

CITY OF LAWNSDALE, CALIFORNIA
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

PREPARED BY
FINANCE DEPARTMENT

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CITY OF LAWNSDALE
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

TABLE OF CONTENTS

	<u>Page Number</u>
INDEPENDENT AUDITORS' REPORT	1
BASIC FINANCIAL STATEMENTS	
Government–Wide Financial Statements	
Statement of Net Position	6
Statement of Activities.....	7
Fund Financial Statements	
Balance Sheet – Governmental Funds	12
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	15
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	16
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	18
Statement of Fiduciary Net Position – Fiduciary Funds	20
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	21
Notes to Financial Statements	23
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Proportionate Share of the Net Pension Liability	62
Schedule of Plan Contributions	63
Other Post-Employment Benefits (OPEB) Schedule of Funding Progress.....	64
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	65
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Restricted Urban Development.....	66

CITY OF LAWNSDALE
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 YEAR ENDED JUNE 30, 2016

TABLE OF CONTENTS

	<u>Page Number</u>
REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Lawndale Housing Authority.....	67
Notes to Required Supplementary Information	68
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES	
Combining Balance Sheet – Nonmajor Governmental Funds	72
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	82
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:	
Gas Tax.....	91
Proposition A Local Transit Assistance.....	92
Narcotics Forfeiture	93
State COPS Grant	94
Lawndale Cable Usage Corporation	95
Hawthorne Boulevard Maintenance.....	96
Justice Assisted Grant.....	97
Park Development.....	98
LA County Parks Maintenance Grant	99
Metro TOD Grant.....	100
DRI Grant.....	101
CO Maint Grant – William Green.....	102
Hazmat Grant (HMEP)	103
TDA Article 3 Local Transportation	104
Proposition C Local Transit Assistance	105
Community Development Block Grant	106
Safetea-Lu.....	107
Prop C25 Grant.....	108
Measure R	109
Measure R Grant.....	110
Prop C 25%.....	111
Measure R Grant Traffic Improvement	112
Metro STPL Exchange 2014.....	113

BASIC FINANCIAL STATEMENTS

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council
City of Lawndale, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of Lawndale, California (the City), as of and for the year ended June 30, 2016, 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.

Auditors' 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.



To the Honorable Mayor and Members of the City Council
City of Lawndale, California

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Lawndale, California, as of June 30, 2016, and the respective changes in financial position 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 budgetary comparison schedules for the General fund, and the Restricted Urban Development and the Lawndale Housing Authority major special revenue funds, the schedule of proportionate share of the net pension liability, the schedule of plan contributions, and the other post-employment benefits (OPEB) schedule of funding progress 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

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 combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules 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. The 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 fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.



CPAs AND ADVISORS

To the Honorable Mayor and Members of the City Council
City of Lawndale, California

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 2, 2017 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.

Lance, Soll & Lughard, LLP

Brea, California
March 2, 2017

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF LAWNSDALE

STATEMENT OF NET POSITION
JUNE 30, 2016

	<u>Primary Government</u>
	<u>Governmental Activities</u>
Assets	
Cash and investments	\$ 12,115,802
Receivables:	
Accounts	1,566,576
Grants	1,463,468
Accrued interest	33,694
Notes and loans	418,894
Agreements with Successor Agency	23,146,732
Prepaid costs	165,377
Land held for development	634,983
Capital assets not being depreciated	6,549,954
Capital assets, net of depreciation	<u>40,015,105</u>
Total Assets	<u>86,110,585</u>
Deferred Outflows of Resources	
Deferred pension related outflows	<u>519,069</u>
Total Deferred Outflows of Resources	<u>519,069</u>
Liabilities	
Accounts payable	2,481,837
Accrued liabilities	105,019
Accrued interest	8,872
Deposits payable	386,798
Noncurrent liabilities:	
Due within one year	268,499
Due in more than one year	994,722
Net OPEB obligation	1,723,479
Net pension liability	<u>4,425,429</u>
Total Liabilities	<u>10,394,655</u>
Deferred Inflows of Resources	
Deferred pension related inflows	<u>1,216,634</u>
Total Deferred Inflows of Resources	<u>1,216,634</u>
Net Position	
Net investment in capital assets	45,929,475
Restricted for:	
Community development projects	245,098
Public safety	76,064
Parks and recreation	7,928,229
Public works	592,208
Capital projects	2,320,124
Air quality	75,273
Municipal services	126,081
Housing	1,635,882
Unrestricted	<u>16,089,931</u>
Total Net Position	<u>\$ 75,018,365</u>

CITY OF LAWDALE

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	Primary Government
					Governmental Activities
Primary Government					
Governmental Activities:					
General government	\$ 3,375,499	\$ 1,446,541	\$ -	\$ -	\$ (1,928,958)
Public safety	5,166,327	-	159,836	-	(5,006,491)
Municipal services	1,090,955	-	-	-	(1,090,955)
Planning and community development	1,808,464	417,392	52,754	4,452,876	3,114,558
Recreation and community services	1,934,189	-	29,838	-	(1,904,351)
Public works	3,821,975	334,282	218,823	3,073,186	(195,684)
Interest on long-term debt	23,516	-	-	-	(23,516)
Total Governmental Activities	17,220,925	2,198,215	461,251	7,526,062	(7,035,397)
Total Primary Government	\$ 17,220,925	\$ 2,198,215	\$ 461,251	\$ 7,526,062	(7,035,397)
General Revenues					
Taxes:					
					1,264,229
					634,358
					3,043,063
					760,317
					1,890,350
					3,124,005
					538,998
					226,105
					5,042,253
					16,523,678
Total General Revenues and Extraordinary Items					
					9,488,281
Change in Net Position					
					65,530,084
Net Position, Beginning of Year, as Restated					
					\$ 75,018,365
Net Position, End of Year					

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FUND FINANCIAL STATEMENTS
Governmental Fund Financial Statements
and
Fiduciary Fund Financial Statements

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

CITY OF LAWNSDALE

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016**

	<u>Special Revenue Funds</u>			
	<u>General</u>	<u>Restricted Urban Development</u>	<u>Lawnsdale Housing Authority</u>	<u>Nonmajor Governmental Funds</u>
Assets				
Cash and investments	\$ 6,025,746	\$ 260,543	\$ 994,058	\$ 4,835,455
Receivables:				
Accounts	1,503,336	-	12	63,228
Grants	-	-	-	1,463,468
Accrued interest	16,896	745	2,865	13,188
Notes and loans	-	-	172,356	246,538
Agreements with Successor Agency	13,357,715	9,789,017	-	-
Prepaid costs	165,377	-	-	-
Due from other funds	1,466,808	-	-	-
Land held for development	147,900	-	487,083	-
Total Assets	\$ 22,683,778	\$ 10,050,305	\$ 1,656,374	\$ 6,621,877
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts payable	\$ 1,616,952	\$ -	\$ -	\$ 864,885
Accrued liabilities	88,484	-	2,293	14,242
Deposits payable	368,531	-	718	17,549
Due to other funds	-	-	-	1,466,808
Total Liabilities	2,073,967	-	3,011	2,363,484
Deferred Inflows of Resources				
Unavailable revenues	4,160,096	3,246,629	17,481	1,421,060
Total Deferred Inflows of Resources	4,160,096	3,246,629	17,481	1,421,060
Fund Balances				
Nonspendable:				
Prepaid costs	165,377	-	-	-
Land held for development	147,900	-	-	-
Agreements with Successor Agency	9,197,619	-	-	-
Restricted for:				
Community development projects	-	-	-	245,098
Public safety	-	-	-	76,064
Recreation and community services	9,191	6,803,676	-	1,115,362
Public works	-	-	-	592,208
Capital projects	-	-	-	2,320,124
Air quality	-	-	-	75,273
Municipal services	-	-	-	126,081
Housing	-	-	1,635,882	-
Unassigned	6,929,628	-	-	(1,712,877)
Total Fund Balances	16,449,715	6,803,676	1,635,882	2,837,333
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 22,683,778	\$ 10,050,305	\$ 1,656,374	\$ 6,621,877

CITY OF LAWNSDALE

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016**

	Total Governmental Funds
Assets	
Cash and investments	\$ 12,115,802
Receivables:	
Accounts	1,566,576
Grants	1,463,468
Accrued interest	33,694
Notes and loans	418,894
Agreements with Successor Agency	23,146,732
Prepaid costs	165,377
Due from other funds	1,466,808
Land held for development	634,983
	<hr/>
Total Assets	\$ 41,012,334
	<hr/>
Liabilities, Deferred Inflows of Resources, and Fund Balances	
Liabilities	
Accounts payable	\$ 2,481,837
Accrued liabilities	105,019
Deposits payable	386,798
Due to other funds	1,466,808
	<hr/>
Total Liabilities	4,440,462
	<hr/>
Deferred Inflows of Resources	
Unavailable revenues	8,845,266
	<hr/>
Total Deferred Inflows of Resources	8,845,266
	<hr/>
Fund Balances	
Nonspendable:	
Prepaid costs	165,377
Land held for development	147,900
Agreements with Successor Agency	9,197,619
Restricted for:	
Community development projects	245,098
Public safety	76,064
Recreation and community services	7,928,229
Public works	592,208
Capital projects	2,320,124
Air quality	75,273
Municipal services	126,081
Housing	1,635,882
Unassigned	5,216,751
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Total Fund Balances	27,726,606
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Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 41,012,334
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CITY OF LAWDALE

