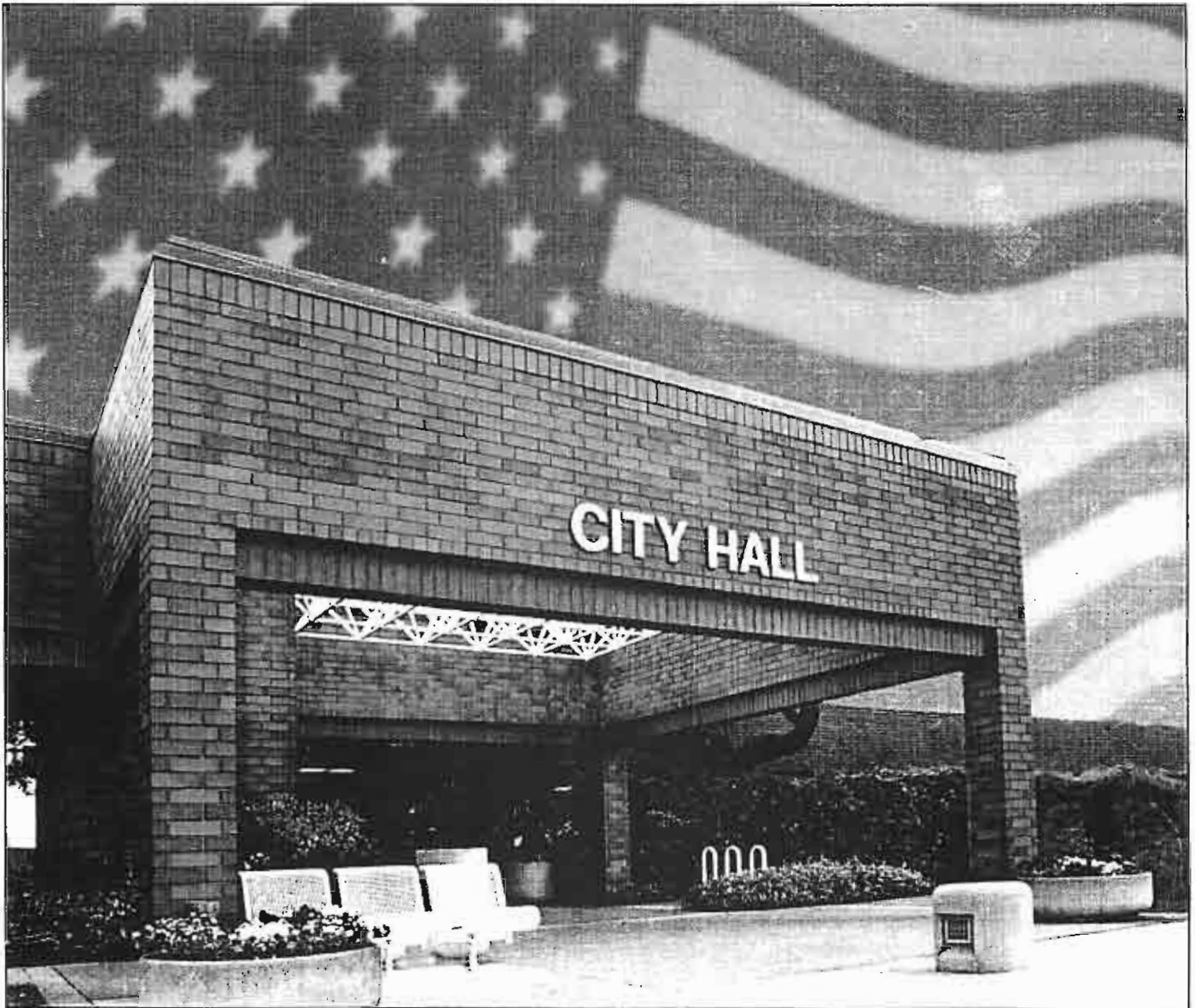


# **City of Lakewood California**



## **Comprehensive Annual Financial Report Year Ended June 30, 2002**



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**CITY OF LAKEWOOD**

**FISCAL YEAR ENDED JUNE 30, 2002**



**Prepared by  
Department of Finance**

**Larry Schroeder  
Director of Finance**



## COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2002

## INTRODUCTORY SECTION

Exhibit Page

Letter of Transmittal		i
Organizational Chart		xi
Principal Officers		xii
Certificate of Achievement for Excellence in Financial Reporting		xiii
Certificate of Award for Outstanding Financial Reporting		xiv

## FINANCIAL SECTION

Independent Auditors' Report		1
------------------------------	--	---

## General Purpose Financial Statements

Combined Balance Sheet - All Fund Types and Account Groups	1	4
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types	2	7
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual - General and Special Revenue Fund Types	3	8
Combined Statement of Revenues, Expenses and Changes in Retained Earnings - All Proprietary Fund Types	4	10
Combined Statement of Cash Flows - All Proprietary Fund Types	5	11

Notes to Financial Statements		13
-------------------------------	--	----

## Combining, Individual Fund and Account Group Statements and Schedules

Schedule

## General Fund

Comparative Balance Sheet	A-1	41
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual	A-2	42

## Special Revenue Funds

Combining Balance Sheet	B-1	44
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	B-2	46

## State Gasoline Tax Special Revenue Fund

Comparative Balance Sheet	B-3	48
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual	B-4	49

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

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

	<u>Schedule</u>	<u>Page</u>
<b>Account Groups</b>		
<b>General Fixed Assets</b>		
Comparative Schedule of General Fixed Assets	H-1	91
Schedule of Changes in General Fixed Assets	H-2	91
Schedule of General Fixed Assets - By Function	H-3	92
Schedule of Changes in General Fixed Assets - By Function	H-4	92
<b>General Long-Term Debt</b>		
Comparative Schedule of General Long-Term Debt	I-1	94
 <b>STATISTICAL SECTION</b>		
	<u>Table</u>	<u>Page</u>
Schedule of Expenditures by Function - Governmental Funds - Last Ten Fiscal Years	1	95
Schedule of Revenues by Source - Governmental Funds - Last Ten Fiscal Years	2	96
Property Tax Levies and Collections - Last Ten Fiscal Years	3	97
Assessed and Estimated Value of all Taxable Property - Last Ten Fiscal Years	4	98
Property Tax Rates - All Overlapping Governments - Last Ten Fiscal Years	5	99
Schedule of Legal Debt Margin	6	100
Schedule of Direct and Overlapping Bonded Debt	7	101
Demographic Statistics - Last Ten Years	8	102
Principal Taxpayers	9	103
Construction, Property Value and Bank Deposits - Last Ten Fiscal Years	10	104
Miscellaneous Statistics	11	105

Joseph Esquivel  
*Vice Mayor*

Robert G. Wagner  
*Council Member*



Larry Van Nostran  
*Mayor*

Wayne E. Piercy  
*Council Member*

Todd Rogers  
*Council Member*

December 9, 2002

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, 2002, is submitted to you. This report was prepared by the Finance Department. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data, as presented, is accurate in all material respects, and that it is reported in a manner designed to fairly set forth the financial position and results of operations of the various funds and account groups of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

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

The City of Lakewood is located in southern Los Angeles County, 20 miles south of the City of Los Angeles. Lakewood enjoys the benefit of the diversified economy of Southern California. The City is primarily a bedroom community providing housing for this Southern California subregion. During the past year, residential and commercial property values have increased 5.3% compared to the previous year's increase of 6.2%. The Countywide assessed value increased 6.1%. This is the sixth increase in a row in the Los Angeles County assessment roll. During the fiscal year, 1,619 construction permits were drawn with a value of \$23.7 million. This is a decrease of 22% from 2000-01 in terms of the value of the construction. This decrease is reflective of the sluggish economy being felt nationwide combined with the fact that no major building projects were begun in the City in fiscal year 2001-02.

# Lakewood



The economic base of the City is primarily commercial/retail. Almost 2,500 businesses are located in Lakewood and generated about \$898 million in taxable sales in fiscal 2001-02 (an increase of 8% from last year). Lakewood Center Mall, a regional shopping center, ranks among the top five Southern California shopping centers and contributes approximately 37% 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 1999-00 fiscal year, sales tax receipts reached \$8.4 million, finally surpassing the 1990 high after ten years. Fiscal year 2001-02 sales tax receipts were \$9.6 million, 2.2% higher than the previous year, being driven by increases in auto sales, the Mall expansion which included Macy's, and new retailers like Wal-Mart. 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. Despite the sluggish economy, with the opening of new retailers like Kohl's Department Store, fiscal year 2002-03 sales tax receipts are projected to increase to approximately \$10.3 million. However, given the economy, the State budget deficit, and international affairs, this estimate may need to be adjusted in the latter part of FY 2002-03.

The California State Department of Finance certified Lakewood's population at 81,400 as of January 1, 2002. This figure is used by the State to distribute revenues to cities which are based on population. The population figure from the 2000 Census as of April, 2000, reduced this figure to 79,345. In 2000, the Southern California Association of Governments (SCAG) projected Lakewood's population at 82,693 by the year 2010. If this is true, this will present a challenge to the City, and if the present high level of services is to be maintained, the City must continue to find new ways of financing these services.

## **MAJOR INITIATIVES**

**For Fiscal Year 2001-02.** The focus areas were identified in the operating budget. These priorities included economic development, street system maintenance, Monte Verde Park, intergovernmental relations, public safety, solid waste management, facility improvements, technology planning and implementation, water quality preservation, and volunteerism.

The City's number one objective continued to be ECONOMIC DEVELOPMENT, aimed to preserve the quality of life in Lakewood. It is extremely important to bolster Lakewood's local economy against the effects of the current recession and competition from surrounding cities like the Long Beach Towne Center, which is once again attempting to enhance its retail base. Lakewood's Economic Development Committee is still encouraged by the desire of new retailers like Target to expand their operations into Lakewood.

The Committee continued to meet regularly and works aggressively to maximize the potential of any commercially-zoned parcel. Lakewood offered a grant-funded loan program to qualified businesses to encourage economic development and the creation of new jobs in Lakewood. In fiscal year 2001-02, a loan in the amount of \$250,000 was made to TFC Manufacturing, Inc., which will create eight new jobs.

We continued an aggressive program of local STREET SYSTEM MAINTENANCE. Representing the fourth year of residential street resurfacing, in fiscal year 2001-02 we spent \$1.5 million on street paving (including hardscape). One of the realities of a community that "sprang up overnight" is that everything ages at the same rate. A number of Lakewood streets are now 60 years old, and preventive maintenance programs like slurry seal are no longer effective.

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

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

The focus continued on PUBLIC SAFETY, with full funding for general law enforcement units to handle an estimated 31,000 calls for service annually. Public safety continued to be augmented by State and Federal grants.

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

During fiscal year 2001-02, FACILITY IMPROVEMENTS focused on the renovation of the Iacoboni Library, the majority of which was funded by the County. We also considered renovation of the Lakewood Sheriff's Station. However, due to budget constraints and a weakening economy, major funding for the Sheriff's Station could not be provided by the County of Los Angeles.

In Fiscal year 2001-02, we continued TECHNOLOGY PLANNING AND IMPLEMENTATION with the second year of a five-year Strategic Information Technology Plan (SITP). Thus far, the plan has provided hardware replacement, upgrades to the City's Geographic Information System (GIS), service request system, financial inquiry system, and imaging system.

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

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

**For the future.** In 2002-03, a one-year budget was adopted due to economic uncertainty, the threat of State takeaways, and the perilous state of world affairs. The priorities for the coming year are as follows:

The City's number one objective is INTERGOVERNMENTAL RELATIONS. State interventions in areas that have been historically matters of municipal authority have accelerated in the past two years. State regulatory agencies have assumed new powers to micro-manage city programs and services. The state legislature is continuing its two-decades-old grab of local revenues, including new efforts to redistribute sales tax receipts among cities and counties. There already are several proposals in Sacramento designed to bail out the State budget crisis by tapping local revenue sources. City Council Members and staff will need to engage our legislators and members of the Governor's staff to insure minimal impact on cities and our residents.

PUBLIC SAFETY services in Lakewood have changed dramatically in recent years. More deputies patrol City streets. More specialized crime suppression units patrol Lakewood Center. New crime prevention programs—including a special team for nuisance property abatement—assist neighborhood residents and property owners. New City ordinances regulate the operation of cyber cafés and other businesses that may contribute to nuisance behavior. And, the "Team Lakewood" approach will come into even greater focus when the City's law enforcement units are no longer deployed in the current two-city region. This tight focus on crime suppression and public safety continues in the 2002-03 fiscal year with full funding for general law enforcement units to handle an estimated 31,000 calls for service annually. As of the first quarter of 2002, we are pleased to report that there was a 4.5% decrease in Lakewood's serious crimes. In fiscal year 2002-03, the City will upgrade traffic radar units; computers for crime analysis; expanded law enforcement in park patrol, residential, and school traffic control; and continue the City's support for renovation and expansion of the 44-year-old Lakewood Sheriff's Station. On October 5, 2002, the City of Lakewood opened the Community Safety Center at the Lakewood Mall. This Safety Center provides a larger

Sheriff's presence at the Mall and a community meeting area for Lakewood organizations. The City added a new Administrative Assistant II position, whose time will be shared equally with the Sheriff's Department to further support crime prevention efforts.

The City will continue with a program of INFRASTRUCTURE IMPROVEMENTS with local street resurfacing and hardscape repair funded in the fiscal year 2002-03 budget. New water mains totaling 2.4 miles will be installed. Water service capacity will be preserved with the construction of a new well at Palo Verde and Candlewood; the renovation of wells #2A, #4, and #10; and work on the City's water reservoir system. This is the fifth year of a program of residential street resurfacing. The current budget proposes \$1.1 million in local street resurfacing—a continual project due to the City's aging infrastructure. Lakewood has long made preservation and enhancement of its economic base a principal goal. It is extremely important to bolster Lakewood's local economy against the effects of surrounding regional shopping competition.

Lakewood's ECONOMIC DEVELOPMENT Committee has been encouraged by the decision of Kohl's department stores and Target to open new outlets in Lakewood. Besides these two retailers, the Economic Development Committee is focusing on the reuse of the corner of Candlewood Street and Clark Avenue. The committee meets regularly and works aggressively to maximize the potential of commercially zoned parcels.

The fiscal year 2002-03 budget includes funding for a West San Gabriel River Recreation Area Project adjacent to the recently improved Monte Verde Park. This project will be funded through the State Water Bond Act of 2000 at \$1 million. When completed, this project will provide a beautifully landscaped buffer along the river and a walking path. In addition, City staff will begin the design phase for the renovation of the park building and south restroom at Boyer Park with construction commencing in 2003-2004. The majority of these PARK IMPROVEMENTS will be funded through the City portion of the voter-approved Proposition 12 and Proposition 40 State Park Bond Act.

Preservation of abundant, clean, and relatively low-cost WATER is one of the City's principal goals. The City's focus on water quality and availability cuts across many divisional lines: water operations, intergovernmental relations, regulatory oversight, and finance. Because of this emphasis, the City will continue in the new fiscal year to monitor the activities of the Water Replenishment District (WRD), replace water mains southeast of Del Amo Boulevard and Palo Verde, and construct and renovate water wells. In April 2002, the City purchased 106 services from the Peerless Water Company. In the next year, water production will see a minimal increase of one half of one percent to accommodate these additional services.

Lakewood continues to strive for success in maintaining its State-mandated goals as set by the California Integrated Waste Management Board. Solid waste goals will be accomplished in the new fiscal year with the continued program, additional greenwaste dropoff events, support for household hazardous waste roundup activities, "e-waste" recycling of computer systems, and source reduction education for Lakewood residents. In addition, programs to increase diversion from businesses, multi-family and institutional generators will be targeted, along with instituting a program requiring contractors to recycle their construction and demolition debris.

The City's SOLID WASTE MANAGEMENT contractor will complete deployment of a new fleet of trash collection trucks in the new fiscal year.

'STORM WATER TAX' IMPACTS will be felt by cities throughout the State. The State Water Resources Control Board, which oversees California's nine regional boards, has turned down an initial appeal from Los Angeles County cities to modify a draconian "zero tolerance" rule for trash in the region's storm drains and flood control system. The new rule was adopted in December by the Los Angeles regional board and mirrors similar rules imposed in San Diego and Orange counties by their regional boards. The members of the Coalition for Practical Regulation, including Lakewood, appealed the regional board's trash TMDL (Total Maximum Daily Load) to the State board when the new regulation was adopted. The coalition had hoped to secure state board sympathy for the high cost of meeting the new TMDL limits. A recent series of reports show that the cost of meeting all the TMDLs proposed by the regional board would top \$53 billion over the next ten years. Lakewood has joined with other cities in both the Coalition for



Practical Regulation and in the joint powers authority known as BEACON (Balancing Economic and Clean Ocean Needs) seeking storm water rules that are scientifically sound, cost effective, and technically feasible.

