTERNAL SERVICE FUND  
 COMPARATIVE STATEMENT OF CASH FLOWS  
 FOR THE FISCAL YEARS ENDED JUNE 30, 2000 AND 1999

	2000	1999
Cash flows from operating activities:		
Operating income (loss)	\$ 1,343	\$ (2,242)
Adjustments to reconcile operating income (loss) to net cash provided by operations:		
Changes in assets and liabilities:		
(Increase) decrease in inventory	(7,263)	8,318
Increase (decrease) in accounts payable	6,826	(1,212)
Total adjustments	(437)	7,106
Net cash provided by operating activities	906	4,864
Net increase in cash and cash equivalents	906	4,864
Cash and cash equivalents - July 1	8,484	3,620
Cash and cash equivalents - June 30	\$ 9,390	\$ 8,484

CENTRAL GARAGE INTERNAL SERVICE FUND  
COMPARATIVE BALANCE SHEET  
JUNE 30, 2000 AND 1999

	2000	1999
ASSETS		
Cash and investments	\$ 29,033	\$ 44,892
Inventory	16,249	10,165
Equipment - net of depreciation	457,432	459,203
Total assets	\$ 502,714	\$ 514,260
LIABILITIES AND RETAINED EARNINGS		
Liabilities:		
Accounts payable	\$ 24,148	\$ 15,164
Accrued liabilities	4,885	2,731
Total liabilities	29,033	17,895
Retained earnings:		
Unreserved	473,681	496,365
Total liabilities and retained earnings	\$ 502,714	\$ 514,260

**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, 2000 AND 1999

	2000	1999
Operating revenues:		
Billings to departments	\$ 343,353	\$ 298,753
Other income	18	17
Total operating revenues	343,371	298,770
Operating expenses:		
Cost of goods sold	529,232	481,903
Depreciation	141,930	124,521
Total operating expenses	671,162	606,424
(Loss) before operating transfers	(327,791)	(307,654)
Operating transfers in	305,107	212,637
Net (loss)	(22,684)	(95,017)
Retained earnings July 1	496,365	591,382
Retained earnings June 30	\$ 473,681	\$ 496,365

CENTRAL GARAGE INTERNAL SERVICE FUND  
 COMPARATIVE STATEMENT OF CASH FLOWS  
 FOR THE FISCAL YEARS ENDED JUNE 30, 2000 AND 1999

	<u>2000</u>	<u>1999</u>
Cash flows from operating activities:		
Operating (loss)	\$ (327,791)	\$ (307,654)
Adjustments to reconcile operating (loss) to net cash (used in) operations:		
Depreciation	141,930	124,521
Changes in assets and liabilities:		
(Increase) decrease in inventory	(6,084)	5,653
Increase in accounts payable	8,984	10,112
Increase in accrued liabilities	2,154	925
Total adjustments	<u>146,984</u>	<u>141,211</u>
Net cash (used in) operating activities	(180,807)	(166,443)
Cash flows from non-capital financing activities:		
Operating transfers in	305,107	212,637
Cash flows from capital financing activities:		
Purchase of property, plant and equipment	<u>(140,159)</u>	<u>(46,231)</u>
Net (decrease) in cash and cash equivalents	(15,859)	(37)
Cash and cash equivalents - July 1	<u>44,892</u>	<u>44,929</u>
Cash and cash equivalents - June 30	<u>\$ 29,033</u>	<u>\$ 44,892</u>

PRINT SHOP INTERNAL SERVICE FUND  
 COMPARATIVE BALANCE SHEET  
 JUNE 30, 2000 AND 1999

	<u>2000</u>	<u>1999</u>
ASSETS		
Cash and investments	\$ 4,030	\$ 3,044
Total assets	<u>\$ 4,030</u>	<u>\$ 3,044</u>
LIABILITIES		
Liabilities:		
Accounts payable	\$ 876	\$ 1,298
Accrued liabilities	<u>3,154</u>	<u>1,746</u>
Total liabilities	<u>\$ 4,030</u>	<u>\$ 3,044</u>