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2016**

Total Fund Balances - Governmental Funds		\$ 27,726,606
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 the governmental funds balance sheet.		46,565,059
Adjustments to net pension liability arise from timing differences between the measurement date of the liability and when activities affecting the liability actually occur, and from changes in actuarial assumptions that result in a revaluation of the liability. These adjustments are recorded as deferred outflows and inflows of resources and are amortized over their remaining service life. These include:		
Deferred pension related outflows	\$ 519,069	
Deferred pension related inflows	<u>(1,216,634)</u>	(697,565)
Accrued interest on long-term debt does not require current financial resources. Therefore, accrued interest is not reported as a liability in the governmental funds balance sheet.		(8,872)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds balance sheet. These include:		
Facility and site lease note	(635,584)	
Compensated absences	<u>(627,637)</u>	(1,263,221)
Governmental funds report all OPEB contributions as expenditures, however in the Statement of Net Position any excesses or deficiencies in contributions in relation to the Annual Required Contribution (ARC) are recorded as an asset or a liability.		(1,723,479)
Governmental funds report all pension contributions as expenditures, however, in the statement of net position, the excess of the plan proportionate share of the total pension liability over the proportionate share of the plan fiduciary net position is reported as a net pension liability.		(4,425,429)
The Statement of Net Position reports receivables at their net realizable value. However, receivables not available to pay for current period expenditures are deferred and reported as unavailable revenues in the governmental funds.		<u>8,845,266</u>
Net Position of Governmental Activities		<u>\$ 75,018,365</u>

CITY OF LAWDALE

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016

	Special Revenue Funds			
	General	Restricted Urban Development	Lawndale Housing Authority	Nonmajor Governmental Funds
Revenues				
Taxes	\$ 7,592,317	\$ -	\$ -	\$ -
Licenses and permits	582,318	-	-	-
Intergovernmental	3,124,005	-	-	3,357,065
Charges for services	593,221	-	-	66,534
Use of money and property	94,538	42,128	7,319	30,631
Fines and forfeitures	726,152	-	-	-
Miscellaneous	153,098	-	232,044	73,007
Total Revenues	12,865,649	42,128	239,363	3,527,237
Expenditures				
Current:				
General government	3,244,592	-	-	113
Public safety	5,034,098	-	-	132,229
Municipal services	1,104,899	-	-	21,672
Planning and community development	627,608	44,760	187,429	357,792
Recreation and community services	1,361,794	-	-	590,543
Public works	1,400,838	-	-	1,925,863
Capital outlay	53,076	117,626	-	1,152,790
Debt service:				
Principal retirement	35,148	-	-	-
Interest and fiscal charges	23,893	-	-	-
Total Expenditures	12,885,946	162,386	187,429	4,181,002
Excess (Deficiency) of Revenues Over (Under) Expenditures	(20,297)	(120,258)	51,934	(653,765)
Other Financing Sources (Uses)				
Transfers in	-	-	-	178,869
Transfers out	(178,869)	-	-	-
Total Other Financing Sources (Uses)	(178,869)	-	-	178,869
Extraordinary items	(1,448,132)	(551,958)	-	-
Net Change in Fund Balances	(1,647,298)	(672,216)	51,934	(474,896)
Fund Balances, Beginning of Year, as Restated	18,097,013	7,475,892	1,583,948	3,312,229
Fund Balances, End of Year	\$ 16,449,715	\$ 6,803,676	\$ 1,635,882	\$ 2,837,333

CITY OF LAWNSDALE

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016

	Total Governmental Funds
Revenues	
Taxes	\$ 7,592,317
Licenses and permits	582,318
Intergovernmental	6,481,070
Charges for services	659,755
Use of money and property	174,616
Fines and forfeitures	726,152
Miscellaneous	458,149
	<hr/>
Total Revenues	16,674,377
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Expenditures	
Current:	
General government	3,244,705
Public safety	5,166,327
Municipal services	1,126,571
Planning and community development	1,217,589
Recreation and community services	1,952,337
Public works	3,326,701
Capital outlay	1,323,492
Debt service:	
Principal retirement	35,148
Interest and fiscal charges	23,893
	<hr/>
Total Expenditures	17,416,763
	<hr/>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(742,386)
	<hr/>
Other Financing Sources (Uses)	
Transfers in	178,869
Transfers out	(178,869)
	<hr/>
Total Other Financing Sources (Uses)	-
	<hr/>
Extraordinary items	(2,000,090)
	<hr/>
Net Change in Fund Balances	(2,742,476)
Fund Balances, Beginning of Year, as Restated	30,469,082
	<hr/>
Fund Balances, End of Year	\$ 27,726,606
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CITY OF LAWNSDALE

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016**

Net Change in Fund Balances - Total Governmental Funds \$ (2,742,476)

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

Governmental funds report capital outlay as expenditures. However, in the government-wide Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expenses. This is the amount by which capital outlays of \$1,941,323 exceeded depreciation expense of \$1,820,745 in the current period. 120,578

Contributed capital assets do not affect current financial resources but increases net position in the government-wide Statement of Activities. 4,149,459

The net loss on the disposal of capital assets does not affect current financial resources but decreases net position in the government-wide Statement of Activities. (7,736)

Pension obligation expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. 286,740

Interest payments on long-term debt are reported as an expenditure in the governmental funds when interest payments actually occur, but does not account for future interest due on long-term debt since accrued interest does not require current financial resources. The change in accrued interest is reported in the government-wide Statement of Activities. 377

Long-term debt activities are not considered revenues or expenses in the government-wide Statement of Activities, but are considered revenues, expenditures, and sources and uses in governmental funds. These include:
Principal payments on long-term debt 35,148

Compensated absences expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. 47,206

Governmental funds report all contributions in relation to the annual required contribution (ARC) for OPEB as expenditures, however in the Statement of Activities only the ARC is an expense. (286,475)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. 7,885,460

Change in Net Position of Governmental Activities \$ 9,488,281

FIDUCIARY FUND FINANCIAL STATEMENTS

CITY OF LAWNSDALE

STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2016

	<u>Private-Purpose Trust Funds Lawndale Successor Agency</u>
Assets	
Cash and investments	\$ 1,842,244
Receivables:	
Accrued interest	1,843
Notes and loans	178,137
Land held for development	2,500,073
Restricted assets:	
Cash and investments held with fiscal agents	<u>4,261,309</u>
Total Assets	<u>8,783,606</u>
Liabilities	
Accounts payable	5,694
Accrued liabilities	3,885
Accrued interest	450,046
Deposits payable	15,896
Long-term liabilities:	
Due in one year	339,932
Due in more than one year	<u>43,355,913</u>
Total Liabilities	<u>44,171,366</u>
Net Position	
Held in trust for other purposes	<u>(35,387,760)</u>
Total Net Position	<u>\$ (35,387,760)</u>

CITY OF LAWNSDALE

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 YEAR ENDED JUNE 30, 2016

	<u>Private-Purpose Trust Funds Lawndale Successor Agency</u>
Additions	
Taxes	\$ 2,775,389
Interest income	10,470
Total Additions	<u>2,785,859</u>
Deductions	
Administrative expenses	250,000
Contractual services	707,224
Interest and fiscal charges	1,553,639
Total Deductions	<u>2,510,863</u>
Extraordinary items	<u>(5,042,253)</u>
Changes in Net Position	(4,767,257)
Net Position, Beginning of Year, as Restated	<u>(30,620,503)</u>
Net Position, End of Year	<u>\$ (35,387,760)</u>

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NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

Note 1: Summary of Significant Accounting Policies

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. A summary of the City of Lawndale's significant accounting policies applied in the preparation of these financial statements follows.

a. Reporting Entity

The City of Lawndale, California (the City), is a municipal corporation, incorporated on December 28, 1959. The City operates under a Council-Manager form of government and the City Council is comprised of five members, with the Mayor elected by the council itself. Services provided by the City include public safety, public works (streets and facilities maintenance, and engineering), municipal services (animal control, parking and code enforcement, and emergency preparedness), planning and community development, recreation and community services, local access cable television, and other general operations and administrative services.

The accompanying financial statements present the activities of the City, as the primary government, and its component units. The component units described below are included in the City's reporting entity because of the significance of their operations or financial relationship with the City.

Blended Component Units

A blended component unit is a separate legal entity from the primary government with activities considered to be integral to the primary government's reporting entity. While it is a separate legal entity, the City Council serves as the governing body, and the City has operational responsibility and/or fiscal responsibility over the component unit. Because of this, activities of the component units have been "blended" with that of the City, and are appropriately reported as funds of the City.

The Lawndale Cable Usage Corporation (the Corporation) was established on September 30, 1986. The Corporation was created for the purpose of supporting community television for the citizens of Lawndale. The City Council acts as the Corporation's governing board and exerts significant influence over its operations. The activities of the Corporation have been reported as a special revenue fund of the City, and are included in the governmental activities of the accompanying financial statements. Separate financial statements for the Corporation are not prepared.