As mentioned before, one of the realities of a community that springs up overnight is that everything ages at the same rate. This is especially true of housing in Lakewood. In an effort to insure that housing is well maintained and available, a LAKEWOOD HOUSING STRATEGY is being developed that will focus on various areas in the City. To assist in accomplishing this, a Neighborhood Preservation Manager was added in the fiscal year 2002-03 budget.

TECHNOLOGY PLANNING AND IMPLEMENTATION must continue to keep up with the demand of today's changing information-technology-driven society. In addition to hardware replacement, we will be looking at replacement of the City's 20-year-old Financial Management Information System within the next two to three years. This system encompasses the City's core financial systems, such as general ledger, accounts payable, payroll, and water and refuse billing.

#### FINANCIAL INFORMATION

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

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

As a part of the City's single audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the government has complied with applicable laws and regulations. The results of the City's single audit for the fiscal year ended June 30, 2002, provided no significant instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

Budgeting Controls. The City of Lakewood maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions contained in the annual appropriated budget approved by the City Council. Although the City adopted a two-year budget for fiscal years 2000-01 and 2001-02, 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.

For 16 years, the City of Lakewood adopted 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, 2002, the City Council adopted an operating budget for fiscal year 2002-03 only. Lakewood returned to this one-year budget cycle in this year of economic uncertainty, due to the threat of State takeaways of local revenue and the perilous state of world affairs. The City Council felt it was prudent to limit the scope of budget projections during these troubled times. In June, 2001, the City's "Legacy Capital Improvement Plan" was updated. Projects totaling \$47 million were proposed for funding during the five-year period between 2001 and 2006. Of the \$47 million, only \$8.1 million comes from the General Fund.

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

General Government Functions. The following schedule presents a summary of General Fund, Special Revenues Funds, Debt Service Fund, and Capital Projects Funds revenues for the fiscal year ended June 30, 2002, and the amount and percentage of increases and decreases in relation to prior year revenues.

Revenues	Amount	Percent of Total	Increase (Decrease) from 2001	Percent of Increase (Decrease)
Sales tax	\$ 9,566,490	23 %	\$ 221,736	2 %
Other taxes	12,720,672	30	265,584	2
Licenses and permits	427,608	1	(21,596)	(5)
Fines and forfeitures	538,870	1	36,665	7
Use of money and property	3,073,309	7	(1,069,870)	(26)
Intergovernmental	9,327,314	22	(3,125,989)	(25)
Charges for services	5,698,497	14	295,434	5
Other	1,040,113	2	(160,947)	(13)
Total revenues	<u>\$ 42,392,873</u>	<u>100 %</u>	<u>\$ (3,558,983)</u>	<u>(8) %</u>

Revenues for general government functions decreased 8% from the preceding year, a decrease of \$3,558,983 due to a variety of factors described below.

Sales tax increased 2.4% due to increased auto sales and the continuing effects of both the Mall expansion and new retailers like Wal-Mart.

The increase in other taxes of 2% can be primarily attributed to an increase in revenues from utility users taxes due to an increase in the price and use of electricity since the energy crisis.

Property taxes received for general operating purposes generated about 6% of general revenues. Since Proposition 13 passed in 1978, property taxes are based on a rate of 1% of the full assessed value as established by Los Angeles County. They are distributed to participating agencies according to a formula established by the State Legislature. Property taxes received for operating purposes decreased 4% overall to \$2.4 million. This decrease is due to the non-recurring rebate (\$235,898) of ERAF (Educational Revenue Augmentation Fund) monies that were received from the State in FY 2000-01. Exclusive of that one-time rebate, property tax receipts reflected an increase of 6%, which is consistent with rising property values.

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 remained level at \$4 million. Tax increment revenues produced approximately 9.5% of general revenues.

License and permits decreased 5% (\$21,596) in fiscal year 2001-02 due primarily to non-recurring building permits issued for the Macy's and Mervyn's California mall expansion combined with a decreased demand for permits.

Fines and forfeitures increased 7% (\$36,665) to \$538,870. This category consists of the City share of fines received from the courts and parking ticket fines. The majority of this increase (\$24,325) was in the City share of fines received from the court.

Investment income was lower in 2001-02 than the previous fiscal year, which decreased the category of use of money and property by 26% due to a decrease in the average yield on investments.

The intergovernmental revenue decrease of 25% was due to the one-time County revenue received last fiscal year for the renovation of the Iacoboni Library (\$1,015,000) and CDBG funding of local street resurfacing and hardscape (\$2,343,827). Motor vehicle license fees received from the State were \$4.4 million, an increase of 5.1% from the previous year, due to the increase in automobile sales statewide and the higher price of vehicles. Gas tax revenues decreased 25% to \$1.5 million due to the one-time receipt of State Congestion Relief Funds (\$577,009) authorized by Assembly Bill 2928 last year.

Charges for services were up 5% (\$295,434). Refuse collection charges increased 4.3% from \$3.2 million to \$3.3 million.

Other revenues decreased 13%, or \$160,947, due to the one-time grant from the Taper Trust for renovation of the Monte Verde Lodge, which was received in FY 2000-01. This was offset by the increase in the Public Employees Retirement System (PERS) cost, primarily due to a change in the accounting for prepaid contributions to PERS.

The following schedule presents a summary of General Fund, Special Revenues Funds, Debt Service Fund, and Capital Projects Funds expenditures for the fiscal year ended June 30, 2002, and the percentage of increases and decreases in relation to prior year amounts.

Expenditures	Amount	Percent of Total	Increase (Decrease) from 2001	Percent of Increase (Decrease)
<b>Current:</b>				
General government	\$ 4,724,602	12 %	\$ 347,719	8 %
Public safety	8,942,685	23	899,461	11
Transportation	3,730,446	9	105,630	3
Community development	4,473,249	11	1,024,939	30
Health and sanitation	3,820,330	10	135,704	4
Culture and leisure	6,182,191	16	594,715	11
<b>Total current</b>	<b>31,873,503</b>	<b>81</b>	<b>3,108,168</b>	<b>11</b>
Capital outlay	5,692,532	14	(6,575,128)	(54)
Debt service	1,995,497	5	(1,282,186)	(39)
<b>Total expenditures</b>	<b>\$ 39,561,532</b>	<b>100 %</b>	<b>\$ (4,749,146)</b>	<b>(11) %</b>

Expenditures for general government obligations decreased 11% due to the completion of several major projects in fiscal year 2000-01, combined with a partial, non-recurring payment on an owner participation agreement (\$1,439,072) related to the mall expansion.



The cost of the law enforcement contract with the Los Angeles County Sheriff increased approximately 9.9% from the previous year due to a rate increase and increased contract service levels. 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, along with law enforcement, includes street lighting, parking control, animal regulation, and emergency services increased 11%.

Employees received a salary increase of 4.9% on July 1, 2001. Total payroll for the year was \$10.9 million, a 9.8% increase over last year. This increase was due to the salary increase and, also, to the inception of the new 401(a) Plan which allows employees to convert their specific unused leave to pay, based on their current rate, for deposit into the Plan. While this increases the annual payroll payout, the City saves by paying off the specific unused leave at its earned rate rather than the higher rate paid at the time the employee retires. The City is a member of the Public Employees Retirement System. Retirement costs for employees covered under the Public Employees Retirement System (PERS) were \$692,980, a 6.8% increase over last year due 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 \$19,365. Other personnel-related costs totaled \$522,208. They include health insurance, life insurance, disability insurance, unemployment benefits, workers' compensation benefits, and Medicare.

Those expenditures classified by the State as pertaining to transportation remained relatively constant with an increase of less than 3% from the previous year.

Community development increased 30%, primarily due to engineering costs for projects such as the S. Mark Taper Foundation Vista Lodge at Monte Verde Park.

Health and sanitation expenses increased 4% due to an increase in the cost of disposal service costs.

Culture and leisure expenditures increased 11% due to additional operating costs necessary to maintain the quality service levels our residents enjoy in our parks, youth, and adult programs. Of particular note is a full year's operating cost for the Monte Verde Lodge, as well as increased relative costs for each of the 13 park facilities.

Major capital projects during the year included street paving/landscape (\$1,476,161), HVAC improvements (\$385,671), emergency generators (\$216,069) major street renovations (\$148,385), median (\$121,443), Mayfair and McCormick pool rehabilitation, and traffic signal improvements (\$501,592).

Debt service decreased 39% due primarily to a non-recurring payment on an owner participation agreement (\$1,439,072) that was made in FY 2000-01.

Governmental Fund Balance. The fund balances of the governmental funds increased by \$2,296,875. This was the amount that overall revenues exceeded expenditures. \$1.4 million of this increase was in capital projects that were not completed during the year, namely the West San Gabriel River project and the scattered lot acquisition program. Both of these projects will be carried forward into the 2002-03 fiscal year. Other factors that accounted for the increase are minor increases in some of our major revenue sources (sales tax, property tax, refuse charges) from the 2000-01 fiscal year.

Enterprise Operation. The City's water system has approximately 20,000 accounts and produced 3,155 million gallons of water during 2001-02. 3,010 million gallons were from the "potable" water system (meeting clean drinking water standards) and 145 million gallons were recycled water used for irrigation purposes. Total production was up from last year by 170 million gallons.

Operating revenues of the water system were \$6,063,724, an increase of 13% or \$706,717, due to an increase in the amount of water sold. Operating expenses were \$4,901,381, an increase of 9% or \$406,853, also due mainly to increased water sales. Non-operating revenues net of non-operating expenses were \$19,032.

The direct cost for water (energy, replenishment costs and direct purchase) was \$1,648,802 compared to \$1,487,765 in 2000-01. This represents an increase of 10.8% in direct cost. The cost of energy used in pumping increased 24.5%, \$544,058 compared to \$436,900 last year. The cost of ground water replenishment for water pumped from City wells increased 4.9%, to \$1,033,698, compared to \$985,871 last year. The cost of reclaimed water was \$71,045.

Capital additions were made to the system at a cost of \$1,959,064. 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 \$331,959 at June 30, 2002.

Prior to June 30, 2002, basic water rates were last adjusted November 1, 2001, to \$1.32 per 100 cubic feet of water. The unit price per 100 cubic feet is adjusted periodically to cover the increased cost of energy, replenishment, or purchase. The City established the original water rates in 1959.

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. Rainfall was below normal levels during 2001-02, and the City is currently operating at the Voluntary Conservation level.

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

On October 1, 1999, the Lakewood Redevelopment Agency issued \$6,760,000 Redevelopment Project No. 1 Tax Allocation Parity Refunding Bonds, 1999 Series A, to refinance a portion of the 1992A Bonds and to finance certain obligations under a Participation Agreement. In 1992, the Redevelopment Agency issued the Redevelopment Project No. 1 Refunding Tax Allocation Bonds, Series 1992A and Series 1992B (taxable), to advance refund and defease the Agency's 1984 and 1987 bonds and to finance public improvements within Project Area No. 1. At June 30, 2002, the balance of the 1999 bonds outstanding remained \$6,760,000 and the 1992 series bonds outstanding was \$8,620,000. 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, 2002, the balance of the 1996 water revenue bonds outstanding was \$4,795,000. 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, 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 2001-02 was 5.16%; interest received was \$2,561,816.

Risk Management. Lakewood is a member of the CALIFORNIA Joint Powers Insurance Authority (CJPIA). With 91 city and public entity members, it is the largest joint powers insurance authority in California. Through the CJPIA, the City is self-insured against liability and workers' compensation claims. As protection against catastrophic loss, members fund a pool to finance large settlements. During 2001-02, Lakewood continued its proactive liability risk management role through careful monitoring of losses, working closely with the CJPIA's third-party claims adjuster, and designing and implementing programs to minimize risks and reduce losses. In addition, the City's Safety Committee analyzes workers' compensation issues by monitoring work conditions, and organizing and implementing safety training programs to reduce employee exposure to hazards.



## OTHER INFORMATION

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

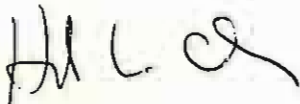
GFOA Certificate of Achievement Award. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Lakewood for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2001. This was the 21st 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.

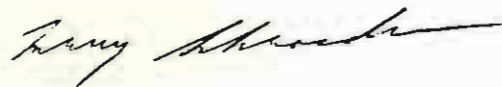
CSMFO Certificate of Award for Outstanding Financial Reporting. The California Society of Municipal Finance Officers awarded a Certificate of Award for Outstanding Financial Reporting to the City of Lakewood for its CAFR for the fiscal year ended June 30, 2001. The certificate is issued in recognition of meeting professional standards and criteria in reporting, which reflect a high level of quality in the annual financial statements.

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

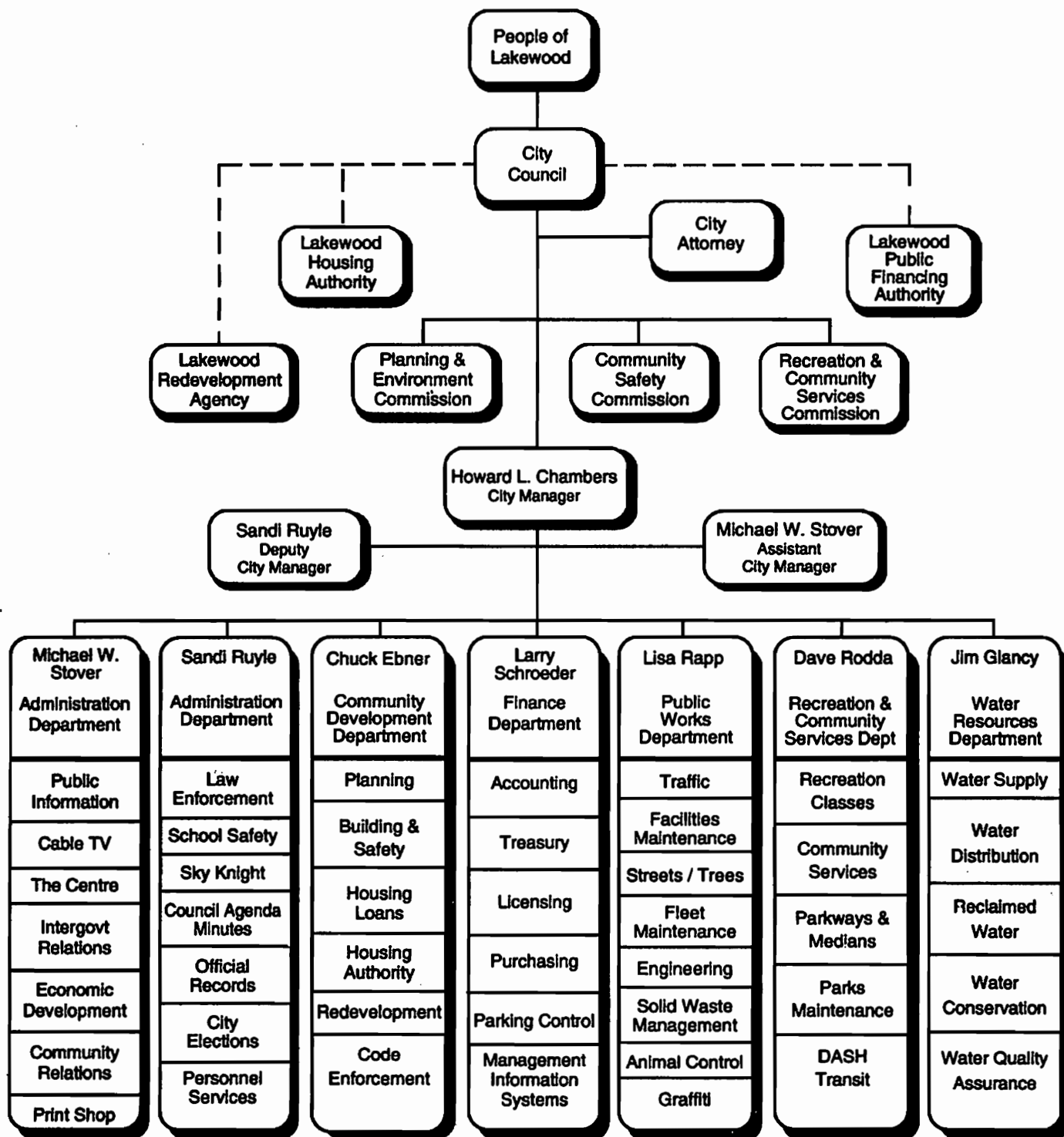
Respectfully submitted,



Howard L. Chambers  
City Manager



Larry Schroeder  
Director of Finance



**CITY COUNCIL**

**LARRY VAN NOSTRAN**  
Mayor

**JOSEPH ESQUIVEL**  
Vice Mayor

**WAYNE E. PIERCY**  
Council Member

**TODD ROGERS**  
Council Member

**ROBERT G. WAGNER**  
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, 2001

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.



