

CITY OF LAKEWOOD, CALIFORNIA

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**WITH REPORT ON AUDIT
BY INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS**

**FOR THE YEAR ENDED
JUNE 30, 2014**

Prepared by:
Administrative Services Department

Diane Perkin
Director of Administrative Services

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Comprehensive Annual Financial Report
For the Year Ended June 30, 2014
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Jeff Wood
Vice Mayor

Steve Croft
Council Member



Diane DuBois
Council Member

Ron Piazza
Council Member

Todd Rogers
Mayor

December 9, 2014

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

TRANSMITTAL

State law requires that all general-purpose local governments publish within six months of the close of the fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards and *Government Auditing Standards* by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Lakewood for the fiscal year ended June 30, 2014.

This report consists of management's representations concerning the finances of the City of Lakewood. Consequently, management assumes full responsibility for the completeness and reliability of all information presented in this report. To provide a reasonable basis for making these representations, management of the City of Lakewood has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Lakewood's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Lakewood's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Lakewood's financial statements have been audited by Pun & McGeady LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Lakewood for the fiscal year ended June 30, 2014 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statements presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering

unmodified opinions that the City of Lakewood's financial statements for the fiscal year ended June 30, 2014 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The "Single Audit" is a single organization-wide financial and compliance audit designed to promote sound financial management and effective internal controls with respect to federal awards administered by the City of Lakewood and focuses on compliance with laws and regulations governing federal awards. Internal controls encompass a system of accounting and administrative controls. Compliance refers to how well the City complies with the requirements in federal law, regulations, contracts, and grants applicable to each of its federal programs. These reports are available in the City of Lakewood's separately issued Single Audit Report.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Lakewood's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE GOVERNMENT

The City of Lakewood, incorporated in 1954, is located in Southern Los Angeles County, 20 miles south of the City of Los Angeles. Lakewood enjoys the benefits of the diversified economy of Southern California. The City is primarily a bedroom community providing housing for the Southern California subregion. The City of Lakewood occupies a land area of 9.5 square miles and serves a population of 81,224 as of January 1, 2014.

The City of Lakewood has operated under the council-manager form of government since its incorporation. The City is a "contract city," having been the first in the country to adopt this form of government. John Stanford Todd's contributions to Lakewood and city government are now honored by two John Sanford Todd Memorial Highway signs located near the northern and southern borders of Lakewood along the 605 freeway. Support for the memorial highway project came from the California Contract Cities Association, which Todd helped to found in 1957, and former California Assembly Member Warren T. Furutani. Policy-making and legislative authority are vested in a governing council consisting of five members. The governing council is responsible for, among other things, passing ordinances, adopting the budget, appointing committees and hiring both the City Manager and City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments. The Council is elected on a non-partisan basis. Council members serve four-year overlapping terms. The mayor is selected by the council from among its members and serves in that capacity for a one-year term.

The City of Lakewood provides a full 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, housing 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. 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 in the report.

The annual budget serves as the foundation for the City of Lakewood's financial planning and control. All departments of the City are required to submit requests for appropriation to the City Manager for inclusion in the annual budget. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager then presents a proposed budget to the Council for review prior to June 30. The Council is required to hold a public hearing on the proposed budget and to adopt a final budget by no later than June 30, the close of the City's fiscal year. The appropriated budget is prepared by fund, function (e.g., solid waste collection), and department (e.g., public works). The City Manager may authorize transfers of appropriations within and between departments within funds. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented under the required supplementary information in the financial section of this report. For governmental funds, other than the general fund, with appropriated annual budgets, this comparison is presented in the supplementary schedules section of this report.

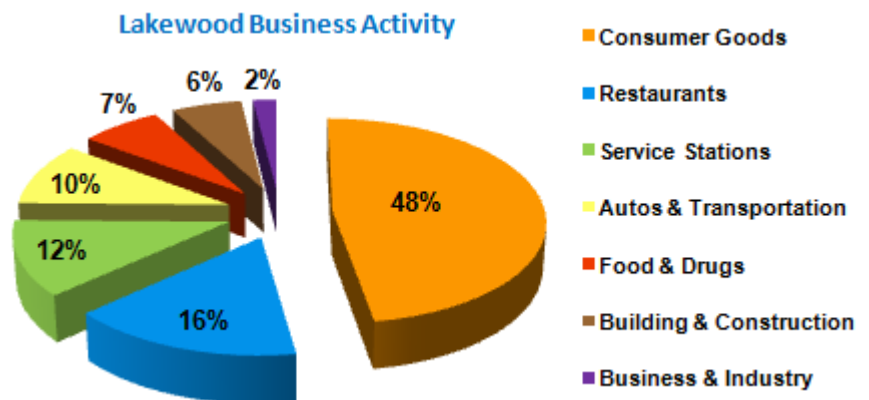
ASSESSING THE CITY'S ECONOMIC CONDITION AND OUTLOOK

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Lakewood operates.

The City of Lakewood is primarily a residential community with only six percent of the city zoned for commercial use. The city is home to the seventeenth largest mall in the United States with about 2.1 million square feet of retail space, which is strategically located in the center of the city. By the end of the 1990's, Lakewood "built out," leaving very little of the 9.5 square miles of the city available for new development.

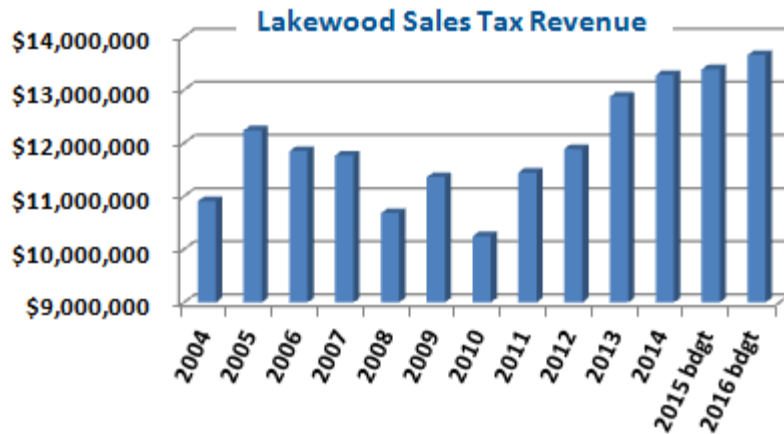
For the City of Lakewood, retail sales is the economic indicator that best heralds the City's financial situation. Sales tax revenues account for 32 percent of General Fund revenues.

There are over 3,000 businesses (including home occupations) located in Lakewood generating \$13.3 million in sales tax for the City in Fiscal Year 2013-2014. The economic base of Lakewood is largely retail and the City's "top twenty-five" retail businesses as a group produce 55 percent of the City's sales tax revenues.



The adjacent chart shows the sales tax and corresponding retail trend of the City, and illustrates the resiliency of the Lakewood business community. The City is expecting to see a leveling-off of sales tax revenue stemming from the continued migration of consumers away from traditional brick-and-mortar businesses to online shopping. The recently adopted biennial budget for Fiscal Years 2014-2015 and 2015-2016

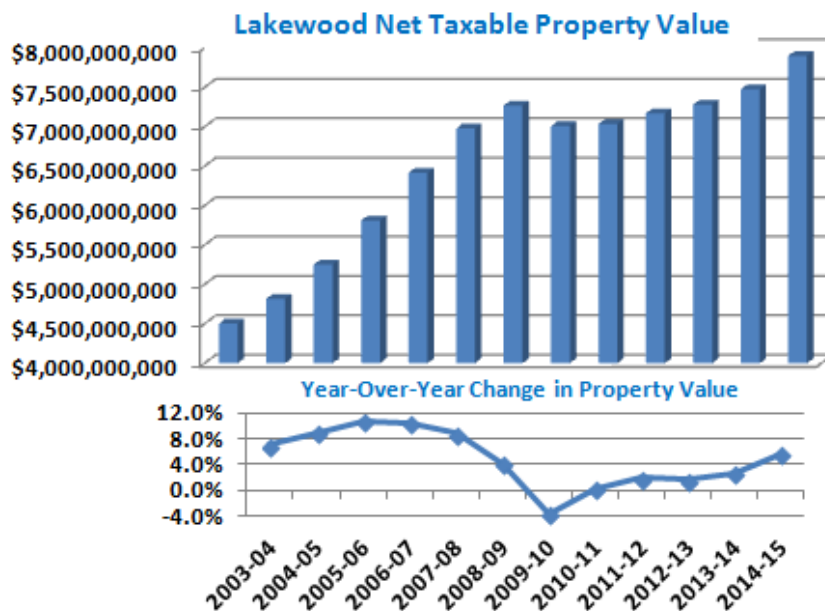
takes this change in consumers shopping habits into consideration and budgeted increases in sales tax revenue are projected at one percent for the first year and two percent for the second year. Lakewood will continue to benefit greatly from a popular regional shopping center and several smaller commercial plazas, but over time the loss of sales-tax revenue to online shopping may have an increasing impact on the City's revenue.



Economic development in the City added several retailers in the past year, expanding opportunities for shopping and dining, as well as adding over 500 jobs related to 33 new businesses. This built on the 1,700 jobs that new businesses brought to Lakewood during the past three years. Among the biggest new employers were: Laborer's Training and Retraining Trust of California, Applebee's restaurant, Daiso Japan store, Allison Tutoring and Destination XL (DXL) clothing store.

The City is a low property tax city, which means the City assessed a small municipal property tax prior to 1978-79 that has been folded into the tax base under Prop 13. Today, the City relies on a small 5.84 percent share of the county collections – one of the lowest in the county.

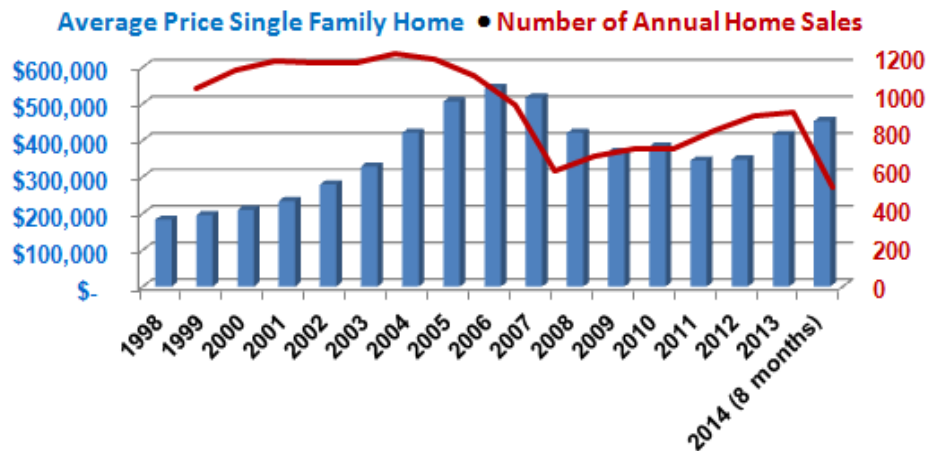
The County Assessor increased property tax assessments by a CPI of 0.454 percent from 2013-



2014 to 2014-2015. Property tax assessments were lowered in the last recession by the 1978 Prop 8 reductions, where the lesser of the adjusted base year value or market value is used for taxation. Prop 8 reductions still offset a majority of the increase by reducing the assessed valuation by \$328 million on 12.4 percent of the parcels in the city. However, the recapture of value on formerly designated Prop 8 parcels was the largest factor in increasing the property values by \$226 million in 2014-2015.

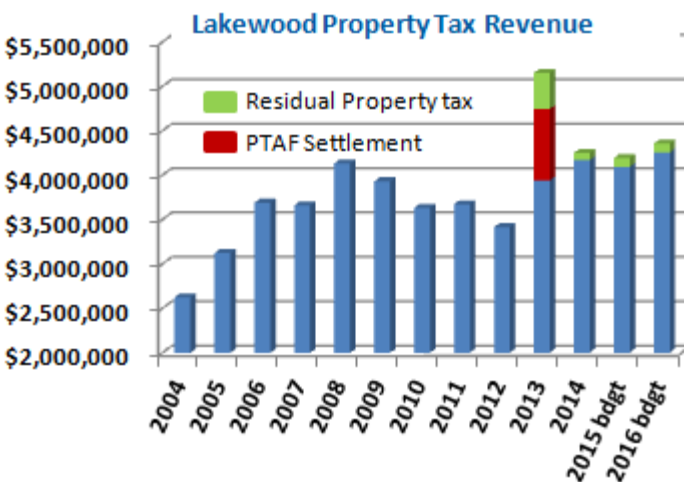
The recapture of Prop 8 values with the transfer of ownership and other assessed valuation changes increased the overall taxable value by \$425,202,270. The main driver of the increase was residential properties of \$389,631,227, followed by commercial and industrial of \$26,984,325.

The total assessed value of real property in the city was \$7.9 billion for Fiscal Year 2014-2015, a 5.7 percent increase from the previous year. The growth in the city's assessed value of 5.7 percent outpaced the county which increased by 5.4 percent.



In calendar year 2014, the median single family Lakewood home is selling for \$439,500, a 6.7 percent increase from 2013. Home sales also increased by nine percent.

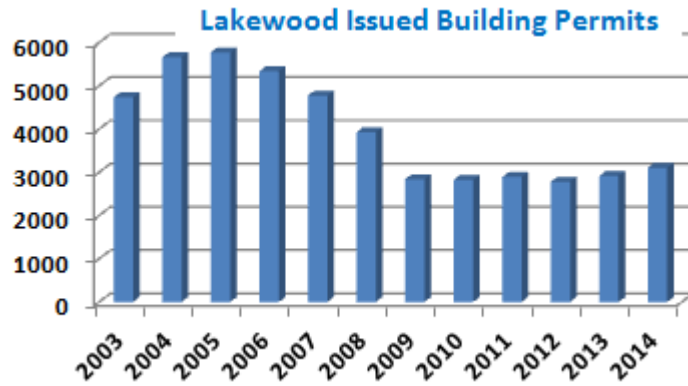
In Fiscal Year 2012-2013, the City of Lakewood began to receive residual property tax from the dissolution of the Lakewood Redevelopment Agency. Additionally, the property tax increment formerly held by the Lakewood Redevelopment Agency was disbursed to all other local taxing agencies. The City's share of these disbursements amounted to \$404,967 in Fiscal Year 2012-2013, and \$76,392 in Fiscal Year 2013-2014. Future annual disbursements of residual property tax are expected to increase slightly over five years eventually reaching about \$500,000, and continuing at that level into future years.



In an effort to retain full value of local property tax receipts, in Fiscal Year 2007-2008 the City joined in a Collective Action against Los Angeles County regarding property tax administration fees. The case was settled in Fiscal Year 2012-2013 resulting in a refund to the City of \$804,544 in excess property tax fees. The settlement also resulted in an on-going annual reduction of \$150,000 of the property tax administrative fee.

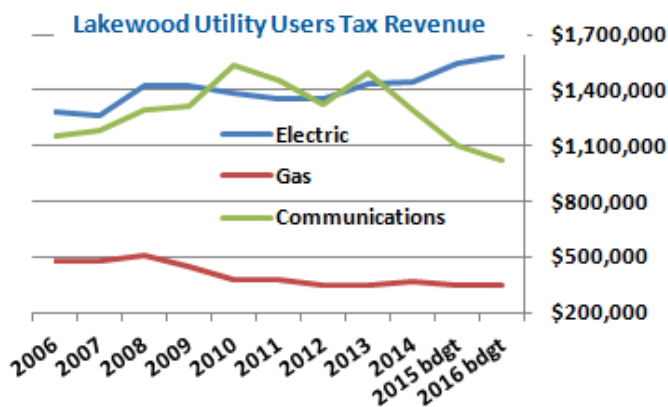
Property tax revenue in Fiscal Year 2013-2014 exceeded expectations by five percent, and is expected to remain flat going into Fiscal Year 2014-2015 and increase by four percent in Fiscal Year 2015-2016. Property tax revenue accounts for 9.4 percent of General Fund revenues. Since the approval of the 2004 Prop 1A and subsequent implementation of the "triple-flip," changes in property tax valuation have a greater impact. Under the "triple-flip," vehicle license fee revenue growth is tied to property tax growth. Property tax in-lieu of vehicle license fees accounts for an additional 15.5 percent of General Fund revenues.

Building permits issued by the City remains 46 percent below the peak reached in Fiscal Year 2004-2005. However, building activity increased significantly throughout Fiscal Year 2013-2014, and the trend looks to continue through Fiscal Year 2014-2015.



City revenues are also affected by changes in the commodity markets. The City's assessed utility users tax represents 7.75 percent of General Fund revenues. The three percent tax is assessed on communications, electricity, natural gas and water use. Natural gas prices continue to be at low levels resulting in \$146,500 less natural gas utility users tax revenues from what was received in Fiscal Year 2007-2008.

The decline in natural gas prices has also affected the City's franchise fee collections. Natural gas franchise fees remain below revenues received in Fiscal Year 2006-2007 by over \$103,500.



The use of other types of communications has also reduced the amount of utility users tax collected. Over the past several years, prepaid wireless service has gone from being a small segment of the wireless market to a major share. Now, more than 50 percent of all new wireless sales are prepaid, and over 30 percent of all new smartphones are prepaid. This rapid development of the prepaid market has cut into the utility users tax collected for communications. Since Fiscal Year 2009-

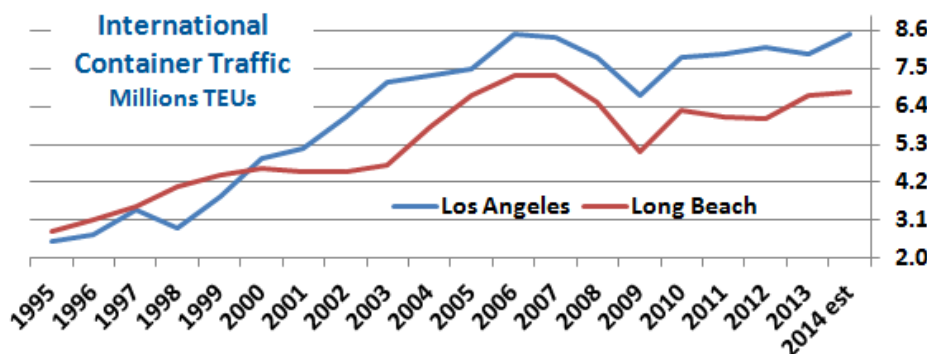
2010, utility users tax collected on communications has dropped by \$238,112. It is hoped that the implementation of AB 1717 will reverse this trend by requiring merchants to collect the utility tax at the point of sale to then be distributed to the City through the State Board of Equalization.

Lakewood's employment rate depends on the regional job situation. A major employer in the region, the Boeing C-17 cargo jet plant with approximately 5,000 employees and the last large fixed-wing aircraft production plant in California, marked the end of an era when Boeing handed over its 223rd and final C-17 to the U.S. Air Force and announced that the C-17 Globemaster III plant would shutter in mid-2015 affecting the remaining 1,100 Boeing Co. employees based in Long Beach. Mercedes-Benz USA recently signed a 15-year lease with Boeing Co. to establish its western regional offices at the former Boeing 717 plane factory in Long Beach. The new location will centralize several business units and consolidate 200 jobs throughout Southern California at the 52.2-acre site, to be used as a vehicle preparation facility, the regional office for the western United States and training center. The vehicle preparation center will serve as the first stop for new vehicles that are destined for dealerships throughout the U.S. Douglas Park, another former

Long Beach Boeing site, is slowly being transformed into a mixed-use development for office, retail and industrial use, including a recently opened Courtyard by Marriott.

The Port of Long Beach is a vast provider of employment opportunities throughout the county and state. In the local area, the port operations support 30,000 jobs. The more than \$180 billion worth of cargo that moves through the port every year creates jobs, supports retail and manufacturing businesses and generates tax revenues. After a 30 percent decline from 2007 through 2009, trade volumes through the Port of Long Beach have regained much of this loss; further north, the Port of Los Angeles has fully regained losses experienced during the last recession.

For the first ten months of the 2014 calendar year, Long Beach Port activity was up 1.7 percent overall, compared to the same period in 2013. The “peak season” of August through October is generally the busiest time of year for the ports, largely due to imports arriving for the holiday shopping season. Cargo container numbers rose 1.1 percent overall in October 2014 at the Port of Long Beach, compared to the same month last year, with congestion issues likely nudging some shipments into November. Still, the Port saw its busiest October since 2010, thanks to a rise in imports.



The Port of Long Beach is investing \$1.1 billion to build a new bridge to span the Port's Back Channel. The Port is also modernizing two aging shipping terminals by adding on-dock rail capacity, shore power hookups and a new longer wharf to move twice the cargo with half

the air pollution. A multi-year renovation of the ITS container terminal is also underway. A new on-dock rail yard has been completed, nearly doubling the terminal's capacity for on-dock rail, and to come are additional shore power facilities and container yard space.

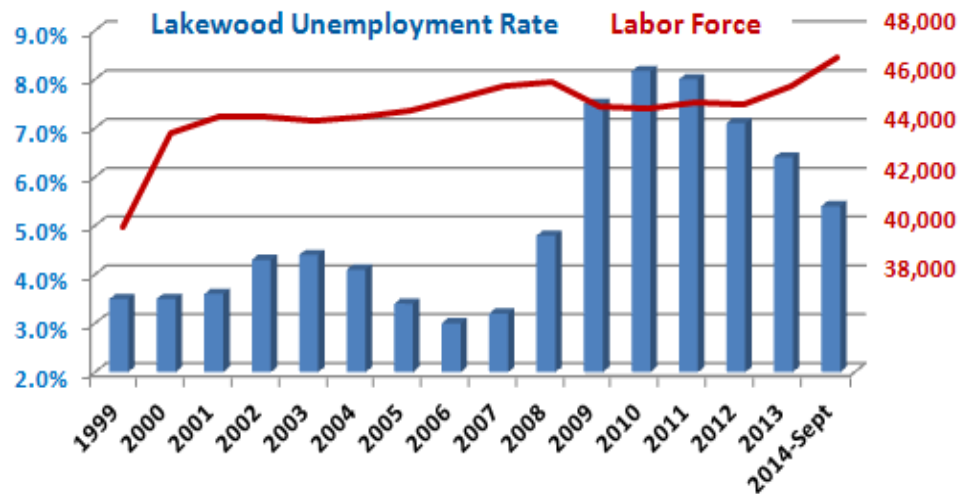
In 2009, the Legislature passed a \$500 million five-year program to counteract the financial incentives offered by other states to lure film production away from the Los Angeles County region by offering tax credits to a limited range of qualifying productions. In September 2012, Governor Jerry Brown signed legislation granting a two-year extension of California's \$100 million-a-year film and television tax credit program, which now will run through July 2017.

The Southern California Association of Governments (SCAG) released a study, which was conducted by the LAEDC's Economic & Policy Analysis Group, assessing the impact of California's Film and Television Tax Credit Program. The study reviews 109 film and television projects that have been allocated credits and completed production in the first three fiscal years of the program. The study found that for each \$1 of tax credit certificate issued, total economic activity in the state increased by \$19.12, labor income increased by \$7.15, total Gross State Product increased by \$9.48, and \$1.11 was returned to local and state governments.

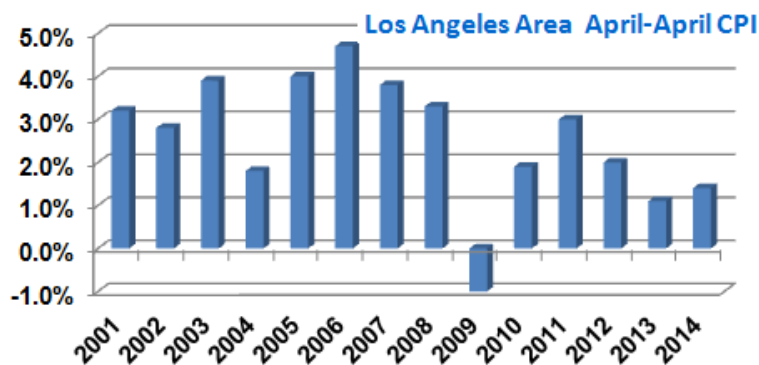
Assembly Bill 1839, the *California Film & Television Job Retention and Promotion Act*, was signed into law by Governor Brown on September 18, 2014. The legislation creates a new five-year film and TV tax credit program beginning in Fiscal Year 2015-2016 with expanded eligibility to include big-budget feature films, 1-hr TV series and TV pilots. Funding for the new program is \$230 million in fiscal year 2015-2016, and \$330 million per fiscal year from 2016-2017 through 2019-2020. This legislation replaces the current lottery system for allocating tax credits with a jobs-based ranking system.

Hospitals are hubs of employment, purchasers of goods and services, and generators of tax revenue. The estimated total economic output of hospitals and related services in the Los Angeles region accounts for about 11 percent of the region's economy and provides over 380,000 jobs. The area's local hospital, Lakewood Regional Medical Center, received an "A" in The Leapfrog Group's Spring 2014 Hospital Safety Score (one of the nation's leading patient safety advocacy organizations). The A rating recognizes Lakewood Regional Medical Center's commitment to providing safe, quality healthcare to patients.

The unemployment rate in Lakewood dropped to five percent in September 2014; better than the state as a whole, but above the average rate Lakewood has enjoyed in the past. The labor force participation has also begun to rebound after declining by two percent during the recession.



Major employers located within city limits are Long Beach Unified School District, County of Los Angeles, Lakewood Regional Medical Center, and various retail, automotive and home improvement businesses, as well as the City itself.



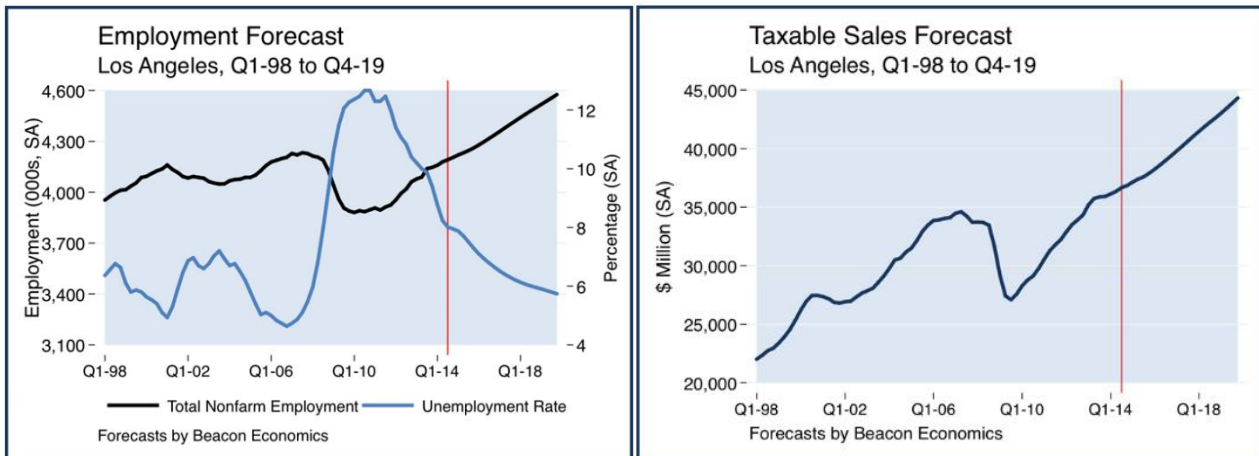
The April to April Consumer Price Index (CPI) for the Los Angeles, Riverside and Orange County region, which is the basis for many of the City's contract increases, was 1.4 percent in 2014. The CPI for the Nation, as well as for the region, is expected to remain relatively low in the coming years.