The Lawndale Housing Authority (the Authority) was established on October 15, 1984. The Authority was created for the purpose of providing housing assistance for low income families, elderly and disabled persons. The City Council acts as the Authority's governing board and exerts significant influence over its operations. The activities of the Housing Authority are related to Section 8 Rental Assistance Program and as of March 2011, the Housing Authority has also assisted in providing Low/Mod Housing to eligible residents. The activities of the Authority have been reported as a special revenue fund of the City, and are included in the governmental activities of the accompanying financial statements. Separate financial statements for the Corporation are not prepared.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

Note 1: Summary of Significant Accounting Policies (Continued)

The **Lawndale Financing Authority (the Financing Authority)** was established on August 3, 2009. The Financing Authority is a body that serves to expedite transactions between multiple entities under the City's umbrella and therefore does not specifically have its own fund or assets. The City Council acts as the Financing Authority's governing board and exerts significant influence over its operations. Separate financial statements for the Corporation are not prepared.

Fiduciary Component Unit

The **Successor Agency of the Former Redevelopment Agency (the Successor Agency)** was created January 17, 2012, as outlined in Assembly Bill 1X 26 (the Bill) which provides the requirements for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City which had previously reported the activities of the former redevelopment agency within the reporting entity of the City as a blended component unit. The Successor Agency is a separate legal entity from the City, but City Council serves in separate sessions as their governing body. The responsibilities of the City as Successor Agency of the Former Redevelopment Agency are limited to acting in a fiduciary capacity, until all enforceable obligations of the Successor Agency have been paid. Because of the nature and significance of the relationship between the City and the Successor Agency, it would be misleading to exclude the Successor Agency from the City's financial statements. The financial activities of the Successor Agency are reported in the City's fiduciary fund statements as a private-purpose trust fund. Separate financial statements for the Successor Agency are not prepared.

b. Measurement Focus, Basis of Accounting, and Basis of Presentation

The basic financial statements of the City are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

Government-wide Financial Statements

Government-wide financial statements, which include the Statement of Net Position and Statement of Activities, report information about the primary government and its component units, excluding its fiduciary activities. The statements include separate columns for the governmental activities and business-type activities, as well as discretely presented component units. The City does not have any reportable business-type activities or discretely presented component units. Eliminations have been made to minimize the double-counting of internal activities. General government expenses have not been allocated as indirect expenses to the various functions of the City.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

Note 1: Summary of Significant Accounting Policies (Continued)

Government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the City are reported in the government-wide financial statements. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, deferred outflows or resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

That Statement of Net Position reports the difference between the combined assets and deferred outflows of resources, and the combined liabilities and deferred inflows of resources, as net position.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include charges for services, special assessments, and payments made by parties outside of the reporting government's citizenry, if that money is restricted to a particular program. Program revenues are reported net of direct expenses in the Statement of Activities to present the net cost of each program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as another financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

Fund Financial Statements

The underlying accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the primary government's governmental and fiduciary funds are presented after the government-wide financial statements. These statements display information about major governmental funds individually and nonmajor governmental funds in the aggregate. Fiduciary funds of the City primarily represent assets held by the City in a custodial capacity for other individuals or organizations.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

Note 1: Summary of Significant Accounting Policies (Continued)

Governmental Funds

In the fund financial statements, governmental funds are presented using the modified-accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Measurable means that the amounts can be estimated, or otherwise determined. Available means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. The City uses an availability period of 60 days.

Sales taxes, property taxes, utility user taxes, motor vehicle in-lieu, licenses and permits, fines and forfeitures, grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period to the extent normally collected within the availability period. Other revenue items are considered to be measurable and available when cash is received by the government.

Revenue recognition is subject to the measurability and availability criteria for the governmental funds in the fund financial statements. Exchange transactions are recognized as revenues in the period in which they are earned (i.e., the related goods or services are provided). Locally imposed derived tax revenues are recognized as revenues in the period in which the underlying exchange transaction upon which they are based takes place. Imposed non-exchange transactions are recognized as revenues in the period for which they were imposed. If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arises or when they are received, whichever occurs first. Government-mandated and voluntary non-exchange transactions are recognized as revenues when all applicable eligibility requirements have been met.

In the fund financial statements, governmental funds are presented using the current financial resources measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered to be a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Non-current portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus. Special reporting treatments are used to indicate, however, that they should not be considered "available spendable resources," since they do not represent net current assets. Recognition of governmental fund type revenue represented by non-current receivables is deferred until they become current receivables. Non-current portions of other long-term receivables are reported as nonspendable fund balance in the general fund, and fund balance restricted, committed, or assigned in all other governmental funds, based on the intended use of the proceeds from liquidation of these long-term receivables.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

Note 1: Summary of Significant Accounting Policies (Continued)

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than as fund assets, the proceeds of long-term debt are recorded as other financing sources rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

Fiduciary Funds

In the fund financial statements, fiduciary funds are presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, fiduciary funds are presented using the economic resources measurement focus. This means that all assets and all liabilities (whether current or non-current) associated with their activity are included on their balance sheets. Fiduciary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

Private-purpose trust funds account for the assets and liabilities of other agencies and report additions such as taxes and deductions such as administrative and contract services.

c. Fund Classification

Governmental funds with assets and deferred outflows, liabilities and deferred inflows, revenues, or expenditures equal to at least 10% of their fund-type total, and at least 5% of the combined total of governmental funds and enterprise funds, as applicable, are required to be reported as a major fund. A governmental fund may also be presented as a major fund in the basic financial statements, even if it does not meet the size criteria just described, if the City's officials believe that the fund is particularly important to the financial statement users (because of public interest, reporting consistency, or otherwise). The General Fund is always reported as a major fund.

Governmental Funds

The City reports the following major governmental funds in the accompanying financial statements:

The **General Fund** is the general operating fund of the City. It is used to account for all financial resources of the City, except those required to be accounted for in another fund.

The **Restricted Urban Development Fund** is used to account for funds derived from the Urban Development Action Grant.

The **Lawndale Housing Authority Fund** is used to retain the housing assets and low and moderate income housing functions of the dissolved Lawndale Redevelopment Agency.

Additionally, the City reports the following governmental fund types in the accompanying financial statements:

Special Revenue Funds account for taxes and other revenues, which are set aside for a specific purpose in accordance with law or administrative regulation.

Note 1: Summary of Significant Accounting Policies (Continued)

Capital Projects Funds account for financial resources used for the acquisition or construction of major capital facilities.

Fiduciary Funds

The City reports the following fiduciary funds which are excluded from the government-wide financial statements:

Private Purpose Trust Funds account for resources of all other trust arrangements in which principal and income benefit individuals, private organizations, or other governments.

d. Cash and Investments

The City pools cash and investments of all funds for the benefit of obtaining the highest yield with the greatest safety and least risk, with the exception of restricted funds required to be held separately. Each fund's share in this pool is displayed in the accompanying financial statements as cash and investments. Investment income, earned by the pooled investments, is allocated to the various funds based on each fund's average monthly cash and investment balance.

Cash and Cash Equivalents

Cash and cash equivalents are considered to be cash on hand, deposits with financial institutions, and short-term investments with original maturities of three months or less from the date of acquisition. Cash and cash equivalents are included in the amounts reported as cash and investments.

Investments are reported at fair value, the value at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Changes in fair value that occur during a fiscal year are recognized as investment income reported for the fiscal year. Investment income includes, interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity or sale of investments.

Investments

City investments are recorded at fair value, which is primarily determined on the basis of quoted market prices at the end of the year. The City invests in certificates of deposit in various financial institutions through a custodial agent and participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF). The custodial agent makes decisions on behalf of the City into which financial institutions to invest and LAIF invests the City's portion of the pool funds in structured notes and asset-backed securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these structured notes and asset-backed securities are subject to market risk as to change in interest rates. Earnings from these investments along with Local Agency Investment Fund (LAIF) are allocated to all funds on a quarterly basis.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

Note 1: Summary of Significant Accounting Policies (Continued)

e. Prepaid Costs

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid costs in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

f. Land Held for Development

The former Lawndale Redevelopment Agency had purchased properties for the purpose of making them available for sale to developers who have the ability to complete various projects consistent with the mission and activities of the City. Land held for development is valued at the lower of cost or estimated net realizable value determined upon the execution of a disposition and development agreement. If resale of land is not anticipated in the near future, a corresponding portion of the fund balance, which is not available for current expenditure, is reported as nonspendable in the general fund, and restricted, committed, or assigned in all other governmental funds, based on the intended use of the proceeds from disposition of the land held for development.

See Note 15c for additional information regarding land held for development.

g. Capital Assets and Depreciation

Capital assets, which include buildings, machinery and equipment, and infrastructure are reported in the applicable governmental activities column in the Government-Wide Financial Statements. Capital assets are defined by the government as assets with an initial, individual cost that exceeds \$5,000 to \$10,000, depending on the class of asset, and an estimated useful life in excess of one year. Such capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their fair market value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets are depreciated over their estimated useful lives using the straight-line method. The purpose of depreciation is to spread the cost of capital assets over the useful life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets. Depreciation of all exhaustible capital assets is charged as an expense against operations.