*Thomas A. Gruen*  
President

*Jeffrey L. Esser*  
Executive Director

# California Society of Municipal Finance Officers

Certificate of Award

*Outstanding Financial Reporting 2000-2001*

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 20, 2002*

*Genie Roberts*  
Chair, Professional & Technical Standards Committee

*Dedicated to Excellence in Municipal Financial Management*



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

A PARTNERSHIP INCLUDING ACCOUNTANCY CORPORATIONS

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

November 22, 2002

MICHAEL R. LUDIN, CPA  
CRAIG W. SPRAKER, CPA  
NITIN P. PATEL, CPA  
ROBERT J. CALLANAN, CPA  
• PHILIP H. HOLTkamp, CPA  
• THOMAS M. PERLOWSKI, CPA  
• HARVEY J. SCHROEDER, CPA  
MICHAEL C. FRIEDMAN, CPA  
• A PROFESSIONAL CORPORATION

**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, 2002, as listed in the table of contents. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Lakewood as of June 30, 2002, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 22, 2002, 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. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

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

*Diehl, Evans and Company, LLP*

- 1 -

OTHER OFFICES AT:

2965 ROOSEVELT STREET  
CARLSBAD, CALIFORNIA 92008-2389  
(760) 729-2343 • FAX (760) 729-2234

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



**CITY OF LAKEWOOD**

---

**GENERAL PURPOSE  
FINANCIAL STATEMENTS**





COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS  
JUNE 30, 2002

ASSETS AND OTHER DEBITS	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Cash and investments (Notes 1.G & 2)	\$ 31,292,219	\$ 4,044,346	\$ 5,503,881	\$ 3,110,561
Cash and investments with fiscal agent (Notes 1.G & 2)	-	-	1,713,918	-
Receivables:				
Taxes	1,796,595	-	93,274	-
Accounts	1,690,290	175,503	-	-
Loans (Notes 10 & 16)	250,000	-	-	1,402,335
Accrued revenue (Note 1.D)	164,594	-	-	14,172
Prepaid items	-	-	-	3,000
Due from other funds (Note 6)	76,608	-	-	527,600
Inventories, at cost (Note 1.H)	-	-	-	-
Land held for resale (Notes 1.E & 1.J)	-	-	-	384,847
Restricted assets:				
Cash and investments (Notes 1.G & 2)	-	-	-	-
Property, plant and equip., net (Notes 1.I, 1.K, 1.L, 3, 5.A)	-	-	-	-
Bond issuance costs, net (Note 1.O)	-	-	-	-
Amount available in debt service fund	-	-	-	-
Amount to be provided for payment of long-term debt	-	-	-	-
Total assets and other debits	<u>\$ 35,270,306</u>	<u>\$ 4,219,849</u>	<u>\$ 7,311,073</u>	<u>\$ 5,442,515</u>
LIABILITIES, EQUITY AND OTHER CREDITS				
Liabilities:				
Accounts payable	\$ 1,451,580	\$ 587,636	\$ 7,163	\$ 580,617
Accrued liabilities	207,427	8,434	-	-
Accrued revenue bond interest	-	-	-	-
Deposits	-	-	-	-
Deferred revenue (Notes 1.D & 1.E)	1,042,750	1,500	-	1,407,110
Deposits payable from restricted assets	-	-	-	-
Due to other funds (Note 6)	527,600	-	-	-
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 5.B & 5.C)	-	-	-	-
Total liabilities	<u>3,229,357</u>	<u>597,570</u>	<u>7,163</u>	<u>1,987,727</u>
Equity and other credits:				
Contributed capital (Note 1D)	-	-	-	-
Investment in general fixed assets (Notes 1.K & 3)	-	-	-	-
Retained earnings:				
Reserved (Note 9)	-	-	-	-
Unreserved	-	-	-	-
Fund balance (Note 9):				
Reserved	5,635,896	3,622,279	7,303,910	3,454,788
Unreserved - designated	26,405,053	-	-	-
Total equity and other credits	<u>32,040,949</u>	<u>3,622,279</u>	<u>7,303,910</u>	<u>3,454,788</u>
Total liabilities, equity and other credits	<u>\$ 35,270,306</u>	<u>\$ 4,219,849</u>	<u>\$ 7,311,073</u>	<u>\$ 5,442,515</u>

## CITY OF LAKEWOOD

## EXHIBIT 1

(Continued)

Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)	
Enterprise	Internal Service	Agency	General Fixed Assets	General Long-Term Debt	June 30, 2002	June 30, 2001
\$ 4,207,223	\$ 40,993	\$ 919,836	\$ -	\$ -	\$ 49,119,059	\$ 46,093,530
72	-	-	-	-	1,713,990	1,737,924
-	-	-	-	-	1,889,869	1,974,133
429,984	-	-	-	-	2,295,777	2,741,268
-	-	1,833,217	-	-	3,485,552	2,860,125
693,637	-	-	-	-	872,403	937,217
-	-	-	-	-	3,000	-
-	-	-	-	-	604,208	487,329
69,021	110,787	-	-	-	179,808	189,237
-	-	-	-	-	384,847	255,289
36,604	-	-	-	-	36,604	36,406
16,070,007	441,680	-	52,188,294	-	68,699,981	66,856,976
158,637	-	-	-	-	158,637	170,174
-	-	-	-	7,303,910	7,303,910	6,534,367
-	-	-	-	9,076,638	9,076,638	10,828,430
<u>\$ 21,665,185</u>	<u>\$ 593,460</u>	<u>\$ 2,753,053</u>	<u>\$ 52,188,294</u>	<u>\$ 16,380,548</u>	<u>\$ 145,824,283</u>	<u>\$ 141,702,405</u>
\$ 482,216	\$ 20,129	\$ -	\$ -	\$ -	\$ 3,129,341	\$ 3,884,819
-	7,685	-	-	-	223,546	203,534
64,469	-	-	-	-	64,469	66,996
-	-	809,117	-	-	809,117	654,390
-	-	-	-	-	2,451,360	1,291,463
36,604	-	-	-	-	36,604	36,406
-	76,608	-	-	-	604,208	487,329
-	-	1,943,936	-	-	1,943,936	2,309,835
4,776,655	-	-	-	-	4,776,655	5,010,320
-	-	-	-	15,380,000	15,380,000	15,670,000
-	-	-	-	1,000,548	1,000,548	1,692,797
331,959	-	-	-	-	331,959	384,203
<u>5,691,903</u>	<u>104,422</u>	<u>2,753,053</u>	<u>-</u>	<u>16,380,548</u>	<u>30,751,743</u>	<u>31,692,092</u>
1,267,297	-	-	-	-	1,267,297	1,267,297
-	-	-	52,188,294	-	52,188,294	50,497,791
282,130	-	-	-	-	282,130	700,693
14,423,855	489,038	-	-	-	14,912,893	13,310,137
-	-	-	-	-	20,016,873	19,031,987
-	-	-	-	-	26,405,053	25,202,408
<u>15,973,282</u>	<u>489,038</u>	<u>-</u>	<u>52,188,294</u>	<u>-</u>	<u>115,072,540</u>	<u>110,010,313</u>
<u>\$ 21,665,185</u>	<u>\$ 593,460</u>	<u>\$ 2,753,053</u>	<u>\$ 52,188,294</u>	<u>\$ 16,380,548</u>	<u>\$ 145,824,283</u>	<u>\$ 141,702,405</u>



## CITY OF LAKEWOOD

## EXHIBIT 2

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)	
					Year Ended June 30, 2002	Year Ended June 30, 2001
<b>Revenues:</b>						
Taxes	\$ 16,378,897	\$ 1,891,651	\$ 4,016,614	\$ -	\$ 22,287,162	\$ 21,799,842
Licenses and permits	386,892	40,716	-	-	427,608	449,204
Fines and forfeitures	538,870	-	-	-	538,870	502,205
Investment income, rents and concessions	2,455,526	152,021	247,918	217,844	3,073,309	4,143,179
From other agencies	5,760,662	3,048,683	-	517,969	9,327,314	12,453,303
Current service charges	5,698,497	-	-	-	5,698,497	5,403,063
Other	899,084	22,571	-	118,458	1,040,113	1,201,060
<b>Total revenues</b>	<b>32,118,428</b>	<b>5,155,642</b>	<b>4,264,532</b>	<b>854,271</b>	<b>42,392,873</b>	<b>45,951,856</b>
<b>Expenditures:</b>						
<b>Current:</b>						
General government	4,724,602	-	-	-	4,724,602	4,376,883
Public safety	8,942,685	-	-	-	8,942,685	8,043,224
Transportation	2,862,611	867,835	-	-	3,730,446	3,624,816
Community development	3,053,496	1,419,753	-	-	4,473,249	3,448,310
Health and sanitation	3,820,330	-	-	-	3,820,330	3,684,626
Culture and leisure	6,069,021	113,170	-	-	6,182,191	5,587,476
Capital outlay	-	-	-	5,692,532	5,692,532	12,267,660
<b>Debt service:</b>						
Owner participation agreements	-	-	-	-	-	1,439,072
Principal retirement	-	-	290,000	-	290,000	270,000
Interest	-	-	1,705,497	-	1,705,497	1,568,611
<b>Total expenditures</b>	<b>29,472,745</b>	<b>2,400,758</b>	<b>1,995,497</b>	<b>5,692,532</b>	<b>39,561,532</b>	<b>44,310,678</b>
Excess of revenues over (under) expenditures	2,645,683	2,754,884	2,269,035	(4,838,261)	2,831,341	1,641,178
<b>Other financing sources (uses):</b>						
Operating transfers in	2,261,517	-	-	4,729,832	6,991,349	11,102,255
Operating transfers out	(4,065,185)	(1,961,138)	(1,499,492)	-	(7,525,815)	(11,564,309)
<b>Total other financing sources (uses)</b>	<b>(1,803,668)</b>	<b>(1,961,138)</b>	<b>(1,499,492)</b>	<b>4,729,832</b>	<b>(534,466)</b>	<b>(462,054)</b>
Excess of revenues and other sources over (under) expen- ditures and other uses	842,015	793,746	769,543	(108,429)	2,296,875	1,179,124
<b>Fund balances - July 1</b>	<b>31,308,278</b>	<b>2,828,533</b>	<b>6,534,367</b>	<b>3,563,217</b>	<b>44,234,395</b>	<b>43,055,271</b>
<b>Prior Period Adjustment - (Note 15)</b>	<b>(109,344)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(109,344)</b>	<b>-</b>
<b>Fund balance - July 1, as restated</b>	<b>31,198,934</b>	<b>2,828,533</b>	<b>6,534,367</b>	<b>3,563,217</b>	<b>44,125,051</b>	<b>43,055,271</b>
<b>Fund balances - June 30</b>	<b>\$ 32,040,949</b>	<b>\$ 3,622,279</b>	<b>\$ 7,303,910</b>	<b>\$ 3,454,788</b>	<b>\$ 46,421,926</b>	<b>\$ 44,234,395</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, 2002

	General Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues:			
Taxes	\$ 15,465,500	\$ 16,378,897	\$ 913,397
Licenses and permits	354,550	386,892	32,342
Fines and forfeitures	450,000	538,870	88,870
Investment income, rents and concessions	2,022,500	2,455,526	433,026
From other agencies	5,986,673	5,760,662	(226,011)
Current service charges	5,435,440	5,698,497	263,057
Other	251,517	899,084	647,567
Total revenues	29,966,180	32,118,428	2,152,248
Expenditures:			
Current:			
General government	5,564,720	4,724,602	840,118
Public safety	10,034,031	8,942,685	1,091,346
Transportation	3,013,901	2,862,611	151,290
Community development	3,890,897	3,053,496	837,401
Health and sanitation	3,800,562	3,820,330	(19,768)
Culture and leisure	6,367,857	6,069,021	298,836
Total expenditures	32,671,968	29,472,745	3,199,223
Excess of revenues over (under) expenditures	(2,705,788)	2,645,683	5,351,471
Other financing sources (uses):			
Operating transfers in	1,667,478	2,261,517	594,039
Operating transfers out	(5,656,468)	(4,065,185)	1,591,283
Total other financing sources (uses)	(3,988,990)	(1,803,668)	2,185,322
Excess of revenues and other sources over (under) expenditures and other uses	(6,694,778)	842,015	7,536,793
Fund balances - July 1	31,308,278	31,308,278	-
Prior period adjustment (Note 15)	-	(109,344)	(109,344)
Fund balance - July 1, as restated	31,308,278	31,198,934	(109,344)
Fund balances - June 30	\$ 24,613,500	\$ 32,040,949	\$ 7,427,449

(continued)

(Continued)

Special Revenue			Totals (Memorandum Only)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 1,725,000	\$ 1,891,651	\$ 166,651	\$ 17,190,500	\$ 18,270,548	\$ 1,080,048
36,000	40,716	4,716	390,550	427,608	37,058
-	-	-	450,000	538,870	88,870
151,000	152,021	1,021	2,173,500	2,607,547	434,047
2,760,245	3,048,683	288,438	8,746,918	8,809,345	62,427
-	-	-	5,435,440	5,698,497	263,057
2,000	22,571	20,571	253,517	921,655	668,138
<u>4,674,245</u>	<u>5,155,642</u>	<u>481,397</u>	<u>34,640,425</u>	<u>37,274,070</u>	<u>2,633,645</u>
-	-	-	5,564,720	4,724,602	840,118
-	-	-	10,034,031	8,942,685	1,091,346
1,060,608	867,835	192,773	4,074,509	3,730,446	344,063
1,253,745	1,419,753	(166,008)	5,144,642	4,473,249	671,393
-	-	-	3,800,562	3,820,330	(19,768)
171,730	113,170	58,560	6,539,587	6,182,191	357,396
<u>2,486,083</u>	<u>2,400,758</u>	<u>85,325</u>	<u>35,158,051</u>	<u>31,873,503</u>	<u>3,284,548</u>
<u>2,188,162</u>	<u>2,754,884</u>	<u>566,722</u>	<u>(517,626)</u>	<u>5,400,567</u>	<u>5,918,193</u>
-	-	-	1,667,478	2,261,517	594,039
(3,919,188)	(1,961,138)	1,958,050	(9,575,656)	(6,026,323)	3,549,333
<u>(3,919,188)</u>	<u>(1,961,138)</u>	<u>1,958,050</u>	<u>(7,908,178)</u>	<u>(3,764,806)</u>	<u>4,143,372</u>
<u>(1,731,026)</u>	<u>793,746</u>	<u>2,524,772</u>	<u>(8,425,804)</u>	<u>1,635,761</u>	<u>10,061,565</u>
2,828,533	2,828,533	-	34,136,811	34,136,811	-
-	-	-	-	(109,344)	(109,344)
<u>2,828,533</u>	<u>2,828,533</u>	<u>-</u>	<u>34,136,811</u>	<u>34,027,467</u>	<u>(109,344)</u>
<u>\$ 1,097,507</u>	<u>\$ 3,622,279</u>	<u>\$ 2,524,772</u>	<u>\$ 25,711,007</u>	<u>\$ 35,663,228</u>	<u>\$ 9,952,221</u>

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Enterprise	Internal Service	Totals (Memorandum Only)	
			June 30, 2002	June 30, 2001
Operating revenues:				
Charges for services	\$ 5,947,421	\$ 507,357	\$ 6,454,778	\$ 5,785,169
Other revenue	116,303	22,928	139,231	200,128
Total operating revenues	6,063,724	530,285	6,594,009	5,985,297
Operating expenses:				
Operations:				
Supply, transmission and distribution	3,413,757	-	3,413,757	3,151,791
Customer service	417,478	-	417,478	370,745
Administration	349,088	-	349,088	273,077
Cost of goods sold	-	900,430	900,430	956,353
Depreciation	721,058	161,503	882,561	846,189
Total operating expenses	4,901,381	1,061,933	5,963,314	5,598,155
Operating income or (loss)	1,162,343	(531,648)	630,695	387,142
Nonoperating revenues (expenses):				
Sale of pumping rights	167,217	-	167,217	105,000
Investment income	160,318	-	160,318	271,047
Interest expense on long-term debt	(280,873)	-	(280,873)	(292,503)
Amortization of bond issuance costs	(12,871)	-	(12,871)	(12,871)
Loss on disposal of assets	(14,759)	-	(14,759)	(42,882)
Total nonoperating revenues	19,032	-	19,032	27,791
Income (loss) before operating transfers in	1,181,375	(531,648)	649,727	414,933
Operating transfers in	-	534,466	534,466	462,054
Net income	1,181,375	2,818	1,184,193	876,987
Retained earnings - July 1	13,524,610	486,220	14,010,830	13,133,843
Retained earnings - June 30	\$ 14,705,985	\$ 489,038	\$ 15,195,023	\$ 14,010,830

COMBINED STATEMENT OF CASH FLOWS  
ALL PROPRIETARY FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Enterprise	Internal Service	Totals (Memorandum Only)	
			June 30, 2002	June 30, 2001
Cash flows from operating activities:				
Operating income (loss)	\$ 1,162,343	\$ (531,648)	\$ 630,695	\$ 387,142
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operations:				
Depreciation	721,058	161,503	882,561	846,189
Changes in operating assets and liabilities:				
(Increase) in accounts receivable	(79,145)	-	(79,145)	(7,190)
(Increase) in accrued revenue	(113,968)	-	(113,968)	(34,744)
Decrease in inventory	7,064	2,364	9,428	53,549
Increase (decrease) in accounts payable	(334,152)	2,872	(331,280)	91,469
Increase (decrease) in accrued liabilities	-	436	436	(790)
Increase in customer deposits	198	-	198	1,688
Total adjustments	201,055	167,175	368,230	950,171
Net cash provided by (used in) operating activities	1,363,398	(364,473)	998,925	1,337,313
Cash flows from non-capital financing activities:				
Operating transfers in	-	534,466	534,466	462,054
Cash flows from capital and related financing activities:				
Proceeds from the sale of pumping rights	167,217	-	167,217	105,000
Purchase of property, plant and equipment	(874,428)	(177,919)	(1,052,347)	(660,658)
Principal paid on revenue bonds and state loan	(287,244)	-	(287,244)	(275,228)
Interest paid on revenue bonds and state loan	(280,874)	-	(280,874)	(294,865)
Net cash (used in) capital and related financing activities	(1,275,329)	(177,919)	(1,453,248)	(1,125,751)
Cash flows from investing activities:				
Investment income	160,318	-	160,318	271,047
Net increase (decrease) in cash and cash equivalents	248,387	(7,926)	240,461	944,663
Cash and cash equivalents - July 1	3,995,512	48,919	4,044,431	3,099,768
Cash and cash equivalents - June 30 (Note 1.G)	\$ 4,243,899	\$ 40,993	\$ 4,284,892	\$ 4,044,431





JUNE 30, 2002

## 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, 2001, 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, 2002, 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 2001-02 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, 2002. 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 2001-02 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 and liabilities for compensated absences.