Economic Outlook

The U.S. economy has shown resilience given global concerns. GDP grew at a 3.5 percent pace in the third quarter of 2014. Job growth also continues with employers adding at least 200,000 jobs during each of the past nine months and unemployment has fallen to 5.8 percent. Projected economic growth, GDP, is expected to moderate to 2.7 percent in 2015 and three percent in 2016. Real disposable income is expected to increase by 2.5 percent over each of the next two years, and unemployment is expected to fall to 5.2 percent in 2016.

In its third quarterly report of 2014, the UCLA Anderson Forecast emphasizes that the California economy will continue to show “steady but unremarkable growth” in the months ahead. According to the forecast, personal income in the state is expected to grow by 4.5 percent per year over the next two years, slightly better than the nation as a whole, while employment will continue to grow and lower the state’s unemployment rate to 5.7 percent by 2016. Housing prices will continue to rise, but the state is continuing to face a shortage of new homes.

Beacon Economics is forecasting employment levels in Los Angeles County to return to their pre-recession peak by the middle of 2015. The forecast projects nonfarm employment to grow 1.6 percent over the next two years, a similar pace of growth as has been experienced over the last year.



Beacon Economics projects that taxable sales in Los Angeles County will expand by 2.8 percent from the first quarter of 2014 to the first quarter of 2015, and then expand by an additional three percent by the first quarter of 2016. After that, growth should remain in the four percent range on a year-over-year basis. Hopefully this translates into continued revenue growth for the City of Lakewood, specifically sales tax, the City’s largest revenue source.

LONG-TERM FINANCIAL PLANNING

Long-term financial planning involves the management of the City’s programs and assets. Programs include the services the city provides through its employees and contracts. Assets include cash and investments, as well as the City’s entire infrastructure of streets, street lighting, signals, medians, signage, parks, recreation facilities, water mains, trees sidewalks and bus stops, etc. Long-term debt, pension and post-employment benefits, and the depreciation and deterioration of the above named tangible assets, are also included in the long-term financial plan.

The City's policies provide parameters that reflect the City's management and fiscal philosophy.

The City's financial and operating budget policies serve as the guiding principles for the City's financial management and annual budgetary process. The financial policy is written with the objective to maintain or improve an entity's financial position, financial management and credit rating. The operating budget policy, along with the City's purchasing policy, is written with the objective to promote good stewardship in the management of public funds and resources.

The City's cash and investment policy is written with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints, liquidity needs and cash flow characteristics of the portfolio. Return on investment is of secondary importance compared to safety and liquidity objectives.

The City's governmental fund balance policy is written with the objective to retain the proper levels of reserves for economic uncertainty (20 percent of operational costs), unforeseen capital expenditures and repairs, emergency response services, and pension obligations.

The City's capital financing and debt management policy is written with the objective to set guidelines as to the financing of capital expenditures and long-term capital planning.

The City's capital improvement program and replacement of assets policy provides guidance as to the objectives capital improvements shall meet. Capital improvement projects typically involve large outlays and cover multiple years. Although, capital improvements are considered apart from the operating budget of the City, the operating budget is developed so that the City maintains a structural surplus to fund capital projects. In addition, Lakewood staff is encouraged and readily takes the steps necessary to acquire new, and retain current funding sources. New funding possibilities include various one-time competitive grants and on-going block grants. These grants fund public works projects, park and recreation facilities, and public safety, transportation and housing programs.

Street and traffic signal improvements:

In January 2013, the City of Lakewood hit the milestone of repaving 100 percent of all residential streets in Lakewood since 2000. Over 143 miles of residential streets have been resurfaced with rubberized asphalt, which recycled over 600,000 old tires and kept them out of landfills. Street repaving of several major streets will resume in Fiscal Year 2014-2015. Sidewalk improvements did continue in Fiscal Year 2013-2014 with the repair of over two miles of walkways.

Parks and community facilities projects:

- The City continued its work throughout the year on the final phase of the West San Gabriel River Parkway Nature Trail project, located between Candlewood Street and Del Amo Boulevard. The final half mile phase of trail is expected to open in early 2015. This project was funded with state and county grants secured by the City.
- The City continued annual improvements to The Centre at Sycamore Plaza to keep it looking sharp and working well as Lakewood's premier meeting and banquet location. The outdoor patio was upgraded with decorative fencing, and new lobby furniture, energy efficient lighting and new ceiling panels were installed.

Water system improvements:

- The City completed the design work on the electrical and pump improvement project at Plant 13. The project replaces the aging electrical component of the storage facility and improves access to the facilities booster pumps.
- The City completed upgrades to the SCADA (Supervisory Control and Data Acquisition) system, which allows staff to manage water production facilities from a central location. The upgrades to the 20-year-old electronics will maintain the best possible water pressure and energy efficiency throughout the city's water system.
- Lakewood completed work with Long Beach and Los Angeles to change the Central Basin adjudication to allow for groundwater storage. Storing more water underground will help to serve future needs. Lakewood has already stored almost 163 million gallons of water in the basin. Only the approval of provisions to benefit disadvantaged communities remains to finalize the amended judgment.

Residential housing projects:

- The Home Improvement Loans and Fix Up Paint Up Program can lend up to \$18,000 for home improvements to eligible homeowners, and the Fix Up Paint Up program offers grants of up to \$3,000 to complete exterior repairs for eligible homeowners many who are elderly and disabled residents who cannot cope with property upkeep. During 2014, ten loans and four grants were funded. The elimination of the redevelopment agencies within the State drove a need to revise the funding source. Both of these programs will remain available to the residents of Lakewood through the Successor Housing Agency.
- A 72-unit, three-story tall townhouse project equipped with solar panels on every unit and all electric utilities will be built in Fiscal Year 2014-2015 on the south side of South Street west of Downey Avenue.

Redevelopment:

In 2011, California enacted legislation that required the dissolution of all redevelopment agencies. AB x1 26 dissolved redevelopment agencies as of February 1, 2012, and provided for the designation of successor agencies which were tasked to wind down the affairs of the dissolved redevelopment agencies. Under AB x1 26, the dissolution of redevelopment included the determination that all contracts and agreements between the City and the Lakewood Redevelopment Agency were null and void. Subsequently, AB 1484 provided for a small level of funding for housing operations that resumed in Fiscal Year 2013-2014 using housing loan payments. Once the Finding of Completion is issued by the Department of Finance (DOF) additional funds will be available to fund the city's housing capital programs through reimbursement of deferred housing transfers to pay for ERAF, SERAF transfers to the State, and other postponements. AB 1484 also allows for the payment of all outstanding loans made by the City to the Agency as recalculated using the Local Agency Investment Fund (LAIF) rate over the life of the loan. Loan payments can resume once the housing deferrals have been fully paid; 20 percent of the loan payments are required to fund housing operations and capital.

Long-term Debt:

Long-term debt is limited to the City's Water Enterprise and the Successor Agency of the former Redevelopment Agency. More detailed information regarding the City's and Agency's long-term debt is presented in the notes to the basic financial statements.

The Agency also holds debt in the form of City loans. As referenced in the prior section, AB 1484 also allows for the payment of all outstanding loans made by the City to the Agency as recalculated using the LAIF rate over the life of the loan. Loan payments to the City can resume once the housing deferrals have been fully paid; 20 percent of the loan payments are required to fund housing operations and capital.

Pension and Other Post Employment Benefit Liabilities:

The City provides three retirement benefit programs. The City takes measures to ensure that the City's retirement benefit plans are financially secure and well funded. These programs are as follows:

- California Public Employee Retirement System (CalPERS) is a two percent at 55 pension plan for "classic" CalPERS members, and two percent at 62 pension plan for new members as defined by the Public Employees Pension Reform Act (PEPRA), who are employees that have never been a member of CalPERS or who had a break in service of six months or greater. This Plan is 78.6 percent funded as of June 30, 2013, per the CalPERS Annual Valuation Report and the market value of assets.
- PARS Retirement Enhancement Plan is a 0.5 percent at 60 pension plan. The PARS Plan was established in 2004 and is only available to full-time/permanent employees. The PARS Plan was closed to new employees on January 1, 2013 as restricted by the Public Employees Pension Reform Act (PEPRA). This Plan is 64 percent funded as of June 30, 2014, based on the assumptions of the latest actuarial and the market value of assets.
- The City offers other post-employment benefits (OPEB), a Career Employee Medical Retirement Benefit Plan, to eligible retirees. The plan is constructed to keep costs in check by limiting eligibility and length of benefit. The City provides limited supplemental payment for post-retirement healthcare benefits for full-time/permanent employees who have completed 20 years of service and have reached the age of 55, or who have completed 15 years and reached the age of 60, and who are retiring under CalPERS. The benefit is also limited by the retiree's years of service. This Plan is over 100 percent funded as of June 30, 2014, based on the assumptions of the latest actuarial and the market value of assets.

More detailed information regarding the City's pensions and other post-employment benefits is presented in the notes to the basic financial statements.

FINANCIAL MANAGEMENT POLICIES AND PRACTICES

GASB STATEMENT 66: this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This Statement amends Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the provision that limits fund-based reporting of an entity's risk financing activities to the general fund and the internal service fund type. As a result, governments should base their decisions about fund type classification on the nature of the activity to be reported, as

required in Statement 54 and Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*. This Statement also amends Statement 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes clarify how to apply Statement No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, and result in guidance that is consistent with the requirements in Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, respectively. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012, and are included in these statements.

GASB STATEMENT 67: The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements. This Statement and Statement 68 establish a definition of a pension plan that reflects the primary activities associated with the pension arrangement—determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due. The scope of this Statement addresses accounting and financial reporting for the activities of pension plans that are administered through trusts. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2014, and will be included in the Fiscal Year 2014-2015 statements.

GASB STATEMENT 68: The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements. The scope of this Statement addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2014, and will be included in the Fiscal Year 2014-2015 statements.

GASB STATEMENT 69: This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term *government combinations* includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. The requirements of Statement 63 are effective for financial periods beginning after December 15, 2013. The City has not experienced any of the obligating events that trigger the implementation of GASB Statement 69.

GASB STATEMENT 70: This Statement provides accounting and financial reporting guidance to state and local governments that offer non-exchange financial guarantees to others and for

governments that receive guarantees on their obligations. A non-exchange transaction occurs when a government gives value or benefit, such as providing a guarantee of an obligation, to another party without receiving equal value in exchange. The requirements of Statement 70 are effective for financial periods beginning after June 15, 2013. The City has not experienced any of the obligating events that trigger the implementation of GASB Statement 70.

AWARDS AND ACKNOWLEDGEMENTS

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, 2013. This was the 32nd consecutive year that Lakewood 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.

Preparation of this report was accomplished by the combined efforts of the Administrative Services Department staff. We appreciate the high level of professionalism and dedication that these staff members bring to the City. The contributions made by Lovenel Reveldez, Assistant Director of Administrative Services; Claire Houck, Senior Accountant; Edianne Rodriguez, Senior Accountant; and Michael Aguirre, Accountant deserve special recognition. We also thank the members of the City Council for their interest and support in the development of this report.

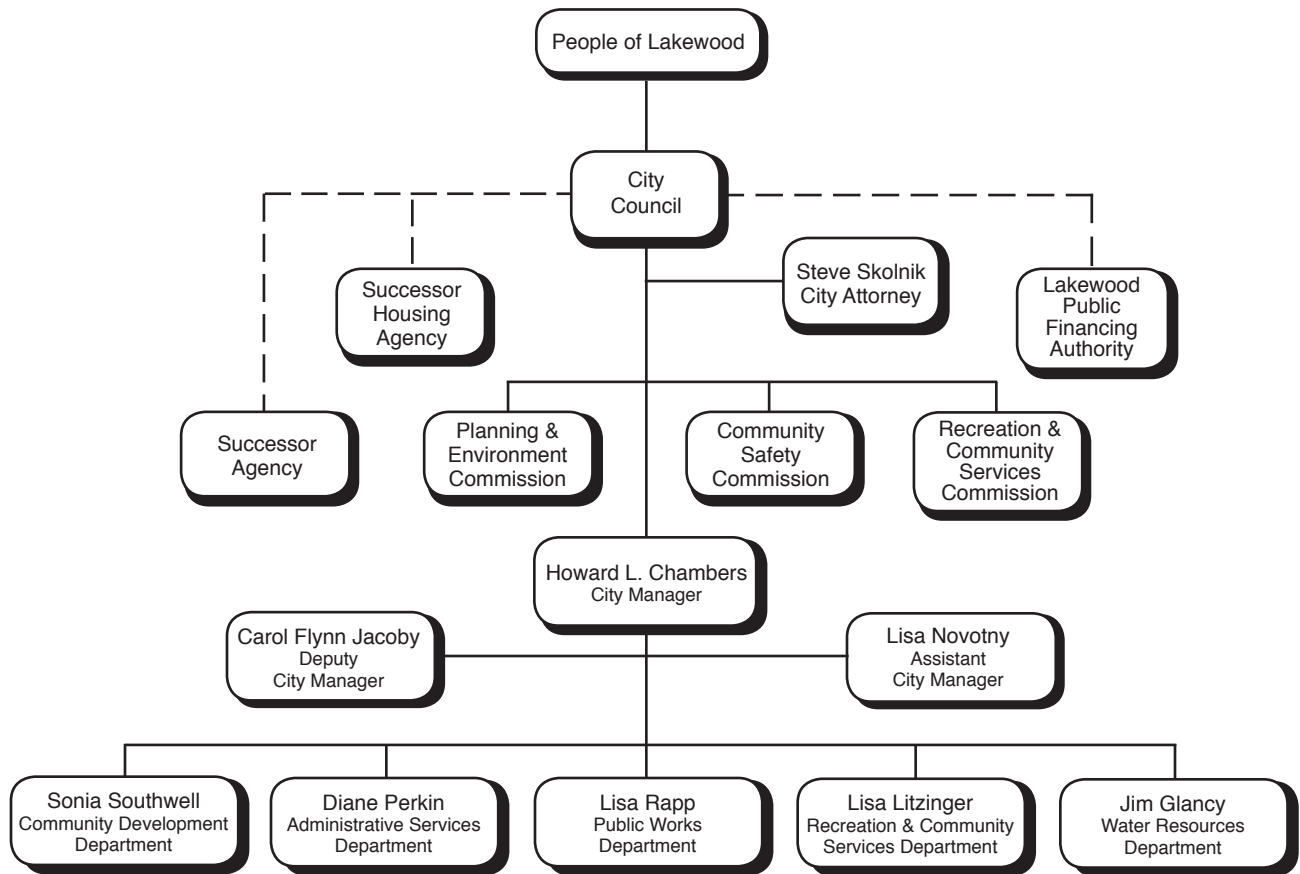
Respectfully submitted,



Howard L. Chambers
City Manager



Diane Perkin
Director of Administrative Services





CITY COUNCIL

TODD ROGERS
Mayor

JEFF WOOD
Vice Mayor

DIANE DUBOIS
Council Member

STEVE CROFT
Council Member

RON PIAZZA
Council Member

ADMINISTRATION AND DEPARTMENT DIRECTORS

HOWARD L. CHAMBERS
City Manager

STEVE SKOLNIK
City Attorney

LISA NOVOTNY
Assistant City Manager

DIANE PERKIN
Director of Administrative Services

CAROL FLYNN-JACOBY
Deputy City Manager

LISA A. RAPP
Director of Public Works

LISA LITZINGER
Director of Recreation
and Community Services

SONIA SOUTHWELL
Director of Community
Development

JAMES B. GLANCY
Director of Water Resources



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**City of Lakewood
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013



Executive Director/CEO



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INDEPENDENT AUDITORS' REPORT

To Honorable City Council
of the City of Lakewood
Lakewood, California

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Lakewood, California (the "City") as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary information, budgetary comparison schedule, and the schedules of funding progress on pages 5 to 14 and 78 to 80 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

 Paul J. McGeady LLP

Irvine, California
November 25, 2014



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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Independent Auditors' Report

To Honorable City Council
of the City of Lakewood
Lakewood, California

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lakewood, California (the "City"), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 25, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

To Honorable City Council
of the City of Lakewood
Lakewood, California
Page 2

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

For & Mc Geady LLP

Irvine, California
November 25, 2014

City Of Lakewood
Management Discussion And Analysis
For The Year Ended June 30, 2014

As management of the City of Lakewood, California, (City) we offer readers of the City of Lakewood's financial statements this narrative overview and analysis of the financial activities of the City for fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report, and with the City's financial statements, which follow this discussion.

Financial Highlights

- **Net Position:** The assets of the City (*which include the value of streets, sidewalks and other infrastructure*) exceeded its liabilities at June 30, 2014, by \$191,178,758. Of this amount, \$73,521,734 may be used to meet the government's ongoing obligations to citizens and creditors, but is subject to designation for specific City programs.
- **Changes in Net Position:** The government's total net position increased by \$2,590,715 during the fiscal year ended June 30, 2014. The increase in net position is attributable to the increase in charges for services, and operating grants and contributions.
- **Long Term Debt:** The City of Lakewood's total debt (noncurrent liabilities) decreased by \$851,169, as a result of normal scheduled debt service payments.
- **Governmental Funds:** As of June 30, 2014, the City's governmental funds reported combined ending fund balances of \$58,891,757 an increase of \$1,705,329 in comparison with the prior year. Approximately 73.7 percent of this total amount, \$43,427,071, is available for spending at the government's discretion (committed, assigned, and unassigned fund balance) within the guidelines of the funding sources.
- **General Fund:** At June 30, 2014, committed, assigned and unassigned fund balance of the general fund was \$44,835,150. This represents an increase of \$3,383,530 or 8.1 percent from prior year. All but \$3,640,285 of these funds are committed or assigned for specific purposes in accordance with City policies and budgetary guidelines.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains required and other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Lakewood's finances, in a manner similar to a private sector business.

City Of Lakewood
Management Discussion And Analysis
For The Year Ended June 30, 2014

The *statement of net position* presents information on all of the City of Lakewood's assets and liabilities, with the difference between the two reported as *net positions*. Over time, increase or decreases in net position may serve as a useful indicator of whether the financial position of the City of Lakewood is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Lakewood that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Lakewood include general government, public safety, transportation, community development, health and sanitation, and culture and leisure.

The government-wide financial statements include the City of Lakewood and a component unit the Lakewood Public Financing Authority. Financial information for this component unit is reported within the funds of the City. The Water Utility, although also legally separate, functions for all practical purposes as a department of the City of Lakewood, and therefore has been included as an integral part of the government.

The government-wide financial statements can be found on pages 17 - 21 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Lakewood, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Lakewood can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as *balances on spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison

City Of Lakewood
Management Discussion And Analysis
For The Year Ended June 30, 2014

between *governmental fund* and *governmental activities*.

The City of Lakewood maintains nineteen governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, Housing Administration and Program Capital Projects Fund and other governmental funds. Data from the other seventeen governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these other governmental funds is provided in the form of *combining statements* in the supplementary information.

The City of Lakewood adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget in the required supplementary information. Budgetary comparisons for other funds are provided in the supplementary information of this report.

The governmental fund financial statements can be found on pages 25 - 29 of this report.

Proprietary funds. The City of Lakewood maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Lakewood uses enterprise funds to account for its Water Utility operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Lakewood's various functions. The City of Lakewood uses internal service funds to account for its central garage and print shop operations. Because all of these services predominately benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water Utility operations. The Internal Service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The proprietary fund financial statements can be found on pages 31 - 37 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City of Lakewood's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The fiduciary fund financial statement can be found on pages 39 - 41 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 43 - 75 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Lakewood's General

City Of Lakewood
Management Discussion And Analysis
For The Year Ended June 30, 2014

Fund budgetary comparison schedule, pension and other post-employment funding progress schedules. Required supplementary information can be found on pages 77 - 80 of this report.

The combining statements referred to earlier in connection with other governmental funds and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 81 – 116 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Lakewood, assets exceeded liabilities by \$191,178,758 at the close of the most recent fiscal year.

City of Lakewood Net Position						
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 72,790,819	\$ 69,480,906	\$ 11,608,294	\$ 9,445,195	\$ 84,399,113	\$ 78,926,101
Capital assets	89,075,037	90,407,845	29,157,469	30,237,742	118,232,506	120,645,587
Total Assets	161,865,856	159,888,751	40,765,763	39,682,937	202,631,619	199,571,688
Deferred Outflow of Resources	-	-	60,499	95,069	60,499	95,069
Long-term liabilities outstanding	214,825	241,686	3,801,054	4,578,776	4,015,879	4,820,462
Other liabilities	5,639,375	4,443,707	1,858,106	1,814,545	7,497,481	6,258,252
Total Liabilities	5,854,200	4,685,393	5,659,160	6,393,321	11,513,360	11,078,714
Net positions:						
Net Investment in						
Capital Assets	89,075,037	90,407,845	24,587,382	24,816,486	113,662,419	115,224,331
Restricted	3,994,605	12,213,222	-	-	3,994,605	12,213,222
Unrestricted	62,942,014	52,582,291	10,579,720	8,568,199	73,521,734	61,150,490
Total Net Position	\$ 156,011,656	\$ 155,203,358	\$ 35,167,102	\$ 33,384,685	\$ 191,178,758	\$ 188,588,043

By far the largest portion of the City of Lakewood's net positions, 59.5 percent, reflects its net investment in capital assets (i.e. land, buildings, improvements other than buildings, machinery and equipment, infrastructure, and construction in progress). The City of Lakewood uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Lakewood's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Additional portion of the City of Lakewood's net position, 2.1 percent, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$73,521,734 may be used to meet the government's ongoing obligation to citizens and creditors, but is subject to designation for specific City programs per the City's Governmental Fund Balance Policy.

City Of Lakewood
Management Discussion And Analysis
For The Year Ended June 30, 2014

At the end of the current fiscal year, the City of Lakewood is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. At year-end, 69.9 percent of the City of Lakewood's business-type activities' net assets were invested in capital assets.

City of Lakewood Changes in Net Position						
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 10,490,505	\$ 9,703,035	\$11,711,839	\$10,573,733	\$ 22,202,344	\$ 20,276,768
Operating grants and contributions	4,810,026	3,553,814	-	-	4,810,026	3,553,814
Capital grants and contributions	866,959	1,538,183	-	-	866,959	1,538,183
General revenues:						
Property taxes	11,310,210	12,030,119	-	-	11,310,210	12,030,119
Sales taxes	15,792,115	15,461,092	-	-	15,792,115	15,461,092
Other taxes	6,064,763	6,050,796	-	-	6,064,763	6,050,796
Grants and contributions not restricted to specific programs	35,499	936,004	-	-	35,499	936,004
Other	377,099	245,815	60,664	59,279	437,763	305,094
Total Revenues	49,747,176	49,518,858	11,772,503	10,633,012	61,519,679	60,151,870
Expenses:						
General government	7,412,703	7,527,025	-	-	7,412,703	7,527,025
Public safety	12,983,054	12,450,911	-	-	12,983,054	12,450,911
Transportation	4,587,061	6,137,250	-	-	4,587,061	6,137,250
Community development	4,967,510	4,548,531	-	-	4,967,510	4,548,531
Health and sanitation	4,925,697	4,692,717	-	-	4,925,697	4,692,717
Culture and leisure	11,386,411	10,205,926	-	-	11,386,411	10,205,926
Unallocated infrastructure depreciation	2,676,442	2,606,851	-	-	2,676,442	2,606,851
Water	-	-	9,990,086	9,358,616	9,990,086	9,358,616
Total expenses	48,938,878	48,169,211	9,990,086	9,358,616	58,928,964	57,527,827
Excess (Deficiency) of Revenues Over (Under)						
Expenditures Before Extraordinary Items	808,298	1,349,647	1,782,417	1,274,396	2,590,715	2,624,043
Extraordinary (Loss)	-	(31,453,996)	-	-	-	(31,453,996)
Change in Net Position	808,298	(30,104,349)	1,782,417	1,274,396	2,590,715	(28,829,953)
Net position at beginning of year	155,203,358	185,307,707	33,384,685	32,110,289	188,588,043	217,417,996
Net position at end of year	\$ 156,011,656	\$ 155,203,358	\$35,167,102	\$33,384,685	\$ 191,178,758	\$ 188,588,043

Additional information on the change in net position can be found on page 17 of this report.

Governmental activities. Overall, governmental activities revenues increased only by \$228,318 or 0.5 percent and expenditures increased by \$776,446 or 1.6 percent from prior year. Key elements of the change are as follows:

- Charges for services increased by \$787,470, this increase is attributable to an increase in Building and Safety and Planning fees, Refuse collection fees, and Successor agency administrative fees.
- Operating grants and contributions increased by \$1,256,212, due to a Gas tax increase of \$716,131 and River Park grant of \$445,832.
- A one-time payment \$574,000 from CalTrans for the transfer of Lakewood Boulevard to the City in the prior year is the major cause of the decline in Capital grants and contributions of \$671,224.

City Of Lakewood
Management Discussion And Analysis
For The Year Ended June 30, 2014

- Property related taxes decreased by \$719,909 due to payments to the City made in the year ended June 30, 2013 for a class action against Los Angeles County over assessment of property tax administrative fees, as well as one-time residual property taxes caused by the dissolution of the Redevelopment Agency; these decreases were partially offset by increases in current year property taxes of \$188,199 and property tax in lieu of motor vehicle license fee of \$174,651.
- The increase in Other taxes of \$344,990 includes Sales and use tax revenue, which increased by \$331,023 or 2.1 percent from prior year, and Franchise and Business license revenue showing a \$105,881 increase, these increases were partially offset by a decline in Utility users tax revenue of \$106,226.
- Other revenues is Investment earnings, which increased by \$210,156 due to continued improvement in economic condition.
- Overall, expenses increased \$769,667, which includes depreciation on equipment and structures and improvements. Transportation related expenses declined as the City was in the planning phase for its multi-year transit related projects. This decline was offset by an increase in Culture and leisure, which was primarily due to additional depreciation costs related to recreation and facilities projects completed in prior years, and an increase in social and cultural programs of \$120,076. Community development also experienced increases in depreciation costs as well as housing activities of \$105,432, and engineering and architectural services of \$107,141. Public safety and Health and sanitation increased in line with contract increases.

Additional information on activities and change in fund balances can be found on pages 20 - 21 and 28 - 29 of this report

Business-type activities. Business-type activities increased the City of Lakewood's net position by \$1,782,417 accounting for 68.8 percent of the total increase in net position. During the year, the water rate was adjusted to help defray increases in cost of pumping and distributing water and administration of the utility and infrastructure improvements. This contributed to the increase retail water sales. Wholesale water sales also increased by \$873,871 compared to previous year. The increase in "retained earnings" is necessary with an estimated \$5.8 million in capital improvements required over the next two years, as recommended by the Water Resources Committee. Such projects on the horizon include \$2.4 million in Well #28 Drilling and Equipping Project, \$2.2 million for Water Main Replacement projects, \$606,775 Well #22 Water Treatment Facility, and \$550,000 for ongoing Meter Rotation Program.

Financial Analysis of the Government's Funds

As noted earlier, the City of Lakewood uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City of Lakewood's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Lakewood's financing requirements. In particular, spendable fund balance may serve as a useful measure of a government's net resources at the end of the fiscal year.