The estimated useful lives and capitalization thresholds are as follows:

Capital Asset Type	Useful Lives	Capitalization Threshold
Buildings and Structures	30 years	\$ 10,000
Improvements Other than Buildings	20 years	10,000
Vehicles, Machine and Equipment	5-30 years	5,000
Infrastructure	30 years	10,000

Infrastructure assets include roads, bridges, sidewalks, curbs and gutters, park improvements and traffic signals.

Note 1: Summary of Significant Accounting Policies (Continued)

h. Interfund Receivables and Payables

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” (i.e., the current portion of inter-fund loans) or “advances to/from other funds” (i.e., the non-current portion of inter-fund loans).

i. Deferred Outflows and Inflows of Resources

Deferred Outflows of Resources

In addition to assets, the Statement of Net Position and governmental fund Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position of fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one item that qualifies for reporting in this category. Deferred pension related outflows from changes in net pension liability arise only under a full accrual basis of accounting, and are reported in the government-wide Statement of Net Position.

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and thus will not be recognized as an inflow of resources (revenue) until that time. The City has two items which qualify for reporting in this category. Deferred pension related inflows from changes in net pension liability arise only under a full accrual basis of accounting, and are reported in the government-wide Statement of Net Position. Additionally, unavailable revenues arise only under a modified accrual basis of accounting, and are reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: grants, and accrued interest on long-term receivables. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

j. Long-Term Debt

Long-term debt and other financed obligations are reported as liabilities in the government-wide financial statements and the fiduciary fund financial statements.

Bond premiums and discounts 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.

Note 1: Summary of Significant Accounting Policies (Continued)

k. Compensated Absences

The City accrues a liability for compensated absences which meets the following criteria:

1. The City's obligation relating to employees' rights to receive compensation for future absences is attributable to employees' services already rendered.
2. The obligation relates to rights that vest or accumulate.
3. Payment of the compensation is probable.
4. The amount can be reasonably estimated.

A liability is recorded only if it has matured for unused vacation and similar compensatory leave balances since the employees' entitlement to these balances are attributable to services already rendered and it is probable that virtually all of these balances will be liquidated by either paid time off or payments upon termination or retirement.

A liability is recorded for unused sick leave balances only to the extent that it is probable that the unused balances will result in termination payments. This is estimated by including in the liability the unused balances of employees currently entitled to receive termination payment, as well as those who are expected to become eligible to receive termination benefits as a result of continuing their employment with the City.

l. Pension

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

m. Net Position and Fund Balance

Government-Wide Financial Statements

In the government-wide financial statements, net position is classified in the following categories:

Net Investment in Capital Assets consists of capital assets net of accumulated depreciation and reduced by outstanding debt and relating deferred outflows or inflows of resources that attributed to the acquisition, construction, or improvement of the assets.

Restricted includes amounts restricted by external creditors, grantors, contributors, laws or regulations of other governments.

Unrestricted is all net position that does not meet the definition of "net investment in capital assets" or "restricted."

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

Note 1: Summary of Significant Accounting Policies (Continued)

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Financial Statements

In the fund financial statements, government funds report the following fund balance classification:

Nonspendable includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted includes amounts that are constrained on the use of resources by either (a) external creditors, grantors, contributors, or laws or regulations of other governments or (b) by law through constitutional provisions or enabling legislation.

Committed includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest authority, City Council. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is resolution.

Unassigned includes the residual amounts that have not been restricted, committed, or assigned to specific purposes.

An individual governmental fund could include nonspendable resources and amounts that are restricted or unrestricted (committed, assigned, or unassigned) or any combination of those classifications. Restricted amounts are to be considered spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available and committed, assigned, then unassigned amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned, and lastly the unassigned fund balance.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

Note 1: Summary of Significant Accounting Policies (Continued)

n. Property Taxes

With the passage of Proposition 13 in 1978 (Article XIII A, California State Constitution), property taxes are limited to one percent of market value, plus additional taxes for repayment of existing or subsequent voter-approved indebtedness. Under Article XIII A, the market value of taxable property is subject to a maximum annual increase of two percent. Market value may be appraised at significantly more than two percent depending on other factors such as improvements, sale or change of ownership. The City receives a portion of the one percent general tax levy which is shared by several other local governments including the county and the school district. The City's share is based on a formula prescribed in Section 26912(b) of the Government Code. The county apportions property taxes to the City on a scheduled basis which generally adheres to the actual tax collection periods. The tax lien date is January 1 of each year and covers the ensuing fiscal year's tax returns. The tax levy date is from July 1 to June 30 of each year. The first installment becomes due on November 1 with penalties and interest accruing after December 10. The second installment is due no later than April 10.

o. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect certain reported amounts of assets and liabilities at the reporting date and revenue and expenses during the reporting period. Actual results could differ from those estimates.

p. Effect of New Accounting Standards

During the fiscal year ended June 30, 2016, the City implemented the following Governmental Accounting Standards Board (GASB) standards:

GASB Statement No. 72 – Fair Value Measurement and Application. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this Statement are effective for financial statement for reporting periods beginning after June 15, 2015.

GASB Statement No. 76 – The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The provisions in Statement 76 are effective for reporting periods beginning after June 15, 2015.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

Note 1: Summary of Significant Accounting Policies (Continued)

GASB Statement No. 82 – Pension Issues, an Amendment of GASB Statements No. 67, No. 68, and No. 73. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. The City has elected to early implement the provision regarding the presentation of payroll-related measures in required supplementary information, for the year ended June 30, 2016.

Note 2: Stewardship, Compliance and Accountability

a. Deficit Fund Balance

The following nonmajor governmental funds reported a deficit fund balance at June 30, 2016:

	<u>Deficit Fund Balance</u>
Governmental Funds:	
Nonmajor Governmental Funds:	
State COPS Grant	\$ (4,765)
LA County Parks Maintenance Grant	(381,707)
DRI Grant	(10,402)
LA CO Maint Grant - Hopper Park	(11,441)
CO Maint Grant William Green	(24,394)
96 County Specified Grants	(27,211)
Prop C25 Grant	(94,963)
Appropriations Act	(180,667)
Metro STP-L	(41,024)
Highway Safety Improvement	(45,157)
Measure R Grant	(12,373)
Prop C 25%	(21,953)
Measure R Grant Traffic Improvement	(334,820)
LA CO Park Grant - Hogan Tot Lot	(522,000)

CITY OF LAWNSDALE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

Note 3: Cash and Investments

Summary of Cash and Investments

Cash and investments as of June 30, 2016, are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	\$ 12,115,802
Fiduciary Funds:	
Cash and investments	1,842,244
Cash and investments held with fiscal agents	4,261,309
	<hr/>
Total	\$ 18,219,355
	<hr/> <hr/>

Cash and investments as of June 30, 2016, consist of the following:

Cash on hand	\$ 1,150
Deposits with financial institutions	6,250,646
Restricted cash held with fiscal agents	4,261,309
Investments	7,706,250
	<hr/>
Total	\$ 18,219,355
	<hr/> <hr/>

Deposits

At June 30, 2016, the carrying amount of the City's deposits was \$6,250,646 and the bank balance was \$6,343,467. The \$92,821 difference represents outstanding checks and other reconciling items.

California Government Code requires California banks and savings and loan associations to secure a City's deposits by pledging government securities with a value of 110% of a City's deposits. California law also allows financial institutions to secure a City's deposits by pledging first trust deed mortgage notes having a value of 150% of a City's total deposits. The City Treasurer may waive the collateral requirement for deposits that are fully insured up to \$250,000 by the FDIC. The collateral for deposits in federal and state chartered banks is held in safekeeping by an authorized Agent of Depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an Agent of Depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an Agent of Depository has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California Agents of Depository is considered to be held for, and in the name of, the local governmental agency.

As of June 30, 2016, deposits were not subject to custodial credit risk as they were entirely insured or collateralized with securities held by the City or the City's agent in the City's name.

CITY OF LAWNSDALE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2016

Note 3: Cash and Investments (Continued)

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 and the City's investment policy. The table also identifies certain provisions of the California Government Code (or the City's investment policy, if more restrictive) that address interest rate risk and concentration of credit risk. This table does not address investments in vehicles which if not specifically mentioned in the City's investment policy, are not authorized unless the policy is amended by the City Council or are approved as part of the provisions of bond indentures, rather than the general provisions of the California Government Code or the City's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage or Amount of Portfolio*	Maximum Investment in One Issuer
U.S. Treasury Bills	1 year	None	None
U.S. Treasury Notes	10 years	None	None
Federal Agency Issues	N/A	None	None
Certificates of Deposit	5 years	None	\$250,000
Bankers' Acceptances	180 days	40%	None
County Pool Investment Funds	N/A	5% of County Pool	None
Local Agency Investment Fund (LAIF)	N/A	None	None
U.S. Treasury Bonds	30 years	None	None
Mutual Funds	N/A	5%	None
Passbook Savings	N/A	None	\$250,000
Negotiable Certificates of Deposit	N/A	None	None

*Excluding amounts held by bond trustees that are not subject to California Government Code restrictions.