**C. Functional Classifications**

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

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

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

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

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

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



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

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

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

#### D. Basis of Accounting

Governmental fund types are accounted for using the modified accrual basis of accounting. Generally, revenues are recognized when they become "susceptible to accrual," that is, measurable and available to finance expenditures of the current period. Revenues which are susceptible to accrual included property taxes received within 60 days after year end (see Note 11) and earnings on investments. If 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 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 capital contributions in the year received in the accompanying financial statements. 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 any FASB Statements after Statement 102 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.
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 \$3,071,536 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, 2002, 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 2001-02, the City Council passed a resolution setting aside all unappropriated fund balances in the General Fund as contingency funds. This fund designation is more fully described at Note 9.M.

#### G. Cash and Investments

Effective July 1, 1997, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 31, "Accounting and Financial Reporting for Certain Investments and External Pools," which require governmental entities to report certain investments at fair value in the balance sheet and recognize the

corresponding change in the fair value of investments in the year in which the change occurred. In accordance with GASB Statement No. 31, the City has stated certain investments at fair value.

A high level of funds are in short-term obligations of less than 30 days, including \$30,769,687 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, 2002, the City Attorney estimated a claim liability of \$155,500, 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 (\$490,938 in 2001-02). 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 (\$121,634 in 2001-02). Adverse claims experience in prior years results in the payment of additional deposits and such deposits, if any, are recorded as insurance expenditures when paid.

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

**O. Bond Issuance Costs**

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

**P. Estimates**

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

**NOTE 2 - CASH AND INVESTMENTS**

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

**Investments****Authorized Investments:**

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



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

U.S. Treasury Bills, Notes or Bonds  
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  
Certificates of Deposit

**Federal Agency Obligations:**

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

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

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

**Repurchase Agreements:**

The City had no investments in Repurchase Agreements during fiscal year 2001-02.

**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 City is a voluntary participant in the California Local Agency Investment fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. Each City may invest up to \$40,000,000 and may also invest without limitation in special bond proceeds accounts. Investments in LAIF are highly liquid, and deposits may be converted to cash within twenty-four hours without loss of interest. At June 30, 2002, the total fair value of LAIF was \$47,889,555,193. The fair value of the City's proportionate share in LAIF (\$30,769,687) is the same as the value of the City's pool shares. Included in LAIF's investment portfolio are certain derivative securities in the form of structured notes totaling \$551,578,000 and asset-backed securities totaling \$921,063,000. 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 - Insured or collateralized with securities held by the City or by its agent in the City's name.
- Category 2 - Collateralized with securities held by the pledging financial institution's Trust Department or agent in the City's name.
- Category 3 - Uncollateralized, including any bank balance that is collateralized with securities held by the pledging financial institution or by its Trust Department or agent, but not in the City's name.

**Investments:**

- Category 1 - Investments which are insured or registered, or held by the City or its agent in the City's name.
- Category 2 - Investments which are uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name.
- Category 3 - Investments which are uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the City's name.

## CITY OF LAKEWOOD

## NOTES TO FINANCIAL STATEMENTS

Deposits and investments were categorized as follows at June 30, 2002:

	Category			Bank Balances	Carrying Amount
	1	2	3		
Deposits:					
Banks:					
Demand accounts	\$ 100,000	\$ 1,439,119	\$ -	\$ 1,539,119	\$ 3,241,214
Savings accounts	52,450	-	-	52,450	(2,173,364)
Total deposits	<u>\$ 152,450</u>	<u>\$ 1,439,119</u>	<u>\$ -</u>	<u>\$ 1,591,569</u>	<u>1,067,850</u>

	Category			Not Categorized	
	1	2	3		
Investments:					
Federal obligations:					
Federal Home Loan Bank	\$ 11,231,563	\$ -	\$ -	\$ -	\$ 11,231,563
Federal National Mortgage Association	3,048,438	-	-	-	3,048,438
Federal Home Loan Mortgage Corp.	3,038,125	-	-	-	3,038,125
Student Loan Assn. Notes	-	-	-	-	-
California Local Agency Investment Fund	-	-	-	30,769,687	30,769,687
FHLB - Fiscal Agent	1,648,200	-	-	-	1,648,200
Mutual Funds - Fiscal Agent	-	-	-	65,790	65,790
Total investments	<u>\$ 18,966,326</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,835,477</u>	<u>49,801,803</u>
Total carrying amount (book balances)					<u>\$ 50,869,653</u>

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

Cash and investments - unrestricted	\$ 49,119,059
Cash and investments with fiscal agent	1,713,990
Cash and investments - restricted (1)	36,604
	<u>\$ 50,869,653</u>

(1) All restricted cash and investments are in the Water Enterprise Fund. The total represents customer deposits of \$36,604.

## NOTE 3 - CHANGES IN GENERAL FIXED ASSETS

A summary of changes in General Fixed Assets for the year ended June 30, 2002, is as follows:

	Balance June 30, 2001	Additions	Deletions	Balance June 30, 2002
Land	\$ 10,765,913	\$ -	\$ -	\$ 10,765,913
Structures and improvements	31,199,383	265,411	-	31,464,794
Equipment	7,480,263	842,168	376,952	7,945,479
Construction in progress	1,052,232	959,876		2,012,108
Total	<u>\$ 50,497,791</u>	<u>\$ 2,067,455</u>	<u>\$ 376,952</u>	<u>\$ 52,188,294</u>

## NOTE 4 - GENERAL LONG-TERM DEBT

The changes in the General Long-Term Debt for the year ended June 30, 2002, were as follows:

	Balance June 30, 2001	Additions	Deletions	Balance June 30, 2002
Agency tax allocation bonds	\$ 15,670,000	\$ -	\$ 290,000	\$ 15,380,000
Liability for compensated absences:				
Vacation	756,329	-	34,931	721,398
Sick leave	936,468	-	657,318	279,150
Total	<u>\$ 17,362,797</u>	<u>\$ -</u>	<u>\$ 982,249</u>	<u>\$ 16,380,548</u>

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

Series 1999A

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

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

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

Advance Refunding Info for GASB No. 7

\$3.927 million of net proceeds of the 1999A Bonds, together with \$4.949 million on deposit with the trustee for the 1992A Bonds, were used to purchase U. S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service with respect to \$8.465 million of the 1992A Bonds, assuming such bonds are called for redemption on September 1, 2002. As a result, a portion of the 1992A Bonds are considered to be defeased, and the liability for those bonds has been removed from the long-term debt account group. As of June 30, 2002, \$7.9 million of the defeased 1992A were still outstanding. The bonds were called as planned on September 1, 2002. As of June 30, 2002, the balance of the Series 1999A Bonds is \$6,760,000.

Series 1992A and Series 1992B

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

After refinancing, \$6,600,000 of the Series 1992A Bonds remained. These are serial bonds maturing annually each September 1, through 2017, in amounts ranging from \$180,000 to \$560,000, and bear interest at rates ranging from 5.2% to 6.5%. Interest is payable semiannually on March 1 and September 1. The balance of the Series 1992A Bonds as of June 30, 2002, is \$5,825,000.

The Series 1992B Bonds mature September 1, 2017, and bear interest at the rate of 8.875%. Interest is payable semiannually on March 1 and September 1. These bonds are subject to redemption in part, by lot, on September 1 in each year commencing September 1, 1993, at a redemption price equal to the principal amount thereof to be redeemed, without premium. The balance of the Series 1992B Bonds as of June 30, 2002, is \$2,795,000.

The annual requirements to amortize the bonds outstanding at June 30, 2002, are as follows:

Series 1992 A				Series 1992 B		
Year	Principal	Interest	Total	Principal	Interest	Total
2002-2003	\$ 220,000	\$ 369,665	\$ 589,665	\$ 85,000	\$ 244,284	\$ 329,284
2003-2004	\$ 230,000	\$ 356,275	\$ 586,275	\$ 95,000	\$ 236,297	\$ 331,297
2004-2005	\$ 250,000	\$ 341,250	\$ 591,250	\$ 100,000	\$ 227,644	\$ 327,644
2005-2006	\$ 260,000	\$ 324,675	\$ 584,675	\$ 110,000	\$ 218,325	\$ 328,325
2006-2007	\$ 280,000	\$ 307,125	\$ 587,125	\$ 120,000	\$ 208,119	\$ 328,119
2007-2018	\$ 4,585,000	\$ 1,824,713	\$ 6,409,713	\$ 2,285,000	\$ 1,286,209	\$ 3,571,209
	<u>\$ 5,825,000</u>	<u>\$ 3,523,703</u>	<u>\$ 9,348,703</u>	<u>\$ 2,795,000</u>	<u>\$ 2,420,878</u>	<u>\$ 5,215,878</u>

Series 1999 A			
Year	Principal	Interest	Total
2002-2003	\$ 195,000	\$ 327,565	\$ 522,565
2003-2004	\$ 225,000	\$ 319,165	\$ 544,165
2004-2005	\$ 285,000	\$ 308,680	\$ 593,680
2005-2006	\$ 310,000	\$ 296,030	\$ 606,030
2006-2007	\$ 360,000	\$ 281,445	\$ 641,445
2007-2018	\$ 5,385,000	\$ 1,697,448	\$ 7,082,448
	<u>\$ 6,760,000</u>	<u>\$ 3,230,333</u>	<u>\$ 9,990,333</u>

#### B. Compensated Absences

There is no fixed payment schedule for compensated absences.



## NOTE 5 - CITY WATER UTILITY

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

	Balance June 30, 2001	Additions	Deletions	Balance June 30, 2002
Land and water rights	\$ 1,932,859	\$ 252,639	\$ -	\$ 2,185,498
Source of supply	1,945,268	367,927	-	2,313,195
Pumping plant	531,429	975	-	532,404
Water treatment	52,266	33,433	-	85,699
Transmission/distribution	19,478,579	692,387	48,038	20,122,928
General Plant	3,016,793	11,999	-	3,028,792
Construction in progress	461,193	599,704	1,054,082	6,815
Total	27,418,387	<u>\$ 1,959,064</u>	<u>\$ 1,102,120</u>	28,275,331
Less: Accumulated depreciation	<u>11,484,466</u>			<u>12,205,324</u>
Net	<u>\$ 15,933,921</u>			<u>\$ 16,070,007</u>

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

	Balance June 30, 2001	Additions	Deletions	Balance June 30, 2002
Loan payable to State of California	\$ 384,203	\$ -	\$ 52,244	\$ 331,959
1996 Water Revenue Bonds	5,030,000	-	235,000	4,795,000
	5,414,203		287,244	5,126,959
Less Discount on Bonds	(19,680)	-	1,335	(18,345)
Total	<u>\$ 5,394,523</u>	<u>\$ -</u>	<u>\$ 285,909</u>	<u>\$ 5,108,614</u>

## C. Loan Payable to State of California

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

The annual requirements to amortize the loan outstanding at June 30, 2002, are as follows:

Year	Principal	Interest	Total
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>\$ 331,959</u>	<u>\$ 44,752</u>	<u>\$ 376,711</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, 2002, are as follows:

Year	Principal	Interest	Total
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>\$ 4,795,000</u>	<u>\$ 2,215,885</u>	<u>\$ 7,010,885</u>



## E. Segment Information.

Net working capital of the Water Utility at June 30, 2002, was as follows:

Current Assets	\$ 5,399,937
Current liabilities payable from current assets	<u>536,556</u>
Net working capital	<u>\$ 4,863,381</u>

All other segment information is contained elsewhere in the general purpose financial statements.

## NOTE 6 - INTERFUND TRANSACTIONS

Individual interfund receivables and payables were as follows at June 30, 2002:

	Due From Other Funds	Due to Other Funds
General fund	\$ 76,608	\$ 527,600
Capital project funds:		
Lakewood Capital Improvements	527,600	-
Internal service funds:		
Central Stores	-	76,608
Total	<u>\$ 604,208</u>	<u>\$ 604,208</u>

Loans payable and accrued interest payable from the Agency to the City were as follows for the year ended June 30, 2002:

	Loans	Accrued Interest	Total
Balance at June 30, 2001	\$ 13,536,539	\$ -	\$ 13,536,539
Additions	1,010,000	729,422	1,739,422
Payments from Agency to City	(556,204)	(729,422)	(1,285,626)
Balance at June 30, 2002	<u>\$ 13,990,335</u>	<u>\$ -</u>	<u>\$ 13,990,335</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 2001-02 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 2001-02, the City's actual and contributed pension cost was \$692,980. The required contribution for fiscal year 2001-02 was determined as part of the June 30, 1999, actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) an 8.25% investment rate of return (net of administrative expenses); (b) projected salary increases that vary by age, length of service and type of employment from 3.75% to 14.2%; (c) a 3.5% inflation rate; (d) a 3.75% payroll growth rate; and (e) a merit scale varying by duration of employment coupled with an assumed annual inflation component of 3.50% and an annual production growth of 0.25%. The actuarial value of the Plan's assets were determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a three-year period. Initial unfunded liabilities are amortized over a closed period that depends on the Plan's date of entry into CalPERS. Subsequent Plan amendments are amortized as a level percentage of pay over a closed 20-year period. Gains and losses that occur in the operation of the Plan are amortized over a rolling period which results in an amortization of 10% of unamortized gains and losses each year. If the Plan's accrued liability exceeds the actuarial value of Plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30-year amortization period.

Funding Status and Progress

Three-Year Trend Information for the Miscellaneous Plan:

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
<u>Miscellaneous Employees</u>			
6/30/00	628,069	100%	-
6/30/01	649,010	100%	-
6/30/02	692,980	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>
6/30/99	35,662,374	48,753,491	(13,091,117)	136.7%	8,973,296	(145.890%)
6/30/00	38,986,478	53,382,218	(14,395,740)	136.9%	9,190,471	(156.638%)
6/30/01	41,807,989	54,410,994	(12,603,005)	130.1%	9,636,102	(130.789%)

## NOTE 8 - DEFERRED COMPENSATION PLAN

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

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

## NOTE 9 - RESERVES AND DESIGNATIONS OF FUND EQUITY

A city may set up "reserves" of fund equity to segregate fund balances which are not 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, 2002, 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	\$ 826,712	\$ 132,233	\$ -	\$ 163	\$ -
Continuing appropriations	1,541,002	1,917,943	-	-	-
Personnel benefits	2,620,742	-	-	-	-
Debt service	-	-	7,303,910	-	-
Low and moderate housing	-	-	-	3,069,778	-
Special revenue purposes	-	1,572,103	-	-	-
Land held for resale	-	-	-	384,847	-
Other reserves	647,440	-	-	-	282,130
Total reserves	<u>\$ 5,635,896</u>	<u>\$ 3,622,279</u>	<u>\$ 7,303,910</u>	<u>\$ 3,454,788</u>	<u>\$ 282,130</u>

Designations	General Fund
Self-insurance	\$ 3,917,000
Capital improvements	5,295,907
Facilities replacement	3,214,842
Equipment replacement	3,962,420
General contingencies	5,359,057
Infrastructure improvements	4,000,000
Refuse disposal rate stabilization	655,827
Total designations	<u>\$ 26,405,053</u>

## A. Reserve for Encumbrances

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

## B. Reserve for Continuing Appropriations

Appropriations for capital projects which are unexpended as of June 30, 2002, will carry forward as continuing appropriations to be expended in 2002-03.