**City Of Lakewood
Management Discussion And Analysis
For The Year Ended June 30, 2014**

At the end of the current fiscal year, the City of Lakewood's governmental funds reported combined ending fund balances of \$58,891,757, an increase of \$1,705,329 in comparison with the prior year. Of this amount, \$43,427,071 of the City's governmental funds ending fund balances or 73.7% constitute committed, assigned and unassigned fund balance, which is available for spending at the government's discretion within the guidelines of the funding sources. The remainder of fund balance, \$15,464,686, is either nonspendable or restricted for purposes imposed by creditors, grantors, contributors, laws or regulations of other governments or through enabling legislation.

Proprietary funds. The City of Lakewood's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Water Enterprise at the end of the year amounted to \$11,199,120, an increase of \$1,782,480 from the prior year. These funds will be used to fund planned capital improvements. Other factors concerning the finance of this fund have already been addressed in the discussion of the City of Lakewood's business-type activities.

General Fund Financial Highlights

The General Fund is the chief operating fund of the City of Lakewood. At the end of the current fiscal year, committed, assigned and unassigned fund balance of the general fund was \$44,835,150, while total fund balance reached \$47,505,897. As a measure of the General Fund's liquidity, it may be useful to compare only the committed, assigned and unassigned fund balance to total fund expenditures. Committed, assigned and unassigned fund balance represents 104 percent of the total general fund expenditures, most of which is committed or assigned to meet the City's long-term obligations. The fund balance of the City of Lakewood's general fund increased by \$1,880,598 during the fiscal the 2013-2014.

Overall, General fund revenues (including transfers in) increased slightly by \$373,233 and expenses including transfers out) decreased by \$810,761. The main factor in the decrease in expenditures is the postponement of some capital projects that are still in the planning stages

General Fund Budgetary Highlights

For the fiscal year ended June 30, 2014, General Fund's final amended budget increased over the original budget by \$886,925 and actual expenditures were \$2,253,292 lower than the final amended budget. These can be briefly summarized as follows:

- General government's total expenditures were higher than budgeted amount by \$320,548 due to the unanticipated increase insurance IBNR for fiscal year ended June 30, 2014.
- Public Safety budgets for contingencies and possible additional services during the fiscal year. This year's actual expenditure was less than the budgeted amount by \$1,443,497 due to the suspension of certain contract items.
- Capital projects for City's streets, parks and facilities are still in the planning stages resulting in the lower amount of expenditure over the final amended budget by \$1,150,526.

City Of Lakewood
Management Discussion And Analysis
For The Year Ended June 30, 2014

Capital Asset and Debt Administration

Capital assets. The City of Lakewood's investment in capital assets for its governmental and business-type activities as of June 30, 2014, amounts to \$118,232,506 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, roads, highways, and bridges. This year's annual depreciation exceeded the amount of assets placed in service which contributed to the 2 percent or \$2,413,081 decrease of total capital assets over prior year.

City of Lakewood Capital Assets (Net of depreciation)						
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 17,041,023	\$ 17,041,023	\$ 381,023	\$ 381,023	\$ 17,422,046	\$ 17,422,046
Construction in progress	5,596,336	5,618,598	2,780,487	2,412,576	8,376,823	8,031,174
Water rights	-	-	1,834,586	1,834,586	1,834,586	1,834,586
Infrastructure	39,762,341	41,346,101	-	-	39,762,341	41,346,101
Structures and improvements	25,030,008	24,805,163	21,953,605	22,843,683	46,983,613	47,648,846
Equipment	1,645,329	1,596,960	2,207,768	2,765,874	3,853,097	4,362,834
Total	\$ 89,075,037	\$ 90,407,845	\$ 29,157,469	\$ 30,237,742	\$ 118,232,506	\$ 120,645,587

Additional information on the City of Lakewood's capital assets can be found in Note 8 to the basic financial statements.

Long-term debt. At the end of the current fiscal year, the City of Lakewood's total long-term debt outstanding decreased by \$851,169 or 15.7 percent from the prior year. Revenue bonds and loan payable of \$4,570,087 are to be paid out of water utility revenues.

City of Lakewood Summary of outstanding debt				
	Business-type Activities		Total	
	2014	2013	2014	2013
Revenue bonds	3,385,206	4,038,895	3,385,206	4,038,895
Loan Payable	1,184,881	1,382,361	1,184,881	1,382,361
Total	\$ 4,570,087	\$ 5,421,256	\$ 4,570,087	\$ 5,421,256

Additional information on the City of Lakewood's long-term debt can be found in Note 9 to the basic financial statements.

**City Of Lakewood
Management Discussion And Analysis
For The Year Ended June 30, 2014**

Economic Factors and Next Year's Budgets and Rates

The City prudently anticipates and conservatively budgets for general fund revenues to annually increase on average by two percent. This increase includes a slight increase in property tax revenues as a result of the dissolution of redevelopment, a very conservative growth in sales tax, and slow recovery in building permits. Interest earnings are expected to remain far below historical levels, and gas tax and fines are both expected to remain flat through 2020.

The City's general fund expenditures are expected to increase by just under two percent; in Fiscal Year 2014, general fund expenditures increased by 0.9 percent. This small increase is possible due to the City being a contract-city where only 38 percent of the cost of operations is employee service related. Employee services costs increased by 1.87 percent in Fiscal Year 2014 over that of the prior year. Although we expect employee service costs to increase by an average of three percent per year through 2020, the overall increase in general fund costs can, and has been, held below two percent by closely monitoring contracts, and limiting expenses on other operational expenses. In Fiscal Year 2014 contract services made up 47 percent of the City's general fund costs. The April to April Consumer Price Index (CPI) for the Los Angeles, Riverside, and Orange County region, which is the basis for many of the City's contract increases, was 0.9 percent in 2013; this is the rate the City utilizes as authorized increases in many of its contract service agreements for the 2014 fiscal year. The cost of contract services reflected this by only increasing 0.93 percent in Fiscal Year 2014. The CPI is expected to remain relatively low over the coming years. The City's water, refuse and building and safety fees also include the local CPI as a factor in determining rate increases.

The Great Recession and the State's draconian dissolution of redevelopment agencies greatly impacted the City as evidenced by decreases in revenues from which the City is still recovering. However, the City took purposeful measures to not reduce any services to its residential and business community or implement cost cutting measures such as furloughs.

The City weathered the Great Recession and the prolonged sluggish six-year recovery by adhering to its philosophy to stay focused on what is truly important – the core functions of operating a city – resulting in a healthy community for residents and business. By keeping this focus, the city has built a large capital base that includes the entire inventory of city assets: streets, sidewalks, water system, trees, parks, community facilities and goodwill. The city's goodwill, cultivated through recreation, community services, public safety and economic development programs, creates the neighborly sense of community we all enjoy.

Further detail regarding the impact of national and local economic factors on the City's budget and finances can be read in the Transmittal Letter.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Administrative Services, City of Lakewood, Post Office Box 220, Lakewood, CA 90714-0220.



BASIC FINANCIAL STATEMENTS



GOVERNMENT-WIDE FINANCIAL STATEMENTS

City of Lakewood
Statement of Net Position
June 30, 2014

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 49,309,224	\$ 9,936,897	\$ 59,246,121
Receivables:			
Accounts	5,486,678	885,189	6,371,867
Accrued revenue		1,000,583	1,000,583
Internal balances	619,350	(619,350)	-
Prepaid items	94,594	-	94,594
Inventories	66,474	31,991	98,465
Total current assets	55,576,320	11,235,310	66,811,630
Noncurrent assets:			
Restricted cash and investments:			
Held by City	-	27,970	27,970
Held by bond trustees	-	345,014	345,014
Notes receivable	2,262,207	-	2,262,207
Receivable from Successor Agency	8,139,506	-	8,139,506
Land held for resale	2,960,302	-	2,960,302
Net OPEB assets	3,852,484	-	3,852,484
Capital assets:			
Nondepreciable	22,637,359	4,996,096	27,633,455
Depreciable, net	66,437,678	24,161,373	90,599,051
Total capital assets	89,075,037	29,157,469	118,232,506
Total noncurrent assets	106,289,536	29,530,453	135,819,989
Total assets	161,865,856	40,765,763	202,631,619
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding, net	-	60,499	60,499
Total deferred outflows of resources	-	60,499	60,499

City of Lakewood
Statement of Net Position (Continued)
June 30, 2014

	Primary Government		
	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	3,715,770	869,747	4,585,517
Accrued liabilities	596,738	55,857	652,595
Accrued interest payable	-	37,052	37,052
Unearned revenue	496,187	-	496,187
Long-term debt - due within one year	830,680	867,480	1,698,160
Total current liabilities	5,639,375	1,830,136	7,469,511
Noncurrent liabilities:			
Liabilities payable from restricted assets:			
Customer deposits	-	27,970	27,970
Long-term debt - due in more than one year	214,825	3,801,054	4,015,879
Total current liabilities	214,825	3,829,024	4,043,849
Total liabilities	5,854,200	5,659,160	11,513,360
NET POSITION			
Net investment in capital assets	89,075,037	24,587,382	113,662,419
Restricted for:			
Transportation	3,298,925	-	3,298,925
Public safety	401,559	-	401,559
Park and recreation	82,368	-	82,368
Community development	5,313	-	5,313
Health and sanitation	206,440	-	206,440
Unrestricted	62,942,014	10,579,720	73,521,734
Total net position	\$ 156,011,656	\$ 35,167,102	\$ 191,178,758

City of Lakewood
Statement of Activities
For the Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 7,412,703	\$ 1,753,540	\$ 1,435,123	\$ -
Public safety	12,983,054	863,286	206,623	-
Transportation	4,587,061	-	3,194,793	848,689
Community development	4,967,510	1,199,667	(49,335)	-
Health and sanitation	4,925,697	5,111,702	22,822	-
Culture and leisure	11,386,411	1,562,310	-	18,270
Unallocated infrastructure depreciation	2,676,442	-	-	-
Total governmental activities	48,938,878	10,490,505	4,810,026	866,959
Business-type Activities:				
Water	9,990,086	11,711,839	-	-
Total business-type activities	9,990,086	11,711,839	-	-
Total primary government	\$ 58,928,964	\$ 22,202,344	\$ 4,810,026	\$ 866,959

City of Lakewood
Statement of Activities (Continued)
For the Year Ended June 30, 2014

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
Governmental Activities:			
General government	\$ (4,224,040)	\$ -	\$ (4,224,040)
Public safety	(11,913,145)	-	(11,913,145)
Transportation	(543,579)	-	(543,579)
Community development	(3,817,178)	-	(3,817,178)
Health and sanitation	208,827	-	208,827
Culture and leisure	(9,805,831)	-	(9,805,831)
	(2,676,442)	-	(2,676,442)
Total governmental activities	(32,771,388)	-	(32,771,388)
Business-type Activities:			
Water	-	1,721,753	1,721,753
Total business-type activities	-	1,721,753	1,721,753
Total primary government	(32,771,388)	1,721,753	(31,049,635)
General revenues and transfers:			
General revenues:			
Taxes:			
Sales taxes - Bradley Burns	13,282,427	-	13,282,427
Sales taxes - others	2,509,688	-	2,509,688
Property taxes	11,310,210	-	11,310,210
Franchise taxes	1,679,405	-	1,679,405
Business operation taxes	542,110	-	542,110
Utility user taxes	3,520,414	-	3,520,414
Other taxes	322,834	-	322,834
Total taxes	33,167,088	-	33,167,088
Unrestricted motor vehicle in lieu	35,499	-	35,499
Investment income	377,099	60,664	437,763
Total general revenues	33,579,686	60,664	33,640,350
Changes in net position	808,298	1,782,417	2,590,715
Net position - beginning of year	155,203,358	33,384,685	188,588,043
Net position - end of year	\$ 156,011,656	\$ 35,167,102	\$ 191,178,758



FUND FINANCIAL STATEMENTS



GOVERNMENTAL FUND FINANCIAL STATEMENTS

City of Lakewood
Balance Sheet
Governmental Funds
June 30, 2014

	Major Funds			
	General Fund	Housing Admin and Program Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 44,885,032	\$ 279,610	\$ 4,144,582	\$ 49,309,224
Accounts receivable	3,405,044	-	829,628	4,234,672
Prepaid items	94,594	-	-	94,594
Inventories	14,264	-	-	14,264
Due from other funds	3,738,222	-	-	3,738,222
Receivable from Successor Agency	2,561,889	5,577,617	-	8,139,506
Notes receivable	-	2,262,207	-	2,262,207
Land held for resale	-	2,960,302	-	2,960,302
Total assets	\$ 54,699,045	\$ 11,079,736	\$ 4,974,210	\$ 70,752,991
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 3,355,390	\$ 18,195	\$ 315,144	\$ 3,688,729
Accrued liabilities	558,851	-	21,907	580,758
Due to other funds	2,264,322	-	1,473,900	3,738,222
Unearned revenue	473,171	-	23,016	496,187
Total Liabilities	6,651,734	18,195	1,833,967	8,503,896
Deferred inflows of resources:				
Unavailable revenue	541,414	2,262,207	553,717	3,357,338
Total deferred inflows of resources	541,414	2,262,207	553,717	3,357,338
Fund balances:				
Nonspendable				
Prepaid items	94,594	-	-	94,594
Inventories	14,264	-	-	14,264
Receivables from Successor Agency	2,561,889	5,577,617	-	8,139,506
Land held for resale	-	2,960,302	-	2,960,302
Restricted				
Public safety	-	-	401,559	401,559
Transportation projects and street maintenance	-	-	3,298,925	3,298,925
Community development	-	261,415	5,313	266,728
Health and sanitation	-	-	206,440	206,440
Culture and leisure	-	-	82,368	82,368
Committed				
Self insurance	4,000,000	-	-	4,000,000
Pension and personnel obligations	16,345,514	-	-	16,345,514
Capital projects	372,263	-	-	372,263
Refuse stabilization	1,964,966	-	-	1,964,966
Economic uncertainties	9,773,665	-	-	9,773,665
Assigned				
Capital replacement and repairs	7,307,572	-	-	7,307,572
Contract emergency services	1,430,885	-	-	1,430,885
Unassigned	3,640,285	-	(1,408,079)	2,232,206
Total fund balances	47,505,897	8,799,334	2,586,526	58,891,757
Total liabilities, deferred inflows of resources, and fund balances	\$ 54,699,045	\$ 11,079,736	\$ 4,974,210	\$ 70,752,991

See accompanying Notes to the Basic Financial Statements.

City of Lakewood
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2014

Total Fund Balances - Total Governmental Funds	\$ 58,891,757
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in governmental funds. Those assets consist of:

Amount reported in government-wide statement of position:

Nondepreciable assets	22,637,359
Depreciable assets, net of \$125,792,355 accumulated depreciation	66,437,678

Less: Amount reported in Internal Service Fund

Depreciable assets, net of \$1,187,667 accumulated depreciation	<u>(51,413)</u>
-----------------------------------------------------------------	-----------------

89,023,624

Some of the City's receivables for loans, operating and capital grant reimbursements, taxes and investment income will be collected after year end, but are not available soon enough to pay for current-period expenditures, and therefore, are either not reported or are reported with an offset to unavailable revenues in the funds.

4,609,344

The net OPEB pension asset is not an available current financial resources and therefore is not reported in the governmental funds:

3,852,484

Internal service funds are used by the City to charge the cost of materials and supplies, maintenance and repair of vehicles and equipment and printing services provided to the various departments of the City. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position. Internal Service funds net position is:

679,952

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly are not reported as fund liabilities. All liabilities, both current and long-term are reported in the Statement of Net Position. Balances at June 30, 2014 are:

Compensated absences	<u>(1,045,505)</u>
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Net position of governmental activities	<u>\$ 156,011,656</u>
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City of Lakewood
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2014

	Major Funds			
	General Fund	Housing Admin and Program Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:				
Taxes	\$ 23,566,572	\$ -	\$ 2,509,688	\$ 26,076,260
Licenses and permits	860,267	-	-	860,267
Fines and forfeitures	794,905	-	-	794,905
Investment income, rents and concession	1,195,573	1,828	31,943	1,229,344
Intergovernmental revenues	7,505,192	-	4,226,884	11,732,076
Current service charges	7,354,833	-	-	7,354,833
Other	998,103	211,335	-	1,209,438
Total revenues	42,275,445	213,163	6,768,515	49,257,123
EXPENDITURES:				
Current:				
General government	7,152,444	-	46,001	7,198,445
Public safety	12,474,946	-	147,407	12,622,353
Transportation	2,509,519	-	1,944,939	4,454,458
Community development	4,308,793	197,739	315,770	4,822,302
Health and sanitation	4,775,359	-	13,988	4,789,347
Culture and leisure	10,850,538	-	206,851	11,057,389
Capital outlay				
Transportation	217,367	-	1,195,476	1,412,843
Culture and leisure	703,162	-	491,495	1,194,657
Total expenditures	42,992,128	197,739	4,361,927	47,551,794
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(716,683)	15,424	2,406,588	1,705,329
OTHER FINANCING SOURCES (USES):				
Transfers in	2,597,281	-	-	2,597,281
Transfers out	-	-	(2,597,281)	(2,597,281)
Total other financing sources (uses)	2,597,281	-	(2,597,281)	-
NET CHANGE IN FUND BALANCES	1,880,598	15,424	(190,693)	1,705,329
FUND BALANCES:				
Beginning of Year	45,625,299	8,783,910	2,777,219	57,186,428
End of Year	\$ 47,505,897	\$ 8,799,334	\$ 2,586,526	\$ 58,891,757

See accompanying Notes to the Basic Financial Statements.

City of Lakewood
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes
in Fund Balances to the Government-Wide Statement of Activities
For the Year Ended June 30, 2014

Net change in fund balances - total governmental funds: \$ 1,705,329

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense. This is the amount by which capital expenditures exceeded depreciation in the current period:

Capital expenditures	\$ 2,607,500	
Depreciation expense	<u>(3,959,895)</u>	(1,352,395)

Governmental funds report long-term rehabilitation and business loans made as expenditures and repayments of those loans as revenues. However, these transactions have no effect in the Statement of Activities. The loan activity for the current period is as follows:

Total amount of loans repaid		(49,335)
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Certain accrued revenues such as taxes, interest, grants, and sanitation service charges, do not provide current financial resources and therefore, are not reported in the governmental funds as revenues. This is the amount of the net change in these accrued revenue amounts during the current period.

539,388

Governmental funds do not report the changes in net OPEB asset, since it does not provide or require the use of current financial resources.

(37,288)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:

Change in compensated absences		(8,524)
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Internal service funds are used by management to charge the costs of certain activities, such as fleet repair and maintenance, central stores and printing services to individual funds. The net revenue (expense) of these internal service funds are reported as governmental activities.

11,123

Change in net position of governmental activities \$ 808,298



PROPRIETARY FUND FINANCIAL STATEMENTS

City of Lakewood
Statement of Net Position
Proprietary Funds
June 30, 2014

	Business-type Activity - Water Enterprise Fund	Governmental Activities - Internal Service Funds
ASSETS		
Current Assets:		
Cash and investments	\$ 9,936,897	\$ -
Restricted cash and investments:		
Customer deposits	27,970	-
Held by bond trustees	345,014	-
Accounts receivable	885,189	-
Accrued revenue	1,000,583	-
Inventories	31,991	52,210
Total current assets	12,227,644	52,210
Noncurrent assets:		
Capital assets:		
Capital assets, not being depreciated:		
Land	381,023	-
Water Rights	1,834,586	-
Construction in progress	2,780,487	-
Capital assets, being depreciated:		
Source of supply	4,770,755	-
Pumping plant	807,312	-
Water treatment	2,482,330	-
Transmission/distribution	32,098,148	-
General plant	4,684,764	-
Equipment	4,330,315	1,239,080
Less: accumulated depreciation	(25,012,251)	(1,187,667)
Total capital assets	29,157,469	51,413
Total noncurrent assets	29,157,469	51,413
Total assets	41,385,113	103,623
DEFERRED OUTFLOWS OF RESOURCES:		
Loss on refunding, net of accumulated amortization	60,499	-
Total deferred outflows of resources	60,499	-

(Continued)

City of Lakewood
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2014

	Business-type Activity - Water Enterprise Fund	Governmental Activities - Internal Service Funds
LIABILITIES		
Current liabilities:		
Accounts payable	869,747	27,041
Accrued liabilities	55,857	15,980
Accrued interest payable	37,052	-
Customer deposit	27,970	-
Current portion of long-term debt	867,480	-
Total current liabilities	<u>1,858,106</u>	<u>43,021</u>
Noncurrent liabilities:		
Compensated absences	98,447	-
Loan payable	987,401	-
Revenue bonds	2,715,206	-
Total noncurrent liabilities	<u>3,801,054</u>	<u>-</u>
Total liabilities	<u>5,659,160</u>	<u>43,021</u>
NET POSITION		
Net investment in capital assets	24,587,382	51,413
Unrestricted	11,199,070	9,189
Total net position	<u>35,786,452</u>	<u>\$ 60,602</u>
Adjustment to reflect the consolidation of internal service fund activities to the water enterprise fund	<u>(619,350)</u>	
Net position of business-type activities	<u>\$ 35,167,102</u>	

(Concluded)



City of Lakewood
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2014

	Business-Type Activity- Water Enterprise Fund	Governmental Activities - Internal Service Funds
OPERATING REVENUES:		
Metered water sales	\$ 9,879,577	\$ -
Reclaimed water sales	311,272	-
Fire protection	59,987	-
Service initiation and restoration charges	178,718	-
Billing to departments	-	1,337,700
Other revenues	1,282,285	-
Total operating revenues	11,711,839	1,337,700
OPERATING EXPENSES:		
Operations:		
Supply, transmission and distribution	6,855,526	-
Customer service	841,731	-
Administration	635,853	-
Cost of goods sold	-	1,319,860
Depreciation	1,464,684	6,780
Total operating expenses	9,797,794	1,326,640
OPERATING INCOME	1,914,045	11,060
NONOPERATING REVENUES (EXPENSES):		
Investment income/(loss)	60,664	-
Interest expense on long-term debt	(192,229)	-
Total nonoperating revenues (expenses)	(131,565)	-
CHANGES IN NET POSITION	1,782,480	11,060
NET POSITION:		
Beginning of the year	34,003,972	49,542
End of the year	<u>\$ 35,786,452</u>	<u>\$ 60,602</u>
Changes in net position - Water Enterprise Fund	\$ 1,782,480	
Adjustment to reflect the consolidation of the internal service fund activities related to the Water Enterprise Fund	(63)	
Changes in net position of business-type activities	<u>\$ 1,782,417</u>	

City of Lakewood
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2014

	Business-Type Activity- Water Enterprise Fund	Governmental Activities - Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers and user	\$ 10,552,659	\$ -
Receipts from interfund services provided	-	1,337,700
Other operating receipts	1,193,877	-
Payments to suppliers	(5,861,803)	(610,705)
Payments to employees	(2,349,171)	(700,628)
Net cash provided by operating activities	<u>3,535,562</u>	<u>26,367</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of capital assets	(384,411)	(26,367)
Principal paid on revenue bonds and loan	(842,480)	-
Interest paid on revenue bonds	(172,394)	-
Net cash used in capital and related financing activities	<u>(1,399,285)</u>	<u>(26,367)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income	60,664	-
Net cash provided by investing activities	<u>60,664</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	2,196,941	-
CASH AND CASH EQUIVALENTS:		
Beginning of year	8,112,940	-
End of year	<u>\$ 10,309,881</u>	<u>\$ -</u>

City of Lakewood
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2014

	Business-Type Activity- Water Enterprise Fund	Governmental Activities - Internal Service Fund
RECONCILIATION OF OPERATING INCOME TO		
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
Operating income	\$ 1,914,045	\$ 11,060
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Depreciation	1,464,684	6,780
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	121,369	-
(Increase) decrease in accrued revenue	(88,408)	-
(Increase) decrease in inventories	818	(7,546)
Increase (decrease) in accounts payable	126,391	13,433
Increase (decrease) in accrued liabilities	10,648	2,640
Increase (decrease) in customer deposits	1,736	-
Increase (decrease) in compensated absences	(15,721)	-
Total adjustment	1,621,517	15,307
Net cash provided by operating activities	\$ 3,535,562	\$ 26,367



FIDUCIARY FUND FINANCIAL STATEMENTS

City of Lakewood
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014

	Successor Agency to the City of Lakewood Redevelopment Agency Private Purpose Trust fund	Agency Funds
ASSETS:		
Cash and investments	\$ 2,026,764	\$ 1,277,420
Cash and investments with fiscal agents	1,456,620	-
Notes receivable	512,111	1,015,592
Total assets	<u>3,995,495</u>	<u>2,293,012</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred loss on refunding	<u>29,504</u>	
Total deferred outflows of resources	<u>29,504</u>	
LIABILITIES:		
Accounts payable	4,446	\$ 7,096
Interest payable	84,627	-
Deposit	2,804,026	274,277
Due to EDA	-	1,089,079
Due to HUD	-	922,560
Payable to City of Lakewood	8,139,506	-
Long-term liabilities:		
Due within one year	1,210,000	-
Due in more than one year	4,000,318	-
Total liabilities	<u>16,242,923</u>	<u>\$ 2,293,012</u>
NET POSITION HELD IN TRUST	<u>\$ (12,217,924)</u>	

City of Lakewood
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2014

	Successor Agency to the City of Lakewood Redevelopment Agency Private Purpose Trust fund
	<hr/>
ADDITIONS:	
Taxes	\$ 2,255,081
Investment income	29,585
Total additions	<hr/> 2,284,666 <hr/>
DEDUCTIONS:	
Contract services	1,750
Legal services	30,720
Trustee fees	11,000
Owner participation	450,000
Overhead	250,000
Miscellaneous	31,250
Interest	274,100
Total deductions	<hr/> 1,048,820 <hr/>
CHANGE IN NET POSITION	1,235,846
NET POSITION (DEFICIT):	
Beginning of year	<hr/> (13,453,770)
End of year	<hr/> \$ (12,217,924) <hr/>



City of Lakewood
Notes to Basic Financial Statements
For the Year Ended June 30, 2014

Note 1 – Reporting Entity

The reporting entity, "City of Lakewood," includes the accounts of the City 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 Public Financing Authority was created on December 12, 1995, by a Joint Exercise of Powers Agreement between the City and the former Redevelopment 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 Government Accounting Standards Board ("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 Financing Authority as a "blended" component unit. Despite being legally separate, this entity is so intertwined with the City that it is, in substance, part of the City's operations. Accordingly, the balances and transactions of this component unit are reported within the funds of the City. 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 Financing Authority was a blended component unit:

- The members of the City Council also act as the governing body of the Financing Authority.
- The Financing Authority is managed by employees of the City. No allocation of the City's salary and overhead expenses are made to the Financing Authority.
- 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.
- No individual financial statements are prepared for the Financing Authority.

Note 2 – Summary of Significant Accounting Policies

A. Basis of Presentation

Financial statement presentation follows the recommendations promulgated by the Governmental Accounting Standards Board ("GASB") commonly referred to as accounting principles generally accepted in the United States of America ("U.S. GAAP"). GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting standards.

City of Lakewood
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 2 – Summary of Significant Accounting Policies (Continued)

B. Measurement Focus, Basis of Accounting and Financial Statements Presentation

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained in accordance with legal and managerial requirements.

In accordance with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, the Statement of Net Position reports separate sections for Deferred Outflows of Resources, and Deferred Inflows of Resources, when applicable.

Deferred Outflows of Resources represent outflows of resources (consumption of net position) that apply to future periods and that, therefore, will not be recognized as an expense until that time.