No investment shall be made that will cause the total investment pool to have greater than 30% of investments to have a maturity date greater than two years. The City's investment policy does not contain any specific provisions intended to limit the City's exposure to interest rate risk, credit risk, and concentration of credit risk.

Investments as of June 30, 2016, consist of the following:

	Fair Value
Investments Authorized by CA Government Code/City Investment	
Local Agency Investment Fund (LAIF)	\$ 2,143,708
Certificates of deposit	1,982,000
Federal agency issues	3,250,000
Mutual funds	330,542
	<hr/>
Total Investments	\$ 7,706,250

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

Note 3: Cash and Investments (Continued)Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date. A fair value hierarchy is established prioritizing the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 - Inputs are quoted market prices (unadjusted) in active markets for identical assets or liabilities that the entity has the ability to access at the measurement date.

Level 2 - Inputs other than quoted prices within Level 1 that are observable, either directly or indirectly such as quoted prices for similar assets or liabilities in active markets or inactive markets, or inputs other than quoted prices that are observable for the asset or liability.

Level 3 - Inputs are unobservable. Valuations for assets and liabilities are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

The City uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the City measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available.

The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurement at the reporting date. The valuation levels are not necessarily an indication of the risk or liquidity associated with the underlying investments.

The City reported the following recurring fair value measurements as of June 30, 2016:

Investment Type	Fair Value	Fair Value Measurement		
		Level 1	Level 2	Level 3
Local Agency Investment Fund (LAIF)	\$ 2,143,708	\$ -	\$ 2,143,708	\$ -
Certificates of deposit	1,982,000	-	1,982,000	-
Federal agency issues	3,250,000	-	3,250,000	-
Mutual funds	330,542	330,542	-	-
Total Investments	<u>\$ 7,706,250</u>	<u>\$ 330,542</u>	<u>\$ 7,375,708</u>	<u>\$ -</u>

CITY OF LAWDALE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

Note 3: Cash and Investments (Continued)

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	Fair Value	Remaining Maturity (in Months)		
		12 Months or Less	13 to 24 Months	25 to 60 Months
Local Agency Investment Fund (LAIF)	\$ 2,143,708	\$ 2,143,708	\$ -	\$ -
Certificates of deposit	1,982,000	500,000	492,000	990,000
Federal agency issues	3,250,000	-	-	3,250,000
Mutual funds	330,542	330,542	-	-
Total Investments	\$ 7,706,250	\$ 2,974,250	\$ 492,000	\$ 4,240,000

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. Investments in LAIF and certificates of deposit are not rated by a nationally recognized statistical rating organization.

Investment Type	Minimum Credit Rating	Fair Value	Credit Ratings		
			AAA	AA+	Not Rated
Local Agency Investment Fund (LAIF)	Not Rated	\$ 2,143,708	\$ -	\$ -	\$ 2,143,708
Certificates of deposit	Not Rated	1,982,000	-	-	1,982,000
Federal agency issues	Not Rated	3,250,000	-	3,250,000	-
Mutual funds	AAA	330,542	330,542	-	-
Total Investments		\$ 7,706,250	\$ 330,542	\$ 3,250,000	\$ 4,125,708

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. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments are as follows:

Issuer	Investment Type	Fair Value	% of City Investment Portfolio
Federal National Mortgage Association	Federal agency issues	\$ 1,000,000	12.98%
Federal Home Loan Bank	Federal agency issues	1,000,000	12.98%
Federal Farm Credit Bank	Federal agency issues	1,000,000	12.98%

CITY OF LAWNSDALE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

Note 3: Cash and Investments (Continued)

Custodial Credit Risk

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The City's investment policy requires that all securities owned by the City be held in third-party safekeeping by the trust department of the City's bank or another designated third party trust, in the City's name and control, under the terms of a custody agreement executed by the trust institution and the City. Investments held by the City were not subject to custodial credit risk at June 30, 2016.

As of June 30, 2016, no City investments were held by the same broker-dealer (counterparty) that was used by the City to buy the securities.

Note 4: Notes and Loans Receivable

The City's outstanding loans receivable as of June 30, 2016, are as follows:

Lawndale Housing Authority:		
Housing rehabilitation loan program	\$	172,356
Nonmajor Governmental Funds:		
Housing rehabilitation loan program		<u>246,538</u>
Total	\$	<u>418,894</u>

Housing Rehabilitation Loan Program

The Lawndale Housing Authority and Community Development Block Grant Special Revenue Funds operate a housing rehabilitation loan program, which provides loans to borrowers who meet certain qualifications for the purpose of rehabilitating their homes. Loans that are not forgivable are secured by a deed of trust and are normally repaid when the relating home changes ownership. The City did not fund any new loans during the fiscal year. As of June 30, 2016, the outstanding receivable balance for the housing rehabilitation loan program was \$418,894.

The balance of the forgivable loans receivable was \$87,000 at June 30, 2016 and have been fully allowed for.

Note 5: Agreements with Successor Agency Receivable

The City previously loaned the former Lawndale Redevelopment Agency (RDA) funds prior to dissolution for various redevelopment activities. The repayment of these amounts has been approved by the California Department of Finance. Additionally, the former RDA agreed to reimburse the City for the debt service on the lease, under the terms of a Public Works Agreement between the City and former RDA. This reimbursement has also been approved by the California Department of Finance. With the dissolution of the City's former RDA pursuant to ABx1 26, repayment of the loans and reimbursement of the debt service on the lease is now being made by the Successor Agency to the former RDA, Lawndale Successor Agency (the Successor Agency).

CITY OF LAWNSDALE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2016

Note 5: Agreements with Successor Agency Receivable (Continued)

During the 2015-16 fiscal year, the State of California passed Senate Bill 107 (SB 107) which amended the Health and Safety Code to require interest on loans between the City and the Successor Agency to be calculated quarterly using a 3% simple interest rate, from the previously required historical LAIF compounding interest rate. SB 107 also requires that any amount received relating to these outstanding balances must be applied towards the outstanding principal balance before it may be applied towards accrued interest. Because governmental funds are accounted for under the modified accrual basis of accounting, the amounts representing accrued interest have been deferred and reported in unavailable revenue on the governmental fund financial statements balance sheet. The City experienced an extraordinary loss as a result of the revaluation of the receivables and deferral of interest income earned on the receivables. See Note 13 to the financial statements for additional information.

As of June 30, 2016, agreements with the Successor Agency receivable were reported in the accompanying financial statements as follows:

	Principal	Accrued Interest	Balance at June 30, 2016
General Fund			
Public Works Agreement	\$ 808,808	\$ 159,714	\$ 968,522
2000 Cooperation Agreement	3,848,972	1,953,789	5,802,761
2001 Cooperation Agreement	3,728,365	1,777,182	5,505,547
2009 Loan Agreement	357,086	138,856	495,942
2009 Purchase Agreement	454,388	130,555	584,943
Subtotal General Fund	9,197,619	4,160,096	13,357,715
Restricted Urban Development			
2000 Financing Agreement	6,542,388	3,246,629	9,789,017
Total	<u>\$ 15,740,007</u>	<u>\$ 7,406,725</u>	<u>\$ 23,146,732</u>

Note 6: Interfund Receivables, Payables and Transfers

a. Due To/From Other Funds:

As of June 30, 2016, the City had the following due to/from other funds:

Due to Other Funds	Due from Other Funds
	General
Nonmajor Governmental Funds	\$ 1,466,808
Total	<u>\$ 1,466,808</u>

Due to/from other funds are short-term loans to cover temporary cash shortages. The General Fund loaned various nonmajor governmental funds \$1,466,808 at June 30, 2016.

CITY OF LAWNSDALE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

Note 6: Interfund Receivables, Payables and Transfers (Continued)

b. Transfers In/Out:

Transfers in and out for the year ended June 30, 2016, were as follows:

	Transfers In	Transfers Out	
			General
Nonmajor Governmental Funds		\$	178,869
Total		\$	178,869

The General Fund transferred \$180 to the Community Development Block Grant fund and \$178,689 to the Hawthorne Boulevard Maintenance fund to support operations in those funds.