## C. Reserve for Personnel Benefits

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

## D. Reserve for Debt Service

The Tax Increment Bond Resolutions require that reserves be established.

## E. Reserve for Low and Moderate Housing

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

## F. Reserve for Special Revenue Purposes

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

## G. Reserve for Land Held for Resale

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

## H. Other reserves

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

## I. Designated for Self-Insurance

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

## J. Designated for Capital Improvements

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

## K. Designated for Facilities Replacement

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



**L. Designated for Equipment Replacement**

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

**M. Designated for General Contingencies**

The remainder of the unreserved fund balance at June 30, 2002, in the General Fund has been designated for general contingencies.

**N. Designated for Infrastructure Improvements**

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

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

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

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

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

**NOTE 11 - PROPERTY TAXES**

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

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

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

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

The City is a member of the CALIFORNIA Joint Powers Insurance Authority (Authority). The Authority is comprised of 91 California public entities and is organized under a joint powers agreement pursuant to California Government Code Section 6500, et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group-purchased insurance for property and other coverages. The Authority's pool began covering claims of its members in 1978. Each member government has a representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

## B. Self-insurance Programs of the Authority

General liability insurance. Each member government pays a primary deposit to cover estimated losses for a fiscal year (claims year). Six months after the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Costs are spread to members as follows: the first \$20,000 of each occurrence is charged directly to the City; costs from \$20,001 to \$500,000 are pooled based on a member's share of costs under \$20,000; costs from \$500,001 to \$5,000,000 are pooled based on payroll. Costs of covered claims above \$5,000,000 are currently paid by reinsurance. The protection for the City is \$50,000,000 per occurrence and \$50,000,000 annual aggregate.

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

## C. Insurance Coverage

Property Insurance. The City participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City property is currently insured according to a schedule of covered property submitted by the City to the Authority. Total all-risk property insurance coverage is \$31,729,495. 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 \$22,802,025. There is a deductible of 5% of value with a minimum deductible of \$100,000. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

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

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

#### D. Adequacy of Protection

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

#### NOTE 13 - POST-EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 7, the City provides a post-retirement medical care benefit under the terms of a Memorandum of Understanding (MOU) between the City and its employees. The benefit is in the form of a monthly supplemental payment to assist qualified retirees with premium payment on medical insurance. Effective July 1, 1989, this benefit is available to all employees retiring under the Public Employees Retirement System directly from Lakewood City service on or after attaining age 60 and who have completed at least 15 years of continuous service to the City as a full-time, regular employee immediately prior to retiring. Effective July 1, 2001, this benefit was modified and is also available to all employees retiring under the Public Employees Retirement System directly from Lakewood City service on or after age 55 and who have completed at least 20 years of continuous service to the City as a full-time, regular employee immediately prior to retiring. The benefit is a "defined dollar benefit" set at \$154.89 per month on July 1, 2001, continuing until the retiree has met the insured status requirements for Medicare. Thereafter, the payment is reduced to \$67.86 per month. The benefit is increased annually according to the terms of the MOU. The maximum term of benefits paid a qualifying employee is equal to the number of months of continuous Lakewood City service.

Expenditures for this post-retirement benefit are recognized as retirees file claims. During the year, expenditures of \$16,631 were recognized. Twenty 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 – PRIOR PERIOD ADJUSTMENT**

Beginning fund balance in the General Fund has been restated by \$109,344 for grant revenue that should have been deferred as of June 30, 2001, since it was not a spendable, available resource at that time.

**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, 2002, a loan was made in the amount of \$250,000, which is reported in the general fund.

**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, 2002, no lease payments had been made. On September 10, 2002, the first lease payment was made in the amount of \$376,955. The payment consisted of prorated base rent in the amount of \$351,796, plus the amount based on the increase in assessed valuation, \$25,159. The base rent was prorated from the date of Certificate of Occupancy, September 21, 2001, through June 30, 2002.

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

**NOTE 18 – SUBSEQUENT EVENT**

On August 27, 2002, the Lakewood Redevelopment Agency entered into an agreement with Pacific Ford, Inc., and HJCH II for a rehabilitation reimbursement in the amount not to exceed \$1,890,000 to be paid back based on tax revenue generated by the Ford dealership and any other dealership on the property acquired and to be acquired by HJCH II. In addition, the Agency extended its existing lease of a parcel on Cherry Avenue to Pacific Ford and renewed the option to purchase that parcel.



**CITY OF LAKEWOOD**

---

**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, 2002 AND 2001

	2002	2001
<b>ASSETS</b>		
Cash and investments	\$ 31,292,219	\$ 30,248,931
Taxes receivable	1,796,595	1,871,443
Accounts receivable	1,690,290	2,012,223
Loans receivable	250,000	-
Accrued revenue	164,594	328,763
Due from other funds	76,608	76,608
	<hr/>	<hr/>
Total assets	\$ 35,270,306	\$ 34,537,968
	<hr/>	<hr/>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 1,451,580	\$ 2,179,495
Accrued liabilities	207,427	188,559
Deferred revenue	1,042,750	450,915
Due to other funds	527,600	410,721
	<hr/>	<hr/>
Total liabilities	3,229,357	3,229,690
	<hr/>	<hr/>
<b>Fund balance:</b>		
<b>Reserved:</b>		
Reserved for encumbrances	826,712	672,863
Reserved for continuing appropriations	1,541,002	2,164,825
Reserved for personnel benefits	2,620,742	2,620,742
Other reserves	647,440	647,440
	<hr/>	<hr/>
<b>Unreserved:</b>		
Designated for infrastructure improvements	4,000,000	4,000,000
Designated for refuse disposal rate stabilization	655,827	1,052,614
Designated for self-insurance	3,917,000	3,917,000
Designated for capital improvements	5,295,907	4,545,907
Designated for facilities replacement	3,214,842	2,589,842
Designated for equipment replacement	3,962,420	3,852,420
Designated for general contingencies	5,359,057	5,244,625
	<hr/>	<hr/>
Total fund balance	32,040,949	31,308,278
	<hr/>	<hr/>
Total liabilities and fund balance	\$ 35,270,306	\$ 34,537,968
	<hr/>	<hr/>



GENERAL FUND  
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE FISCAL YEARS ENDED JUNE 30, 2002 AND 2001

	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$ 15,465,500	\$ 16,378,897	\$ 913,397	\$ 15,274,400	\$ 15,896,592	\$ 622,192
Licenses and permits	354,550	386,892	32,342	354,550	448,034	93,484
Fines and forfeitures	450,000	538,870	88,870	450,000	502,205	52,205
Investment income, rents and concessions	2,022,500	2,455,526	433,026	2,120,250	3,204,119	1,083,869
From other agencies	5,986,673	5,760,662	(226,011)	7,101,789	6,357,747	(744,042)
Current service charges	5,435,440	5,698,497	263,057	5,390,240	5,403,063	12,823
Other	251,517	899,084	647,567	572,381	1,061,144	488,763
Total revenues	29,966,180	32,118,428	2,152,248	31,263,610	32,872,904	1,609,294
Expenditures:						
General government	5,564,720	4,724,602	840,118	5,336,737	4,376,883	959,854
Public safety	10,034,031	8,942,685	1,091,346	8,991,374	8,043,224	948,150
Transportation	3,013,901	2,862,611	151,290	2,913,632	2,707,672	205,960
Community development	3,890,897	3,053,496	837,401	3,802,298	2,452,758	1,349,540
Health and sanitation	3,800,562	3,820,330	(19,768)	3,202,819	3,684,626	(481,807)
Culture and leisure	6,367,857	6,069,021	298,836	5,871,818	5,536,613	335,205
Total expenditures	32,671,968	29,472,745	3,199,223	30,118,678	26,801,776	3,316,902
Excess of revenues over (under) expenditures	(2,705,788)	2,645,683	5,351,471	1,144,932	6,071,128	4,926,196
Other financing sources (uses):						
Operating transfers in	1,667,478	2,261,517	594,039	2,040,510	2,227,654	187,144
Operating transfers out	(5,656,468)	(4,065,185)	1,591,283	(9,765,158)	(6,642,485)	3,122,673
Total other financing sources (uses)	(3,988,990)	(1,803,668)	2,185,322	(7,724,648)	(4,414,831)	3,309,817
Excess of revenues and other sources over (under) expenditures and other uses	(6,694,778)	842,015	7,536,793	(6,579,716)	1,656,297	8,236,013
Fund balance - July 1	31,308,278	31,308,278	-	29,651,981	29,651,981	-
Prior period adjustment	-	(109,344)	(109,344)	-	-	-
Fund balance - July 1, as restated	31,308,278	31,198,934	(109,344)	29,651,981	29,651,981	-
Fund balance - June 30	\$ 24,613,500	\$ 32,040,949	\$ 7,427,449	\$ 23,072,265	\$ 31,308,278	\$ 8,236,013

**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, 2002

	State Gasoline Tax	Park Dedication	Sewer Recon- struction	Prop A Transit
<b>ASSETS</b>				
Cash and investments	\$ -	\$ 100,257	\$ 168,991	\$ 1,210,288
Accounts receivable	26,413	-	-	108,741
Total assets	<u>\$ 26,413</u>	<u>\$ 100,257</u>	<u>\$ 168,991</u>	<u>\$ 1,319,029</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ -	\$ 258	\$ -	\$ 56,872
Accrued liabilities	-	-	-	6,678
Deferred grant revenue	-	-	-	-
Total liabilities	<u>-</u>	<u>258</u>	<u>-</u>	<u>63,550</u>
Fund balances:				
Reserved:				
For encumbrances	-	15,992	-	2,552
For continuing appropriations	-	44,964	-	100,000
For special revenue purposes	26,413	39,043	168,991	1,152,927
Total fund balances	<u>26,413</u>	<u>99,999</u>	<u>168,991</u>	<u>1,255,479</u>
Total liabilities and fund balances	<u>\$ 26,413</u>	<u>\$ 100,257</u>	<u>\$ 168,991</u>	<u>\$ 1,319,029</u>

(continued)

## CITY OF LAKEWOOD

## SCHEDULE B-1

(Continued)

Housing Authority Fund	Drug Forfeiture Fund	Prop C Trans- portation	AB 2766	Totals	
				June 30, 2002	June 30, 2001
\$ 396,771	\$ -	\$ 2,084,371	\$ 83,668	\$ 4,044,346	\$ 2,847,733
1,709	-	11,504	27,136	175,503	378,206
<u>\$ 398,480</u>	<u>\$ -</u>	<u>\$ 2,095,875</u>	<u>\$ 110,804</u>	<u>\$ 4,219,849</u>	<u>\$ 3,225,939</u>
\$ 398,480	\$ -	\$ 131,746	\$ 280	\$ 587,636	\$ 389,680
-	-	1,148	608	8,434	7,726
-	-	-	1,500	1,500	-
<u>398,480</u>	<u>-</u>	<u>132,894</u>	<u>2,388</u>	<u>597,570</u>	<u>397,406</u>
-	-	48,346	65,343	132,233	132,040
-	-	1,729,906	43,073	1,917,943	1,639,407
-	-	184,729	-	1,572,103	1,057,086
<u>-</u>	<u>-</u>	<u>1,962,981</u>	<u>108,416</u>	<u>3,622,279</u>	<u>2,828,533</u>
<u>\$ 398,480</u>	<u>\$ -</u>	<u>\$ 2,095,875</u>	<u>\$ 110,804</u>	<u>\$ 4,219,849</u>	<u>\$ 3,225,939</u>

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
ALL SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	State Gasoline Tax	Park Dedication	Sewer Recon- struction	Prop A Transit
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ 1,034,014
Licenses and permits	-	39,852	864	-
Investment income, rents and concessions	21,873	-	-	40,647
From other agencies	1,548,335	-	-	-
Other	-	696	-	16,707
Total revenues	1,570,208	40,548	864	1,091,368
Expenditures:				
Transportation	-	-	-	588,685
Community development	-	-	-	-
Culture and leisure	-	113,170	-	-
Total expenditures	-	113,170	-	588,685
Excess of revenues over (under) expenditures	1,570,208	(72,622)	864	502,683
Other financing (uses):				
Operating transfers out	(1,705,312)	(4,011)	-	-
Excess of revenues over (under) expenditures and other uses	(135,104)	(76,633)	864	502,683
Fund balances - July 1	161,517	176,632	168,127	752,796
Fund balances - June 30	\$ 26,413	\$ 99,999	\$ 168,991	\$ 1,255,479

(continued)

## CITY OF LAKEWOOD

## SCHEDULE B-2

(Continued)

Housing Authority Fund	Drug Forfeiture Fund	Prop C Trans- portation	AB 2766	Totals	
				June 30, 2002	June 30, 2001
\$ -	\$ -	\$ 857,637	\$ -	\$ 1,891,651	\$ 1,900,523
-	-	-	-	40,716	1,170
11,413	-	71,016	7,072	152,021	235,502
1,408,340	-	-	92,008	3,048,683	3,094,358
-	-	3,475	1,693	22,571	21,926
<u>1,419,753</u>	<u>-</u>	<u>932,128</u>	<u>100,773</u>	<u>5,155,642</u>	<u>5,253,479</u>
-	-	55,502	223,648	867,835	917,144
1,419,753	-	-	-	1,419,753	995,552
-	-	-	-	113,170	50,863
<u>1,419,753</u>	<u>-</u>	<u>55,502</u>	<u>223,648</u>	<u>2,400,758</u>	<u>1,963,559</u>
-	-	876,626	(122,875)	2,754,884	3,289,920
-	-	(148,385)	(103,430)	(1,961,138)	(3,868,968)
-	-	728,241	(226,305)	793,746	(579,048)
-	-	1,234,740	334,721	2,828,533	3,407,581
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,962,981</u>	<u>\$ 108,416</u>	<u>\$ 3,622,279</u>	<u>\$ 2,828,533</u>



STATE GASOLINE TAX SPECIAL REVENUE FUND  
COMPARATIVE BALANCE SHEET  
JUNE 30, 2002 AND 2001

	<u>2002</u>	<u>2001</u>
ASSETS		
Accounts receivable	\$ <u>26,413</u>	\$ <u>161,517</u>
FUND BALANCE		
Fund balance:		
Reserved for special revenue purposes	\$ <u>26,413</u>	\$ <u>161,517</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, 2002 AND 2001

	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Investment income,						
rents and concession \$	22,000	\$ 21,873	\$ (127)	\$ 22,000	\$ 84,021	\$ 62,021
From other agencies	1,441,500	1,548,335	106,835	2,018,510	2,040,305	21,795
Total revenues	1,463,500	1,570,208	106,708	2,040,510	2,124,326	83,816
Other financing (uses):						
Operating transfers out	(1,665,478)	(1,705,312)	(39,834)	(2,040,510)	(2,113,221)	(72,711)
Excess of revenues over						
(under) other uses	(201,978)	(135,104)	66,874	-	11,105	11,105
Fund balance - July 1	161,517	161,517	-	150,412	150,412	-
Fund balance - June 30	\$ (40,461)	\$ 26,413	\$ 66,874	\$ 150,412	\$ 161,517	\$ 11,105

PARK DEDICATION SPECIAL REVENUE FUND  
COMPARATIVE BALANCE SHEET  
JUNE 30, 2002 AND 2001

	<u>2002</u>	<u>2001</u>
<b>ASSETS</b>		
Cash and investments	<u>\$ 100,257</u>	<u>\$ 200,762</u>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities:</b>		
Accounts payable	<u>\$ 258</u>	<u>\$ 24,130</u>
<b>Fund balance:</b>		
Reserved for encumbrances	15,992	83,598
Reserved for continuing appropriations	44,964	40,130
Reserved for special revenue purposes	<u>39,043</u>	<u>52,904</u>
Total fund balance	<u>99,999</u>	<u>176,632</u>
Total liabilities and fund balance	<u>\$ 100,257</u>	<u>\$ 200,762</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, 2002 AND 2001

	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Licenses and permits	\$ 30,000	\$ 39,852	\$ 9,852	\$ 36,000	\$ 990	\$ (35,010)
Other	-	696	696	-	-	-
Total revenues	30,000	40,548	10,548	36,000	990	(35,010)
Expenditures:						
Culture and leisure	171,730	113,170	58,560	165,750	50,863	114,887
Excess of revenues over (under) expenditures	(141,730)	(72,622)	69,108	(129,750)	(49,873)	79,877
Other financing (uses):						
Operating transfers out	(9,150)	(4,011)	5,139	(368,434)	(331,792)	36,642
Excess of revenues over (under) expenditures and other uses	(150,880)	(76,633)	74,247	(498,184)	(381,665)	116,519
Fund balance - July 1	176,632	176,632	-	558,297	558,297	-
Fund balance - June 30	\$ 25,752	\$ 99,999	\$ 74,247	\$ 60,113	\$ 176,632	\$ 116,519