Deferred Inflows of Resources represent inflows of resources (acquisition of net position) that apply to future periods and that, therefore, are not recognized as a revenue until that time.

Government-Wide Financial Statements

The City's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements present summaries of governmental and business-type activities for the City accompanied by a total column. Fiduciary activities of the City are not included in these statements.

These financial statements are presented on an "*economic resources*" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in Net Position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Certain types of transactions are reported as program revenues for the City in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Certain eliminations have been made in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities and Changes in Net Position, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated:

- Due to/from other funds
- Advances to/from other funds
- Transfers in/out

City of Lakewood
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 2 – Summary of Significant Accounting Policies (Continued)

B. Measurement Focus, Basis of Accounting and Financial Statements Presentation (Continued)

Government Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in Net Position as presented in these statements to the Net Position presented in the Government-Wide Financial Statements. The City has presented all major funds that met the applicable criteria.

All governmental funds are accounted for on a spending or "*current financial resources*" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Revenues are recognized as soon as they are both "measurable" and "available". Revenues are considered to be available when they are collectible within the current period as soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property taxes, sales tax, intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

The Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach of GASB Statement No. 34.

The City reports the following major Governmental Funds:

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.

The **Housing Admin & Program Capital Projects Fund** is used to account for the low and moderate income housing activities that were transferred to the City upon dissolution of the former Redevelopment Agency.

Proprietary Fund Financial Statements

Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major Proprietary Fund.

A separate column representing internal service funds is also presented in these statements. However, internal service balances and activities have been combined with the governmental activities in the Government-Wide Financial Statements. The City's internal service funds include two individual funds which provide services directly to other City funds. These areas of service include Central Garage and Print Shop.

City of Lakewood
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 2 – Summary of Significant Accounting Policies (Continued)

B. Measurement Focus, Basis of Accounting and Financial Statements Presentation (Continued)

Proprietary Fund Financial Statements (Continued)

Proprietary funds are accounted for using the "*economic resources*" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total Net Position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. In these funds, receivables have been recorded as revenue and provisions have been made for uncollectible amounts.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The City reports the following major proprietary funds:

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

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Position and a Statement of Changes in Fiduciary Net Position. The City's fiduciary funds represent agency funds and private purpose trust funds. Both agency funds and the private purpose trust funds are accounted for on the full accrual basis of accounting.

The City reports the following fiduciary funds:

The **Private Purpose Trust Fund** is used to account for the activities of the Successor Agency to the Lakewood Redevelopment Agency.

The **Agency Funds** account for assets held by the City as trustee or agent for individuals, private organizations or other governmental units. The City accounts for special deposits resulting from new development, joint governmental projects, housing rehabilitation loans funded by Department of Housing and Urban Development grants and small business revolving loans funded by the Economic Development Administration grants.

C. Cash, Cash Equivalents, and Investments

The City pools its available cash for investment purposes. The City considers pooled cash and investment amounts, with original maturities of three months or less, to be cash equivalents.

Highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available. The City reported its investments at fair value and the unrealized gain on investments amounted to \$103,563 for the fiscal year ended June 30, 2014.

City of Lakewood
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 2 – Summary of Significant Accounting Policies (Continued)

C. Cash, Cash Equivalents, and Investments (Continued)

The statement of cash flows requires presentation of “cash and cash equivalents”. For the purposes of the statement of cash flows, the City considers all proprietary fund pooled cash and investments as “cash and cash equivalents”, as such funds are available to the various funds as needed.

Certain disclosure requirements, if applicable, for Deposits and Investment Risks in the following areas:

- Interest Rate Risk
- Credit Risk
 - Overall
 - Custodial Credit Risk
 - Concentration of Credit Risk
- Foreign Currency Risk

In addition, other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end and other disclosures.

D. Restricted Cash and Investments with Fiscal Agents

Cash and investments with fiscal agents are restricted due to limitations on their use by bond covenants or donor limitations. Fiscal agents acting on behalf of the City hold investment funds arising from the proceeds of long-term debt issuances. The funds may be used for specific capital outlays or for the payment of certain bonds, and have been invested only as permitted by specific State statutes or applicable City ordinance, resolution or bond indenture.

E. Receivables

Receivables include such items as taxes, intergovernmental revenues, charges for services, miscellaneous accounts receivable, and interest receivable. No allowance for doubtful accounts has been established, as the City believes all amounts are considered to be collectible in the normal course of business.

F. Inventories

Inventories consist primarily of recreation equipment, maintenance and repair supplies, fuel, and office supplies for the governmental activities. Inventories consist primarily of water pipe, valves, and fittings for the Water Enterprise Fund. Inventories are valued at cost on a weighted average basis.

G. Prepaid Items

Prepaid items are payments made to vendors for services that will benefit periods beyond the fiscal year ended.

City of Lakewood
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 2 – Summary of Significant Accounting Policies (Continued)

H. Interfund Transactions

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” or “advances to/from other funds” (i.e., the current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the Governmental-Wide Financial Statements as “internal balances”.

I. Land Held For Resale

Land held for resale is recorded at the lower of acquisition cost or net realizable value in the Housing Admin & Program Capital Projects Fund.

J. Capital Assets

Capital assets, which include land, site improvements, buildings and improvements, equipment and infrastructure assets are reported in the applicable governmental or business-type activities in the accompanying government-wide statement of net position. The City defines infrastructure as the basic physical assets that allow the City to function. The assets include roads, bridges, streetlights, traffic signals and sewer lines. Each major infrastructure system can be divided into subsystems. For example, the street system can be subdivided into pavement, curbs and gutters, sidewalks, medians, streetlights, landscaping and land. These subsystems were not delineated in the basic financial statements. The appropriate operating department maintains information regarding the subsystems.

Capital assets are valued at historical cost or estimated historical cost if actual historical cost was not available. Donated capital assets are valued at their estimated fair market value on the date donated. City policy has set the capitalization threshold for reporting capital assets at \$5,000 for non-infrastructure assets and \$25,000 for infrastructure assets. Depreciation is recorded on a straight-line basis over estimated useful lives of the assets as follows:

Buildings	50 years
Building Improvement	30 years
Water and Sewer Lines	50 years
Roads	30 years
Vehicles	7 years
Office Equipment	7 years
Computer Equipment/Software	5 years
Other Equipment	7 years

For all infrastructure systems, the City elected to use the Basic Approach for infrastructure reporting.

Interest accrued during capital assets construction, if any, is capitalized for the business-type funds as part of the asset cost.

City of Lakewood
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 2 – Summary of Significant Accounting Policies (Continued)

K. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick leave (compensated absences). All vacation pay and eligible sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. Compensated absences are reported in governmental funds only if they matured (i.e., unused reimbursable leave still outstanding following an employee's termination from employment). Typically, the General Fund has been used in prior years to liquidate the liability for compensated absences.

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

L. Long-Term Debt

Government-Wide Financial Statements

Long-term debt and other financial obligations are reported as liabilities in the appropriate funds.

Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable premium or discount. Issuance costs are reported as deferred charges.

Fund Financial Statements

The fund financial statements do not present long-term debt but are shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.

M. Claims and Judgment

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. Small dollar claims and judgments are recorded as expenditures when paid.

The City's self-insurance program is administered through California Joint Powers Insurance Authority (the "Authority"), which is described at Note 14 to the financial statements. The Authority is a public entity risk pool. 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. 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 prepaid items in the General Fund since they will be used to offset future deposit requirements. Included in prepaid items as of June 30, 2014 are refunds totaling \$30,675 related to the workers' compensation coverage program. Adverse claims experience in prior years results in the payment of additional deposits and such deposits, if any, are recorded as insurance expenditures when incurred. In addition, there is a prepaid balance in the General Fund totaling \$76,926 related to the general liability program.

City of Lakewood
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 2 – Summary of Significant Accounting Policies (Continued)

N. Net Position

In governmental-wide and proprietary fund financial statements, Net Position are categorized as follows:

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

Unrestricted – This component of net position is the amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

When expenses are incurred for purposes for which both restricted and unrestricted Net Position are available, the City's policy is to apply restricted Net Position first, then unrestricted Net Position as they are needed.

O. Fund Balances

In governmental fund financial statements, fund balances are categorized as follows:

Nonspendable – Items that cannot be spent because they are not in spendable form, such as prepaid items and inventories, items that are legally or contractually required to be maintained intact, such as principal of an endowment or revolving loan funds.

Restricted – Restricted fund balances encompass the portion of net fund resources subject to externally enforceable legal restrictions. This includes externally imposed restrictions by creditors, such as through debt covenants, grantors, contributors, laws or regulations of other governments, as well as restrictions imposed by law through constitutional provisions or enabling legislation.

Committed – Committed fund balances encompass the portion of net fund resources, the use of which is constrained by limitations that the government imposes upon itself at its highest level of decision making, normally the governing body, and that remain binding unless removed in the same manner. The City Council is considered the highest authority for the City. Adoption of a resolution by the City Council is required to commit resources or to rescind the commitment.

Assigned – Assigned fund balances encompass the portion of net fund resources reflecting the government's intended use of resources. Assignment of resources can be done by the highest level of decision making or by a committee or official designated for that purpose. The City Council has by resolution authorized the City Manager to assign fund balance. The City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriation in the subsequent year's appropriated budget.

Unassigned – This amount is for any portion of the fund balances that do not fall into one of the above categories. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount. However, in governmental fund other than general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

City of Lakewood
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 2 – Summary of Significant Accounting Policies (Continued)

O. Fund Balances (Continued)

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the City's policy is to apply restricted fund balance first. Further, when the components of unrestricted fund balance can be used for the same purpose, the City uses the unrestricted resources in the following order: committed, assigned, and unassigned.

P. Property Taxes

Property taxes are levied on March 1 and are payable in two installments: November 1 and February 1 of each year. Property taxes become delinquent on December 10 and April 10, for the first and second installments, respectively. The lien date is January 1. The County of Los Angeles, California (County) bills and collects property taxes and remits them to the City according to a payment schedule established by the County.

The County is permitted by State law to levy taxes at 1% of full market value (at time of purchase) and can increase the property tax rate no more than 2% per year or the current CPI, whichever is less. The City receives a share of this basic tax levy proportionate to what it received during the years 1980-1981.

Property tax revenue is recognized in the fiscal year for which the taxes have been levied, provided the taxes are received within 60 days after the end of the fiscal year. Property taxes received after this date are not considered available as a resource that can be used to finance the current year operations of the City and, therefore, are not recorded as revenue until collected.

No allowance for doubtful accounts was considered necessary.

Q. Use of Estimates

The preparation of basic financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from these estimates and assumptions.

Note 3 – Cash and Investments

At June 30, 2014, cash and cash investments are classified in the accompanying financial statements as follows:

	Government- Wide Statement of Net Position	Fiduciary Fund Statement of Net Position	Total
Unrestricted assets:			
Cash and investments	\$ 59,246,121	\$ 3,304,184	\$ 62,550,305
Cash and investments with fiscal agents	-	1,456,620	1,456,620
Restricted assets:			
Cash and investments	27,970	-	27,970
Cash and investments held by bond trustees	345,014	-	345,014
Total cash and investments	\$ 59,619,105	\$ 4,760,804	\$ 64,379,909

City of Lakewood
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 3 – Cash and Investments (Continued)

At June 30, 2014, cash and investments consisted of the following:

Deposits with financial institution	\$ 5,267,995
Petty cash	2,700
Investments	59,109,214
Total cash and investments	\$ 64,379,909

A. Demand Deposits

The carrying amount of the City's cash deposits were \$5,267,995 at June 30, 2014. Bank balances before reconciling items were \$5,472,273 at that date, the total amount of which was insured or collateralized with securities held by the pledging financial institutions in the City's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City's name.

The market value of pledged securities must equal at least 110% of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits. The City may waive collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation. The City, however, has not waived the collateralization requirements.

B. Investments Authorized by the California Government Code and the City's Investment Policy

The table below identifies the investment types that are authorized for the City by the California Government Code (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Allowed	Maximum Investments in One Issuer
United States Treasury Bills, Bonds and Notes	5 Years	None	None
United States Government Sponsored Agency Securities	5 Years	None	None
Municipal Obligations	5 Years	None	None
Negotiable Certificates of Deposit	5 Years	30%	10%
Time Certificates of Deposit	1 Year	None	None
Corporate Notes	5 Years	30%	10%
Local Agency Investment Fund (LAIF)	N/A	None	None
Money Market Funds	N/A	20%	10%
Government Pools	N/A	None	None
Los Angeles County Pooled Fund	N/A	None	None

N/A - Not Applicable

City of Lakewood
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 3 – Cash and Investments (Continued)

C. Investments Authorized by Debt Agreement

Investments of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. Investments authorized for funds held by bond trustee include, United States Treasury Obligations, United States Government Sponsored Agency Securities, Certificates of Deposits, Commercial Paper, Local Agency Bonds, Banker's Acceptance, Money Market Mutual Funds, Investment Agreements, Repurchase Agreements, Local Agency Investment Fund of the State of California and any other investments permitted in writing by bond insurer. There were no limitations on the maximum amount that can be invested in one issuer, maximum percentage allowed or the maximum maturity of an investment.

D. Risk Disclosures

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

Investment Type	Remaining Maturity (In Months)			Total
	12 Months or Less	13-24 Months	25-60 Months	
Local Agency Investment Fund	\$ 20,850,809	\$ -	\$ -	\$ 20,850,809
United States Treasury Notes	-	-	16,799,915	16,799,915
United States Government Sponsored Agency Securities	-	-	3,721,960	3,721,960
Municipal Bonds	1,025,811	-	-	1,025,811
CAMP Cash Reserve Portfolio	43,065	-	-	43,065
Money Market Mutual Funds	690,356	-	-	690,356
Negotiable Certificates of Deposit	725,406	-	3,072,217	3,797,623
Corporate Medium Notes	426,094	201,970	10,094,991	10,723,055
Held by Bond Trustee:				
CAMP Cash Reserve Portfolio	666,527	-	-	666,527
Money Market Mutual Funds	790,093	-	-	790,093
Total	\$ 25,218,161	\$ 201,970	\$ 33,689,083	\$ 59,109,214

City of Lakewood
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 3 – Cash and Investments (Continued)

D. Risk Disclosures (Continued)

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating, by Standard and Poor's, as of June 30, 2014 for each investment type:

Investment Type	Total as of June 30, 2014	Minimum Legal Rating	AAA	Other	Not Rated	Not Required to be Rated
Local Agency Investment Fund	\$ 20,850,809	N/A	\$ -	\$ -	\$ 20,850,809	\$ -
United States Treasury Notes	16,799,915	N/A	-	-	-	16,799,915
United States Government Sponsored						
Agency Securities	3,721,960	N/A	-	3,721,960	-	-
Municipal Bonds	1,025,811	A	726,405	299,406	-	-
CAMP Cash Reserve Portfolio	43,065	A	43,065	-	-	-
Money Market Mutual Funds	690,356	A	690,356	-	-	-
Negotiable Certificates of Deposit	3,797,623	N/A	-	-	3,797,623	-
Corporate Medium Notes	10,723,055	A	-	10,723,055	-	-
Held by Bond Trustee:						
CAMP Cash Reserve Portfolio	666,527	A	666,527	-	-	-
Money Market Mutual Funds	790,093	A	790,093	-	-	-
Total	\$59,109,214		\$ 2,916,446	\$ 14,744,421	\$ 24,648,432	\$ 16,799,915

The actual ratings for the “Other” category above are as follows:

Investment Type	AA+	AA	AA-	A+	A	A-	Total
United States Government Sponsored							
Agency Securities	\$ 3,721,960	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,721,960
Municipal Bonds	-	299,406	-	-	-	-	299,406
Corporate Medium Notes	2,014,162	492,631	1,064,990	3,339,446	2,852,049	959,777	10,723,055
Total	\$ 5,736,122	\$ 792,037	\$ 1,064,990	\$ 3,339,446	\$ 2,852,049	\$ 959,777	\$ 14,744,421

Disclosures Relating to Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There were no investments in any one issuer that represent 5% or more at June 30, 2014.

Disclosures Relating to Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counter party, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All securities, with the exception of LAIF and other pooled investments, are held by a third-party custodian.

City of Lakewood
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 3 – Cash and Investments (Continued)

E. Investment in Local Agency Investment Fund (LAIF)

The City is a participant in LAIF which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City's investments in LAIF at June 30, 2014 included a portion of pool funds invested in Structure Notes and Asset-Backed Securities:

Structured Notes are debt securities (other than asset-backed securities) whose cash-flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities, the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from pool of assets such as principal and interest repayments from a pool of mortgages (such as Collateralized Mortgage Obligations) or credit card receivables.

As of June 30, 2014, the City had \$20,850,809 invested in LAIF, which had invested 1.86% of the pool investment funds in Structured Notes and Asset-Back Securities. LAIF determines fair value on its investment portfolio based on market quotations for those securities where market quotations are readily available and based on amortized cost or best estimate for those securities where market value is not readily available. The City valued its investments in LAIF by multiplying its account balance with LAIF times a fair value factor determined by LAIF. This fair value factor was determined by dividing all LAIF participants' total aggregate amortized cost by total aggregate fair value. The credit quality rating of LAIF is unrated as of June 30, 2014.

F. Investment in California Asset Management Program

The City is a voluntary participant in the California Asset Management Program (CAMP), a California joint powers authority established in 1989 by the treasurers and finance directors of several California local agencies. CAMP offers its shareholders a California Asset Management Trust (Trust) Cash Reserve Portfolio, a short-term money market portfolio. The Trust's activities are directed by a board of trustees, all of whom are employees of California public agencies which are participants in the Trust. The Trust's investments are limited to investments permitted by subdivisions (a) to (o), inclusive, of Section 53601 of the California Government Code. The City's investment in the CAMP Cash Reserve Portfolio is reported at amounts based upon the City's pro-rata share of the Portfolio's amortized cost (which approximates fair value) as provided by CAMP. The balance available for withdrawal is based on the accounting records maintained by CAMP, which are recorded on an amortized cost basis.

Note 4 – Notes Receivable

At June 30, 2014, notes receivable consisted of the followings:

	Government-Wide Financial Statements	Fiduciary Fund Financial Statements		
		Private Purpose		
	Governmental Activities	Trust Fund	Agency Funds	Total
Home Improvement Loan Program	\$ 2,262,207	\$ -	\$ 861,909	\$ 3,124,116
HJCH II, Inc. Lakewood Redevelopment Agency	-	512,111	-	512,111
Revolving Loan Fund Program	-	-	153,684	153,684
Total notes receivable	\$ 2,262,207	\$ 512,111	\$ 1,015,593	\$ 3,789,911

City of Lakewood
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 4 – Notes Receivable (Continued)

A. Governmental Activities

The former Redevelopment Agency made 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 former Redevelopment Agency began to use Redevelopment Agency low and moderate housing 20% set-aside funds to provide housing rehabilitation loans to eligible applicants. The rehabilitation loans were made from the former Redevelopment Agency's low and moderate housing 20% set-aside funds. The loans were transferred to the Housing Admin & Program Capital Projects Fund on February 1, 2012, the effective date of the former Redevelopment Agency dissolution, since the City had accepted the role of being the Successor Housing Agency. Due to the long-term nature of the loans, the City has deferred recognition of revenues until receipt in the governmental fund financial statements. The balance of these loans totaled \$2,262,207 at June 30, 2014.

B. Private Purpose Trust Fund

As consideration for the sale of land on November 3, 2006, the former Redevelopment Agency took a \$689,520 note from the buyer. The term of the note is ten years. Interest accrues on the note at a rate of 5.5% per annum. Principal and interest is payable quarterly. The quarterly payments are fixed at \$14,298 with a balloon payment of \$434,883 due on November 1, 2016. The note balance at June 30, 2014 is \$512,111.

C. Agency Funds

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 and 2012-13, the City also used Housing and Community Development Block Grant (CDBG) funds to provide these loans. The rehabilitation loans made from the former Redevelopment Agency's low and moderate housing 20% set-aside funds are reported in the Housing Admin & Program 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 HUD" in the Agency Fund.

The Gateway Cities Council of Governments has received loan 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 \$666,725 of these funds as a sub-grantee. These funds were used to establish a commercial revolving loan fund to provide for business expansion, economic development, and job creation in Lakewood. The revolving loan fund particularly targets 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 loan program. The funds received from the EDA have been matched with \$85,000 from a California Trade and Commerce Agency Defense Adjustment Matching Grant and \$168,245 in Community Development Block Grant (CDBG) funds. The revolving loans and all EDA cash held for revolving loans are reflected in the Lakewood Business Development Loans Agency Fund. Since the Economic Development Administration (EDA) has a claim to any funds remaining when the program is terminated, these funds are reported as "Due to EDA" in the Agency Fund.

City of Lakewood
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 5 – Interfund Transactions

A. Due From And To Other Funds

At June 30, 2014, the City has the following due to / from other funds:

<u>Due From Other Funds</u>	<u>Due to to Other Funds</u>	<u>Amount</u>
General Fund	Other Governmental Fund	\$ 3,738,222

These interfund balances represent routine short-term cash flow assistance.

B. Transfers In And Out

At June 30, 2014, the City had the following transfers in/out:

<u>Transfers In</u>
<u>Governmental Funds</u>
General Fund
<u>Transfers Out</u>
<u>Governmental Funds:</u>
Nonmajor Governmental Funds
\$ 2,597,281

Transfers provided funding for capital projects, capital acquisitions, and debt service.

Note 6 – Land Held For Resale

At June 30, 2014, land held for resale consisted of the followings:

<u>Location/Address</u>	<u>Amount</u>	<u>Use of Property</u>
20529 Pioneer Boulevard	\$ 129,557	Vacant. Future affordable housing development site
20525 Pioneer Boulevard	375,445	Vacant. Future affordable housing development site
11643 207th St	413,650	Affordable Housing
11647 207th St	413,650	Affordable Housing
11644 206th St	526,000	Affordable Housing
20920 Roseton Ave	257,000	Affordable Housing
11649 207th St	320,000	Affordable Housing
11610 207th St	262,500	Vacant Land
11618 207th St	262,500	Vacant Land
Total	<u>\$ 2,960,302</u>	

City of Lakewood
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 7 – Receivable From Successor Agency

On June 30, 2012, the amount due by the Lakewood Successor Agency to the City was \$30,950,525. Under AB 1X26, the Successor Agency was only able to list as enforceable obligation the amount of the *initial* City Loan for the plan area, which was \$382,000. Subsequent legislation, AB1484, allowed interest for the City loans to be recalculated at the LAIF rate over the life of the loan. The outstanding interest on the City loan using the LAIF interest rate calculation is \$2,612,099, of which, 80% are allocated to General Fund and 20% are allocated to the City's Housing Admin & Program Capital Projects Fund. Due to the Due Diligence Review called for under AB 1X26, the City reduced the amount receivable to the amount allowable, which resulted in the Successor Agency recognizing an extraordinary gain of \$27,956,419 on the statement of changes in fiduciary net position. During fiscal year 2013-14, the Successor Agency made a principal payment of \$38,200 to the City. At June 30, 2014, the total principal and interest due to the City General Fund and Housing Admin & Program Capital Projects Fund were in the amount of \$2,561,889 and \$523,756, respectively.

On April 14, 2005, the Agency Board approved a 10-year interfund loan from the Capital Projects Fund to the Debt Service Fund to provide partial funding for the required payment to the County of Los Angeles' Educational Revenue Augmentation Fund for the year ended June 30, 2005. No interest accrues on this loan and annual installments of \$22,623 commenced May 10, 2006. The loan balance at June 30, 2014 was \$90,491. The loan was transferred to the Successor Agency and the asset side was transferred to the Housing Admin & Program Capital Projects Fund as of the date of the dissolution of the Agency in accordance with Assembly Bill 1X26.

On February 9, 2011, the Agency Board approved a 5-year loan from the Capital Projects Fund to the Debt Service Fund to provide funding for the required payment to the County of Los Angeles' Supplemental Educational Revenue Augmentation Fund. On January 25, 2012, the Agency Board approved a second 5-year loan from the Capital Projects Fund to the Debt Service Fund for similar purposes. No interest accrues on these loans and the loans must be repaid on or before June 30, 2015 and 2016, respectively. The total loan balance at June 30, 2014 was \$3,878,059. The liability side of this loan was transferred to the Successor Agency and the asset side was transferred to the Housing Admin & Program Capital Projects Fund as of the date of the dissolution of the Agency in accordance with Assembly Bill 1X26.

California Health and Safety Code Section 33334.6 requires that Redevelopment Agencies set aside 20% of the annual tax increment proceeds for the benefit of low- and moderate-income housing. However, an Agency may defer the set-aside of 20% if it determines that the tax increment required to be deposited is necessary for the orderly and timely completion of programs approved by the Agency prior to January 1, 1986. The Agency made such a determination to defer the deposit of \$1,383,310 of tax increment into the Housing Set-Aside Fund. The Agency has adopted a plan for repayment of this Housing Set-Aside Fund deficit. The Agency did not make a payment towards this deficit during the year ended June 30, 2014, as this deficit was not considered an enforceable obligation under Assembly Bill 1X26, the deficit total remains at \$1,085,310; however, under subsequent legislation, AB1484, this deficit is now considered an enforceable obligation and payments from the Successor Agency are allowed to commence in fiscal year 2013-14 to the City's Housing Admin & Program Capital Projects Fund.

During the year ended June 30, 2014, the City loaned the Successor Agency \$161,266 to make its required obligation payments. The Department of Finance (DOF) has approved the expenditures and the City will receive payments from the County Auditor during fiscal year 2014-15.