Note 7: Capital Assets

A summary of changes in capital assets activity for the year ended June 30, 2016, is as follows:

	Balance at July 1, 2015	Additions	Construction Placed in Service	Disposals	Balance at June 30, 2016
Capital assets not depreciated:					
Land	\$ 5,215,937	\$ -	\$ -	\$ -	\$ 5,215,937
Construction in progress	2,176,239	5,430,891	(6,273,113)	-	1,334,017
Total capital assets not being depreciated	7,392,176	5,430,891	(6,273,113)	-	6,549,954
Capital assets being depreciated:					
Building and structures	18,437,776	-	-	-	18,437,776
Improvements other than buildings	479,040	-	-	-	479,040
Vehicles, machinery and equipment	2,108,022	158,219	-	27,734	2,238,507
Infrastructure	28,458,675	501,672	6,273,113	-	35,233,460
Total capital assets being depreciated	49,483,513	659,891	6,273,113	27,734	56,388,783
Accumulated depreciation:					
Building and structures	4,745,465	612,768	-	-	5,358,233
Improvements other than buildings	272,832	15,740	-	-	288,572
Vehicles, machinery and equipment	1,586,081	123,414	-	19,998	1,689,497
Infrastructure	7,968,553	1,068,823	-	-	9,037,376
Total accumulated depreciation	14,572,931	1,820,745	-	19,998	16,373,678
Total capital assets being depreciated, net	34,910,582	(1,160,854)	6,273,113	7,736	40,015,105
Total capital assets, net	\$ 42,302,758	\$ 4,270,037	\$ -	\$ 7,736	\$ 46,565,059

CITY OF LAWNSDALE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2016

Note 7: Capital Assets (Continued)

Depreciation expense was charged to functions/programs based on their usage of the related assets. The allocation of depreciation expense for the year ended June 30, 2016, is as follows:

General government	\$ 22,832
Municipal services	6,797
Planning and community development	641,486
Recreation and community services	10,561
Public works	<u>1,139,069</u>
 Total	 <u>\$ 1,820,745</u>

Note 8: Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2016:

	Balance at July 1, 2015	Additions	Deletions	Balance at June 30, 2016	Due Within One Year
Notes:					
Facility and site lease note	\$ 670,732	\$ -	\$ 35,148	\$ 635,584	\$ 36,325
Other long-term liabilities:					
Compensated absences	<u>674,843</u>	<u>202,430</u>	<u>249,636</u>	<u>627,637</u>	<u>232,174</u>
 Total	 <u>\$ 1,345,575</u>	 <u>\$ 202,430</u>	 <u>\$ 284,784</u>	 <u>\$ 1,263,221</u>	 <u>\$ 268,499</u>

Facility and Site Lease Note

In 2005, the City and the former RDA entered into a Public Works Agreement, as authorized by Community Development Law, in which the former RDA agreed to provide funding for certain public works projects, and the City agreed to construct them. In 2009, the former RDA funded most of the construction and land acquisition for Hopper Park. The former RDA wanted to finance a portion of the construction with California Infrastructure and Economic Development Bank (CIEDB), but in order to obtain the loan it was necessary to pledge a public facility. Since the former RDA did not own any public facilities, the City pledged a maintenance office building and a portion of the land located at 4722 Manhattan Beach Blvd., Lawndale, California, and on February 1, 2010, the City entered into a Facility and Site Lease Agreement with CIEDB. This agreement required that the City pay CIEDB "lease" payments on the pledged property, with the City retaining the title to the pledged property at the end of the lease term. CIEDB agreed to loan the City \$830,100, to be used for the construction of Hopper Park. Under the terms of the Public Works Agreement, the former RDA was to reimburse the City for the debt service on the lease.

With the dissolution of the City's former RDA pursuant to ABx1 26, reimbursement of the debt service on the lease is now being made by the Successor Agency to the former RDA, Lawndale Successor Agency (the Successor Agency).

CITY OF LAWNSDALE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2016

Note 8: Long-Term Liabilities (Continued)

Principal payments are due annually on August 1, with interest due semi-annually on February 1 and August 1. The annual interest rate on the facility and site lease is 3.35%, and the lease matures on August 1, 2029. Principal and interest payments remaining at June 30, 2016, are as follows:

Year Ended June 30,	Facility and Site Lease Note		
	Principal	Interest	Total
2017	\$ 36,325	\$ 20,684	\$ 57,009
2018	37,542	19,446	56,988
2019	38,799	18,168	56,967
2020	40,099	16,846	56,945
2021	41,442	15,480	56,922
2022-2026	228,990	55,258	284,248
2027-2030	212,387	14,523	226,910
Total	<u>\$ 635,584</u>	<u>\$ 160,405</u>	<u>\$ 795,989</u>

Compensated Absences

Vacation time may be accumulated up to two years' entitlement plus the current year's leave allowance. Cash compensation for accrued vacations is generally not payable until the employee terminates employment with the City. Cash compensation for unused sick leave is payable to an employee only upon termination of employment with the City and the employee is compensated at the rate of 50 percent of their sick leave daily rate, as long as it does not exceed the threshold of 391 hours of combined vacation and sick leave.

Cash compensation for vacation, sick leave, and compensatory time paid to employees within any one year is not expected to be material. The amount recorded does not exceed a normal year's accumulation. This liability will be paid in future years from future resources primarily from the general fund. In prior years, compensated absences have been liquidated primarily by the general fund. As of June 30, 2016, the compensated absences balance outstanding is \$627,637.

Note 9: Liability, Workers' Compensation, and Purchased Insurance

a. Description of Self-Insurance Pool Pursuant to Joint Powers Agreement

The City is a member of the California Joint Powers Insurance Authority (CJPIA). CJPIA is composed of 116 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of CJPIA 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 California JPIA 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 nine-member Executive Committee.

Note 9: Liability, Workers' Compensation, and Purchased Insurance

b. Self-Insurance Programs of CJPIA

Each member pays an annual contribution at the beginning of the coverage period. A retrospective adjustment is then conducted annually thereafter, for coverage years 2012-13 and prior. Retrospective adjustments are scheduled to continue indefinitely on coverage years 2012-13 and prior, until all claims incurred during those coverage years 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. Coverage years 2013-14 and forward are not subject to routine annual retrospective adjustment.

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 general government 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 as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$750,000 to \$50 million, are distributed based on the outcome of cost allocation within the first and second loss layers.

For 2015-16, CJPIA's pooled retention is \$2 million per occurrence, with reinsurance to \$20 million, and excess insurance to \$50 million. CJPIA's reinsurance contracts are subject to the following additional pooled retentions: (a) \$2.5 million annual aggregate deductible in the \$3 million x/s \$2 million layer, and (b) \$3 million annual aggregate deductible in the \$5 million x/s \$10 million layer. There is a third annual aggregate deductible in the amount of \$2.5 million in the \$5 million x/s \$5 million layer, however it is fully covered under a separate policy and therefore not retained by CJPIA.

The overall coverage limit for each member, including all layers of coverage, is \$50 million per occurrence. Costs of covered claims for subsidence losses have a sub-limit of \$30 million per occurrence.

Workers' Compensation

In the workers' compensation program, claims are pooled separately between public safety (police and fire) and general government 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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

Note 9: Liability, Workers' Compensation, and Purchased Insurance (Continued)

total incurred costs within the second layer. (4) Incurred costs from \$100,000 to statutory limits are distributed based on the outcome of cost allocation within the first and second loss layers.

For 2015-16, CJPIA's pooled retention is \$2 million per occurrence, with reinsurance to statutory limits 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 which is available through CJPIA. 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. CJPIA has a limit of \$50 million for the 3-year period from July 1, 2014 through July 1, 2017. Each member of CJPIA has a \$10 million sub-limit during the 3-year term of the policy.

Property Insurance

The City participates in the all-risk property protection program of CJPIA. This insurance protection is underwritten by several insurance companies. City property is currently insured according to a schedule of covered property submitted by the City to CJPIA. City property currently has all-risk property insurance protection in the amount of \$28,288,522. There is a \$5,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$1,000 deductible. Premiums for the coverage are paid annually and are not subject to retrospective 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 CJPIA. City property currently has earthquake protection in the amount of \$8,591,381. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

Crime Insurance

The City purchases crime insurance coverage in the amount of \$1,000,000 with a \$2,500 deductible. The fidelity coverage is provided through CJPIA. Premiums are paid annually and are not subject to retrospective adjustments.

d. Adequacy of Protection

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2015-16.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2016

Note 10: Defined Benefit Pension Plan

a. General Information about the Pension Plan

Plan Descriptions

All qualified permanent and probationary employees are eligible to participate in the City's separate Miscellaneous Employee Pension Plans (Miscellaneous Plans), a cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: The Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

	Miscellaneous	
	Tier 1*	PEPRA
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life
Retirement age	Minimum 50 years	Minimum 52 years
Monthly benefits, as a % of eligible compensation	1.426% - 2.418%, 50 yrs - 63+ yrs	1.000% - 2.500%, 52 yrs - 67+ yrs
Required employee contribution rates	7.000%	N/A
Required employer contribution rates	8.512%	N/A

*This plan is closed to new entrants.

Contribution

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. The actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

CITY OF LAWDALE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2016

Note 10: Defined Benefit Pension Plan (Continued)

For the year ended June 30, 2016, contributions recognized as a reduction to the City's net pension liability was \$408,984.

b. Pension Liabilities, Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

As of June 30, 2016, the City reported a net pension liability for its proportionate share of the net pension liability of the Miscellaneous Plans of \$4,425,429.