SCHEDULE F-11

PRINT SHOP INTERNAL SERVICE FUND  
 COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS  
 FOR THE FISCAL YEARS ENDED JUNE 30, 2000 AND 1999

	<u>2000</u>	<u>1999</u>
Operating revenues:		
Billings to departments	\$ 126,849	\$ 123,580
Other income	<u>336</u>	<u>369</u>
Total operating revenues	127,185	123,949
Operating expenses:		
Cost of goods sold	<u>246,104</u>	<u>245,463</u>
(Loss) before operating transfers	(118,919)	(121,514)
Operating transfers in	<u>118,919</u>	<u>121,514</u>
Net income	-	-
Retained earnings July 1	<u>-</u>	<u>-</u>
Retained earnings June 30	<u>\$ -</u>	<u>\$ -</u>

PRINT SHOP INTERNAL SERVICE FUND  
COMPARATIVE STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2000 AND 1999

	<u>2000</u>	<u>1999</u>
Cash flows from operating activities:		
Operating (loss)	\$ (118,919)	\$ (121,514)
Adjustments to reconcile operating (loss) to net cash (used in) operations:		
Changes in assets and liabilities:		
Increase (decrease) in accounts payable	(422)	(3,670)
Increase in accrued liabilities	<u>1,408</u>	<u>547</u>
Total adjustments	<u>986</u>	<u>(3,123)</u>
Net cash (used in) operating activities	(117,933)	(124,637)
Cash flows from non-capital financing activities:		
Operating transfers in	<u>118,919</u>	<u>121,514</u>
Net increase (decrease) in cash and cash equivalents	986	(3,123)
Cash and cash equivalents - July 1	<u>3,044</u>	<u>6,167</u>
Cash and cash equivalents - June 30	<u>\$ 4,030</u>	<u>\$ 3,044</u>

AGENCY FUNDS

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

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

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

COMBINING STATEMENT OF CHANGES IN ASSETS  
AND LIABILITIES - ALL AGENCY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

	Balance July 1, 1999	Additions	Deductions	Balance June 30, 2000
<b>DEPOSIT FUND</b>				
<b>ASSETS</b>				
Cash	\$ 397,372	\$ 274,065	\$ 167,249	\$ 504,188
<b>LIABILITIES</b>				
Deposits	\$ 397,372	\$ 490,636	\$ 383,820	\$ 504,188
<b>RECREATION FUND</b>				
<b>ASSETS</b>				
Cash	\$ 22,219	\$ -	\$ -	\$ 22,219
<b>LIABILITIES</b>				
Deposits	\$ 22,219	\$ -	\$ -	\$ 22,219
<b>HOUSING REHABILITATION FUND</b>				
<b>ASSETS</b>				
Cash	\$ 457,986	\$ 399,100	\$ 280,119	\$ 576,967
Loans receivable	2,354,592	-	123,918	2,230,674
Total assets	\$ 2,812,578	\$ 399,100	\$ 404,037	\$ 2,807,641
<b>LIABILITIES</b>				
Deposits	\$ 76,627	\$ 495,719	\$ 434,478	\$ 137,868
Due to HUD	2,735,951	124,248	190,426	2,669,773
Total liabilities	\$ 2,812,578	\$ 619,967	\$ 624,904	\$ 2,807,641

(continued)

(continued)

	Balance July 1, 1999	Additions	Deductions	Balance June 30, 2000
<u>TOTALS - ALL AGENCY FUNDS</u>				
ASSETS				
Cash	\$ 877,577	\$ 673,165	\$ 447,368	\$ 1,103,374
Loans receivable	2,354,592	-	123,918	2,230,674
Total assets	<u>\$ 3,232,169</u>	<u>\$ 673,165</u>	<u>\$ 571,286</u>	<u>\$ 3,334,048</u>
LIABILITIES				
Deposits	\$ 496,218	\$ 986,355	\$ 818,298	\$ 664,275
Due to HUD	2,735,951	124,248	190,426	2,669,773
Total liabilities	<u>\$ 3,232,169</u>	<u>\$ 1,110,603</u>	<u>\$ 1,008,724</u>	<u>\$ 3,334,048</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, 2000 AND 1999