City of Lakewood
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 8 – Capital Assets

A. Governmental Activities

Summary of changes in capital assets of the governmental activities for the year ended June 30, 2014 is as follows:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
Capital assets, not being depreciated:				
Land	\$ 17,041,023	\$ -	\$ -	\$ 17,041,023
Construction in progress	5,618,598	2,189,635	(2,211,897)	5,596,336
Total capital assets, not being depreciated	<u>22,659,621</u>	<u>2,189,635</u>	<u>(2,211,897)</u>	<u>22,637,359</u>
Capital assets, being depreciated:				
Structures and improvements	44,612,496	1,119,215	-	45,731,711
Equipment	7,800,830	444,232	(143,796)	8,101,266
Infrastructure	137,304,374	1,092,682	-	138,397,056
Total capital assets, being depreciated	<u>189,717,700</u>	<u>2,656,129</u>	<u>(143,796)</u>	<u>192,230,033</u>
Less accumulated depreciation for:				
Structures and improvements	(19,807,333)	(894,370)	-	(20,701,703)
Equipment	(6,203,870)	(395,863)	143,796	(6,455,937)
Infrastructure	(95,958,273)	(2,676,442)	-	(98,634,715)
Total accumulated depreciation	<u>(121,969,476)</u>	<u>(3,966,675)</u>	<u>143,796</u>	<u>(125,792,355)</u>
Total capital assets, being depreciated, net	<u>67,748,224</u>	<u>(1,310,546)</u>	<u>-</u>	<u>66,437,678</u>
Governmental activities capital assets, net	<u><u>\$ 90,407,845</u></u>	<u><u>\$ 879,089</u></u>	<u><u>\$ (2,211,897)</u></u>	<u><u>\$ 89,075,037</u></u>

Depreciation expense was charged to City functions/programs as follows:

General government	\$ 205,650
Public safety	360,187
Transportation	127,258
Community development	137,813
Health and sanitation	136,653
Culture and leisure	315,892
Unallocated depreciation for infrasture	2,676,442
Internal service funds depreciation charged to programs	6,780
Total depreciation expense - governmental activities	<u><u>\$ 3,966,675</u></u>

City of Lakewood
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 8 – Capital Assets (Continued)

B. Business-Type Activities

Summary of changes in capital assets of the business-type activities for the year ended June 30, 2014 is as follows:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
Capital assets, not being depreciated:				
Land	\$ 381,023	\$ -	\$ -	\$ 381,023
Water rights	1,834,586	-	-	1,834,586
Construction in progress	2,412,576	367,910	-	2,780,486
Total capital assets, not being depreciated	4,628,185	367,910	-	4,996,095
Capital assets, being depreciated:				
Source of supply	4,770,755	-	-	4,770,755
Pumping plant	807,312	-	-	807,312
Water treatment	2,482,330	-	-	2,482,330
Transmission/distribution	32,098,148	-	-	32,098,148
General plant and equipment	8,998,579	16,500	-	9,015,079
Total capital assets, being depreciated	49,157,124	16,500	-	49,173,624
Less accumulated depreciation for:				
Source of supply	(2,827,893)	(85,123)	-	(2,913,016)
Pumping plant	(528,215)	(12,193)	-	(540,408)
Water treatment	(912,167)	(241,966)	-	(1,154,133)
Transmission/distribution	(15,541,340)	(809,614)	-	(16,350,954)
General plant and equipment	(3,737,952)	(315,788)	-	(4,053,740)
Total accumulated depreciation	(23,547,567)	(1,464,684)	-	(25,012,251)
Total capital assets, being depreciated, net	25,609,557	(1,448,184)	-	24,161,373
Business-type activities capital assets, net	<u>\$ 30,237,742</u>	<u>\$ (1,080,273)</u>	<u>\$ -</u>	<u>\$ 29,157,469</u>

Depreciation expense was charged to City functions/programs as follows:

Business type activity:	
Water	\$ 1,464,684
Total depreciation expense - business-type activities	<u>\$ 1,464,684</u>

City of Lakewood
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 9 – Long-Term Liabilities

A. Governmental Activities

Summary of changes in long-term liabilities for governmental activities for the year ended June 30, 2014 is as follow:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014	Due within One Year	Due in More Than One Year
Governmental Activities:						
Compensated absences	\$ 1,036,981	\$ 1,172,460	\$ (1,164,236)	\$ 1,045,205	\$ 830,680	\$ 214,525
Total governmental activities	<u>\$ 1,036,981</u>	<u>\$ 1,172,460</u>	<u>\$ (1,164,236)</u>	<u>\$ 1,045,205</u>	<u>\$ 830,680</u>	<u>\$ 214,525</u>

Compensated Absences

There is no fixed payment schedule for earned but unpaid compensated absences.

B. Business-type Activities

Summary of changes in long-term liabilities for business-type activities for the year ended June 30, 2014 is as follow:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014	Due within One Year	Due in More Than One Year
Business-type Activities						
Water Revenue Bonds:						
2004 Bonds	\$ 1,335,000	\$ -	\$ (430,000)	\$ 905,000	\$ 445,000	\$ 460,000
2008 Bonds	2,680,000	-	(215,000)	2,465,000	225,000	2,240,000
Bond premium	23,895	-	(8,689)	15,206	-	15,206
Total water revenue bonds	4,038,895	-	(653,689)	3,385,206	670,000	2,715,206
Loans payable	1,382,361	-	(197,480)	1,184,881	197,480	987,401
Compensated absences	-	114,108	(15,721)	98,447	-	98,447
Total business-type activities	<u>\$ 5,421,256</u>	<u>\$ 114,108</u>	<u>\$ (866,890)</u>	<u>\$ 4,668,534</u>	<u>\$ 867,480</u>	<u>\$ 3,801,054</u>

2004 Water Revenue Bonds

On April 15, 2004 the City issued \$4,635,000 Water Refunding Bonds to refinance the outstanding 1996 Water-Bond. The 2004 Bonds are secured by a charge and lien on net revenue of the water enterprise.

The 2004 Bonds are revenue bonds maturing annually each April 1 through the calendar year 2016, and bearing interest at rates ranging from 3% to 4%. Interest is payable semiannually on April 1 and October 1.

The annual requirements to amortize the bonds outstanding at June 30, 2014, are as follows:

June 30	Principal	Interest	Total
2015	\$ 445,000	\$ 31,119	\$ 476,119
2016	460,000	16,100	476,100
Total	<u>\$ 905,000</u>	<u>\$ 47,219</u>	<u>\$ 952,219</u>

City of Lakewood
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 9 – Long-Term Liabilities (Continued)

B. Business-type Activities (Continued)

2008 Water Revenue Bonds

On May 7, 2008, the City issued \$3,450,000 in non-taxable water revenues bonds to finance the construction of a photovoltaic system. The 2008 Bonds are secured by a charge and lien on the net revenue of the water enterprise.

Principal payments on the capital lease are due annually each April 1, commencing April 1, 2011. The bonds were sold through a negotiated sale and bears interest at a rate of 4.75%. Interest payments are payable semi-annually on April 1 and October 1.

The future annual required lease payments at June 30, 2014, are as follows:

June 30	Principal	Interest	Total
2015	\$ 225,000	\$ 117,088	\$ 342,088
2016	235,000	106,400	341,400
2017	250,000	95,238	345,238
2018	260,000	83,363	343,363
2019	270,000	71,013	341,013
2020-2023	1,225,000	148,675	1,373,675
Total	<u>\$ 2,465,000</u>	<u>\$ 621,777</u>	<u>\$ 3,086,777</u>

Loans Payable

In November 2008, the City entered into a loan agreement with the Water Replenishment District of Southern California (WRD). Pursuant to the agreement, WRD is to loan the City up to \$2,200,000 which is to be used towards the design, construction and installation of wellhead treatment systems at the City's Well 27 site. Since June 30, 2011, the City had requested and received \$1,974,801 from WRD. The loan is unsecured and does not bear interest. The term of the loan is ten years from the initial loan disbursement date which occurred on September 24, 2009. Principal payments are due annually commencing two years from the date of the initial loan disbursement in an amount equal to the lesser of (i) 10% of the total cumulative amount of loan disbursements made by WRD during the immediately preceding twelve month period or (ii) \$220,000.

The debt service schedule to maturity is as follows:

June 30	Principal	Interest	Total
2015	\$ 197,480	\$ -	\$ 197,480
2016	197,480	-	197,480
2017	197,480	-	197,480
2018	197,480	-	197,480
2019	197,480	-	197,480
2020	197,480	-	197,480
Total	<u>\$ 1,184,880</u>	<u>\$ -</u>	<u>\$ 1,184,880</u>

Compensated Absences

There is no fixed payment schedule for earned but unpaid compensated absences.

City of Lakewood
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 9 – Long-Term Liabilities (Continued)

C. Fiduciary Fund Financial Statements

Summary of changes in long-term debt for fiduciary fund financial statements for the year ended June 30, 2014 is as follow:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014	Due within One Year	Due in More Than One Year
Fiduciary Fund Financial Statements						
Tax Allocation Bonds:						
1999 Series A	\$ 2,855,000	\$ -	\$ (515,000)	\$ 2,340,000	\$ 540,000	\$ 1,800,000
2003 Series A	2,280,000	-	(420,000)	1,860,000	440,000	1,420,000
2003 Series B	1,215,000	-	(220,000)	995,000	230,000	765,000
Bond premium	20,155	-	(4,837)	15,318	-	15,318
Total fiduciary fund financial statements	\$ 6,370,155	\$ -	\$ (1,159,837)	\$ 5,210,318	\$ 1,210,000	\$ 4,000,318

1999 Tax Allocation Bonds Series A

On October 1, 1999, the former 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 with Lakewood Mall Business Company. The 1999A Bonds are secured by a pledge of tax increment revenue from Project Area No. 1.

The 1999A Bonds are serial bonds maturing annually each September 1 through the calendar year 2017, and bearing interest at rates ranging from 4.0% to 5.4%. Interest is payable semiannually on March 1 and September 1. The 1999A Bonds maturing on or after September 1, 2011, are subject to redemption prior to maturity at the option of the Agency as a whole, or in part, on or after September 1, 2009, 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%.

Total debt service requirements to maturity are as follows:

June 30	Principal	Interest	Total
2015	\$ 540,000	\$ 110,505	\$ 650,505
2016	570,000	81,224	651,224
2017	600,000	50,070	650,070
2018	630,000	17,010	647,010
Total	<u>\$ 2,340,000</u>	<u>\$ 258,809</u>	<u>\$ 2,598,809</u>

City of Lakewood
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 9 – Long-Term Liabilities (Continued)

C. Fiduciary Fund Financial Statements (Continued)

2003 Tax Allocation Bonds Series A

On October 28, 2003, the former Redevelopment Agency issued \$5,565,000 Redevelopment Project No. 1 Tax Allocation Parity Refunding Bonds, 2003 Series A, to refinance the outstanding 1992A Bonds. The 1992A Bonds were called in full on December 22, 2003. The Series 2003A Bonds were issued at a premium of \$66,514. This premium is being amortized on a straight-line basis as an adjustment to interest expense on the statement of activities through the year 2018. The 2003A Bonds are secured by a pledge of tax increment revenue from Project Area No. 1 on a parity with the remaining 1999A Bonds.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$81,827. This difference, reported as a deduction from bonds payable, is being amortized on a straight-line basis as interest expense.

The 2003A Bonds are serial bonds maturing annually each September 1 through the calendar year 2017, and bearing interest at rates ranging from 2.5% to 4.15%. Interest is payable semiannually on March 1 and September 1. The 2003A Bonds maturing on or after September 1, 2014, are subject to redemption prior to maturity at the option of the Agency as a whole, or in part, on or after September 1, 2013, by such maturities as designated by the Agency and by lot within a maturity, at a redemption price equal to one hundred percent (100%) of the principal amount to be redeemed, plus accrued interest to the redemption date.

Series 2003A total debt service requirements to maturity are as follows:

June 30	Principal	Interest	Total
2015	\$ 440,000	\$ 65,330	\$ 505,330
2016	455,000	48,208	503,208
2017	475,000	29,835	504,835
2018	490,000	10,168	500,168
Total	<u>\$ 1,860,000</u>	<u>\$ 153,541</u>	<u>\$ 2,013,541</u>

City of Lakewood
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 9 – Long-Term Liabilities (Continued)

C. Fiduciary Fund Financial Statements (Continued)

2003 Tax Allocation Bonds Series B

On October 28, 2003, the former Redevelopment Agency issued \$2,805,000 Redevelopment Project No. 1 Taxable Tax Allocation Parity Refunding Bonds, 2003 Series B, to refinance the outstanding 1992B Bonds. The 1992B Bonds were called in full on December 22, 2003. The 2003B Bonds are secured by a pledge of tax increment revenue from Project Area No. 1 on a parity with the remaining 1999A Bonds.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$46,291. This difference, reported as a deduction from bonds payable, is being amortized on a straight-line basis as interest expense.

The 2003B Bonds are serial bonds maturing annually each September 1 through the calendar year 2017, and bearing interest rates ranging from 3.89% to 5.59%. Interest is payable semiannually on March 1 and September 1. The 2003B Bonds maturing September 1, 2017, are subject to redemption prior to maturity at the option of the Agency as a whole, or in part, on or after September 1, 2013, by such maturities as designated by the Agency and by lot within a maturity, at a redemption price equal to one hundred percent (100%) of the principal amount to be redeemed, plus accrued interest to the redemption date.

Series 2003B total debt service requirements to maturity are as follows:

June 30	Principal	Interest	Total
2015	\$ 230,000	\$ 49,192	\$ 279,192
2016	240,000	36,055	276,055
2017	255,000	22,220	277,220
2018	270,000	7,547	277,547
Total	<u>\$ 995,000</u>	<u>\$ 115,014</u>	<u>\$ 1,110,014</u>

Note 10 – Defined Contribution Plan

The City provides a tax qualified retirement savings plan under Section 401(a) of the Internal Revenue Code to its full-time employees. The Plan is a defined contribution plan and benefits depend solely on amounts contributed to the plan and investment earnings. The Plan is administered by the Public Agency Retirement System (PARS) and the City Council has the authority for establishing and amending the plan provisions. Employer contributions are based on an employee's tier of eligibility. Depending on the limits and requirements of the eligible tier, the City will contribute certain amounts equivalent to an employee's eligible unused accrued vacation time, compensatory time, floating holidays, sick leave and administrative leave. Employee contributions are mandatory and are also based on an employee's tier of eligibility. The amount of the mandatory employee contribution will depend on the limits and requirements of the tier which take into consideration an employee's longevity, merit adjustments and prescribed plan percentages.

For the year ended June 30, 2014, employee contributions totaled \$321,265 and employer contributions totaled \$208,393.

City of Lakewood
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 11 – Defined Benefits Plan

A. CalPERS 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

During the year ended June 30, 2013, the California's Public Employees' Pension Reform Act (PEPRA) went into effect. Employees hired after January 1, 2013 who are new to the CalPERS system are required to pay half of their plan's normal cost. The new miscellaneous members contribute 6.25% of their annual covered salary. Employees who were CalPERS members before January 1, 2013 are considered "classic" members and the member rate as a percentage of wages for local miscellaneous members is 7%. The City makes the contributions required of "classic" members on their behalf and for their account.

Annual Pension Cost

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 2013-14 was 12.744% 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.

For fiscal year 2013-14, the City's actual and contributed pension cost was \$2,028,609. The required contribution for fiscal year 2013-14 was determined as part of the June 30, 2011, actuarial valuation using the entry age actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) a 7.5% investment rate of return (net of administrative expenses); (b) projected salary increases that vary by age, length of service and type of employment from 3.30 % to 14.20%, (c) a 2.75% inflation rate; (d) a 3% payroll growth rate; and (e) a merit scale varying by duration of employment coupled with an assumed annual inflation component of 2.75% 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 fifteen-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 30 year rolling period which results in an amortization of about 6% 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.

City of Lakewood
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 11 – Defined Benefits Plan (Continued)

A. CalPERS Plan (Continued)

Three-Year Trend Information for the Miscellaneous Plan:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2012	\$ 1,849,473	100%	\$ -
6/30/2013	1,976,950	100%	-
6/30/2014	2,028,609	100%	-

Funded Status and Funding Progress

As of June 30, 2013, the most recent actuarial valuation date, the plan was 78.6% funded. The actuarial accrued liability for benefits was \$103,106,031, and the actuarial value of assets was \$81,003,216, resulting in an unfunded liability of \$22,102,815. The covered payroll (annual payroll of active employees covered by the plan) was \$14,820,580, and the ratio of the UAAL to the covered payroll was 149.1%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and mortality. Amounts determined regarding the funded status of the plan and the annual required contributions of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to basic financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

B. Retirement Enhancement Plan

Plan Description

The City provides a 401(a) defined benefit retirement enhancement plan under the terms of a Memorandum of Understanding (MOU) between the City and its employees. The Plan is part of an agent multiple employer plan administered by the Public Agency Retirement Service (PARS). The benefit is equal to 0.5% of final average compensation for all future years of City service (on or after July 1, 2005) and for 75% of past years of City service (before July 1, 2005). Eligibility for an immediate benefit is defined as reaching age 60, completing two years of full-time continuous Lakewood service, and retiring concurrently from both the City and CalPERS after leaving City employment on or after July 1, 2006. Employees terminating from the City with two years of service and concurrent retirement with CalPERS but prior to age 60 may choose to receive either a deferred retirement benefit to begin at age 60 or a refund of their employee contributions with 3% interest compounded annually. All other terminating employees will receive a refund of their employee contributions with 3% interest. A separate audited GAAP-basis post-employment benefit plan report is not available for this Plan. Due to PEPR legislation the Plan is closed to employees hired by the City after December 31, 2012.

City of Lakewood
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 11 – Defined Benefits Plan (Continued)

B. Retirement Enhancement Plan (Continued)

Funding Policy

The contribution requirements of plan members are established and may be amended by the City, City Council, and/or the employee associations and the employer contribution rates are established and may be amended by PARS. Currently, plan members are required to contribute 3% of compensation of which the City picks-up 0.13%. The required employer contribution for the fiscal year 2013-14 was 6.45%. The closing of the Plan changed the amortization for the unfunded liability from a level percent of pay to level dollar amortization through fiscal year 2025 as part of the July 1, 2013 actuarial valuation report.

Annual Pension Cost

For fiscal year 2013-14, the City's actual and contributed pension cost was \$723,538. This required contribution was determined as part of the July 1, 2011, actuarial valuation using the entry age normal cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) a 7.00% investment rate of return; (b) projected salary increases that vary by age, length of service and type of employment from 3.85 % to 12.65%, (c) a 3.0% inflation rate; and (d) a 2.00% cost of living adjustment compounded annually. Initial unfunded liabilities are amortized over a closed 20-year period that began on July 1, 2005 using a level percentage of projected payroll.

Three-Year Trend Information:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2012	\$ 606,833	100%	\$ -
6/30/2013	765,962	100%	-
6/30/2014	723,538	100%	-

As of July 1, 2013, the latest actuarial valuation date, the plan was 57.08% funded. The actuarial accrued liability for benefits was \$12,535,655, and the actuarial value of assets was \$7,154,752 resulting in an unfunded actuarial accrued liability (UAAL) of \$5,380,903. The covered payroll (annual payroll of active employees covered by the plan) was \$13,071,891 and the ratio of the UAAL to the covered payroll was 41.2%. Going forward, the level funding schedule as determined by an actuarial valuation performed as of July 1, 2013, includes an annual contribution of \$113,596 in Employer Normal Cost (net after employee contributions) and \$757,448 in Unfunded Actuarial Liability Amortization, for a total annual employer contribution of \$871,004 from fiscal year 2014 through 2025. In fiscal year 2025, the Plan is scheduled to be fully funded.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and mortality. Amounts determined regarding the funded status of the plan and the annual required contributions of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to basic financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

City of Lakewood
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 12 – Other Post-Employment Benefits

Plan Description

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 Plan is part of an agent multiple employer plan administered by the Public Agency Retirement Service (PARS). 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 \$502 per month on January 1, 2013, continuing until the retiree has met Medicare age. Thereafter, the payment is decreased to \$288 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. A separate audited GAAP-basis post-employment benefit plan report is not available for this Plan.

Funding Policy

The contribution requirements of plan members and the City are established and may be amended by the City, City Council, and/or the employee associations. Currently, contributions are not required from plan members. During the fiscal year ended June 30, 2014, the City made contributions of \$156,224 on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation (Asset)

The City's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC) an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The ARC for fiscal year 2013-14 was \$150,752 and was determined as part of an actuarial valuation as of July 1, 2013.

The following table shows the component of the City's annual OPEB costs for the year, the amount actually contributed to the plan, and changes in the City's net OPEB asset.

Annual Required Contribution (ARC)	\$	150,752
Interest Adjustment on Net OPEB Assets		(244,273)
Amortization Adjustment to ARC		287,033
Annual OPEB Cost		193,512
Contribution Made		(156,224)
Increase in Net OPEB Assets		37,288
Net OPEB Assets:		
Beginning of Year		(3,889,772)
End of Year	\$	(3,852,484)

City of Lakewood
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 12 – Other Post-Employment Benefits (Continued)

Three-Year Trend Information

For fiscal year 2014, the City's annual OPEB cost (expense) of \$193,512 was greater than the ARC. Information on the annual OPEB cost, percentage of Annual OPEB Cost contributed, and Net OPEB Obligation is presented below:

Fiscal Year Ending	Annual OPEB Cost	Actual Contribution (Net of Adjustments)	Percentage of APC Contributed	Net OPEB (Assets) Obligation
6/30/2012	\$ 331,391	\$ 146,313	44.15%	\$ (4,071,215)
6/30/2013	331,391	149,948	45.25%	(3,889,772)
6/30/2014	193,512	156,224	80.73%	(3,852,484)

Funded Status and Funding Progress

As of July 1, 2013, the latest actuarial valuation date, the plan was 119.29% funded. The actuarial accrued liability for benefits was \$6,147,829 and the actuarial value of assets was \$7,333,693 resulting in an actuarial surplus of \$1,185,864. The covered payroll (annual payroll of active employees covered by the plan) was \$12,430,631 and the ratio of the surplus to the covered payroll was 9.54%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to basic financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets consistent with the long-term perspective of the calculations. In the July 1, 2013, actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a discount rate of 6.0% per annum, a rate of return on assets of 6.0% per annum and a healthcare cost trend rate of 8.0% initially, reduced by annual decrements of 1.0% to an ultimate rate of 5.0% after three years. The City's unfunded actuarial accrued liability is being amortized by level dollar contributions over a twenty-year open period.

City of Lakewood
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 13 – 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 financial statements. 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 to be recorded.

Note 14 – Liabilities, 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 (the "Authority"). The Insurance Authority is composed of 122 California public entities and is organized under a joint powers agreement pursuant to California Government Code Section 6500 et. seq. The purpose of the Insurance 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 lines of coverage. The Insurance Authority began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a 9-member Executive Committee.

B. Self-Insurance Programs of the Insurance Authority

Each member pays an annual contribution to cover estimated losses for the coverage period. This initial funding is paid at the beginning of the coverage period. After the close of the coverage period, outstanding claims are valued. A retrospective deposit computation is then conducted annually thereafter until all claims incurred during the coverage period are closed on a pool-wide basis. This subsequent cost re-allocation among members based on actual claim development can result in adjustments of either refunds or additional deposits required.

The total funding requirement for self-insurance programs is estimated using actuarial models and pre-funded through the annual contribution. Costs are allocated to individual agencies based on exposure (payroll) and experience (claims) relative to other members of the risk-sharing pool. Additional information regarding the cost allocation methodology is provided below.

Liability. In the liability program claims are pooled separately between police and non-police exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated

City of Lakewood
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 14 – Liabilities, Property and Workers' Compensation Protection (Continued)

B. Self-Insurance Programs of the Insurance Authority (Continued)

as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$750,000 up to the reinsurance attachment point of \$5 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$5 million to \$10 million are paid under a reinsurance contract subject to a \$2.5 million annual aggregate deductible. The \$2.5 million annual aggregate deductible is fully covered under a separate policy; as such no portion of it is retained by the Insurance Authority. Costs of covered claims from \$10 million to \$15 million are paid under two reinsurance contracts subject to a combined \$3 million annual aggregate deductible. The \$3 million annual aggregate deductible is fully retained by the Insurance Authority. (6) Costs of covered claims from \$15 million up to \$50 million are covered through excess insurance policies.

The overall coverage limit for each member including all layers of coverage is \$50 million per occurrence.

Costs of covered claims for subsidence losses are paid by reinsurance and excess insurance with a pooled sub-limit of \$25 million per occurrence. This \$25 million subsidence sub-limit is composed of (a) \$5 million retained within the pool's SIR, (b) \$10 million in reinsurance and (c) \$10 million in excess insurance. The excess insurance layer has a \$10 million annual aggregate.

Workers' Compensation. In the workers' compensation program claims are pooled separately between public safety (police and fire) and non-public safety exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$50,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$50,000 to \$100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$100,000 up to the reinsurance attachment point of \$2 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$2 million up to statutory limits are paid under a reinsurance policy. Protection is provided per statutory liability under California Workers' Compensation Law.

Employer's Liability losses are pooled among members to \$2 million. Coverage from \$2 million to \$5 million is purchased as part of a reinsurance policy, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

C. Purchased Insurance

Pollution Legal Liability Insurance. The City participates in the pollution legal liability insurance program (formerly called environmental insurance) which is available through the Insurance Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Insurance Authority has a limit of \$50 million for the 3-year period from July 1, 2011 through July 1, 2014. Each member of the Insurance Authority has a \$10 million sub-limit during the 3-year term of the policy.

City of Lakewood
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 14 – Liabilities, Property and Workers' Compensation Protection (Continued)

C. Purchased Insurance (Continued)

Property Insurance. The City participates in the all-risk property protection program of the Insurance Authority. This insurance protection is underwritten by several insurance companies. The City's property is currently insured according to a schedule of covered property submitted by the City to the Insurance Authority. City property currently has all-risk property insurance protection in the amount of \$52,149,150. There is a \$5,000 deductible per occurrence except for non-emergency vehicle insurance which has \$1,000 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 Insurance Authority. City property currently has earthquake protection in the amount of \$30,885,400. There is a deductible of 5% of per unit of value with a minimum deductible of \$100,000. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

Crime Insurance. The City purchases crime insurance coverage in the amount of \$3,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the Insurance Authority. Premiums are paid annually and are not subject to retroactive adjustments.

Special Event Tenant User Liability Insurance. The City further protects against liability damages by requiring tenant users of certain property to purchase low-cost tenant user liability insurance for certain activities on City property. The insurance premium is paid by the tenant user and is paid to the City according to a schedule. The City then pays for the insurance. The insurance is arranged by the Insurance Authority.

D. Adequacy of Protection

During the past three fiscal years, none of the above programs of protection have experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2013-2014.

The aforementioned information is not included in the accompanying financial statements. Complete financial statements for the Insurance Authority may be obtained at their administrative office located at 8081 Moody Street, La Palma, California 90623.

Note 15 – Commitments and Contingencies

A. Lawsuits

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. Contract with Los Angeles County Sheriff's Department

The City contracts for policing services through the Los Angeles County Sheriffs Department. As part of the agreement for services, the City is required to pay an additional 4% 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 Sheriffs Department.

City of Lakewood
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 15 – Commitments and Contingencies (Continued)

C. Lighting Maintenance Contract with City Light and Power Lakewood, Inc.

In November 1997, the City entered into a lighting maintenance contract with City Light and Power Lakewood, Inc. The contract requires the City to pay a basic annual rent of \$544,250, with a portion of the basic rent adjusted annually using the current consumer price index. At June 30, 2014, the City was paying \$55,979 per month for the maintenance contract. The contract expires in November 2022.

D. Lease Agreement with Lakewood Mall Business Company

On September 14, 1999, the former Lakewood Redevelopment 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 agreement also allows for catch up payments in the event that additional rent is less than the cap in the first three years of the lease. Catch up payments are only due when additional rent exceeds the \$300,000 annual cap in future years. 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. For the fiscal year ended June 30, 2014, the Agency's obligation under this agreement totaled \$450,000.

E. Agreement for Allocation of Tax Increment Revenue

On June 13, 1989, the former Lakewood Redevelopment Agency entered into an agreement for the allocation of tax increment revenue generated from Project Area No. 2. As part of the agreement, the Agency is required to reimburse the Consolidated Fire Protection District of Los Angeles County 17.26% of tax increment revenues and Los Angeles County 54.59% of tax increment revenue. The Los Angeles County portion may be deferred in any year under certain terms of the agreement until total tax increment of the Agency reaches a cumulative total of \$60,000,000. After the total reaches \$60,000,000, the Agency is required to reimburse Los Angeles County 100% of tax increment revenue (net of the allocation to the Consolidated Fire Protection District of Los Angeles County) until the deferred sums have been repaid. Interest on any deferral amounts was prepaid in a lump sum of \$842,000 in fiscal year 1990-91. At June 30, 2014, the Agency's outstanding deferral balance is \$843,589.

Note 16 – Individual Fund Disclosures

Funds with a deficit fund balance/net position at June 30, 2014, are as follows:

Governmental Funds:

Prop A Recreation Special Revenue Fund	\$ (85,822)
Measure R Special Revenue Fund	(852,667)
River Park Grant Special Revenue Fund	(469,590)

Internal Service Fund

Print Shop	(13,274)
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The City plans to eliminate the \$13,274 deficit in Print Shop through a transfer from the General Fund and the remaining deficits through pending grant funding.