SEWER RECONSTRUCTION SPECIAL FUND  
COMPARATIVE BALANCE SHEET  
JUNE 30, 2002 AND 2001

	<u>2002</u>	<u>2001</u>
ASSETS		
Cash and investments	\$ <u>168,991</u>	\$ <u>168,127</u>
FUND BALANCE		
Fund balance:		
Reserved for special revenue purposes	\$ <u>168,991</u>	\$ <u>168,127</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, 2002 AND 2001

	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Licenses and permits \$	6,000	\$ 864	\$ (5,136)	\$ 6,000	\$ 180	\$ (5,820)
Fund balance - July 1	168,127	168,127	-	167,947	167,947	-
Fund balance - June 30 \$	<u>174,127</u>	<u>\$ 168,991</u>	<u>\$ (5,136)</u>	<u>\$ 173,947</u>	<u>\$ 168,127</u>	<u>\$ (5,820)</u>



PROP A TRANSIT SPECIAL REVENUE FUND  
COMPARATIVE BALANCE SHEET  
JUNE 30, 2002 AND 2001

	2002	2001
<b>ASSETS</b>		
Cash and investments	\$ 1,210,288	\$ 677,517
Accounts receivable	108,741	98,205
Total assets	<u>\$ 1,319,029</u>	<u>\$ 775,722</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable	\$ 56,872	\$ 16,817
Accrued liabilities	6,678	6,109
Total liabilities	<u>63,550</u>	<u>22,926</u>
Fund balance:		
Reserved for encumbrances	2,552	1,153
Reserved for continuing appropriations	100,000	178,508
Reserved for special revenue purposes	1,152,927	573,135
Total fund balance	<u>1,255,479</u>	<u>752,796</u>
Total liabilities and fund balance	<u>\$ 1,319,029</u>	<u>\$ 775,722</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, 2002 AND 2001

	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes	\$ 925,000	\$ 1,034,014	\$ 109,014	\$ 925,000	\$ 1,038,264	\$ 113,264
Investment income, rents and concessions	30,000	40,647	10,647	30,000	38,823	8,823
Other	-	16,707	16,707	-	17,067	17,067
<b>Total revenues</b>	<b>955,000</b>	<b>1,091,368</b>	<b>136,368</b>	<b>955,000</b>	<b>1,094,154</b>	<b>139,154</b>
<b>Expenditures:</b>						
Transportation	744,621	588,685	155,936	863,929	723,095	140,834
<b>Excess of revenues over expenditures</b>	<b>210,379</b>	<b>502,683</b>	<b>292,304</b>	<b>91,071</b>	<b>371,059</b>	<b>279,988</b>
<b>Other financing (uses):</b>						
Operating transfers out	(100,000)	-	100,000	(100,000)	-	100,000
<b>Excess of revenues over expenditures and other uses</b>	<b>110,379</b>	<b>502,683</b>	<b>392,304</b>	<b>(8,929)</b>	<b>371,059</b>	<b>379,988</b>
<b>Fund balance - July 1</b>	<b>752,796</b>	<b>752,796</b>	<b>-</b>	<b>381,737</b>	<b>381,737</b>	<b>-</b>
<b>Fund balance - June 30</b>	<b>\$ 863,175</b>	<b>\$ 1,255,479</b>	<b>\$ 392,304</b>	<b>\$ 372,808</b>	<b>\$ 752,796</b>	<b>\$ 379,988</b>

HOUSING AUTHORITY SPECIAL REVENUE FUND  
COMPARATIVE BALANCE SHEET  
JUNE 30, 2002 AND 2001

	<u>2002</u>	<u>2001</u>
ASSETS		
Cash and investments	\$ 396,771	\$ 345,615
Accounts receivable	<u>1,709</u>	<u>2,819</u>
Total assets	<u>\$ 398,480</u>	<u>\$ 348,434</u>
LIABILITIES		
Liabilities:		
Accounts payable	<u>\$ 398,480</u>	<u>\$ 348,434</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, 2002 AND 2001

	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Investment income, rents and concessions	\$ 20,000	\$ 11,413	\$ (8,587)	\$ 20,000	\$ 31,563	\$ 11,563
From other agencies	1,233,745	1,408,340	174,595	1,365,215	963,989	(401,226)
<b>Total revenues</b>	<b>1,253,745</b>	<b>1,419,753</b>	<b>166,008</b>	<b>1,385,215</b>	<b>995,552</b>	<b>(389,663)</b>
<b>Expenditures:</b>						
Community development	1,253,745	1,419,753	(166,008)	1,385,215	995,552	389,663
<b>Excess of revenues over (under) expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balance - July 1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balance - June 30</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

DRUG FORFEITURE SPECIAL REVENUE FUND  
COMPARATIVE BALANCE SHEET  
JUNE 30, 2002 AND 2001

	<u>2002</u>	<u>2001</u>
ASSETS		
Total assets	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCE		
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ -</u>

**DRUG FORFEITURE SPECIAL REVENUE FUND**  
**COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2002 AND 2001**

	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Other	\$ 2,000	\$ -	\$ (2,000)	\$ 2,000	\$ -	\$ (2,000)
Other financing (uses):						
Operating transfers out	(2,000)	-	2,000	(2,000)	-	2,000
Excess of revenues over (under) other uses	-	-	-	-	-	-
Fund balance - July 1	-	-	-	-	-	-
Fund balance - June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



PROP C TRANSPORTATION SPECIAL REVENUE FUND  
COMPARATIVE BALANCE SHEET  
JUNE 30, 2002 AND 2001

	<u>2002</u>	<u>2001</u>
<b>ASSETS</b>		
Cash and investments	\$ 2,084,371	\$ 1,147,835
Accounts receivable	<u>11,504</u>	<u>87,962</u>
Total assets	<u>\$ 2,095,875</u>	<u>\$ 1,235,797</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable	\$ 131,746	\$ -
Accrued liabilities	<u>1,148</u>	<u>1,057</u>
Total liabilities	<u>132,894</u>	<u>1,057</u>
Fund balance:		
Reserved for encumbrances	48,346	-
Reserved for continuing appropriations	1,729,906	1,133,337
Reserved for special revenue purposes	<u>184,729</u>	<u>101,403</u>
Total fund balance	<u>1,962,981</u>	<u>1,234,740</u>
Total liabilities and fund balance	<u>\$ 2,095,875</u>	<u>\$ 1,235,797</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, 2002 AND 2001

	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes	\$ 800,000	\$ 857,637	\$ 57,637	\$ 800,000	\$ 862,259	\$ 62,259
Investment income, rents and concessions	62,000	71,016	9,016	62,000	58,534	(3,466)
Other	-	3,475	3,475	-	3,272	3,272
<b>Total revenues</b>	<b>862,000</b>	<b>932,128</b>	<b>70,128</b>	<b>862,000</b>	<b>924,065</b>	<b>62,065</b>
<b>Expenditures:</b>						
Transportation	57,173	55,502	1,671	53,953	52,595	1,358
<b>Excess of revenues over expenditures</b>	<b>804,827</b>	<b>876,626</b>	<b>71,799</b>	<b>808,047</b>	<b>871,470</b>	<b>63,423</b>
<b>Other financing (uses):</b>						
Operating transfers out	(1,926,637)	(148,385)	1,778,252	(2,551,637)	(1,420,000)	1,131,637
<b>Excess of revenues over (under) expenditures and other uses</b>	<b>(1,121,810)</b>	<b>728,241</b>	<b>1,850,051</b>	<b>(1,743,590)</b>	<b>(548,530)</b>	<b>1,195,060</b>
<b>Fund balance - July 1</b>	<b>1,234,740</b>	<b>1,234,740</b>	<b>-</b>	<b>1,783,270</b>	<b>1,783,270</b>	<b>-</b>
<b>Fund balance - June 30</b>	<b>\$ 112,930</b>	<b>\$ 1,962,981</b>	<b>\$ 1,850,051</b>	<b>\$ 39,680</b>	<b>\$ 1,234,740</b>	<b>\$ 1,195,060</b>

## CITY OF LAKEWOOD

## SCHEDULE B-17

AB 2766 SPECIAL REVENUE FUND  
COMPARATIVE BALANCE SHEET  
JUNE 30, 2002 AND 2001

	2002	2001
<b>ASSETS</b>		
Cash and investments	\$ 83,668	\$ 307,877
Accounts receivable	27,136	27,703
Total assets	<u>\$ 110,804</u>	<u>\$ 335,580</u>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities:</b>		
Accounts Payable	\$ 280	\$ 299
Accrued liabilities	608	560
Deferred grant revenue	1,500	-
Total liabilities	<u>2,388</u>	<u>859</u>
<b>Fund balance:</b>		
Reserved for encumbrances	65,343	47,289
Reserved for continuing appropriations	43,073	287,432
Total fund balance	<u>108,416</u>	<u>334,721</u>
Total liabilities and fund balance	<u>\$ 110,804</u>	<u>\$ 335,580</u>

AB 2766 SPECIAL REVENUE FUND  
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE FISCAL YEARS ENDED JUNE 30, 2002 AND 2001

	2002			2001		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Investment income,						
rents and concessions \$	17,000	\$ 7,072	\$ (9,928)	\$ 17,000	\$ 22,561	\$ 5,561
From other agencies	85,000	92,008	7,008	215,000	90,064	(124,936)
Other	-	1,693	1,693	-	1,587	1,587
<b>Total revenues</b>	<b>102,000</b>	<b>100,773</b>	<b>(1,227)</b>	<b>232,000</b>	<b>114,212</b>	<b>(117,788)</b>
<b>Expenditures:</b>						
Transportation	258,814	223,648	35,166	263,163	141,454	121,709
<b>Excess of revenues over (under) expenditures</b>	<b>(156,814)</b>	<b>(122,875)</b>	<b>33,939</b>	<b>(31,163)</b>	<b>(27,242)</b>	<b>3,921</b>
<b>Other financing (uses):</b>						
Operating transfers out	(215,923)	(103,430)	112,493	(256,057)	(3,955)	252,102
<b>Excess of revenues over (under) expenditures and other uses</b>	<b>(372,737)</b>	<b>(226,305)</b>	<b>146,432</b>	<b>(287,220)</b>	<b>(31,197)</b>	<b>256,023</b>
<b>Fund balance - July 1</b>	<b>334,721</b>	<b>334,721</b>	<b>-</b>	<b>365,918</b>	<b>365,918</b>	<b>-</b>
<b>Fund balance - June 30</b>	<b>\$ (38,016)</b>	<b>\$ 108,416</b>	<b>\$ 146,432</b>	<b>\$ 78,698</b>	<b>\$ 334,721</b>	<b>\$ 256,023</b>

**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.

**CITY OF LAKEWOOD****SCHEDULE C-1**

**LAKEWOOD REDEVELOPMENT AGENCY DEBT SERVICE FUND**  
**COMPARATIVE BALANCE SHEET**  
**JUNE 30, 2002 AND 2001**

	2002	2001
<b>ASSETS</b>		
Cash and investments	\$ 5,503,881	\$ 4,697,171
Cash and investments with fiscal agent	1,713,918	1,736,986
Taxes receivable	93,274	102,690
Total assets	<u>\$ 7,311,073</u>	<u>\$ 6,536,847</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable	\$ 7,163	\$ 2,480
Fund balance:		
Reserved for debt service	7,303,910	6,534,367
Total liabilities and fund balance	<u>\$ 7,311,073</u>	<u>\$ 6,536,847</u>

**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, 2002 AND 2001**

	2002	2001
Revenues:		
Taxes	\$ 4,016,614	\$ 4,002,727
Investment income, rents and concessions	247,918	346,522
Total revenues	<u>4,264,532</u>	<u>4,349,249</u>
Expenditures:		
Debt service:		
Owner participation agreements	-	1,439,072
Principal retirement	290,000	270,000
Interest	1,705,497	1,568,611
Total expenditures	<u>1,995,497</u>	<u>3,277,683</u>
Excess of revenues over expenditures	<u>2,269,035</u>	<u>1,071,566</u>
Other financing (uses):		
Operating transfers out	<u>(1,499,492)</u>	<u>(1,052,856)</u>
Excess of revenues over expenditures and other uses	769,543	18,710
Fund balance - July 1	<u>6,534,367</u>	<u>6,515,657</u>
Fund balance - June 30	<u>\$ 7,303,910</u>	<u>\$ 6,534,367</u>



**CAPITAL PROJECTS FUNDS**

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

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

COMBINING BALANCE SHEET  
ALL CAPITAL PROJECTS FUNDS  
JUNE 30, 2002

	Lakewood Capital Improvements	Lakewood Redevelopment Agency	Totals	
			June 30, 2002	June 30, 2001
<b>ASSETS</b>				
Cash and investments	\$ -	\$ 3,110,561	\$ 3,110,561	\$ 3,374,210
Accrued revenue	-	14,172	14,172	28,785
Prepaid items	-	3,000	3,000	-
Due from other funds	527,600	-	527,600	410,721
Notes receivable	-	1,402,335	1,402,335	814,298
Land held for resale	-	384,847	384,847	255,289
	<u>-</u>	<u>384,847</u>	<u>384,847</u>	<u>255,289</u>
Total assets	<u>\$ 527,600</u>	<u>\$ 4,914,915</u>	<u>\$ 5,442,515</u>	<u>\$ 4,883,303</u>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 527,600	\$ 53,017	\$ 580,617	\$ 479,538
Deferred revenue	-	1,407,110	1,407,110	840,548
	<u>-</u>	<u>1,407,110</u>	<u>1,407,110</u>	<u>840,548</u>
Total liabilities	<u>527,600</u>	<u>1,460,127</u>	<u>1,987,727</u>	<u>1,320,086</u>
<b>Fund balance:</b>				
<b>Reserved:</b>				
Reserved for encumbrances	-	163	163	33,642
Reserved for continuing appropriations	-	-	-	628,367
Reserved for land held for resale	-	384,847	384,847	255,289
Reserved for low and moderate housing	-	3,069,778	3,069,778	2,645,919
	<u>-</u>	<u>3,069,778</u>	<u>3,069,778</u>	<u>2,645,919</u>
Total fund balances	<u>-</u>	<u>3,454,788</u>	<u>3,454,788</u>	<u>3,563,217</u>
Total liabilities and fund balances	<u>\$ 527,600</u>	<u>\$ 4,914,915</u>	<u>\$ 5,442,515</u>	<u>\$ 4,883,303</u>

## CITY OF LAKEWOOD

## SCHEDULE D-2

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
ALL CAPITAL PROJECTS FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002 AND 2001

	Lakewood Capital Improvements	Lakewood Redevelopment Agency	Totals	
			June 30, 2002	June 30, 2001
Revenues:				
Investment income, rents and concessions	\$ -	\$ 217,844	\$ 217,844	\$ 357,036
From other agencies	517,969	-	517,969	3,001,198
Other	-	118,458	118,458	117,990
Total revenues	517,969	336,302	854,271	3,476,224
Expenditures:				
Capital outlay:				
General government	614,800	-	614,800	93,620
Public safety	6,600	-	6,600	73,462
Transportation	1,989,097	285,000	2,274,097	6,584,183
Community development	-	2,113,019	2,113,019	2,835,284
Culture and leisure	684,016	-	684,016	2,681,111
Total expenditures	3,294,513	2,398,019	5,692,532	12,267,660
Excess of revenues over (under) expenditures	(2,776,544)	(2,061,717)	(4,838,261)	(8,791,436)
Other financing sources:				
Operating transfers in	2,776,544	1,953,288	4,729,832	8,874,601
Excess of revenues and other sources over (under) expenditures	-	(108,429)	(108,429)	83,165
Fund balances - July 1	-	3,563,217	3,563,217	3,480,052
Fund balance - June 30	\$ -	\$ 3,454,788	\$ 3,454,788	\$ 3,563,217

**CITY OF LAKEWOOD****SCHEDULE D-3**

LAKEWOOD CAPITAL IMPROVEMENTS FUND  
COMPARATIVE BALANCE SHEET  
JUNE 30, 2002 AND 2001

	2002	2001
<b>ASSETS</b>		
Due from other funds	\$ 527,600	\$ 410,721
<b>LIABILITIES</b>		
Accounts payable	\$ 527,600	\$ 410,721

**SCHEDULE D-4**

LAKEWOOD CAPITAL IMPROVEMENTS FUND  
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE FISCAL YEARS ENDED JUNE 30, 2002 AND 2001

	2002	2001
Revenues:		
From other agencies	\$ 517,969	\$ 3,001,198
Expenditures:		
General government	614,800	93,620
Public safety	6,600	73,462
Transportation	1,989,097	6,584,183
Culture and leisure	684,016	2,681,111
Total expenditures	3,294,513	9,432,376
Excess of revenues over (under) expenditures	(2,776,544)	(6,431,178)
Other financing sources:		
Operating transfers in	2,776,544	6,431,178
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, 2002 AND 2001