	<u>2000</u>	<u>1999</u>
General fixed assets:		
Land	\$ 10,765,913	\$ 10,765,913
Structures and improvements	28,761,232	27,898,193
Equipment	7,025,151	6,330,211
Construction in progress	<u>491,474</u>	<u>354,862</u>
Total general fixed assets	<u>\$ 47,043,770</u>	<u>\$ 45,349,179</u>
Investment in general fixed assets:		
General fund	\$ 24,370,237	\$ 23,006,127
Federal/state grants	15,584,492	6,758,561
Redevelopment projects	<u>7,089,041</u>	<u>15,584,491</u>
Total investment in general fixed assets	<u>\$ 47,043,770</u>	<u>\$ 45,349,179</u>

SCHEDULE H-2

SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

	<u>Land</u>	<u>Structures and Improvements</u>	<u>Equipment</u>	<u>Construction in Progress</u>	<u>Total</u>
Balance July 1, 1999	\$ 10,765,913	\$ 27,898,193	\$ 6,330,211	\$ 354,862	\$ 45,349,179
Additions	-	868,202	934,921	1,004,814	2,807,937
Deletions	<u>-</u>	<u>(5,163)</u>	<u>(239,981)</u>	<u>(868,202)</u>	<u>(1,113,346)</u>
Balance June 30, 2000	<u>\$ 10,765,913</u>	<u>\$ 28,761,232</u>	<u>\$ 7,025,151</u>	<u>\$ 491,474</u>	<u>\$ 47,043,770</u>

SCHEDULE OF GENERAL FIXED ASSETS - BY FUNCTION  
AS OF JUNE 30, 2000

Function	Total	Land	Structures and Improvements	Equipment
General government	\$ 7,080,424	\$ 2,030,143	\$ 2,191,176	\$ 2,859,105
Public safety	1,156,424	-	5,872	1,150,552
Transportation	815,748	-	142,178	673,570
Community development	11,340,352	5,893,874	4,407,328	1,039,150
Health and sanitation	31,640	-	-	31,640
Culture and leisure	26,127,708	2,841,896	22,014,678	1,271,134
<b>Total general fixed assets allocated to function</b>	<b>46,552,296</b>	<b>\$ 10,765,913</b>	<b>\$ 28,761,232</b>	<b>\$ 7,025,151</b>
Construction in progress	491,474			
<b>Total general fixed assets</b>	<b>\$ 47,043,770</b>			

SCHEDULE H-4

SCHEDULE OF CHANGES IN FIXED ASSETS - BY FUNCTION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

Function	Balance June 30, 1999	Additions	Deletions	Balance June 30, 2000
General government	\$ 6,642,182	\$ 511,992	\$ (73,750)	\$ 7,080,424
Public safety	866,956	343,528	(54,060)	1,156,424
Transportation	869,962	8,458	(62,672)	815,748
Community development	11,068,223	280,371	(8,242)	11,340,352
Health and sanitation	31,640	-	-	31,640
Culture and leisure	25,515,354	658,774	(46,420)	26,127,708
Construction in progress	354,862	1,004,814	(868,202)	491,474
<b>Total general fixed assets</b>	<b>\$ 45,349,179</b>	<b>\$ 2,807,937</b>	<b>\$ (1,113,346)</b>	<b>\$ 47,043,770</b>

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, 2000 AND 1999**

	2000	1999
<b>Amounts available and to be provided for the payment of general long-term debt:</b>		
Amount available in debt service fund	\$ 6,515,657	\$ 9,301,210
Amount to be provided	11,474,213	10,797,609
	\$ 17,989,870	\$ 20,098,819
 <b>General long-term debt payable:</b>		
Lakewood Redevelopment Agency tax allocation bonds	\$ 15,940,000	\$ 18,150,000
Compensated absences payable from future resources	1,549,870	1,401,102
Lakewood Redevelopment Agency land loan	500,000	500,000
Capital lease	-	47,717
 <b>Total general long-term debt payable</b>	<b>\$ 17,989,870</b>	<b>\$ 20,098,819</b>