City of Lakewood
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 17 – Subsequent Event

Implementation of GASB Statement No. 68

In June 2012, GASB issued Statement 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)*. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures for pension plans. This Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Management is evaluating the impact of the adoption of this Standard on the financial statements and believes that its impact, when adopted, maybe substantial to the City. GASB Statement No. 68 will be implemented effective with the fiscal year 2014-15 financial statements.



**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

City of Lakewood
Required Supplementary Information (Unaudited)
For the Year Ended June 30, 2014

Note 1 – Budget and 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. The City Manager is authorized to make transfers of budget appropriations between classifications and activities within a fund.
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, are added to the following year’s budgeted appropriations. However, encumbrances at year end are reported as assigned fund balance.
4. Budgets for the General and Special Revenue Funds are adopted on a basis substantially consistent with accounting principles generally accepted in the United States of America. Accordingly, actual revenues and expenditures can be compared with related budgeted amounts without any significant reconciling items. No budgetary comparison is presented for the Sewer Reconstruction Special Revenue Fund since no budgets were adopted for this funds. 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, 2014, 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 2009-10, the City Council passed a resolution setting aside all unappropriated fund balances in the General Fund as contingency funds.

City of Lakewood
Required Supplementary Information (Unaudited) (Continued)
For the Year Ended June 30, 2014

Note 2 – Budgetary Comparison Schedule

General Fund

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes	\$ 23,143,320	\$ 23,143,320	\$ 23,566,572	\$ 423,252
Licenses and permits	642,678	642,678	860,267	217,589
Fines and forfeitures	743,300	743,300	794,905	51,605
Investment income, rents and concession	1,202,178	1,202,178	1,195,573	(6,605)
Intergovernmental revenues	7,304,901	7,304,901	7,505,192	200,291
Current service charges	7,464,485	7,501,201	7,354,833	(146,368)
Other	505,400	903,715	998,103	94,388
Total revenues	<u>41,006,262</u>	<u>41,441,293</u>	<u>42,275,445</u>	<u>834,152</u>
EXPENDITURES:				
Current:				
General government	8,428,889	8,318,866	7,152,444	1,166,422
Public safety	13,856,480	13,883,906	12,474,946	1,408,960
Transportation	2,554,458	2,579,907	2,509,519	70,388
Community development	4,296,188	4,277,187	4,308,793	(31,606)
Health and sanitation	4,765,381	4,764,381	4,775,359	(10,978)
Culture and leisure	11,331,762	11,451,658	10,850,538	601,120
Capital outlay			-	
Transportation	340,000	340,000	217,367	122,633
Culture and leisure	448,429	1,292,607	703,162	589,445
Total expenditures	<u>46,021,587</u>	<u>46,908,512</u>	<u>42,992,128</u>	<u>3,916,384</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(5,015,325)</u>	<u>(5,467,219)</u>	<u>(716,683)</u>	<u>4,750,536</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	2,597,281	2,597,281
Transfers (out)	<u>(765,434)</u>	<u>(765,434)</u>	<u>-</u>	<u>765,434</u>
Total other financing sources (uses)	<u>(765,434)</u>	<u>(765,434)</u>	<u>2,597,281</u>	<u>3,362,715</u>
NET CHANGE IN FUND BALANCE	<u>\$ (5,780,759)</u>	<u>\$ (6,232,653)</u>	<u>1,880,598</u>	<u>\$ 8,113,251</u>
FUND BALANCE:				
Beginning of Year			<u>45,625,299</u>	
End of Year			<u>\$ 47,505,897</u>	

City of Lakewood
Required Supplementary Information (Unaudited) (Continued)
For the Year Ended June 30, 2014

Note 3 – Defined Pension Plans

**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM ("CalPERS")
BENEFIT PENSION PLAN**

Actuarial Valuation Date	Entry Age Actuarial Accrued Liabilities (AAL) (a)	Actuarial Valuation of Assets (AVA) (b)	Unfunded AAL (UAAL) (a)-(b)	Funded Ratio AVA (b)/(a)	Annual Covered Payroll (c)	UAAL as a % of Covered Payroll [(a)-(b)]/(c)
6/30/2011	\$ 96,686,489	\$ 83,591,596	\$ 13,094,893	86.46%	\$ 14,824,292	88.33%
6/30/2012	98,690,194	87,513,341	11,176,853	88.67%	14,641,043	76.34%
6/30/2013	103,106,031	81,003,216	22,102,815	78.56%	14,820,580	149.14%

RETIREE ENHANCEMENT DEFINED BENEFIT PLAN

Actuarial Valuation Date	Entry Age Actuarial Accrued Liabilities (AAL) (a)	Actuarial Valuation of Assets (AVA) (b)	Unfunded AAL (UAAL) (a)-(b)	Funded Ratio AVA (b)/(a)	Annual Covered Payroll (c)	UAAL as a % of Covered Payroll [(a)-(b)]/(c)
7/1/2009	\$ 8,040,975	\$ 2,493,670	\$ 5,547,305	31.01%	\$ 13,027,092	42.58%
7/1/2011	11,171,066	4,962,691	6,208,375	44.42%	13,050,447	47.57%
7/1/2013	12,535,655	7,154,752	5,380,903	57.08%	13,071,891	41.16%

OTHER POST-EMPLOYMENT BENEFIT PLAN

Actuarial Valuation Date	Entry Age Actuarial Accrued Liabilities (AAL) (a)	Actuarial Valuation of Assets (AVA) (b)	Unfunded AAL (UAAL) (a)-(b)	Funded Ratio AVA (b)/(a)	Annual Covered Payroll (c)	UAAL as a % of Covered Payroll [(a)-(b)]/(c)
7/1/2009	\$ 5,950,911	\$ 4,543,540	\$ 1,407,371	76.35%	\$ 12,590,469	11.18%
7/1/2011	6,656,794	6,611,297	45,497	99.32%	12,749,552	0.36%
7/1/2013	6,147,829	7,333,693	(1,185,864)	119.29%	12,430,631	-9.54%

SUPPLEMENTARY INFORMATION



NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds are used to account for taxes and other revenues set aside in accordance with law or administrative regulations 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 1/2 cent transportation sales tax which became effective July 1, 1982. These funds may be used only for certain transportation purposes.

Prop C Transportation Fund - To account for Los Angeles County additional special 1/2 cent transportation sales tax which became effective July 1, 1992. These funds may be only used only for certain transportation purposes.

AB 2766 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.

Community Development Block Grant (CDBG) Fund - To account for funds received from the U.S. Department of Housing and Urban Development for use in community development projects.

State COPS Grants Fund - To account for state funding under the Citizens Option for Public Safety program to supplement City's current funding for front-line law enforcement services.

JAG Grants Fund - To account for receipts and expenditures of federal grants to support a broad range of activities to prevent and control crime and to improve the criminal justice systems.

Litter Reduction Grants Fund - To account for recycling and litter cleanup activities funded by the California Beverage Container Recycling and Litter Reduction Act.

TDA Activities Grants Fund - To account for proceeds received from LACMTA under the Transportation Development Act for use on pedestrians, bikeways and handicapped accessibility projects.

Used Oil Grants Fund - To account for funding received from California Integrated Waste Management for permanent and sustainable used oil recycling programs.

Prop A Recreation Fund - To account for expenditures and reimbursements of park maintenance and servicing of Prop A funded projects.



NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds (Continued)

Measure R Fund - To account for Los Angeles County special 1/2 cent transportation sales tax which became effectively July 1, 2009. These funds may be used only for certain transpiration purposes.

River Park Grant Fund - To account for funding received from California State Resources Agency for the purpose of providing pre-construction costs for the West San Gabriel Parkway - Phase 3.

Capital Project Fund are used to account for resources used for the construction and acquisition of capital facilities.

Lakewood Capital Improvements Capital Projects 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 Special Revenue Fund, and federal and state grants.

City of Lakewood
Combining Balance Sheet
Other Governmental Funds
June 30, 2014

Special Revenue Funds					
	State Gasoline Tax	Park Dedication	Sewer Reconstruction	Prop A Transit	Prop C Transportation
ASSETS					
Cash and investments	\$ -	\$ 86,003	\$ 102,059	\$ 784,838	\$ 1,956,939
Accounts receivable	244,521	-	-	-	-
Total assets	<u>\$ 244,521</u>	<u>\$ 86,003</u>	<u>\$ 102,059</u>	<u>\$ 784,838</u>	<u>\$ 1,956,939</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 3,635	\$ -	\$ 48,032	\$ 24,415
Accrued liabilities	-	-	-	2,573	17,055
Due to other fund	244,521	-	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	<u>244,521</u>	<u>3,635</u>	<u>-</u>	<u>50,605</u>	<u>41,470</u>
Deferred Inflows of Resources:					
Unavailable revenue	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficit):					
Restricted for:					
Public safety	-	-	-	-	-
Transportation	-	-	-	734,233	1,915,469
Community development	-	-	-	-	-
Health and sanitation	-	-	102,059	-	-
Culture and leisure	-	82,368	-	-	-
Unassigned	-	-	-	-	-
Total fund balances (deficit)	<u>-</u>	<u>82,368</u>	<u>102,059</u>	<u>734,233</u>	<u>1,915,469</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 244,521</u>	<u>\$ 86,003</u>	<u>\$ 102,059</u>	<u>\$ 784,838</u>	<u>\$ 1,956,939</u>

(Continued)

City of Lakewood
Combining Balance Sheet (Continued)
Other Governmental Funds
June 30, 2014

	Special Revenue Funds				
	AB 2766	CDBG	State COPS Grant	JAG Grants	Litter Reduction Grant
ASSETS					
Cash and investments	\$ 80,951	\$ -	\$ 423,271	\$ -	\$ 73,469
Accounts receivable	26,080	31,390	-	-	-
Total assets	<u>\$ 107,031</u>	<u>\$ 31,390</u>	<u>\$ 423,271</u>	<u>\$ -</u>	<u>\$ 73,469</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 5,621	\$ 21,712	\$ -	\$ -
Accrued liabilities	104	-	-	-	-
Due to other fund	-	20,456	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	<u>104</u>	<u>26,077</u>	<u>21,712</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:					
Unavailable revenue	26,080	-	-	-	-
Total deferred inflows of resources	<u>26,080</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficit):					
Restricted for:					
Public safety	-	-	401,559	-	-
Transportation	80,847	-	-	-	-
Community development	-	5,313	-	-	-
Health and sanitation	-	-	-	-	73,469
Culture and leisure	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances (deficit)	<u>80,847</u>	<u>5,313</u>	<u>401,559</u>	<u>-</u>	<u>73,469</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 107,031</u>	<u>\$ 31,390</u>	<u>\$ 423,271</u>	<u>\$ -</u>	<u>\$ 73,469</u>

(Continued)

City of Lakewood
Combining Balance Sheet (Continued)
Other Governmental Funds
June 30, 2014

Special Revenue Funds					
	TDA Article Grant	Used Oil Grant	Prop A Recreation	Measure R	River Park Grant
ASSETS					
Cash and investments	\$ 13,757	\$ 54,919	\$ -	\$ -	\$ -
Accounts receivable	-	-	81,805	-	445,832
Total assets	<u>\$ 13,757</u>	<u>\$ 54,919</u>	<u>\$ 81,805</u>	<u>\$ -</u>	<u>\$ 445,832</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 13,757	\$ 991	\$ 1,842	\$ -	\$ 195,139
Accrued liabilities	-	-	2,175	-	-
Due to other fund	-	-	81,805	852,667	274,451
Unearned revenue	-	23,016	-	-	-
Total liabilities	<u>13,757</u>	<u>24,007</u>	<u>85,822</u>	<u>852,667</u>	<u>469,590</u>
Deferred Inflows of Resources:					
Unavailable revenue	-	-	81,805	-	445,832
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>81,805</u>	<u>-</u>	<u>445,832</u>
Fund Balances (Deficit):					
Restricted for:					
Public safety	-	-	-	-	-
Transportation	-	-	-	-	-
Community development	-	-	-	-	-
Health and sanitation	-	30,912	-	-	-
Culture and leisure	-	-	-	-	-
Unassigned	-	-	(85,822)	(852,667)	(469,590)
Total fund balances (deficit)	<u>-</u>	<u>30,912</u>	<u>(85,822)</u>	<u>(852,667)</u>	<u>(469,590)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 13,757</u>	<u>\$ 54,919</u>	<u>\$ 81,805</u>	<u>\$ -</u>	<u>\$ 445,832</u>

City of Lakewood
Combining Balance Sheet (Continued)
Other Governmental Funds
June 30, 2014

	Capital Projects Fund	Total Other Governmental Funds
	Lakewood Capital Improvements	
ASSETS		
Cash and investments	\$ 568,376	\$ 4,144,582
Accounts receivable	-	829,628
Total assets	\$ 568,376	\$ 4,974,210
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ -	\$ 315,144
Accrued liabilities	-	21,907
Due to other fund	-	1,473,900
Unearned revenue	-	23,016
Total liabilities	-	1,833,967
Deferred Inflows of Resources:		
Unavailable revenue	-	553,717
Total deferred inflows of resources	-	553,717
Fund Balances (Deficit):		
Restricted for:		
Public safety	-	401,559
Transportation	568,376	3,298,925
Community development	-	5,313
Health and sanitation	-	206,440
Culture and leisure	-	82,368
Unassigned	-	(1,408,079)
Total fund balances (deficit)	568,376	2,586,526
Total liabilities, deferred inflows of resources and fund balances	\$ 568,376	\$ 4,974,210

(Concluded)

City of Lakewood
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds
For the Year Ended June 30, 2014

	Special Revenue Funds				
	Sate Gasoline Tax	Park Dedication	Sewer Reconstruction	Prop A Transit	Prop C Transportation
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ 1,370,998	\$ 1,138,690
Investment income, rents and concession	4,828	-	5,714	5,899	12,555
Intergovernmental revenues	2,592,453	-	-	-	-
Total revenues	<u>2,597,281</u>	<u>-</u>	<u>5,714</u>	<u>1,376,897</u>	<u>1,151,245</u>
EXPENDITURES:					
Current:					
General government	-	-	-	30,393	-
Public safety	-	-	-	-	-
Transportation	-	-	-	1,001,921	805,233
Community development	-	-	-	71,706	-
Health and sanitation	-	-	-	-	-
Culture and leisure	-	-	-	-	-
Capital outlay:					
Transportation	-	-	-	39,958	557,689
Culture and leisure	-	3,635	-	-	-
Total expenditures	<u>-</u>	<u>3,635</u>	<u>-</u>	<u>1,143,978</u>	<u>1,362,922</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,597,281</u>	<u>(3,635)</u>	<u>5,714</u>	<u>232,919</u>	<u>(211,677)</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	(2,597,281)	-	-	-	-
Total other financing sources (uses)	<u>(2,597,281)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	-	(3,635)	5,714	232,919	(211,677)
FUND BALANCES (DEFICIT):					
Beginning of year	-	86,003	96,345	501,314	2,127,146
End of year	<u>\$ -</u>	<u>\$ 82,368</u>	<u>\$ 102,059</u>	<u>\$ 734,233</u>	<u>\$ 1,915,469</u>

(Continued)

City of Lakewood
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Other Governmental Funds
For the Year Ended June 30, 2014

	Special Revenue Funds				
	AB2766	CDBG	State COPS Grants	JAG Grants	Litter Reduction Grant
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Investment income, rents and concession	-	39	2,463	-	445
Intergovernmental revenues	74,705	274,188	126,542	22,229	-
Total revenues	74,705	274,227	129,005	22,229	445
EXPENDITURES:					
Current:					
General government	4,800	10,808	-	-	-
Public safety	-	-	125,178	22,229	-
Transportation	43,135	-	-	-	-
Community development	-	244,064	-	-	-
Health and sanitation	-	-	-	-	-
Culture and leisure	-	33,000	-	-	-
Capital outlay:					
Transportation	56,750	-	-	-	-
Culture and leisure	-	-	-	-	-
Total expenditures	104,685	287,872	125,178	22,229	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(29,980)	(13,645)	3,827	-	445
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
NET CHANGES IN FUND BALANCES	(29,980)	(13,645)	3,827	-	445
FUND BALANCES (DEFICIT):					
Beginning of year	110,827	18,958	397,732	-	73,024
End of year	\$ 80,847	\$ 5,313	\$ 401,559	\$ -	\$ 73,469

(Continued)

City of Lakewood
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Other Governmental Funds
For the Year Ended June 30, 2014

	Special Revenue Funds				
	TDA Article Grant	Used Oil Grant	Prop A Recreation	Measure R	River Park Grant
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Investment income, rents and concession	-	-	-	-	-
Intergovernmental revenues	65,460	22,822	181,526	848,689	18,270
Total revenues	<u>65,460</u>	<u>22,822</u>	<u>181,526</u>	<u>848,689</u>	<u>18,270</u>
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Transportation	-	-	-	94,650	-
Community development	-	-	-	-	-
Health and sanitation	-	13,988	-	-	-
Culture and leisure	-	-	173,851	-	-
Capital outlay:					
Transportation	65,460	-	-	475,619	-
Culture and leisure	-	-	-	-	487,860
Total expenditures	<u>65,460</u>	<u>13,988</u>	<u>173,851</u>	<u>570,269</u>	<u>487,860</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>8,834</u>	<u>7,675</u>	<u>278,420</u>	<u>(469,590)</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	<u>-</u>	<u>8,834</u>	<u>7,675</u>	<u>278,420</u>	<u>(469,590)</u>
FUND BALANCES (DEFICIT):					
Beginning of year	-	22,078	(93,497)	(1,131,087)	-
End of year	<u>\$ -</u>	<u>\$ 30,912</u>	<u>\$ (85,822)</u>	<u>\$ (852,667)</u>	<u>\$ (469,590)</u>

(Continued)

City of Lakewood
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Other Governmental Funds
For the Year Ended June 30, 2014

	Capital Projects Fund	Total Other Governmental Funds
	Lakewood Capital Improvements	
REVENUES:		
Taxes	\$ -	\$ 2,509,688
Investment income, rents and concession	-	31,943
Intergovernmental revenues	-	4,226,884
Total revenues	-	6,768,515
EXPENDITURES:		
Current:		
General government	-	46,001
Public safety	-	147,407
Transportation	-	1,944,939
Community development	-	315,770
Health and sanitation	-	13,988
Culture and leisure	-	206,851
Capital outlay:		
Transportation	-	1,195,476
Culture and leisure	-	491,495
Total expenditures	-	4,361,927
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	2,406,588
OTHER FINANCING SOURCES (USES):		
Transfers in	-	-
Transfers out	-	(2,597,281)
Total other financing sources (uses)	-	(2,597,281)
NET CHANGES IN FUND BALANCES	-	(190,693)
FUND BALANCES (DEFICIT):		
Beginning of year	568,376	2,777,219
End of year	\$ 568,376	\$ 2,586,526

(Concluded)

City of Lakewood
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
State Gasoline Tax Special Revenue Fund
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment income, rents and concession	\$ 5,000	\$ 5,000	\$ 4,828	\$ (172)
Intergovernmental revenues	2,428,601	2,428,601	2,592,453	163,852
Total revenues	<u>2,433,601</u>	<u>2,433,601</u>	<u>2,597,281</u>	<u>163,680</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,433,601	2,433,601	2,597,281	163,680
OTHER FINANCING USES:				
Transfers out	<u>(2,433,601)</u>	<u>(2,433,601)</u>	<u>(2,597,281)</u>	<u>(163,680)</u>
Total other financing uses	<u>(2,433,601)</u>	<u>(2,433,601)</u>	<u>(2,597,281)</u>	<u>(163,680)</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>-</u></u>	<u><u>\$ -</u></u>
FUND BALANCE:				
Beginning of year			<u>-</u>	
End of year			<u><u>\$ -</u></u>	

City of Lakewood
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Park Dedication Special Revenue Fund
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
EXPENDITURES:				
Capital outlay:				
Culture and leisure	\$ -	\$ 475,000	\$ 3,635	\$ 471,365
Total expenditures	<u>-</u>	<u>475,000</u>	<u>3,635</u>	<u>471,365</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>\$ (475,000)</u>	(3,635)	<u>\$ 471,365</u>
FUND BALANCE:				
Beginning of year			<u>86,003</u>	
End of year			<u>\$ 82,368</u>	

City of Lakewood
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Prop A Transit Special Revenue Fund
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes	\$ 1,368,103	\$ 1,368,103	\$ 1,370,998	\$ 2,895
Investment income, rents and concession	4,000	4,000	5,899	1,899
Total revenues	<u>1,372,103</u>	<u>1,372,103</u>	<u>1,376,897</u>	<u>4,794</u>
EXPENDITURES:				
Current:				
General government	36,727	36,727	30,393	6,334
Transportation	602,152	1,027,152	1,001,921	25,231
Community development	85,192	85,192	71,706	13,486
Capital outlay:				
Transportation	<u>60,000</u>	<u>110,000</u>	<u>39,958</u>	<u>70,042</u>
Total expenditures	<u>784,071</u>	<u>1,259,071</u>	<u>1,143,978</u>	<u>115,093</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 588,032</u>	<u>\$ 113,032</u>	<u>232,919</u>	<u>\$ 119,887</u>
FUND BALANCE:				
Beginning of year			<u>501,314</u>	
End of year			<u>\$ 734,233</u>	

City of Lakewood
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Prop C Transportation Special Revenue Fund
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes	\$ 1,134,806	1,134,806	\$ 1,138,690	\$ 3,884
Investment income, rents and concession	10,000	10,000	12,555	2,555
Total revenues	<u>1,144,806</u>	<u>1,144,806</u>	<u>1,151,245</u>	<u>6,439</u>
EXPENDITURES:				
Current:				
Transportation	1,196,173	1,478,742	805,233	673,509
Capital outlay:				
Transportation	<u>1,400,000</u>	<u>1,240,887</u>	<u>557,689</u>	<u>683,198</u>
Total expenditures	<u>2,596,173</u>	<u>2,719,629</u>	<u>1,362,922</u>	<u>1,356,707</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,451,367)</u>	<u>(1,574,823)</u>	<u>(211,677)</u>	<u>1,363,146</u>
NET CHANGE IN FUND BALANCE	<u>\$ (1,451,367)</u>	<u>\$ (1,574,823)</u>	<u>(211,677)</u>	<u>\$ 1,363,146</u>
FUND BALANCE:				
Beginning of year			<u>2,127,146</u>	
End of year			<u>\$ 1,915,469</u>	

City of Lakewood
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
AB2766 Special Revenue Fund
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment income, rents and concession	\$ 1,400	\$ 1,400	\$ -	\$ (1,400)
Intergovernmental revenues	100,000	100,000	74,705	(25,295)
Total revenues	<u>101,400</u>	<u>101,400</u>	<u>74,705</u>	<u>(26,695)</u>
EXPENDITURES:				
Current:				
General government	4,800	4,800	4,800	-
Transportation	15,602	150,718	43,135	107,583
Transportation				
Culture and leisure	-	56,750	56,750	-
Total expenditures	<u>20,402</u>	<u>212,268</u>	<u>104,685</u>	<u>107,583</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>80,998</u>	<u>(110,868)</u>	<u>(29,980)</u>	<u>80,888</u>
NET CHANGE IN FUND BALANCE	<u>\$ 80,998</u>	<u>\$ (110,868)</u>	<u>(29,980)</u>	<u>\$ 80,888</u>
FUND BALANCE:				
Beginning of year			110,827	
End of year			<u>\$ 80,847</u>	

City of Lakewood
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Community Development Block Grant Special Revenue Fund
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment income, rents and concession	\$ -	\$ -	\$ 39	\$ 39
Intergovernmental revenues	475,961	475,961	274,188	(201,773)
Total revenues	<u>475,961</u>	<u>475,961</u>	<u>274,227</u>	<u>(201,734)</u>
EXPENDITURES:				
Current:				
General government	11,431	11,431	10,808	623
Community development	249,646	266,428	244,064	22,364
Culture and leisure	33,000	33,000	33,000	-
Capital outlay:				
Community development	185,743	185,743	-	185,743
Total expenditures	<u>479,820</u>	<u>496,602</u>	<u>287,872</u>	<u>208,730</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (3,859)</u>	<u>\$ (20,641)</u>	<u>(13,645)</u>	<u>\$ 6,996</u>
FUND BALANCE:				
Beginning of year			18,958	
End of year			<u>\$ 5,313</u>	

City of Lakewood
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
State COPS Grant Special Revenue Fund
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment income, rents and concession	\$ 2,500	\$ 2,500	\$ 2,463	\$ (37)
Intergovernmental revenues	129,201	129,201	126,542	(2,659)
Total revenues	<u>131,701</u>	<u>131,701</u>	<u>129,005</u>	<u>(2,696)</u>
EXPENDITURES:				
Current:				
Public safety	131,701	131,701	125,178	6,523
Total expenditures	<u>131,701</u>	<u>131,701</u>	<u>125,178</u>	<u>6,523</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	3,827	<u>\$ 3,827</u>
FUND BALANCE:				
Beginning of year			<u>397,732</u>	
End of year			<u>\$ 401,559</u>	

City of Lakewood
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
JAG Grants Special Revenue Fund
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental revenues	\$ 22,229	\$ 22,229	\$ 22,229	\$ -
Total revenues	<u>22,229</u>	<u>22,229</u>	<u>22,229</u>	<u>-</u>
EXPENDITURES:				
Current:				
Public safety	<u>22,229</u>	<u>22,229</u>	<u>22,229</u>	<u>-</u>
Total expenditures	<u>22,229</u>	<u>22,229</u>	<u>22,229</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
FUND BALANCE:				
Beginning of year			-	
End of year			<u>\$ -</u>	

City of Lakewood
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Litter Reduction Grant Special Revenue Fund
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment income, rents and concession	\$ 450	\$ 450	\$ 445	\$ (5)
Intergovernmental revenues	22,000	22,000	-	(22,000)
Total revenues	<u>22,450</u>	<u>22,450</u>	<u>445</u>	<u>(22,005)</u>
EXPENDITURES:				
Current:				
Health and sanitation	22,200	22,200	-	22,200
Total expenditures	<u>22,200</u>	<u>22,200</u>	<u>-</u>	<u>22,200</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 250</u>	<u>\$ 250</u>	445	<u>\$ 195</u>
FUND BALANCE:				
Beginning of year			<u>73,024</u>	
End of year			<u>\$ 73,469</u>	

City of Lakewood
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
TDA Article Grant Special Revenue Fund
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental revenues	\$ 50,988	65,460	\$ 65,460	\$ -
Total revenues	<u>50,988</u>	<u>65,460</u>	<u>65,460</u>	<u>-</u>
EXPENDITURES:				
Capital outlay:				
Transportation	50,988	65,460	65,460	-
Total expenditures	<u>50,988</u>	<u>65,460</u>	<u>65,460</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
FUND BALANCE:				
Beginning of year			-	
End of year			<u>\$ -</u>	

City of Lakewood
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Used Oil Grant Special Revenue Fund
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment income, rents and concession	\$ 200	\$ 200	\$ -	\$ (200)
Intergovernmental revenues	22,822	22,822	22,822	-
Total revenues	<u>23,022</u>	<u>23,022</u>	<u>22,822</u>	<u>(200)</u>
EXPENDITURES:				
Current:				
Health and sanitation	22,822	22,822	13,988	8,834
Total expenditures	<u>22,822</u>	<u>22,822</u>	<u>13,988</u>	<u>8,834</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 200</u>	<u>\$ 200</u>	8,834	<u>\$ 8,634</u>
FUND BALANCE:				
Beginning of year			22,078	
End of year			<u>\$ 30,912</u>	