The City's net pension liability for the Miscellaneous Plans is measured as the proportionate share of the net pension liability. The net pension liability is measured as of June 30, 2015, and the total pension liability for the Miscellaneous Plans used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014, rolled forward to June 30, 2015, using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability as of June 30, 2014 and 2015, was as follows:

	Miscellaneous
Proportion - June 30, 2014	0.170494%
Proportion - June 30, 2015	0.161308%
Change - Increase (Decrease)	-0.009186%

For the year ended June 30, 2016, the City recognized pension expense relating to the Miscellaneous Plans of \$252,243. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions subsequent to the measurement date	\$ 492,655	\$ -
Changes of assumptions	-	(249,897)
Differences between expected and actual experiences	26,414	-
Net difference between projected and actual earnings on pension plan investments	-	(125,277)
Changes in employer's proportion	-	(502,578)
Differences between the employer's contributions and the employer's proportionate share of contributions	-	(338,882)
Total	\$ 519,069	\$ (1,216,634)

CITY OF LAWNSDALE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2016

Note 10: Defined Benefit Pension Plan (Continued)

\$492,655 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Periods Ended June 30,	Deferred Outflows/(Inflows) of Resources
2016	\$ (495,176)
2017	(484,143)
2018	(371,035)
2019	160,134
Total	<u>\$ (1,190,220)</u>

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2015 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2014 total pension liability. The June 30, 2014 and the June 30, 2015 total pension liability was based on the following actuarial methods and assumptions:

Actuarial cost method	Entry age normal
Actuarial assumptions:	
Discount rate	7.65%
Inflation	2.75%
Salary increases	Varies by entry age and service
Investment rate of return (1)	7.50%
Mortality rate table (2)	Derived using CalPERS' Membership Data for all Funds
Post-retirement benefit increase	Contract COLA up to 2.75% until purchasing power protection allowance floor on purchasing power applies, 2.75% thereafter

(1) Net of pension plan investment expenses and administrative expenses.

(2) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2014, valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

Note 10: Defined Benefit Pension Plan (Continued)

Change of Assumption

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense, but without reduction for pension plan administrative expense. The discount rate was changed from 7.50 percent (net of administrative expense in 2014) to 7.65 percent as of the June 30, 2015 measurement date to correct the adjustment that previously reduced the discount rate for administrative expense.

Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB Statement Nos. 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as they have changed their methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

CITY OF LAWNSDALE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2016

Note 10: Defined Benefit Pension Plan (Continued)

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1-10 (1)	Real Return Years 11+ (2)
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	10.0%	6.83%	6.95%
Real Estate	10.0%	4.50%	5.13%
Infrastructure and Forestland	2.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
Total	100.0%		

(1) Expected inflation of 2.5% used for this period

(2) Expected inflation of 3.0% used for this period

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Miscellaneous Plans as of the measurement date, calculated using the discount rate of 7.65 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.65 percent) or 1 percentage-point higher (8.65 percent) than the current rate:

	Discount Rate - 1% 6.65%	Current Discount 7.65%	Discount Rate +1% 8.65%
Miscellaneous	\$ 7,931,161	\$ 4,425,429	\$ 1,531,040

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports that can be obtained at CalPERS' website under the GASB 68 section.

Note 11: Other Post-Employment Benefits Plan

In addition to the pension benefits described in Note 10 to the financial statements, the City provides post-retirement health care benefits, in accordance with the California Government Code, to all employees who retire from the City.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

Note 11: Other Post-Employment Benefits Plan (Continued)

a. Plan Description

The City provides retiree medical benefits under the CalPERS health plan which provides medical insurance benefits to eligible retirees and their spouses in accordance with various labor agreements. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

b. Eligibility

Employees are eligible for retiree health benefits if they retire from the City on or after age 50 (unless disabled) and are eligible for a CalPERS pension. The benefits are available only to employees who retire from the City. Membership of the plan consisted of 46 eligible active employees and 18 enrolled eligible retirees at June 30, 2016. These amounts do not reflect current retirees not enrolled in the CalPERS health plan who are eligible to enroll in the plan at a later date.

c. Funding Policy

The contribution requirements of plan members and the City are established and may be amended by City Council. The contribution required to be made under City Council and labor agreement requirements is based on a pay-as-you-go basis (i.e., as medical insurance premiums become due). For fiscal year 2015-16, the City contributed \$93,586 to the plan. Upon retirement, City's employees who are not eligible for fully paid medical benefits based on service may elect to convert the value of their sick leave for payment of the balance of the premiums which are not paid by the City.

d. Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefit (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 No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The ARC as of June 30, 2016, was \$353,204. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation for these benefits:

Annual required contribution	\$ 353,204
Interest on net OPEB obligation	65,619
Adjustment to annual required contribution	(65,619)
Annual OPEB cost (expense)	353,204
Contributions made	(93,586)
Increase in net OPEB obligation	259,618
Net OPEB obligation, beginning of year	1,463,861
Net OPEB obligation, end of year	<u>\$ 1,723,479</u>

CITY OF LAWNSDALE

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016**

Note 11: Other Post-Employment Benefits Plan (Continued)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2016, and the two preceding years were as follows:

Year Ended June 30,	Annual OPEB Cost	Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	\$ 299,642	\$ 77,135	25.7%	\$ 1,196,855
2015	353,204	86,198	24.4%	1,463,861
2016	353,204	93,586	26.5%	1,723,479

e. Funded Status and Funding Progress

The funded status of the plan as of June 1, 2015, the most recent actuarial valuation date, is as follows:

Actuarial Accrued Liability (AAL)	Actuarial Value of Plan Assets	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
\$ 3,541,215	\$ -	\$ 3,541,215	0.0%	\$ 3,626,341	97.7%

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 employer 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 the 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 the benefits.

f. 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 employer and plan members to 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 assets, consistent with the long-term perspective of the calculations. The actuarial methods and assumptions applicable to the year ended June 30, 2016, are as follows:

Actuarial valuation date	June 1, 2015
Actuarial cost method	Entry age normal
Amortization method	Level percentage, closed 30 year
Remaining amortization periods	23 years, as of June 30, 2016
Actuarial assumptions:	
Investment rate of return	4.50%
Inflation	2.75%
Projected salary increases	2.75%
Healthcare cost trend	4.00%

CITY OF LAWDALE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

Note 12: Restatements

a. Government-wide Financial Statements

Restatement of governmental activities beginning net position for the year ended June 30, 2016, is summarized as follows:

	Governmental Activities
Net position, beginning of year, as previously reported	\$ 64,859,352
Restatement	<u>670,732</u>
Net position, beginning of year, as restated	<u>\$ 65,530,084</u>

Restatement was made in the amount of \$670,732 to report a receivable due to the City from the Lawndale Successor Agency relating to a previously existing Public Works Agreement.

b. Governmental Fund Financial Statements

Restatement of governmental fund beginning fund balance for the year ended June 30, 2016, is summarized as follows:

	General Fund
Fund balance, beginning of year, as previously reported	\$ 17,426,281
Restatement	<u>670,732</u>
Fund balance, beginning of year, as restated	<u>\$ 18,097,013</u>

Restatement was made in the amount of \$670,732 to report a receivable due to the City from the Lawndale Successor Agency relating to a previously existing Public Works Agreement.

Note 13: Extraordinary Items

Extraordinary items reported for the year ended June 30, 2016, is summarized as follows:

	Government-Wide Financial Statements	Governmental Fund Financial Statements		
	Governmental Activities	General Fund	Restricted Urban Development	Total Governmental Funds
Extraordinary Gain:				
Effects of SB 107	\$ 5,298,586	\$ -	\$ -	\$ -
Extraordinary Loss:				
Effects of SB 107	-	(1,191,799)	(551,958)	(1,743,757)
Transfer to Lawndale Successor Agency	(256,333)	(256,333)	-	(256,333)
Extraordinary Items	<u>\$ 5,042,253</u>	<u>\$ (1,448,132)</u>	<u>\$ (551,958)</u>	<u>\$ (2,000,090)</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

Note 13: Extraordinary Items (Continued)

a. Effects of SB 107

As detailed in Note 5 to the financial statements, the State of California passed Senate Bill 107 (SB 107) which amended the Health and Safety Code to require interest on loans between the City and the Successor Agency to be calculated quarterly using a 3% simple interest rate, from the previously required historical LAIF compounding interest rate.

The Governmental Activities in the government-wide financial statements experienced an extraordinary gain of \$5,298,586 as a result of the revaluation of the receivables and interest income earned on the receivables.

Because governmental funds are accounted for under the modified accrual basis of accounting, the portions of the receivables representing accrued interest have been deferred and reported in unavailable revenue on the governmental fund financial statements balance sheet. In the governmental fund financial statements, the General Fund experienced an extraordinary loss of \$1,191,799 and the Restricted Urban Development fund experienced an extraordinary loss of \$551,958 as a result of the revaluation of the receivables and deferral of interest income earned on the receivables.

b. Transfer to Lawndale Successor Agency

The California State Controller's Office (SCO) issued a letter to the City relating to the SCO's review of all asset transfers made by the former Lawndale Redevelopment Agency (RDA) to the City during the former RDA's dissolution. The letter concluded that \$196,726 in notes receivable due from Anthony's Ready Mix which was transferred to the City on July 1, 2011, and \$59,607 in cash for debt service repayments linked to several public works projects which was transferred to the City on January 25, 2012, represented unallowable transfers. The outstanding balance of the notes receivable as of July 1, 2015, of \$182,352 was transferred to the Successor Agency to the Former Lawndale Redevelopment Agency (the Successor Agency), along with cash in the amount of \$73,981, \$59,607 relating to the debt service repayments and \$14,374 from repayments on the notes receivable from the date the note was transferred to the City. The total of \$256,333 transferred to the Successor Agency represents an extraordinary loss to the General Fund in the governmental fund financial statements and Governmental Activities in the government-wide financial statements.