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
1991	\$ 4,531,242	\$ 5,335,855	\$ 4,156,903	\$ 2,787,213	\$ 2,635,426	\$ 6,543,138	\$ 1,912,581	\$ 27,902,358
1992	3,508,812	5,772,721	3,390,001	2,968,718	2,644,528	6,295,436	1,901,739	26,481,955
1993	3,185,463	5,857,022	4,014,060	3,106,197	3,045,633	3,587,124	1,656,565	24,452,064
1994	3,816,356	6,132,881	3,401,258	3,558,692	3,091,877	6,440,999	2,095,410	28,537,473
1995	4,119,624	6,680,922	4,573,304	3,967,568	3,258,562	5,027,015	1,762,980	29,389,975
1996	3,745,576	6,932,904	3,999,971	5,945,466	3,296,820	6,682,610	1,676,010	32,279,357
1997	3,774,221	7,721,587	3,789,473	3,440,603	2,576,747	5,846,130	2,272,962	29,421,723
1998	4,229,139	7,129,465	4,822,732	3,409,227	2,674,087	6,847,142	2,737,152	31,848,944
1999	4,325,022	7,725,532	5,848,531	4,354,156	2,749,368	6,462,939	1,821,432	33,286,980
2000	4,552,614	8,099,747	6,449,338	6,669,160	3,022,062	6,976,482	1,622,977	37,392,380

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
1991	\$ 12,116,075	\$ 264,060	\$ 586,418	\$ 2,889,582	\$ 5,221,696	\$ 4,419,317	\$ 847,258	\$ 26,344,406
1992	11,946,831	386,127	355,872	2,277,992	5,044,352	4,726,915	777,869	25,515,958
1993	15,335,874	552,401	287,644	2,368,843	5,529,090	4,863,384	833,609	29,770,845
1994	14,896,011	391,688	326,138	2,242,778	7,049,230	5,009,823	1,145,598	31,061,266
1995	14,415,060	818,742	332,178	2,254,860	5,901,426	4,947,511	916,337	29,586,114
1996	15,546,495	426,101	335,803	2,347,158	7,084,146	4,943,109	2,425,262	33,108,074
1997	19,179,682	319,125	267,687	2,910,207	6,970,687	5,086,796	1,328,389	36,062,573
1998	17,589,765	280,229	283,269	3,976,539	7,280,173	5,026,317	925,606	35,361,898
1999	18,204,807	371,854	441,935	3,093,155	7,578,543	5,244,734	850,409	35,785,437
2000	19,673,989	534,804	489,584	2,858,296	9,156,337	5,510,190	585,043	38,808,243

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
1991	\$ 801,621	\$ 752,666	93.9 %	\$ 52,135	\$ 804,801	100.4 %
1992	833,578	802,074	96.2	51,357	853,431	102.4
1993	1,020,351 *	939,260	92.1	12,236	951,496	93.3
1994	1,034,532 *	1,026,244	99.2	56,452	1,082,696	104.7
1995	1,626,220	1,617,905	99.5	6,544	1,624,449	99.9
1996	1,918,865	1,966,017	102.5	3,712	1,969,729	102.7
1997	2,030,556	1,814,736	89.4	25,703	1,840,439	90.6
1998	1,995,892	1,937,757	97.1	42,694	1,980,451	99.2
1999	2,054,891	2,045,061	99.5	9,204	2,054,265	100.0
2000	2,114,842	2,268,538	107.3	33,183	2,301,720	108.8

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

Source: Department of Finance, City of Lakewood

## ASSESSSED 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
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
1999	1,813,549	1,827,061	76,691	3,717,301	38,838	3,678,463	3,717,301
2000	1,888,855	1,882,440	75,534	3,846,829	38,450	3,808,379	3,846,829

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
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
1999	-	0.0015	0.0914	0.0015	0.0089	1.0000	1.1032
2000	-	0.0014	0.0971	0.0016	0.0089	1.0000	1.1090