City of Lakewood
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Prop A Recreation Special Revenue Fund
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment income, rents and concession	\$ 1,000	\$ 1,000	\$ -	\$ (1,000)
Intergovernmental revenues	185,233	185,233	181,526	(3,707)
Total revenues	<u>186,233</u>	<u>186,233</u>	<u>181,526</u>	<u>(4,707)</u>
EXPENDITURES:				
Current:				
Culture and leisure	193,138	193,138	173,851	19,287
Total expenditures	<u>193,138</u>	<u>193,138</u>	<u>173,851</u>	<u>19,287</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (6,905)</u>	<u>\$ (6,905)</u>	7,675	<u>\$ 14,580</u>
FUND BALANCE:				
Beginning of year			(93,497)	
End of year			<u>\$ (85,822)</u>	

City of Lakewood
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Measure R Special Revenue Fund
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment income, rents and concession	\$ 1,000	\$ 1,000	\$ -	\$ (1,000)
Intergovernmental revenues	851,102	851,102	848,689	(2,413)
Total revenues	<u>852,102</u>	<u>852,102</u>	<u>848,689</u>	<u>(3,413)</u>
EXPENDITURES:				
Current:				
Transportation	135,330	135,330	94,650	40,680
Transportation	825,000	825,000	475,619	349,381
Total expenditures	<u>960,330</u>	<u>960,330</u>	<u>570,269</u>	<u>390,061</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (108,228)</u>	<u>\$ (108,228)</u>	278,420	<u>\$ 386,648</u>
FUND BALANCE:				
Beginning of year			(1,131,087)	
End of year			<u>\$ (852,667)</u>	

City of Lakewood
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
River Park Grant Special Revenue Fund
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental revenues	\$ 1,446,203	\$ 1,446,203	\$ 18,270	\$ (1,427,933)
Total revenues	<u>1,446,203</u>	<u>1,446,203</u>	<u>18,270</u>	<u>(1,427,933)</u>
EXPENDITURES:				
Capital outlay:				
Culture and leisure	<u>1,435,578</u>	<u>1,446,203</u>	<u>487,860</u>	<u>958,343</u>
Total expenditures	<u>1,435,578</u>	<u>1,446,203</u>	<u>487,860</u>	<u>958,343</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 10,625</u>	<u>\$ -</u>	<u>(469,590)</u>	<u>\$ (469,590)</u>
FUND BALANCE:				
Beginning of year			<u>-</u>	
End of year			<u>\$ (469,590)</u>	



Internal Service Funds

Central Garage - To account for maintenance and repair of vehicle 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
Combining Statement of Net Position
Internal Service Funds
June 30, 2014

	Central Garage	Print Shop	Totals
ASSETS			
Current Assets:			
Inventories	\$ 50,845	\$ 1,365	\$ 52,210
Total current assets	<u>50,845</u>	<u>1,365</u>	<u>52,210</u>
Noncurrent assets:			
Capital assets:			
Capital assets, being depreciated:			
Equipment	1,239,080	-	1,239,080
Less: accumulated depreciation	(1,187,667)	-	(1,187,667)
Total capital assets, net	<u>51,413</u>	<u>-</u>	<u>51,413</u>
Total noncurrent assets	<u>51,413</u>	<u>-</u>	<u>51,413</u>
Total assets	<u>102,258</u>	<u>1,365</u>	<u>103,623</u>
LIABILITIES			
Current liabilities:			
Accounts payable	18,626	8,415	27,041
Accrued liabilities	<u>9,756</u>	<u>6,224</u>	<u>15,980</u>
Total current liabilities	<u>28,382</u>	<u>14,639</u>	<u>43,021</u>
Total liabilities	<u>28,382</u>	<u>14,639</u>	<u>43,021</u>
NET POSITION			
Net investment in capital assets	51,413	-	51,413
Unrestricted	<u>22,463</u>	<u>(13,274)</u>	<u>9,189</u>
Total net position	<u>\$ 73,876</u>	<u>\$ (13,274)</u>	<u>\$ 60,602</u>

City of Lakewood
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2014

	Central Garage	Print Shop	Totals
OPERATING REVENUES:			
Billing to departments	\$ 938,149	\$ 399,551	\$ 1,337,700
Total operating revenues	<u>938,149</u>	<u>399,551</u>	<u>1,337,700</u>
OPERATING EXPENSES:			
Operations:			
Cost of goods sold	915,150	404,710	1,319,860
Depreciation	6,780	-	6,780
Total operating expenses	<u>921,930</u>	<u>404,710</u>	<u>1,326,640</u>
OPERATING INCOME (LOSS)	<u>16,219</u>	<u>(5,159)</u>	<u>11,060</u>
CHANGE IN NET POSITION	16,219	(5,159)	11,060
NET POSITION:			
Beginning of the year	57,657	(8,115)	49,542
End of the year	<u>\$ 73,876</u>	<u>\$ (13,274)</u>	<u>\$ 60,602</u>

City of Lakewood
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2014

	Central Garage	Print Shop	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from interfund services provided	\$ 938,149	\$ 399,551	\$ 1,337,700
Payments to suppliers	(488,569)	(122,136)	(610,705)
Payments to employees	(423,213)	(277,415)	(700,628)
Net cash provided by (used in) operating activities	<u>26,367</u>	<u>-</u>	<u>26,367</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of capital assets	(26,367)	-	(26,367)
Net cash provided by (used in) capital and related financing activities	<u>(26,367)</u>	<u>-</u>	<u>(26,367)</u>
Net increase (decrease) in cash and cash equivalents	-	-	-
CASH AND CASH EQUIVALENTS:			
Beginning of year	-	-	-
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:			
Operating income	\$ 16,219	\$ (5,159)	\$ 11,060
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation	6,780	-	6,780
Change in assets and liabilities:			
(Increase) decrease in inventories	(7,891)	345	(7,546)
Increase (decrease) in accounts payable	9,610	3,823	13,433
Increase (decrease) in accrued liabilities	1,649	991	2,640
Total adjustment	<u>10,148</u>	<u>5,159</u>	<u>15,307</u>
Net cash provided by (used in) operating activities	<u>\$ 26,367</u>	<u>\$ -</u>	<u>\$ 26,367</u>

Agency Funds

Deposits Fund - To account for collection and payment of such items as performance bond deposits.

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.

Sheriff Station Renovation Fund - To account for the County funds used for the renovation and expansion of the Sheriff Station.

Lakewood Business Development Fund - To account for the small business revolving loans financed by the Economic Development Administration (EDA).

City of Lakewood
Combining Statement of Fiduciary Assets and Liabilities
All Agency Funds
June 30, 2014

	Deposits	Housing Rehabilitation	Sheriff Station Renovation	Lakewood Business Development	Total
ASSETS:					
Cash and investments	\$ 198,715	\$ 130,233	\$ 12,886	\$ 935,586	\$ 1,277,420
Loans receivable	-	861,908	-	153,684	1,015,592
Total assets	<u>\$ 198,715</u>	<u>\$ 992,141</u>	<u>\$ 12,886</u>	<u>\$ 1,089,270</u>	<u>\$ 2,293,012</u>
LIABILITIES:					
Accounts payable	\$ 4,643	\$ 2,184	\$ 78	\$ 191	\$ 7,096
Deposits	194,072	67,397	12,808	-	274,277
Due to EDA	-	-	-	1,089,079	1,089,079
Due to HUD	-	922,560	-	-	922,560
Total liabilities	<u>\$ 198,715</u>	<u>\$ 992,141</u>	<u>\$ 12,886</u>	<u>\$ 1,089,270</u>	<u>\$ 2,293,012</u>

City of Lakewood
Schedule of Changes in Fiduciary Assets and Liabilities
All Agency Funds
For the Year Ended June 30, 2014

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
<u>Deposits</u>				
ASSETS:				
Cash and investments	\$ 193,477	\$ 137,979	\$ (132,741)	\$ 198,715
Total assets	<u>\$ 193,477</u>	<u>\$ 137,979</u>	<u>\$ (132,741)</u>	<u>\$ 198,715</u>
LIABILITIES:				
Accounts payable	\$ 2,787	\$ 108,208	\$ (106,352)	\$ 4,643
Deposits	190,690	160,392	(157,010)	194,072
Total liabilities	<u>\$ 193,477</u>	<u>\$ 268,600</u>	<u>\$ (263,362)</u>	<u>\$ 198,715</u>
<u>Housing Rehabilitation</u>				
ASSETS:				
Cash and investments	\$ 141,392	\$ 240,672	\$ (251,831)	\$ 130,233
Loans receivable	916,102	-	(54,194)	861,908
Total assets	<u>\$ 1,057,494</u>	<u>\$ 240,672</u>	<u>\$ (306,025)</u>	<u>\$ 992,141</u>
LIABILITIES:				
Accounts payable	\$ 312	\$ 205,309	\$ (203,437)	\$ 2,184
Deposits	104,621	200,734	(237,958)	67,397
Due to HUD	952,561	24,193	(54,194)	922,560
Total liabilities	<u>\$ 1,057,494</u>	<u>\$ 430,236</u>	<u>\$ (495,589)</u>	<u>\$ 992,141</u>
<u>Sheriff Station Renovation</u>				
ASSETS:				
Cash and investments	\$ 12,808	\$ 78	\$ -	\$ 12,886
Total assets	<u>\$ 12,808</u>	<u>\$ 78</u>	<u>\$ -</u>	<u>\$ 12,886</u>
LIABILITIES:				
Accounts payable	\$ -	\$ 78	\$ -	\$ 78
Deposits	12,808	-	-	12,808
Total liabilities	<u>\$ 12,808</u>	<u>\$ 78</u>	<u>\$ -</u>	<u>\$ 12,886</u>
<u>Lakewood Business Development</u>				
ASSETS:				
Cash and investments	\$ 862,326	\$ 141,705	\$ (68,445)	\$ 935,586
Loans receivable	221,639	67,670	(135,625)	153,684
Total assets	<u>\$ 1,083,965</u>	<u>\$ 209,375</u>	<u>\$ (204,070)</u>	<u>\$ 1,089,270</u>
LIABILITIES:				
Accounts payable	\$ 175	\$ 732	\$ (716)	\$ 191
Due to EDA	1,083,790	73,244	(67,955)	1,089,079
Total liabilities	<u>\$ 1,083,965</u>	<u>\$ 73,976</u>	<u>\$ (68,671)</u>	<u>\$ 1,089,270</u>

City of Lakewood
Schedule of Changes in Fiduciary Assets and Liabilities
All Agency Funds (Continued)
For the Year Ended June 30, 2014

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
<u>Total - All Agency Funds</u>				
ASSETS:				
Cash and investments	\$ 1,210,003	\$ 520,434	\$ (453,017)	\$ 1,277,420
Loans receivable	1,137,741	67,670	(189,819)	1,015,592
Total assets	\$ 2,347,744	\$ 588,104	\$ (642,836)	\$ 2,293,012
LIABILITIES:				
Accounts payable	\$ 3,274	\$ 314,327	\$ (310,505)	\$ 7,096
Deposits	308,119	361,126	(394,968)	274,277
Due to EDA	1,083,790	73,244	(67,955)	1,089,079
Due to HUD	952,561	24,193	(54,194)	922,560
Total liabilities	\$ 2,347,744	\$ 772,890	\$ (827,622)	\$ 2,293,012

City of Lakewood
Description of Statistical Section Contents
June 30, 2014

This part of the City of Lakewood's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the government's overall financial health.

Contents:	Pages
Financial Trends - These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	118 - 127
Revenue Capacity - These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	128 - 133
Debt Capacity - These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.	132 - 139
Demographic and Economic Information - These schedules offer demographics and economic indicators to help the reader understand the environment within which the City's financial activities take place.	140 - 142
Operating Information - These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report related to the services the City provides and activities it performs.	143 - 147

City of Lakewood
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2005	2006	2007	2008	2009
Government activities:					
Net investment in capital assets	\$ 73,036,013	\$ 75,031,207	\$ 80,280,502	\$ 80,655,513	\$ 84,047,863
Restricted	12,242,213	13,165,754	14,647,204	16,173,588	20,797,866
Unrestricted	31,541,215	32,203,301	31,896,543	34,073,759	33,383,975
Total governmental activities net position	<u>\$ 116,819,441</u>	<u>\$ 120,400,262</u>	<u>\$ 126,824,249</u>	<u>\$ 130,902,860</u>	<u>\$ 138,229,704</u>
Business-type activities:					
Net investment in capital assets	\$ 13,431,784	\$ 15,974,851	\$ 18,820,327	\$ 18,683,373	\$ 21,214,604
Restricted	-	-	-	-	-
Unrestricted	7,320,797	6,868,779	7,150,032	9,629,136	9,438,065
Total business-type activities net position	<u>\$ 20,752,581</u>	<u>\$ 22,843,630</u>	<u>\$ 25,970,359</u>	<u>\$ 28,312,509</u>	<u>\$ 30,652,669</u>
Primary government:					
Net investment in capital assets	\$ 86,467,797	\$ 91,006,058	\$ 99,100,829	\$ 99,338,886	\$ 105,262,467
Restricted	12,242,213	13,165,754	14,647,204	16,173,588	20,797,866
Unrestricted	38,862,012	39,072,080	39,046,575	43,702,895	42,822,040
Total primary government net position	<u>\$ 137,572,022</u>	<u>\$ 143,243,892</u>	<u>\$ 152,794,608</u>	<u>\$ 159,215,369</u>	<u>\$ 168,882,373</u>

City of Lakewood
Net Position by Component
Last Ten Fiscal Years (Continued)
(accrual basis of accounting)

	Fiscal Year				
	2010	2011	2012	2013	2014
Government activities:					
Net investment in capital assets	\$ 85,293,777	\$ 88,276,871	\$ 89,515,476	\$ 90,407,845	\$ 89,075,037
Restricted	14,548,668	14,470,603	18,104,141	12,213,220	3,994,605
Unrestricted	39,198,464	40,166,581	77,688,090	52,582,291	62,942,014
Total governmental activities net position	<u>\$ 139,040,909</u>	<u>\$ 142,914,055</u>	<u>\$ 185,307,707</u>	<u>\$ 155,203,356</u>	<u>\$ 156,011,656</u>
Business-type activities:					
Net investment in capital assets	\$ 22,410,549	\$ 23,324,720	\$ 24,189,811	\$ 24,816,486	\$ 24,587,382
Restricted	-	-	-	-	-
Unrestricted	9,181,738	8,450,077	8,063,991	8,568,199	10,579,720
Total business-type activities net position	<u>\$ 31,592,287</u>	<u>\$ 31,774,797</u>	<u>\$ 32,253,802</u>	<u>\$ 33,384,685</u>	<u>\$ 35,167,102</u>
Primary government:					
Net investment in capital assets	\$ 107,704,326	\$ 111,601,591	\$ 113,705,287	\$ 115,224,331	\$ 113,662,419
Restricted	14,548,668	14,470,603	18,104,141	12,213,220	3,994,605
Unrestricted	48,380,202	48,616,658	85,752,081	61,150,490	73,521,734
Total primary government net position	<u>\$ 170,633,196</u>	<u>\$ 174,688,852</u>	<u>\$ 217,561,509</u>	<u>\$ 188,588,041</u>	<u>\$ 191,178,758</u>

City of Lakewood
Changes in Net Position - Expenses and Program Revenues
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2005	2006	2007	2008	2009
Expenses:					
Governmental Activities:					
General government	\$ 6,188,887	\$ 7,349,163	\$ 8,510,064	\$ 8,128,441	\$ 7,835,015
Public Safety	10,938,617	10,850,664	11,356,267	12,455,676	12,620,187
Transportation	4,149,697	5,214,752	4,824,504	5,649,724	5,674,897
Community development	9,517,641	10,402,500	10,309,543	10,717,032	10,336,150
Health and sanitation	4,245,217	3,808,855	4,250,787	4,449,649	4,238,617
Culture and leisure	7,748,336	8,570,789	9,019,931	9,141,664	9,368,215
Unallocated infrastructure depreciation	1,632,049	1,719,530	1,776,204	1,979,819	2,180,932
Interest on long-term debt	2,475,189	2,182,653	2,795,304	3,077,480	3,114,073
Total governmental activities expenses	46,895,633	50,098,906	52,842,604	55,599,485	55,368,086
Business-type activities:					
Water	5,347,379	5,528,122	6,276,836	6,880,787	6,610,831
Total primary government expenses	\$ 52,243,012	\$ 55,627,028	\$ 59,119,440	\$ 62,480,272	\$ 61,978,917
Program revenues:					
Governmental activities:					
Charges for services:					
General government	\$ 754,006	\$ 840,154	\$ 859,860	\$ 1,187,144	\$ 1,332,148
Public safety	1,309,730	1,735,629	1,351,445	1,423,814	1,512,415
Community development	1,277,257	1,294,667	1,133,876	1,169,018	710,503
Health and sanitation	3,947,546	4,098,993	4,346,022	4,489,476	4,563,049
Culture and leisure	1,529,562	1,589,069	1,561,244	1,574,007	1,487,320
Operating grants and contributions	6,706,916	7,323,457	7,988,389	8,182,326	9,855,674
Capital grants and contributions	641,047	759,981	822,247	1,263,382	790,799
Total governmental activities program revenues	16,166,064	17,641,950	18,063,083	19,289,167	20,251,908
Business-type activities:					
Charges for services:					
Water	6,867,123	7,213,658	8,996,352	8,916,030	8,499,939
Total primary government program revenues	\$ 23,033,187	\$ 24,855,608	\$ 27,059,435	\$ 28,205,197	\$ 28,751,847
Net revenues (expenses):					
Governmental activities	\$(30,729,569)	\$(32,456,956)	\$(34,779,521)	\$(36,310,318)	\$(35,116,178)
Business-type activities	1,519,744	1,685,536	2,719,516	2,035,243	1,889,108
Total net revenues (expenses)	\$(29,209,825)	\$(30,771,420)	\$(32,060,005)	\$(34,275,075)	\$(33,227,070)

City of Lakewood
Changes in Net Position - Expenses and Program Revenues
Last Ten Fiscal Years (Continued)
(accrual basis of accounting)

	Fiscal Year				
	2010	2011	2012	2013	2014
Expenses:					
Governmental Activities:					
General government	\$ 7,405,705	\$ 7,202,986	\$ 7,333,030	\$ 7,527,025	\$ 7,412,703
Public Safety	12,625,750	12,715,680	12,277,420	12,450,911	12,983,054
Transportation	5,156,031	5,247,578	6,068,549	6,137,250	4,587,061
Community development	13,807,173	11,240,548	6,973,684	4,548,531	4,967,510
Health and sanitation	4,282,434	4,451,021	4,612,935	4,692,717	4,925,697
Culture and leisure	9,758,660	10,037,245	9,548,824	10,205,926	11,386,411
Unallocated infrastructure depreciation	2,247,016	2,325,713	2,492,155	2,606,851	2,676,442
Interest on long-term debt	649,264	454,054	650,838	-	-
Total governmental activities expenses	55,932,033	53,674,825	49,957,435	48,169,211	48,938,878
Business-type activities:					
Water	7,473,557	8,113,079	8,703,206	9,358,616	9,990,086
Total primary government expenses	\$ 63,405,590	\$ 61,787,904	\$ 58,660,641	\$ 57,527,827	\$ 58,928,964
Program revenues:					
Governmental activities:					
Charges for services:					
General government	\$ 1,200,911	\$ 1,077,906	\$ 1,177,789	\$ 1,500,664	\$ 1,753,540
Public safety	1,250,887	954,298	904,654	827,333	863,286
Community development	961,786	1,066,061	787,552	887,126	1,199,667
Health and sanitation	4,785,217	4,752,505	4,838,762	4,965,890	5,111,702
Culture and leisure	1,508,914	1,479,616	1,512,728	1,522,022	1,562,310
Operating grants and contributions	7,053,631	8,037,655	3,238,589	3,553,814	4,810,026
Capital grants and contributions	3,166,065	2,760,832	3,077,293	1,538,183	866,959
Total governmental activities program revenues	19,927,411	20,128,873	15,537,367	14,795,032	16,167,490
Business-type activities:					
Charges for services:					
Water	8,154,174	8,124,574	9,096,414	10,573,733	11,711,839
Total primary government program revenues	\$ 28,081,585	\$ 28,253,447	\$ 24,633,781	\$ 25,368,765	\$ 27,879,329
Net revenues (expenses):					
Governmental activities	\$(36,004,622)	\$(33,545,952)	\$(34,420,068)	\$(33,374,179)	\$(32,771,388)
Business-type activities	680,617	11,495	393,208	1,215,117	1,721,753
Total net revenues (expenses)	\$(35,324,005)	\$(33,534,457)	\$(34,026,860)	\$(32,159,062)	\$(31,049,635)

City of Lakewood
Changes in Net Position - Expenses and Program Revenues
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2005	2006	2007	2008	2009
General revenues and other changes in net assets:					
Governmental activities:					
Taxes:					
Sales taxes	\$ 12,240,714	\$ 11,849,134	\$ 11,766,140	\$ 10,681,315	\$ 11,198,871
Property taxes	9,861,832	14,371,331	18,479,238	18,955,132	19,537,963
Franchise taxes	1,117,100	1,143,817	1,236,819	1,249,586	1,453,817
Business operation taxes	496,604	524,675	396,078	476,926	462,403
Utility user taxes	3,067,139	3,223,998	3,239,797	3,517,707	3,490,921
Other taxes	3,595,849	522,598	358,325	602,798	467,661
Unrestricted, motor vehicle in lieu	2,041,412	576,720	446,043	35,099	35,089
Grants and contributions not restricted to specific programs	137,952	745,400	740,072	433,593	555,376
Gain on sale of property	-	-	-	-	-
Investment income	3,146,486	3,080,104	4,540,996	4,654,612	3,987,964
Total governmental activities	<u>35,705,088</u>	<u>36,037,777</u>	<u>41,203,508</u>	<u>40,606,768</u>	<u>41,190,065</u>
Business-type activities:					
Gain on sale of capital assets	120,000	187,000	36,000	-	-
Investment income	148,567	218,513	371,213	342,341	462,016
Total business-type activities	<u>268,567</u>	<u>405,513</u>	<u>407,213</u>	<u>342,341</u>	<u>462,016</u>
Total primary government	<u>\$ 35,973,655</u>	<u>\$ 36,443,290</u>	<u>\$ 41,610,721</u>	<u>\$ 40,949,109</u>	<u>\$ 41,652,081</u>
Changes in net assets, before extraordinary item					
Governmental activities	\$ 4,975,519	\$ 3,580,821	\$ 6,423,987	\$ 4,296,450	\$ 6,073,887
Business-type activities	1,788,311	2,091,049	3,126,729	2,377,584	2,351,124
Extraordinary item	-	-	-	-	-
Changes in net position					
Governmental activities	\$ 4,975,519	\$ 3,580,821	\$ 6,423,987	\$ 4,296,450	\$ 6,073,887
Business-type activities	1,788,311	2,091,049	3,126,729	2,377,584	2,351,124
Total primary government	<u>\$ 6,763,830</u>	<u>\$ 5,671,870</u>	<u>\$ 9,550,716</u>	<u>\$ 6,674,034</u>	<u>\$ 8,425,011</u>

City of Lakewood
Changes in Net Position - Expenses and Program Revenues
Last Ten Fiscal Years (Continued)
(accrual basis of accounting)

	Fiscal Year				
	2010	2011	2012	2013	2014
General revenues and other changes in net assets:					
Governmental activities:					
Taxes:					
Sales taxes	\$ 10,658,959	\$ 11,262,520	\$ 14,217,422	\$ 15,461,092	\$ 15,792,115
Property taxes	19,558,410	19,062,606	14,444,518	12,030,119	11,310,210
Franchise taxes	1,374,501	1,455,300	1,538,068	1,607,535	1,697,405
Business operation taxes	456,269	469,595	546,279	508,100	542,110
Utility user taxes	3,591,722	3,508,512	3,360,149	3,626,639	3,520,414
Other taxes	252,997	246,165	260,456	308,522	322,834
Unrestricted, motor vehicle in lieu	245,415	383,059	41,395	42,894	35,499
Grants and contributions not restricted	556,774	1,147,814	1,026,041	893,110	-
Gain on sale of property	-	-	-	108,469	-
Investment income	949,717	566,427	699,751	137,346	377,099
Total governmental activities	<u>37,644,764</u>	<u>38,101,998</u>	<u>36,134,079</u>	<u>34,723,826</u>	<u>33,597,686</u>
Business-type activities:					
Gain on sale of capital assets	-	-	-	-	-
Investment income	259,001	171,015	85,797	59,279	60,664
Total business-type activities	<u>259,001</u>	<u>171,015</u>	<u>85,797</u>	<u>59,279</u>	<u>60,664</u>
Total primary government	<u>\$ 37,903,765</u>	<u>\$ 38,273,013</u>	<u>\$ 36,219,876</u>	<u>\$ 34,783,105</u>	<u>\$ 33,658,350</u>
Changes in net assets, before extraordinary item					
Governmental activities	\$ 1,640,142	\$ 4,556,046	\$ 1,714,011	\$ 1,349,647	\$ 808,298
Business-type activities	939,618	182,510	479,005	1,274,396	1,782,417
Extraordinary item	-	-	40,679,641	(31,453,996)	-
Changes in net position					
Governmental activities	\$ 1,640,142	\$ 4,556,046	\$ 42,393,652	\$(30,104,349)	\$ 808,298
Business-type activities	939,618	182,510	479,005	1,274,396	1,782,417
Total primary government	<u>\$ 2,579,760</u>	<u>\$ 4,738,556</u>	<u>\$ 42,872,657</u>	<u>\$(28,829,953)</u>	<u>\$ 2,590,715</u>

City of Lakewood
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2005	2006	2007	2008	2009
General Fund:					
Reserved	\$ 24,377,893	\$ 32,688,162	\$ 28,796,772	\$ 29,328,980	\$ 25,260,235
Unreserved	30,509,959	24,373,273	26,661,511	27,880,662	27,795,309
Total general fund	<u>\$ 54,887,852</u>	<u>\$ 57,061,435</u>	<u>\$ 55,458,283</u>	<u>\$ 57,209,642</u>	<u>\$ 53,055,544</u>
All other governmental funds:					
Reserved	\$ 10,604,308	\$ 11,198,683	\$ 13,523,632	\$ 17,498,570	\$ 18,188,115
Unreserved, reported in:					
Special revenue fund	-	-	-	(1,235,920)	(215,141)
Debt service fund	(18,672,859)	(22,618,454)	(23,295,789)	(24,250,320)	(23,842,134)
Capital project fund	(2,342,005)	(229,655)	(143,399)	(492,819)	(2,282,333)
Total all other governmental funds	<u>\$ (10,410,556)</u>	<u>\$ (11,649,426)</u>	<u>\$ (9,915,556)</u>	<u>\$ (8,480,489)</u>	<u>\$ (8,151,493)</u>
General fund:					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total general fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
All other governmental funds:					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-
Unassigned	-	-	-	-	-
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Lakewood
Fund Balances of Governmental Funds
Last Ten Fiscal Years (Continued)
(modified accrual basis of accounting)