	<u>2002</u>	<u>2001</u>
<b>ASSETS</b>		
Cash and investments	\$ 3,110,561	\$ 3,374,210
Accrued revenue	14,172	28,785
Prepaid items	3,000	-
Notes receivable	1,402,335	814,298
Land held for resale	384,847	255,289
	<u>384,847</u>	<u>255,289</u>
Total assets	<u>\$ 4,914,915</u>	<u>\$ 4,472,582</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable	\$ 53,017	\$ 68,817
Deferred revenue	1,407,110	840,548
	<u>1,407,110</u>	<u>840,548</u>
Total liabilities	<u>1,460,127</u>	<u>909,365</u>
Fund balance:		
Reserved:		
Reserved for encumbrances	163	33,642
Reserved for continuing appropriations	-	628,367
Reserved for land held for resale	384,847	255,289
Reserved for low and moderate housing	3,069,778	2,645,919
	<u>3,069,778</u>	<u>2,645,919</u>
Total fund balance	<u>3,454,788</u>	<u>3,563,217</u>
Total liabilities and fund balance	<u>\$ 4,914,915</u>	<u>\$ 4,472,582</u>

LAKEWOOD REDEVELOPMENT AGENCY CAPITAL PROJECTS FUND  
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE FISCAL YEARS ENDED JUNE 30, 2002 AND 2001

	<u>2002</u>	<u>2001</u>
Revenues:		
Investment income, rents and concessions	\$ 217,844	\$ 357,036
Other	<u>118,458</u>	<u>117,990</u>
Total revenues	<u>336,302</u>	<u>475,026</u>
Expenditures:		
Transportation	285,000	-
Community development	<u>2,113,019</u>	<u>2,835,284</u>
	2,398,019	2,835,284
Excess of revenues over (under) expenditures	<u>(2,061,717)</u>	<u>(2,360,258)</u>
Other financing sources:		
Operating transfers in	<u>1,953,288</u>	<u>2,443,423</u>
Excess of revenues and other sources over (under) expenditures	(108,429)	83,165
Fund balance - July 1	<u>3,563,217</u>	<u>3,480,052</u>
Fund balance - June 30	<u>\$ 3,454,788</u>	<u>\$ 3,563,217</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, 2002 AND 2001

	<u>2002</u>	<u>2001</u>
<b>ASSETS</b>		
Current assets:		
Cash and investments	\$ 4,207,223	\$ 3,958,168
Cash with fiscal agent	72	938
Accounts receivable	429,984	350,839
Accrued revenue receivable	693,637	579,669
Inventory	<u>69,021</u>	<u>76,085</u>
Total current assets	<u>5,399,937</u>	<u>4,965,699</u>
Restricted assets:		
Cash - customer deposits	<u>36,604</u>	<u>36,406</u>
Total restricted assets	<u>36,604</u>	<u>36,406</u>
Property, plant and equipment, at cost:		
Land and water rights	2,185,498	1,932,859
Source of supply	2,313,195	1,945,268
Pumping plant	532,404	531,429
Water treatment	85,699	52,266
Transmission/distribution	20,122,928	19,478,579
General plant	3,028,792	3,016,793
Construction in progress	<u>6,815</u>	<u>461,193</u>
	28,275,331	27,418,387
Less: Accumulated depreciation	<u>(12,205,324)</u>	<u>(11,484,466)</u>
Net property, plant and equipment	<u>16,070,007</u>	<u>15,933,921</u>
Other assets:		
Bond issuance costs	230,744	230,744
Less: Accumulated amortization	<u>(72,107)</u>	<u>(60,570)</u>
Net other assets	<u>158,637</u>	<u>170,174</u>
Total assets	<u>\$ 21,665,185</u>	<u>\$ 21,106,200</u>

(continued)

(Continued)

	2002	2001
<b>LIABILITIES AND FUND EQUITY</b>		
<b>Liabilities:</b>		
<b>Current liabilities (payable from current assets):</b>		
Accounts payable and compensated absences payable	\$ 482,216	\$ 816,368
Current portion of reclaimed water loan	54,340	52,244
<b>Total current liabilities (payable from current assets)</b>	<b>536,556</b>	<b>868,612</b>
<b>Current liabilities (payable from restricted assets):</b>		
Customer deposits	36,604	36,406
Accrued revenue bond interest	64,469	66,996
Current portion of revenue bonds payable	245,000	235,000
<b>Total current liabilities (payable from restricted assets)</b>	<b>346,073</b>	<b>338,402</b>
<b>Long-term liabilities:</b>		
Reclaimed water loan	277,619	331,959
Revenue bonds	4,531,655	4,775,320
<b>Total long-term liabilities</b>	<b>4,809,274</b>	<b>5,107,279</b>
<b>Total liabilities</b>	<b>5,691,903</b>	<b>6,314,293</b>
<b>Fund equity:</b>		
<b>Contributed capital:</b>		
Capital grants	611,037	611,037
Other contributed capital - municipality	656,260	656,260
<b>Total contributed capital</b>	<b>1,267,297</b>	<b>1,267,297</b>
<b>Retained earnings:</b>		
Other reserves	282,130	700,693
Unreserved	14,423,855	12,823,917
<b>Total retained earnings</b>	<b>14,705,985</b>	<b>13,524,610</b>
<b>Total fund equity</b>	<b>15,973,282</b>	<b>14,791,907</b>
<b>Total liabilities and fund equity</b>	<b>\$ 21,665,185</b>	<b>\$ 21,106,200</b>

WATER ENTERPRISE FUND  
COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2002 AND 2001

	2002	2001
Operating revenues:		
Metered water sales	\$ 5,693,261	\$ 4,941,196
Reclaimed water sales	198,402	183,327
Fire protection	22,342	21,420
Service initiation and restoration charges	32,885	33,460
Installation charges	531	320
Other revenue	116,303	177,284
	<u>6,063,724</u>	<u>5,357,007</u>
Total operating revenues		
	<u>6,063,724</u>	<u>5,357,007</u>
Operating expenses:		
Operations:		
Supply, transmission and distribution	3,413,757	3,151,791
Customer service	417,478	370,745
Administration	349,088	273,077
Depreciation	721,058	698,915
	<u>4,901,381</u>	<u>4,494,528</u>
Total operating expenses		
	<u>4,901,381</u>	<u>4,494,528</u>
Operating income	<u>1,162,343</u>	<u>862,479</u>
Nonoperating revenues (expenses):		
Sales of pumping rights	167,217	105,000
Investment income	160,318	271,047
Interest expense on long-term debt	(280,873)	(292,503)
Amortization of bond issuance costs	(12,871)	(12,871)
Loss on disposal of assets	(14,759)	(42,882)
	<u>19,032</u>	<u>27,791</u>
Total nonoperating revenues		
	<u>19,032</u>	<u>27,791</u>
Net income	1,181,375	890,270
Retained earnings - July 1	<u>13,524,610</u>	<u>12,634,340</u>
Retained earnings - June 30	<u>\$ 14,705,985</u>	<u>\$ 13,524,610</u>

WATER ENTERPRISE FUND  
COMPARATIVE STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2002 AND 2001

	<u>2002</u>	<u>2001</u>
Cash flows from operating activities:		
Operating income	\$ 1,162,343	\$ 862,479
Adjustments to reconcile operating income to net cash provided by operations:		
Depreciation	721,058	698,915
Changes in operating assets and liabilities:		
(Increase) in accounts receivable	(79,145)	(7,190)
(Increase) in accrued revenue	(113,968)	(34,744)
Decrease in inventory	7,064	48,753
Increase (decrease) in accounts payable	(334,152)	107,894
Increase in customer deposits	198	1,688
Total adjustments	201,055	815,316
Net cash provided by operating activities	1,363,398	1,677,795
Cash flows from capital and related financing activities:		
Proceeds from the sale of pumping rights, other revenue	167,217	105,000
Purchase of property, plant and equipment	(874,428)	(545,552)
Principal paid on revenue bonds and state loan	(287,244)	(275,228)
Interest paid on revenue bonds and state loan	(280,874)	(294,865)
Net cash (used in) capital and related financing activities	(1,275,329)	(1,010,645)
Cash flows from investing activities:		
Investment income	160,318	271,047
Net increase in cash and cash equivalents	248,387	938,197
Cash and cash equivalents - July 1	3,995,512	3,057,315
Cash and cash equivalents - June 30	\$ 4,243,899	\$ 3,995,512

**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, 2002

				Totals	
	Central Stores	Central Garage	Print Shop	June 30, 2002	June 30, 2001
ASSETS					
Cash and investments	\$ 20,563	\$ 16,569	\$ 3,861	\$ 40,993	\$ 48,919
Inventory	95,640	15,147	-	110,787	113,152
Equipment - net of depreciation	-	441,680	-	441,680	425,264
Total assets	\$ 116,203	\$ 473,396	\$ 3,861	\$ 593,460	\$ 587,335
LIABILITIES AND RETAINED EARNINGS					
Liabilities:					
Accounts payable	\$ 7,384	\$ 11,784	\$ 961	\$ 20,129	\$ 17,258
Accrued liabilities	-	4,785	2,900	7,685	7,249
Due to General Fund	76,608	-	-	76,608	76,608
Total liabilities	83,992	16,569	3,861	104,422	101,115
Retained earnings	32,211	456,827	-	489,038	486,220
Total liabilities and retained earnings	\$ 116,203	\$ 473,396	\$ 3,861	\$ 593,460	\$ 587,335

## SCHEDULE F-2

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS  
ALL INTERNAL SERVICE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Central Stores	Central Garage	Print Shop	Totals	
				June 30, 2002	June 30, 2001
Operating revenues:					
Billings to departments	\$ 147,334	\$ 312,836	\$ 47,187	\$ 507,357	\$ 605,446
Other	390	12,732	9,806	22,928	22,844
Total operating revenues	147,724	325,568	56,993	530,285	628,290
Operating expenses:					
Cost of goods sold	142,917	498,364	259,149	900,430	956,353
Depreciation	-	161,503	-	161,503	147,274
Total operating expenses	142,917	659,867	259,149	1,061,933	1,103,627
Income (loss) before operating transfers	4,807	(334,299)	(202,156)	(531,648)	(475,337)
Operating transfers in	-	332,310	202,156	534,466	462,054
Net income (loss)	4,807	(1,989)	-	2,818	(13,283)
Retained earnings July 1	27,404	458,816	-	486,220	499,503
Retained earnings June 30	\$ 32,211	\$ 456,827	\$ -	\$ 489,038	\$ 486,220

COMBINING STATEMENT OF CASH FLOWS  
ALL INTERNAL SERVICE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Central Stores	Central Garage	Print Shop	Totals	
				June 30, 2002	June 30, 2001
Cash flows from operating activities:					
Operating income (loss)	\$ 4,807	\$ (334,299)	\$ (202,156)	\$ (531,648)	\$ (475,337)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operations:					
Depreciation	-	161,503	-	161,503	147,274
Changes in assets and liabilities:					
(Increase) decrease in inventory	(2,120)	4,484	-	2,364	4,796
Increase (decrease) in accounts payable	5,444	(2,619)	47	2,872	(16,425)
Increase (decrease) in accrued liabilities	-	844	(408)	436	(790)
Total adjustments	3,324	164,212	(361)	167,175	134,855
Net cash provided by (used in) operating activities	8,131	(170,087)	(202,517)	(364,473)	(340,482)
Cash flows from non-capital financing activities:					
Operating transfers in	-	332,310	202,156	534,466	462,054
Cash flows from capital financing activities:					
Purchase of property, plant and equipment	-	(177,919)	-	(177,919)	(115,106)
Net increase (decrease) in cash and cash equivalents	8,131	(15,696)	(361)	(7,926)	6,466
Cash and cash equivalents - July 1	12,432	32,265	4,222	48,919	42,453
Cash and cash equivalents - June 30	\$ 20,563	\$ 16,569	\$ 3,861	\$ 40,993	\$ 48,919

**CITY OF LAKEWOOD****SCHEDULE F-4**

CENTRAL STORES INTERNAL SERVICE FUND  
COMPARATIVE BALANCE SHEET  
JUNE 30, 2002 AND 2001

	2002	2001
<b>ASSETS</b>		
Cash and investments	\$ 20,563	\$ 12,432
Inventory	95,640	93,521
Total assets	<u>\$ 116,203</u>	<u>\$ 105,953</u>
<b>LIABILITIES AND RETAINED EARNINGS</b>		
Liabilities:		
Accounts payable	\$ 7,384	\$ 1,941
Due to General Fund	76,608	76,608
Total liabilities	83,992	78,549
Retained earnings:		
Unreserved	32,211	27,404
Total liabilities and retained earnings	<u>\$ 116,203</u>	<u>\$ 105,953</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, 2002 AND 2001

	2002	2001
Operating revenues:		
Billings to departments	\$ 147,334	\$ 149,104
Other income	390	404
Total operating revenues	147,724	149,508
Operating expenses:		
Cost of goods sold	142,917	147,926
Net income	4,807	1,582
Retained earnings July 1	27,404	25,822
Retained earnings June 30	<u>\$ 32,211</u>	<u>\$ 27,404</u>

CENTRAL STORES INTERNAL SERVICE FUND  
COMPARATIVE STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2002 AND 2001

	<u>2002</u>	<u>2001</u>
Cash flows from operating activities:		
Operating income	\$ 4,807	\$ 1,582
Adjustments to reconcile operating income to net cash provided by operations:		
Changes in assets and liabilities:		
(Increase) decrease in inventory	(2,120)	8,178
Increase (decrease) in accounts payable	<u>5,444</u>	<u>(6,718)</u>
Total adjustments	<u>3,324</u>	<u>1,460</u>
Net cash provided by operating activities	<u>8,131</u>	<u>3,042</u>
Net increase in cash and cash equivalents	8,131	3,042
Cash and cash equivalents - July 1	<u>12,432</u>	<u>9,390</u>
Cash and cash equivalents - June 30	<u><u>\$ 20,563</u></u>	<u><u>\$ 12,432</u></u>

CENTRAL GARAGE INTERNAL SERVICE FUND  
COMPARATIVE BALANCE SHEET  
JUNE 30, 2002 AND 2001

	2002	2001
<b>ASSETS</b>		
Cash and investments	\$ 16,569	\$ 32,265
Inventory	15,147	19,631
Equipment - net of depreciation	441,680	425,264
Total assets	<u>\$ 473,396</u>	<u>\$ 477,160</u>
<b>LIABILITIES AND RETAINED EARNINGS</b>		
Liabilities:		
Accounts payable	\$ 11,784	\$ 14,403
Accrued liabilities	4,785	3,941
Total liabilities	16,569	18,344
Retained earnings:		
Unreserved	456,827	458,816
Total liabilities and retained earnings	<u>\$ 473,396</u>	<u>\$ 477,160</u>

## 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, 2002 AND 2001

	2002	2001
Operating revenues:		
Billings to departments	\$ 312,836	\$ 349,181
Other income	12,732	12,726
Total operating revenues	325,568	361,907
Operating expenses:		
Cost of goods sold	498,364	532,765
Depreciation	161,503	147,274
Total operating expenses	659,867	680,039
(Loss) before operating transfers	(334,299)	(318,132)
Operating transfers in	332,310	303,267
Net (loss)	(1,989)	(14,865)
Retained earnings July 1	458,816	473,681
Retained earnings June 30	<u>\$ 456,827</u>	<u>\$ 458,816</u>

CENTRAL GARAGE INTERNAL SERVICE FUND  
COMPARATIVE STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2002 AND 2001

	<u>2002</u>	<u>2001</u>
Cash flows from operating activities:		
Operating (loss)	\$ (334,299)	\$ (318,132)
Adjustments to reconcile operating (loss) to net cash (used in) operations:		
Depreciation	161,503	147,274
Changes in assets and liabilities:		
(Increase) decrease in inventory	4,484	(3,382)
(Decrease) in accounts payable	(2,619)	(9,745)
Increase (decrease) in accrued liabilities	844	(944)
Total adjustments	<u>164,212</u>	<u>133,203</u>
Net cash (used in) operating activities	(170,087)	(184,929)
Cash flows from non-capital financing activities:		
Operating transfers in	332,310	303,267
Cash flows from capital financing activities:		
Purchase of property, plant and equipment	<u>(177,919)</u>	<u>(115,106)</u>
Net increase (decrease) in cash and cash equivalents	(15,696)	3,232
Cash and cash equivalents - July 1	<u>32,265</u>	<u>29,033</u>
Cash and cash equivalents - June 30	<u>\$ 16,569</u>	<u>\$ 32,265</u>

PRINT SHOP INTERNAL SERVICE FUND  
COMPARATIVE BALANCE SHEET  
JUNE 30, 2002 AND 2001

	2002	2001
<b>ASSETS</b>		
Cash and investments	\$ 3,861	\$ 4,222
<b>LIABILITIES</b>		
Liabilities:		
Accounts payable	\$ 961	\$ 914
Accrued liabilities	2,900	3,308
Total liabilities	\$ 3,861	\$ 4,222