Source: Los Angeles County Auditor/Controller - Tax Division

**SCHEDULE OF LEGAL DEBT MARGIN**

**JUNE 30, 2000**

Net assessed value of all taxable property	<u>\$3,808,378,674</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, 2000

1999-00 Assessed Valuation: \$3,427,924,058 (after deducting \$380,454,616 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	\$ 47,865,000	0.707 %	\$ 338,301
LA County Flood Control Storm Drain Debt Service	21,540,000	0.722	155,561
Flood Control Ref Bonds 1993 Debt Service	9,620,000	0.722	69,475
Metropolitan Water District	549,615,000	0.543	2,982,736
Central Basin Munic Water District	549,615,000	0.542	2,982,260
ABC Unified School District	43,599,924	28.116	6,129,122
Paramount Unified School District	29,909,256	12.186	3,644,664
Long Beach Unified School District	25,000,000	10.623	2,655,832
City of Lakewood		100.000	-
Total gross direct and overlapping bonded debt			\$ 18,957,951

## Ratios to Assessed Valuation:

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

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

## DEMOGRAPHIC STATISTICS

## LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Population</u>	<u>School Enrollment</u>
1991	73,626	11,971
1992	73,865	11,964
1993	74,497	12,418
1994	75,286	12,629
1995	76,007	12,962
1996	77,149	13,317
1997	78,323	14,024
1998	79,005	14,381
1999	80,100	14,747
2000	80,952	15,115

Source: Population - State Department of Finance

School enrollment - Department of Community Development, City of Lakewood

## PRINCIPAL TAXPAYERS

JUNE 30, 2000

Albertsons  
Arco  
Best Buy  
Chevron USA  
Circuit City Stores  
Harbor Chevrolet  
Home Depot  
Hometown Buffet  
J. C. Penney  
Long Beach Lincoln Mercury  
Marshalls  
McDonalds  
Mervyns  
Mobil Mart  
Montgomery Ward  
Office Max  
Pacific Ford  
Ralphs Grocery Store  
Red Lobster  
Robinsons May  
Ross Stores  
Sav On Osco Drug Stores  
Vons Companies  
Wal Mart  
Woodruff Gas Station

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

Source: Hinderliter, de Llamas & Associates

## CONSTRUCTION, PROPERTY VALUE AND BANK DEPOSITS

## LAST TEN FISCAL YEARS

Fiscal Year	Total Number of Residential Permits	Total Number of Commercial Permits	Total Number of Permits	Total Valuation (in 000's)	Bank Deposits (in 000's)	Total Assessed Valuations (in 000's)
1991	1,281	192	1,473	\$ 23,320	\$ 1,474,270	\$ 2,785,618
1992	1,423	165	1,588	32,905	1,395,876	2,965,911
1993	1,375	221	1,596	56,634	1,312,473	3,162,333
1994	1,384	159	1,543	30,958	1,255,548	3,304,150
1995	1,246	164	1,410	21,697	1,234,769	3,428,547
1996	1,267	211	1,478	23,250	1,203,904	3,486,958
1997	1,180	227	1,407	15,749	1,156,933	3,640,209
1998	1,254	167	1,421	15,216	1,138,443	3,846,829
1999	1,248	163	1,411	25,933	1,084,401	3,717,301
2000	1,195	213	1,408	73,750	(1)	3,846,829

(1) Not available

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

MISCELLANEOUS STATISTICS

JUNE 30, 2000

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

Fire protection:

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

Number of stations	3
Number of firemen and officers	18

Police protection:

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

Number of stations	1
Number of sworn personnel	230

Municipal water department:

Number of consumers	19,897
Average daily consumption	8,200,000 gallons
Miles of water mains	195 miles

Sewers 167 miles

Building permits issued 1,408

Culture and leisure:

Number of recreation facilities	13
Acres of facilities	151.6
Number of pools	2
Number of libraries	2
Number of volumes	260,800

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

Employees:

Full time	166
Part time	235