	Fiscal Year				
	2010	2011	2012	2013	2014
General Fund:					
Reserved	\$ 24,638,651	\$ -	\$ -	\$ -	\$ -
Unreserved	26,616,473	-	-	-	-
Total general fund	<u>\$ 51,255,124</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
All other governmental funds:					
Reserved	\$ 21,940,936	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:					
Special revenue fund	(780,506)	-	-	-	-
Debt service fund	(26,278,253)	-	-	-	-
Capital project fund	(5,983,071)	-	-	-	-
Total all other governmental funds	<u>\$(11,100,894)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
General fund:					
Nonspendable	\$ -	\$ 17,679,908	\$ 17,874,837	\$ 4,173,679	\$ 2,670,747
Committed	-	28,402,628	30,036,038	29,066,342	32,456,408
Assigned	-	7,774,015	8,349,193	8,589,044	8,738,457
Unassigned	-	1,258,266	2,564,755	3,796,234	3,640,285
Total general fund	<u>\$ -</u>	<u>\$ 55,114,817</u>	<u>\$ 58,824,823</u>	<u>\$ 45,625,299</u>	<u>\$ 47,505,897</u>
All other governmental funds:					
Nonspendable	\$ -	\$ 7,526,041	\$ 8,014,163	\$ 8,536,583	\$ 8,537,919
Restricted	-	11,739,494	6,955,242	3,679,754	4,256,020
Unassigned	-	(33,387,970)	(98,847)	(626,208)	(1,408,079)
Total all other governmental funds	<u>\$ -</u>	<u>\$(14,122,435)</u>	<u>\$ 14,870,558</u>	<u>\$ 11,590,129</u>	<u>\$ 11,385,860</u>

City of Lakewood
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2005	2006	2007	2008	2009
Revenues:					
Taxes	\$ 28,368,107	\$ 30,125,649	\$ 31,784,445	\$ 31,000,225	\$ 31,590,639
Licenses and permits	790,743	863,646	738,038	923,086	592,929
Fines and forfeitures	569,626	622,236	716,319	824,290	1,208,896
Investment income, rents and concessions	4,108,890	2,814,652	2,561,550	3,484,410	2,782,769
From other agencies	10,647,318	11,374,361	14,710,260	15,883,025	15,253,739
Current service charges	6,811,857	7,479,770	7,651,476	7,863,790	7,532,352
Other	1,025,694	1,419,205	607,189	826,595	677,272
Total revenues	52,322,235	54,699,519	58,769,277	60,805,421	59,638,596
Expenditures:					
Current:					
General government	5,898,051	7,209,635	8,107,339	7,757,977	11,926,351
Public safety	10,260,258	10,962,340	11,681,352	12,331,098	12,548,066
Transportation	4,122,970	4,850,734	4,553,872	5,350,765	5,586,431
Community Development	9,150,363	10,267,364	9,452,465	10,066,888	9,630,108
Health and sanitation	4,254,469	3,789,774	4,238,095	4,445,610	4,236,923
Culture and leisure	7,100,285	7,917,301	8,260,888	8,323,630	8,813,143
Capital outlay:					
General government	6,794	303,694	132,630	149,824	6,259
Public safety	454,808	445,368	412,453	212,983	6,032
Transportation	2,112,737	2,761,071	6,190,273	1,711,708	4,576,032
Community Development	88,927	248,210	109,297	59,865	71,327
Culture and leisure	186,273	437,430	1,641,415	1,935,873	2,013,129
Debt service:					
Owner participation agreement payments	1,005,470	760,019	760,698	760,974	761,781
Principal retirement	820,000	790,000	860,000	885,000	920,000
Interest and fiscal charges	2,479,841	2,160,673	2,774,360	3,057,549	3,094,768
Total expenditures	47,941,246	52,903,613	59,175,137	57,049,744	64,190,350
Excess of revenues over (under) expenditures	4,380,989	1,795,906	(405,860)	3,755,677	(4,551,754)
Other financing sources (uses):					
Transfers in	6,814,752	10,948,367	14,223,245	8,100,982	6,478,745
Transfers out	(7,320,391)	(11,809,560)	(14,376,187)	(8,874,791)	(7,008,948)
Sale of capital assets	-	-	689,520	-	-
Total other financing sources (uses)	(505,639)	(861,193)	536,578	(773,809)	(530,203)
SPECIAL ITEMS:					
Transfer to HACoLA	-	-	-	-	-
Net change in fund balances, before extraordinary items	3,875,350	934,713	130,718	2,981,868	(5,081,957)
EXTRAORDINARY ITEM:					
Gain (loss) on dissolution of Redevelopment Agency	-	-	-	-	-
Net change in fund balances	\$ 3,875,350	\$ 934,713	\$ 130,718	\$ 2,981,868	\$ 5,081,957
Debt service as a percentage of noncapital expenditures	7.31%	6.12%	7.26%	7.43%	6.99%

City of Lakewood
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years (Continued)
(modified accrual basis of accounting)

	Fiscal Year				
	2010	2011	2012	2013	2014
Revenues:					
Taxes	\$ 30,797,180	\$ 31,649,661	\$ 27,467,122	\$ 26,411,985	\$ 26,076,260
Licenses and permits	713,054	770,650	635,098	882,983	860,267
Fines and forfeitures	1,013,090	881,450	817,092	782,011	794,905
Investment income, rents and concessions	1,811,706	5,450,149	3,635,549	1,015,685	1,229,344
From other agencies	14,843,273	15,618,323	13,998,687	11,734,813	11,732,076
Current service charges	7,634,788	7,746,660	8,015,864	8,416,888	7,354,833
Other	310,301	1,168,393	138,664	250,038	1,209,438
Total revenues	57,123,392	63,285,286	54,708,076	49,494,403	49,257,123
Expenditures:					
Current:					
General government	7,348,565	6,859,346	6,975,939	7,080,629	7,198,445
Public safety	12,572,454	12,671,881	12,217,707	12,374,488	12,622,353
Transportation	5,071,028	5,230,678	6,018,040	6,108,720	4,454,458
Community Development	13,283,953	10,491,644	5,873,608	4,358,375	4,822,302
Health and sanitation	4,281,204	4,449,913	4,612,804	4,690,837	4,789,347
Culture and leisure	9,007,504	9,346,305	8,813,262	9,440,235	11,057,389
Capital outlay:					
General government	124,233	-	33,803	4,054	-
Public safety	-	71,053	41,530	543,434	-
Transportation	2,961,116	4,946,347	3,909,593	3,061,913	1,412,843
Community Development	412,622	72,347	-	-	-
Culture and leisure	1,910,047	1,301,069	933,986	1,653,418	1,194,657
Debt service:					
Owner participation agreement payments	761,781	764,882	-	-	-
Principal retirement	960,000	1,000,000	1,040,000	-	-
Interest and fiscal charges	3,048,683	4,558,769	3,876,203	-	-
Total expenditures	61,743,190	61,764,234	54,346,475	49,316,103	47,551,794
Excess of revenues over (under) expenditures	(4,619,798)	1,521,052	361,601	178,300	1,705,329
Other financing sources (uses):					
Transfers in	6,241,294	5,940,999	3,309,912	2,457,077	2,597,281
Transfers out	(6,241,294)	(5,940,999)	(3,309,912)	(2,457,077)	(2,597,281)
Sale of capital assets	-	-	-	511,875	-
Total other financing sources (uses)	-	-	-	511,875	-
SPECIAL ITEMS:					
Transfer to HACoLA	-	-	(926,715)	-	-
Net change in fund balances, before extraordinary items	(4,619,798)	1,521,052	(565,114)	690,175	1,705,329
EXTRAORDINARY ITEM:					
Gain (loss) on dissolution of Redevelopment Agency	-	-	33,268,113	(17,199,128)	-
Net change in fund balances	\$ (4,619,798)	\$ 1,521,052	\$ 32,702,999	\$ (16,508,953)	\$ 1,705,329
Debt service as a percentage of noncapital expenditures	7.10%	10.04%	9.95%	0.00%	0.00%

City of Lakewood
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(in thousands of dollars)

Fiscal Year Ended June 30	Secured	Nonunitary	Unsecured	Taxable Assessed Value	Total Direct Tax Rate
2005	5,129,355	1,627	120,676	5,251,658	0.169%
2006	5,685,313	2,089	123,017	5,810,419	0.167%
2007	6,288,569	1,862	124,448	6,414,879	0.167%
2008	6,855,443	268	122,010	6,977,721	0.169%
2009	7,134,053	268	135,015	7,269,336	0.171%
2010	6,877,477	268	129,973	7,007,718	0.180%
2011	6,899,318	268	132,663	7,032,249	0.180%
2012	7,028,289	258	140,375	7,168,922	0.181%
2013	7,132,189	258	149,168	7,281,615	0.186%
2014	7,335,693	258	138,341	7,474,292	0.061%

Note: In 1978, the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only re-assessed at the time that it is sold to a new owner. At that point, the new assessed value is re-assessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

City of Lakewood
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(Rate per \$100 of assessed value)

	Fiscal Years									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
City Direct Rates:										
City basic rate	\$ 0.1688	\$ 0.1666	\$ 0.1676	\$ 0.1689	\$ 0.1706	\$ 0.1796	\$ 0.1799	\$ 0.1811	\$ 0.1855	\$ 0.0607
Overlapping Rates:										
Los Angeles County	0.0009	0.0008	0.0007	-	-	-	-	-	-	-
School Districts	0.1272	0.1186	0.1099	0.2049	0.2200	0.2824	0.2686	0.2830	0.3200	0.3039
Sanitation and Water	0.0002	-	-	-	-	-	-	-	-	-
Water Districts	0.0058	0.0052	0.2778	0.0045	0.0043	0.0043	0.0037	0.0037	0.0035	0.0035
Other	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>
Total Direct Rate	<u>\$ 1.3029</u>	<u>\$ 1.2912</u>	<u>\$ 1.5560</u>	<u>\$ 1.3783</u>	<u>\$ 1.3949</u>	<u>\$ 1.4663</u>	<u>\$ 1.4522</u>	<u>\$ 1.4679</u>	<u>\$ 1.5090</u>	<u>\$ 1.3681</u>

Note: In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of the School District bonds.

City of Lakewood
Principal Property Taxpayers
Current Year and Nine Fiscal Years Ago

	2014		2005	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
<u>Taxpayer</u>				
Macerich Lakewood LLC	\$ 312,706,060	4.18%	\$ 282,289,154	5.38%
Lakewood Manor Apartments LLC	85,075,614	1.14%	N/A	N/A
Lakewood Regional Medical Center	50,237,428	0.67%	\$ 46,628,724	0.89%
Monterey Lakewood LLC	47,687,851	0.64%	\$ 28,085,074	0.53%
Lakewood Marketplace LLC	37,177,904	0.50%	\$ 32,210,336	0.61%
May Company Department Stores	30,815,497	0.41%	N/A	N/A
Lakewood Associates LLC	29,188,673	0.39%	\$ 25,280,547	0.48%
Regency Center LLC	28,426,306	0.38%	\$ 21,585,916	0.41%
AARP Carson Street LLC	28,312,573	0.38%	N/A	N/A
South and Downey LLC	27,259,336	0.36%	N/A	N/A
Total	<u>\$ 676,887,242</u>	<u>9.1%</u>	<u>\$ 436,079,751</u>	<u>8.3%</u>

Note: The amounts shown above include assessed value data for both the City and the Redevelopment Agency.

City of Lakewood
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the		Collections in Subsequent Years	Total Collections to Date	
		Fiscal Year of the Levy			Percentage of Levy	Percentage of Levy
		Amount	Amount			
2005	2,861,386	2,850,547	99.62%	10,839	2,861,386	100.00%
2006	3,157,994	3,070,473	97.23%	87,521	3,157,994	100.00%
2007	3,822,116 *	3,627,249	94.90%	123,686	3,750,935	98.14%
2008	3,876,613	3,758,953	96.96%	117,660	3,876,613	100.00%
2009	3,812,168	3,694,298	96.91%	117,870	3,812,168	100.00%
2010	3,556,539	3,481,743	97.90%	74,796	3,556,539	100.00%
2011	3,735,728	3,574,761	95.69%	120,220	3,694,981	98.91%
2012	3,811,051	3,593,697	94.30%	217,354	3,811,051	100.00%
2013	4,024,637	3,811,325	94.70%	213,311	4,024,636	100.00%
2014	4,109,676	4,017,643	97.76%	92,033	4,109,676	100.00%

Note:

In FY 2011, historical data was updated due to inaccurate levy amounts reported in prior fiscal years. The levied amounts were corrected in accordance with Los Angeles County Auditor-Controller numbers.

* Sum of Property Tax 06-07 Current Year Secured and Unsecured Taxes and Prior Year's Taxpayer Refund (based on Internal Cash Control Form)

City of Lakewood
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Governmental Activities

Fiscal Year Ended June 30	General Obligation Bonds	Tax Allocation Bonds ¹	Loans	Total Governmental Activities
2005	-	13,835,490	-	\$ 13,835,490
2006	-	13,049,971	-	\$ 13,049,971
2007	-	12,194,451	-	\$ 12,194,451
2008	-	11,313,931	-	\$ 11,313,931
2009	-	10,398,411	-	\$ 10,398,411
2010	-	9,442,892	-	\$ 9,442,892
2011	-	8,447,372	-	\$ 8,447,372
2012	-	- ²	-	\$ -
2013	-	- ²	-	\$ -
2014	-	- ²	-	\$ -

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

¹ Prior year amounts were restated to include premium and adjustments.

² The Tax Allocation Bonds were transferred to the Successor Agency during the year ended June 30, 2012.

City of Lakewood
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years (Continued)

Business-type Activities						
Water Revenue Bonds ²	Loan Payable to Water Replacement District	Loan Payable to State of California	Total Business-type Activities	Total Primary Government	Percentage of Personal Income ^{1,2}	Debt Per Capita ^{1,2}
4,036,773	-	162,309	4,199,082	\$ 18,034,572	0.65%	217
3,737,655	-	101,162	3,838,817	\$ 16,888,788	0.78%	203
3,423,536	-	37,561	3,461,097	\$ 15,655,548	N/A	175
6,544,417	-	-	6,544,417	\$ 17,858,348	0.97%	214
6,200,299	-	-	6,200,299	\$ 16,598,710	0.71%	199
5,666,181	1,676,353	-	7,342,534	\$ 16,785,426	0.76%	202
5,112,062	1,777,321	-	6,889,383	\$ 15,336,755	0.69%	183
4,537,944	1,579,841	-	6,117,785	\$ 6,117,785	0.27%	76
4,038,895	1,382,361	-	5,421,256	\$ 5,421,256	0.23%	67
3,385,206	1,184,881	-	4,570,087	\$ 4,570,087	0.19%	56

¹ These ratios are calculated using personal income and population for the prior calendar year.

² Prior year amounts were restated to include premium and adjustments

City of Lakewood
Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years
(In thousands, except per capita)

Fiscal Year Ended June 30	Outstanding General Bonded Debt			Percent Assessed Value ¹	Per Capita
	General Obligation Bonds	Tax Allocation Bonds	Total		
2005	-	13,835	13,835	0.26%	-
2006	-	13,050	13,050	0.23%	-
2007	-	12,194	12,194	0.19%	-
2008	-	11,314	11,314	0.16%	-
2009	-	10,398	10,398	0.14%	-
2010	-	9,443	9,443	0.14%	-
2011	-	8,447	8,447	0.12%	-
2012	-	-	-	0.00%	-
2013	-	-	-	0.00%	-
2014	-	-	-	0.00%	-

Notes: General bonded is debt payable with governmental fund resources and general obligation bonds recorded in enterprise funds (of which, the City has none).

¹ Assessed value has been used because the actual value of taxable property is not readily available in the State of California.

City of Lakewood
Direct and Overlapping Debt
As of June 30, 2014

Total Assessed Valuation

\$ 6,482,311,774

	Percentage Applicable ¹	Outstanding Debt 6/30/14	Estimated Share of Overlapping Debt
Overlapping Debt:			
Metropolitan Water District	0.702%	\$ 64,271,492	450,945
Cerritos Community College District 2004 Series 2004A	6.888%	1,890,000	130,174
Cerritos Community College District 2005 Refunding Bonds	6.888%	20,769,770	1,430,523
Cerritos Community College District 2004 Series 2006	6.888%	30,645,000	2,110,683
Cerritos Community College District 2004 Series 2009C	6.888%	50,985,000	3,511,606
Cerritos Community College District 2004 Series 2012D	6.888%	82,825,515	5,704,630
Compton Community College District 2002 Series A	2.715%	910,000	24,708
Compton Community College District 2002 Series 2008A	2.715%	13,435,000	364,779
Compton Community College District 2002 Series 2012C	2.715%	31,556,094	856,792
Compton Community College District 2002 REF	2.715%	31,245,000	848,345
Long Beach Community College District 2002 Series B, 2005 Debt Service	8.216%	15,630,000	1,284,109
Long Beach Community College District Ref BD 2002 Series C, 2005	8.216%	4,773,660	392,188
Long Beach Community College District 2002 Series D, 2007 Debt Service	8.216%	70,076,510	5,757,252
Long Beach Community College District 2008 Series A, 2008 Debt Service	8.216%	39,848,884	3,273,851
Long Beach Community College District 2008, Series 2009B	8.216%	232,583,695	19,108,299
Long Beach Community College District Ref 02 12 Series A	8.216%	52,785,000	4,336,639
ABC Unified School District 2003 Ref Bond Series A	9.329%	12,930,000	1,206,279
ABC Unified School District 1997 Series B	9.343%	29,626,700	2,767,908
ABC Unified School District 2010 Refunding Bonds Debt Service	9.329%	6,025,000	562,090
Bellflower Unified School District, District 2012 Series A	27.063%	37,000,000	10,013,221
Long Beach Unified School District 2008 Refunding Bonds	8.214%	32,610,000	2,678,436
Long Beach Unified School District 2008 Series A Debt Service	8.214%	29,995,606	2,463,702
Long Beach Unified School District 2009 Ref Bonds Series B	8.214%	24,640,000	2,023,817
Long Beach Unified School District 2010 Ref Bonds Series A	8.214%	50,750,000	4,168,373
Long Beach Unified School District 2008 SR B-1 QSCB	8.214%	72,406,000	5,947,098
Long Beach Unified School District 2011 Refunding Bonds	8.214%	8,260,000	678,439
Long Beach Unified School District 2012 Refunding Bonds	8.214%	79,675,000	6,544,140
Long Beach Unified School District 2008 Series C	8.214%	238,210,686	19,565,537
Paramount Unified School District 2005 Refunding Bond	9.437%	15,615,000	1,473,625
Paramount Unified School District 1998 Series B Debt Service	7.717%	2,739,256	211,384
Paramount Unified School District 2006 Series 2007	9.437%	31,870,720	3,007,716
Paramount Unified School District 2006 Series 2011 Bonds	9.437%	33,854,316	3,194,913
Paramount Unified School District 2006 2013 Series C	9.437%	33,953,515	3,204,274
Total overlapping debt		\$ 1,484,392,419	\$ 119,296,474
City Direct Debt:			
None			-
Total Direct and Overlapping Debt			\$ 119,296,474

¹For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the city's boundaries and dividing it by each unit's total taxable assessed value.

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Statistical. This process recognizes that, when considering the city's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident—and therefore responsible for repaying the debt—of each overlapping government.

City of Lakewood
Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Years				
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Assessed valuation (In thousands)	\$ 5,251,658	\$ 5,810,419	\$ 6,414,879	\$ 6,977,721	\$ 7,269,336
Debt limit percentage	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
Debt limit (In thousands)	787,749	871,563	962,232	1,046,658	1,090,400
Total net debt applicable to the limit:					
General obligation bonds (In thousands)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin (In thousands)	<u><u>\$ 787,749</u></u>	<u><u>\$ 871,563</u></u>	<u><u>\$ 962,232</u></u>	<u><u>\$ 1,046,658</u></u>	<u><u>\$ 1,090,400</u></u>
Total debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	0.0%	0.0%	0.0%

Note: 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.

City of Lakewood
Legal Debt Margin Information
Last Ten Fiscal Years (Continued)

	Fiscal Years				
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Assessed valuation (In thousands)	\$ 7,007,717	\$ 7,032,248	\$ 7,168,922	\$ 7,281,614	\$ 7,474,292
Debt limit percentage	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
Debt limit (In thousands)	1,051,158	1,054,837	1,075,338	1,092,242	1,121,144
Total net debt applicable to the limit:					
General obligation bonds (In thousands)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin (In thousands)	<u><u>\$ 1,051,158</u></u>	<u><u>\$ 1,054,837</u></u>	<u><u>\$ 1,075,338</u></u>	<u><u>\$ 1,092,242</u></u>	<u><u>\$ 1,121,144</u></u>
 Total debt applicable to the limit as a percentage of debt limit	 0.0%	 0.0%	 0.0%	 0.0%	 0.0%

Note: 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.

City of Lakewood
Pledged-Revenue Coverage
Last Ten Fiscal Years
(In thousands)

Fiscal Year Ended June 30	Water Revenue Bonds					
	Water Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2005	6,867	5,041	1,826	265	235	3.65
2006	7,214	5,276	1,938	325	146	4.11
2007	8,996	5,265	3,731	340	133	7.89
2008	8,915	5,990	2,925	355	119	6.17
2009	8,499	5,228	3,271	370	266	5.14
2010	8,154	6,008	2,146	560	258	2.62
2011	8,132	6,556	1,576	580	238	1.93
2012	9,096	7,090	2,006	600	218	2.45
2013	10,574	7,696	2,878	620	196	3.53
2014	11,712	6,927	4,785	645	172	5.86

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest, depreciation, or amortization expenses.

City of Lakewood
Pledged-Revenue Coverage
Last Ten Fiscal Years
(In thousands)

Fiscal Year Ended June 30	Tax Allocation Bonds			
	Tax Increment	Debt Service		Coverage
		Principal	Interest	
2005	6,739	820	631	4.64
2006	6,283	790	603	4.51
2007	8,762	860	574	6.11
2008	8,280	885	541	5.81
2009	8,638	920	507	6.05
2010	9,305	960	468	6.52
2011	8,747	1,000	426	6.13
2012	4,010	1,040	381	2.82
2013	1,418	1,085	333	1.00
2014	1,436	1,155	281	1.00

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest, depreciation, or amortization expenses.

City of Lakewood
Demographic and Economic Statistics
Last Ten Calendar Years

Calendar Year	Population (1)	Personal Income (thousands of dollars) (2)	Per Capita Personal Income (2)	Unemployment Rate (3)
2004	82,988	2,753,459	33,179	4.1%
2005	83,175	2,152,497	24,106	3.4%
2006	89,293	N/A	N/A	3.0%
2007	83,486	1,844,623	22,095	3.2%
2008	83,508	2,333,548	27,944	4.8%
2009	83,196	2,207,459	26,533	7.5%
2010	83,636	2,216,103	26,497	8.2%
2011	80,378	2,297,042	28,578	8.0%
2012	80,781	2,386,755	29,546	7.1%
2013	81,224	2,388,960	29,412	4.9%

City of Lakewood
Principal Employers
Current Year and Nine Fiscal Years Ago

<u>Employer</u>	2014		2005	
	Number of Employees	Percentage of Total Employment*	Number of Employees	Percent of Total Employment
Long Beach Unified School District	917	5.39%	N/A	N/A
Lakewood Regional Medical Center	782	4.60%	N/A	N/A
City of Lakewood	601	3.54%	N/A	N/A
Dept. of Children & Family Services	491	2.89%	N/A	N/A
Bellflower Unified School District	419	2.46%	N/A	N/A
LA County Sheriff's Department	345	2.03%	N/A	N/A
Wal-Mart	331	1.95%	N/A	N/A
ABC Unified School District	329	1.94%	N/A	N/A
Albertson's	301	1.77%	N/A	N/A
Home Depot	292	1.72%	N/A	N/A

* Based on estimated U.S. Census Bureau's Labor Force count.



City of Lakewood
Full-time City Employees by Function
Last Ten Fiscal Years

<u>Division</u>	<u>Fiscal Years</u>									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
City Administration	N/A	30	31	32	32	32	32	32	32	26
City Clerk	N/A	5	2	2	2	2	2	2	2	2
Administrative Services	N/A	20	21	21	21	21	21	21	21	19
Community Development	N/A	15	15	15	15	15	15	15	15	14
Public Works	N/A	31	31	31	31	31	31	31	31	29
Recreation and Community Services	N/A	59	59	59	59	59	59	59	59	60
Water Resources	<u>N/A</u>	<u>19</u>	<u>19</u>	<u>19</u>	<u>19</u>	<u>19</u>	<u>19</u>	<u>19</u>	<u>19</u>	<u>20</u>
Total	<u>174</u>	<u>179</u>	<u>178</u>	<u>179</u>	<u>179</u>	<u>179</u>	<u>179</u>	<u>179</u>	<u>179</u>	<u>170</u>

Note: Information from prior years not readily available.

City of Lakewood
Operating Indicators by Function
Last Ten Fiscal Years

	Fiscal Years				
	<u>2003</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Public works:					
Street resurfacing (miles)	N/A	13	24	7	9
Recreation and community services:					
Number of recreation classes	1,745	1,734	1,709	1,945	1,993
Number of facility rentals	7,207	7,559	7,532	6,900	6,390
Water					
New connections	N/A	8	11	14	10
Number of consumers	20,412	20,125	21,449	20,403	20,079
Average daily consumption (thousands of gallons)	8,100	7,332	8,900	8,506	7,747
Community development					
Number of building permits issued	1,912	2,001	3,405 *	1,646	1,066

*Includes both residential and commercial permits.

City of Lakewood
Operating Indicators by Function
Last Ten Fiscal Years (Continued)

	Fiscal Years				
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Public works:					
Street resurfacing (miles)	4	8	6	6	1
Recreation and community services:					
Number of recreation classes	1,945	2,230	1,805	1,786	1,812
Number of facility rentals	4,845	5,486	6,871	7,320	7,473
Water					
New connections	7	12	27	24	11
Number of consumers	20,396	20,421	20,440	20,453	20,469
Average daily consumption (thousands of gallons)	7,323	6,920	7,200	7,330	7,549
Community development					
Number of building permits issued	2,825	2,889	2,781	2,915	3,107

*Includes both residential and commercial permits.

City of Lakewood
Capital Assets Statistics by Function
Last Ten Fiscal Years

	Fiscal Years				
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Public works:					
Streets (miles)	196	196	196	196	196
Streetlights	6,654	6,654	6,654	6,654	6,654
Recreation and community services:					
Number of recreation facilities	13	13	13	13	13
Acreage of facilities	152.0	152.0	189.0 *	189.0	189.0
Number of pools	2	2	2	2	2
Water					
Water mains (miles)	195.00	195.00	195.00	195.00	195.00
Wastewater					
Sewers (miles)	167.00	167.00	167.00	167.00	167.00

*Increase in acreage of recreation facilities due to completion
of nature trails within City limits

City of Lakewood
Capital Assets Statistics by Function
Last Ten Fiscal Years (Continued)

	Fiscal Years				
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Public works:					
Streets (miles)	196	196	196	196	196
Streetlights	6,654	6,654	6,654	6,654	6,654
Recreation and community services:					
Number of recreation facilities	13	13	13	13	13
Acreage of facilities	189.0	189.0	189.0	189.0	189.0
Number of pools	2	2	2	2	2
Water					
Water mains (miles)	195.00	195.00	195.00	195.00	195.00
Wastewater					
Sewers (miles)	167.00	167.00	167.00	167.00	167.00