## 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, 2002 AND 2001

	2002	2001
Operating revenues:		
Billings to departments	\$ 47,187	\$ 107,161
Other income	9,806	9,714
Total operating revenues	56,993	116,875
Operating expenses:		
Cost of goods sold	259,149	275,662
(Loss) before operating transfers	(202,156)	(158,787)
Operating transfers in	202,156	158,787
Net income	-	-
Retained earnings July 1	-	-
Retained earnings June 30	\$ -	\$ -



PRINT SHOP INTERNAL SERVICE FUND  
COMPARATIVE STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2002 AND 2001

	<u>2002</u>	<u>2001</u>
Cash flows from operating activities:		
Operating (loss)	\$ (202,156)	\$ (158,787)
Adjustments to reconcile operating (loss) to net cash (used in) operations:		
Changes in assets and liabilities:		
Increase in accounts payable	47	38
Increase (decrease) in accrued liabilities	<u>(408)</u>	<u>154</u>
Total adjustments	<u>(361)</u>	<u>192</u>
Net cash (used in) operating activities	(202,517)	(158,595)
Cash flows from non-capital financing activities:		
Operating transfers in	<u>202,156</u>	<u>158,787</u>
Net increase (decrease) in cash and cash equivalents	(361)	192
Cash and cash equivalents - July 1	<u>4,222</u>	<u>4,030</u>
Cash and cash equivalents - June 30	<u>\$ 3,861</u>	<u>\$ 4,222</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, 2002

	Balance June 30, 2001	Additions	Deductions	Balance June 30, 2002
<u>DEPOSIT FUND</u>				
ASSETS				
Cash	\$ 393,236	\$ 207,993	\$ 176,108	\$ 425,121
LIABILITIES				
Deposits	\$ 393,236	\$ 351,258	\$ 319,373	\$ 425,121
<u>RECREATION FUND</u>				
ASSETS				
Cash	\$ 22,219	\$ -	\$ -	\$ 22,219
LIABILITIES				
Deposits	\$ 22,219	\$ -	\$ -	\$ 22,219
<u>HOUSING REHABILITATION FUND</u>				
ASSETS				
Cash	\$ 502,943	\$ 914,285	\$ 944,732	\$ 472,496
Loans receivable	2,045,827	1,062	213,672	1,833,217
Total assets	\$ 2,548,770	\$ 915,347	\$ 1,158,404	\$ 2,305,713
LIABILITIES				
Deposits	\$ 238,935	\$ 1,261,109	\$ 1,138,267	\$ 361,777
Due to HUD	2,309,835	224,986	590,885	1,943,936
Total liabilities	\$ 2,548,770	\$ 1,486,095	\$ 1,729,152	\$ 2,305,713

(continued)

(continued)

	Balance June 30, 2001	Additions	Deductions	Balance June 30, 2002
<b><u>TOTALS - ALL AGENCY FUNDS</u></b>				
<b>ASSETS</b>				
Cash	\$ 918,398	\$ 1,122,278	\$ 1,120,840	\$ 919,836
Loans receivable	2,045,827	1,062	213,672	1,833,217
Total assets	<u>\$ 2,964,225</u>	<u>\$ 1,123,340</u>	<u>\$ 1,334,512</u>	<u>\$ 2,753,053</u>
<b>LIABILITIES</b>				
Deposits	\$ 654,390	\$ 1,612,367	\$ 1,457,640	\$ 809,117
Due to HUD	2,309,835	224,986	590,885	1,943,936
Total liabilities	<u>\$ 2,964,225</u>	<u>\$ 1,837,353</u>	<u>\$ 2,048,525</u>	<u>\$ 2,753,053</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, 2002 AND 2001

	2002	2001
General fixed assets:		
Land	\$ 10,765,913	\$ 10,765,913
Structures and improvements	31,464,794	31,199,383
Equipment	7,945,479	7,480,263
Construction in progress	2,012,108	1,052,232
Total general fixed assets	<u>\$ 52,188,294</u>	<u>\$ 50,497,791</u>
Investment in general fixed assets:		
General fund	\$ 28,862,752	\$ 27,172,249
Federal/state grants	15,584,492	15,584,492
Redevelopment projects	7,741,050	7,741,050
Total investment in general fixed assets	<u>\$ 52,188,294</u>	<u>\$ 50,497,791</u>

## SCHEDULE H-2

SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Land	Structures and Improvements	Equipment	Construction in Progress	Total
Balance July 1, 2001	\$ 10,765,913	\$ 31,199,383	\$ 7,480,263	\$ 1,052,232	\$ 50,497,791
Additions	-	265,411	842,168	959,876	2,067,455
Deletions	-	-	(376,952)		(376,952)
Balance June 30, 2002	<u>\$ 10,765,913</u>	<u>\$ 31,464,794</u>	<u>\$ 7,945,479</u>	<u>\$ 2,012,108</u>	<u>\$ 52,188,294</u>

SCHEDULE OF GENERAL FIXED ASSETS - BY FUNCTION  
AS OF JUNE 30, 2002

Function	Total	Land	Structures and Improvements	Equipment
General government	\$ 7,369,821	\$ 2,030,143	\$ 2,201,254	\$ 3,138,424
Public safety	1,369,556	-	5,872	1,363,684
Transportation	1,261,768	-	589,494	672,274
Community development	11,496,795	5,893,874	4,407,328	1,195,593
Health and sanitation	33,483	-	-	33,483
Culture and leisure	28,644,763	2,841,896	24,260,846	1,542,021
Total general fixed assets allocated to function	50,176,186	\$ 10,765,913	\$ 31,464,794	\$ 7,945,479
Construction in progress	2,012,108			
Total general fixed assets	\$ 52,188,294			

## SCHEDULE H-4

SCHEDULE OF CHANGES IN FIXED ASSETS - BY FUNCTION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

Function	Balance June 30, 2001	Additions	Deletions	Balance June 30, 2002
General government	\$ 7,359,089	\$ 341,381	\$ (330,649)	\$ 7,369,821
Public safety	1,174,362	195,611	(417)	1,369,556
Transportation	1,111,012	150,756	-	1,261,768
Community development	11,393,910	146,964	(44,080)	11,496,795
Health and sanitation	31,640	1,843	-	33,483
Culture and leisure	28,375,546	271,024	(1,807)	28,644,763
Construction in progress	1,052,232	959,876	-	2,012,108
Total general fixed assets	\$ 50,497,791	\$ 2,067,455	\$ (376,953)	\$ 52,188,294



**GENERAL LONG-TERM DEBT ACCOUNT GROUP**

To account for debt payable from future resources including liabilities for Redevelopment Agency tax increment bonds and compensated absences.

GENERAL LONG-TERM DEBT ACCOUNT GROUP  
COMPARATIVE SCHEDULE OF GENERAL LONG-TERM DEBT  
JUNE 30, 2002 AND 2001

	<u>2002</u>	<u>2001</u>
Amounts available and to be provided for the payment of general long-term debt:		
Amount available in debt service fund	\$ 7,303,910	\$ 6,534,367
Amount to be provided	<u>9,076,638</u>	<u>10,828,430</u>
	<u>\$ 16,380,548</u>	<u>\$ 17,362,797</u>
General long-term debt payable:		
Lakewood Redevelopment Agency tax allocation bonds	\$ 15,380,000	\$ 15,670,000
Compensated absences payable from future resources	<u>1,000,548</u>	<u>1,692,797</u>
Total general long-term debt payable	<u>\$ 16,380,548</u>	<u>\$ 17,362,797</u>

SCHEDULE OF EXPENDITURES BY FUNCTION  
GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

Fiscal Year	General Government	Public Safety	Transportation	Community Development	Health and Sanitation	Culture and Leisure	Debt Service	Total
1993	\$ 3,185,463	\$ 5,857,022	\$ 4,014,060	\$ 3,106,197	\$ 3,045,633	\$ 3,587,124	\$ 1,656,565	\$ 24,452,064
1994	3,816,356	6,132,881	3,401,258	3,558,692	3,091,877	6,440,999	2,095,410	28,537,473
1995	4,119,624	6,680,922	4,573,304	3,967,568	3,258,562	5,027,015	1,762,980	29,389,975
1996	3,745,576	6,932,904	3,999,971	5,945,466	3,296,820	6,682,610	1,676,010	32,279,357
1997	3,774,221	7,721,587	3,789,473	3,440,603	2,576,747	5,846,130	2,272,962	29,421,723
1998	4,229,139	7,129,465	4,822,732	3,409,227	2,674,087	6,847,142	2,737,152	31,848,944
1999	4,325,022	7,725,532	5,848,531	4,354,156	2,749,368	6,462,939	1,821,432	33,286,980
2000	4,552,614	8,099,747	6,449,338	6,669,160	3,022,062	6,976,482	1,622,977	37,392,380
2001	4,470,503	8,116,686	10,208,999	6,283,594	3,684,626	8,268,587	3,277,683	44,310,678
2002	5,339,402	8,949,285	6,004,543	6,586,268	3,820,330	6,866,207	1,995,497	39,561,532

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

Source: Department of Finance, City of Lakewood

SCHEDULE OF REVENUES BY SOURCE  
GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

Fiscal Year	Taxes	Licenses and Permits	Fines and Forfeitures	Investment Income Rents and Concessions	From other Agencies	Current Service Charges	Other	Total
1993	\$ 15,335,874	\$ 552,401	\$ 287,644	\$ 2,368,843	\$ 5,529,090	\$ 4,863,384	\$ 833,609	\$ 29,770,845
1994	14,896,011	391,688	326,138	2,242,778	7,049,230	5,009,823	1,145,598	31,061,266
1995	14,415,060	818,742	332,178	2,254,860	5,901,426	4,947,511	916,337	29,586,114
1996	15,546,495	426,101	335,803	2,347,158	7,084,146	4,943,109	2,425,262	33,108,074
1997	19,179,682	319,125	267,687	2,910,207	6,970,687	5,086,796	1,328,389	36,062,573
1998	17,589,765	280,229	283,269	3,976,539	7,280,173	5,026,317	925,606	35,361,898
1999	18,204,807	371,854	441,935	3,093,155	7,578,543	5,244,734	850,409	35,785,437
2000	19,673,989	534,804	489,584	2,858,296	9,156,337	5,510,190	585,043	38,808,243
2001	21,799,842	449,204	502,205	4,143,179	12,453,303	5,403,063	1,201,060	45,951,856
2002	22,287,162	427,608	538,870	3,073,309	9,327,314	5,698,497	1,040,113	42,392,873

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
1993	\$ 1,020,351 *	\$ 939,260	92.1 %	\$ 12,236	\$ 951,496	93.3 %
1994	1,034,532 *	1,026,244	99.2	56,452	1,082,696	104.7
1995	1,626,220	1,617,905	99.5	6,544	1,624,449	99.9
1996	1,918,865	1,966,017	102.5	3,712	1,969,729	102.7
1997	2,030,556	1,814,736	89.4	25,703	1,840,439	90.6
1998	1,995,892	1,937,757	97.1	42,694	1,980,451	99.2
1999	2,054,891	2,045,061	99.5	9,204	2,054,265	100.0
2000	2,114,842	2,268,538	107.3	33,183	2,301,720	108.8
2001	2,242,359	2,479,668	110.6	3,108	2,482,776	110.7
2002	2,359,786	2,378,123	100.8	9,626	2,387,749	101.2

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

Source: Department of Finance, City of Lakewood

## ASSESSED AND ESTIMATED VALUE OF ALL TAXABLE PROPERTY

LAST TEN FISCAL YEARS  
(In 000's)

Fiscal Year	Land	Improvements	Personal Property	Total	Less Exemptions	Net Assessed Value	Estimated Actual Value
1993	\$ 1,491,360	\$ 1,599,273	\$ 71,700	\$ 3,162,333	\$ 19,207	\$ 3,143,126	\$ 3,162,333
1994	1,575,569	1,656,694	71,887	3,304,150	18,505	3,285,645	3,304,150
1995	1,648,900	1,704,997	74,650	3,428,547	25,999	3,402,548	3,428,547
1996	1,693,444	1,720,734	72,780	3,486,958	29,743	3,457,215	3,486,958
1997	1,756,179	1,806,798	77,232	3,640,209	20,779	3,619,430	3,640,209
1998	1,775,364	1,789,388	70,429	3,635,181	33,767	3,601,414	3,635,181
1999	1,813,549	1,827,061	76,691	3,717,301	38,838	3,678,463	3,717,301
2000	1,888,855	1,882,440	75,534	3,846,829	38,450	3,808,379	3,846,829
2001	2,028,644	1,947,875	79,905	4,056,424	36,070	4,020,354	4,056,424
2002	2,184,459	2,029,550	93,247	4,307,256	30,778	4,276,478	4,307,256

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
1993	\$ -	\$ 0.0014	\$ 0.0393	\$ 0.0048	\$ 0.0089	\$ 1.0000	\$ 1.0544
1994	-	0.0017	0.0042	0.0052	0.0089	1.0000	1.0200
1995	-	0.0020	0.0084	0.0075	0.0089	1.0000	1.0268
1996	-	0.0018	0.0032	0.0027	0.0089	1.0000	1.0166
1997	-	0.0016	0.0046	0.0021	0.0089	1.0000	1.0172
1998	-	0.0016	0.0307	0.0228	0.0089	1.0000	1.0639
1999	-	0.0015	0.0914	0.0015	0.0089	1.0000	1.1032
2000	-	0.0014	0.0971	0.0016	0.0089	1.0000	1.1090
2001	-	0.0013	0.0985	0.0013	0.0088	1.0000	1.1100
2002	-	0.0011	0.1094	0.0010	0.0077	1.0000	1.1193

Source: Los Angeles County Auditor/Controller - Tax Division



## SCHEDULE OF LEGAL DEBT MARGIN

JUNE 30, 2002

Net assessed value of all taxable property

\$4,276,479,144

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, 2002

2001-02 Assessed Valuation: \$3,814,037,945 (after deducting \$462,441,199 redevelopment incremental valuation)

	Gross Bonded Debt Balance	Percent Applicable to City of Lakewood	City of Lakewood Share of Debt
DIRECT AND OVERLAPPING BONDED DEBT:			
LA County Facilities 1987 Debt Service	\$ 36,505,000	0.690 %	\$ 251,873
LA County Flood Control Storm Drain Debt Service	13,720,000	0.699	95,907
Flood Control Ref Bonds 1993 Debt Service	16,975,000	0.699	118,660
Central Basin Munic Water District	503,075,000	0.734	3,692,952
ABC Unified School District	42,744,924	28.080	6,001,200
Paramount Unified School District	34,389,977	21.644	3,721,513
Long Beach Unified School District	114,095,000	26.936	10,243,968
City of Lakewood		100.000	-
Total gross direct and overlapping bonded debt			\$ 24,126,073

## Ratios to Assessed Valuation:

Direct debt	- %
Total gross debt	0.63 %
Total net debt	0.63 %

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>
1993	74,497	12,418
1994	75,286	12,629
1995	76,007	12,962
1996	77,149	13,317
1997	78,323	14,024
1998	79,005	14,381
1999	80,100	14,747
2000	80,952	15,115
2001	81,100 *	15,523
2002	81,400	15,786

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

School enrollment - Department of Community Development, City of Lakewood

## PRINCIPAL TAXPAYERS

JUNE 30, 2002

Albertsons  
Arco  
Best Buy  
Chevron USA  
Circuit City Stores  
Corner Market  
Harbor Chevrolet  
Home Depot  
J. C. Penney  
Kinney Shoe Corporation  
Long Beach Lincoln Mercury  
Macy West  
Marshalls  
McDonald's  
Mervyns  
Mobil Mart  
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)
1993	1,375	221	1,596	\$ 56,634	\$ 1,312,473	\$ 3,162,333
1994	1,384	159	1,543	30,958	1,255,548	3,304,150
1995	1,246	164	1,410	21,697	1,234,769	3,428,547
1996	1,267	211	1,478	23,250	1,203,904	3,486,958
1997	1,180	227	1,407	15,749	1,156,933	3,640,209
1998	1,254	167	1,421	15,216	1,138,443	3,635,181
1999	1,248	163	1,411	25,933	1,084,401	3,717,301
2000	1,195	213	1,408	73,750	1,012,534	3,846,829
2001	1,265	294	1,559	30,429	1,013,803	4,056,424
2002	1,400	219	1,619	23,669	(1)	4,307,256

(1) Not available

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

## MISCELLANEOUS STATISTICS

JUNE 30, 2002

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

## Fire protection:

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

Number of stations	3
Number of firemen and officers	51

## Police protection:

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

Number of stations	1
Number of sworn personnel	253

## Municipal water department:

Number of consumers	20,415
Average daily consumption	8,250,000 gallons
Miles of water mains	195 miles

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

Building permits issued	1,619
-------------------------	-------

## Culture and leisure:

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

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

## Employees:

Full time	169
Part time	234