Note 14: Commitments and Contingencies

As of June 30, 2016, in the opinion of City Management, there were no additional outstanding matters that would have a significant effect on the financial position of the City.

Note 15: Successor Agency to the Former Lawndale Redevelopment Agency

On December 29, 2011, the California Supreme Court upheld AB 1X 26 that provides for the dissolution of all redevelopment agencies in the State of California. The Lawndale Successor Agency (the Successor Agency), a legally separate entity from the City itself, assumed the former RDA's assets and obligations, and is responsible for winding down the remaining activities of the former RDA.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

Note 15: Successor Agency to the Former Lawndale Redevelopment Agency (Continued)

After enactment of the law, redevelopment agencies in the State of California could not enter into new projects, obligations or commitments. Subject to the control of an oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

Successor agencies are only allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations as approved by the Successor Agency Oversight Board and the California Department of Finance.

a. Cash and Investments

As of June 30, 2016, cash and investments were reported in the accompanying financial statements as follows:

	Lawndale Successor Agency
Cash and investments	\$ 1,842,244
Cash and investments held with fiscal agents	4,261,309
	<hr/>
Total	\$ 6,103,553
	<hr/> <hr/>

b. Notes and Loans Receivable

Anthony's Ready Mix

In October 2008, the former Lawndale Redevelopment Agency (RDA) sold a piece of property to Anthony's Ready Mix and accepted a loan. In April 2011, the former RDA assigned the loan receivable to the City's General Fund. The outstanding balance of this loan receivable at June 30, 2016 was \$178,137.

In June of 2011, the California legislature approved ABx1 26 which set in motion the dissolution of redevelopment agencies and also contained language to invalidate asset transfers from redevelopment agencies to cities that occurred after January 1, 2011. As required by AB 1484 the Lawndale Successor Agency prepared an All Other Funds Due Diligence Review (DDR) that discloses the transfer of the loan from the Agency to the City. The State Controller's Office (SCO) conducted a review of the assets transferred by the former RDA, and issued a letter disallowing the transfer for the original balance of the note, in the amount of \$196,726. The outstanding balance of the notes receivable as of July 1, 2015, of \$182,352 was transferred to the Successor Agency, and cash totaling \$14,374 from repayments on the notes receivable was transferred to the Successor Agency. The \$196,726 has been included as an extraordinary gain in the Successor Agency for the year ended June 30, 2016. See Note 15f to the financial statements for additional information relating to extraordinary items.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

Note 15: Successor Agency to the Former Lawndale Redevelopment Agency (Continued)

c. Land Held for Development

The RDA had purchased properties for the purpose of making them available for sale to developers who have the ability to complete various projects consistent with the mission and activities of the RDA. Land held for development is valued at the lower of cost or estimated net realizable value determined upon the execution of a disposition and development agreement. The DOF approved the amended Long-Range Property Management Plan (LRPMP) and the related Resolution 2014-9 in its letter dated June 18, 2014. The amended LRPMP, states that properties, including the Hawthorne Blvd/Manhattan Beach Ave site and the Firmona house, will be retained by the Successor Agency for future sale and not transferred to the City. Proceeds from the sale of the properties would be retained by the Lawndale Successor Agency to pay enforceable obligations listed on the ROPS or submitted to the Los Angeles County Auditor-Controller's office for distribution to the affected taxing entities. In the letter, the DOF stated that "pursuant to HSC section 34191.3, the approved LRPMP shall govern, and supersede all other provisions relating to, the disposition and use of all the real property assets of the former RDA."

As of June 30, 2016, the Successor Agency has total land held for development of \$2,500,073.

d. Long-Term Debt

A description of long-term debt outstanding of the Successor Agency as of June 30, 2016, is as follows:

	Balance at July 1, 2015, as Restated	Additions	Deletions	Balance at June 30, 2016	Due Within One Year
Bonds:					
Tax Allocation Bonds, Series 2009	\$ 19,555,000	\$ -	\$ 265,000	\$ 19,290,000	\$ 275,000
Bonds Discount	(123,164)	-	(4,234)	(118,930)	-
Subtotal Bonds	19,431,836	-	260,766	19,171,070	275,000
Notes and Agreements:					
Tax Allocation Loan Agreement Note	1,440,689	-	62,646	1,378,043	64,932
Agreements with City	18,518,064	5,662,968	1,034,300	23,146,732	-
Subtotal Notes and Agreements	19,958,753	5,662,968	1,096,946	24,524,775	64,932
Total	\$ 39,390,589	\$ 5,662,968	\$ 1,357,712	\$ 43,695,845	\$ 339,932

Tax Allocation Bonds, Series 2009

On November 1, 2009, the RDA issued \$20,545,000 of Tax Allocation Bonds, Series 2009 to finance public improvements and redevelopment projects benefitting the Project Areas. Interest rates range from 2% to 5.6% with interest payable semiannually on February 1 and August 1 and principal maturing annually on August 1. Pursuant to Assembly Bill 1X 26, the loan was transferred to the Successor Agency from the former RDA on February 1, 2012. The loan is secured solely by future tax increment revenues allocated to the Successor Agency. As of June 30, 2016, the outstanding principal on the bonds was \$19,290,000, and relating unamortized discount was \$118,930.

CITY OF LAWNDALE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2016

Note 15: Successor Agency to the Former Lawndale Redevelopment Agency (Continued)

The debt service schedule for the Tax Allocation Bonds, Series 2009 is as follows:

Year Ending June 30,	Tax Allocation Bonds, Series 2009		
	Principal	Interest	Total
2017	\$ 275,000	\$ 1,024,656	\$ 1,299,656
2018	285,000	1,013,800	1,298,800
2019	295,000	1,002,200	1,297,200
2020	310,000	989,713	1,299,713
2021	320,000	976,325	1,296,325
2022-2026	1,845,000	4,635,338	6,480,338
2027-2031	2,405,000	4,072,613	6,477,613
2032-2036	3,650,000	3,259,850	6,909,850
2037-2041	4,910,000	2,077,350	6,987,350
2042-2045	4,995,000	567,738	5,562,738
Total	\$ 19,290,000	\$ 19,619,583	\$ 38,909,583

Tax Allocation Loan Agreement Note

On April 30, 2002, the RDA entered into a Tax Allocation Loan Agreement with the California Infrastructure and Economic Development Bank (CIEDB). The CIEDB agreed to loan the former RDA an amount, up to \$2,000,000, to be used by the former RDA for the Hawthorne Boulevard Revitalization Project.

Pursuant to Assembly Bill 1X 26, the loan was transferred to the Successor Agency from the former RDA on February, 1, 2012. The loan is secured by future tax increment revenues and bears interest at a rate of 3.65% per annum. As of June 30, 2007, the \$2,000,000 of loan proceeds were fully disbursed under the loan agreement. For the current year, total principal and interest debt service was \$114,088, and total tax increment revenue was \$2,775,389. As of June 30, 2016, the outstanding principal on the note was \$1,378,043.

The debt service schedule for the Tax Allocation Loan Agreement Note is as follows:

Year Ending June 30,	Tax Allocation Loan Agreement Note		
	Principal	Interest	Total
2017	\$ 64,932	\$ 49,114	\$ 114,046
2018	67,302	46,700	114,002
2019	69,759	44,199	113,958
2020	72,305	41,606	113,911
2021	74,944	38,919	113,863
2022-2026	417,803	150,725	568,528
2027-2031	499,825	67,205	567,030
2032-2033	111,173	2,029	113,202
Total	\$ 1,378,043	\$ 440,497	\$ 1,818,540

CITY OF LAWNSDALE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2016

Note 15: Successor Agency to the Former Lawndale Redevelopment Agency (Continued)

Agreements with City

The City previously loaned the former RDA funds prior to dissolution for various redevelopment activities. The repayment of these amounts has been approved by the California Department of Finance. Additionally, the former RDA agreed to reimburse the City for the debt service on the lease, under the terms of a Public Works Agreement between the City and former RDA. This reimbursement has also been approved by the California Department of Finance. With the dissolution of the City's former RDA pursuant to AB 1X 26, repayment of the loans and reimbursement of the debt service on the lease is now being made by the Successor Agency.

During the 2015-16 fiscal year, the State of California passed Senate Bill 107 (SB 107) which amended the Health and Safety Code to require interest on loans between the City and the Successor Agency to be calculated quarterly using a 3% simple interest rate, from the previously required historical LAIF compounding interest rate. SB 107 also requires that any amount received relating to these outstanding balances must be applied towards the outstanding principal balance before it may be applied towards accrued interest. The Successor Agency experienced an extraordinary loss as a result of the revaluation of the receivables and interest income earned on the receivables. See Note 15f to the financial statements for additional information.

As of June 30, 2016, agreements with City were reported in the accompanying financial statements as follows:

	Principal	Accrued Interest	Balance at June 30, 2016
Lawndale Successor Agency			
Public Works Agreement	\$ 808,808	\$ 159,714	\$ 968,522
2000 Cooperation Agreement	3,848,972	1,953,789	5,802,761
2000 Financing Agreement	6,542,388	3,246,629	9,789,017
2001 Cooperation Agreement	3,728,365	1,777,182	5,505,547
2009 Loan Agreement	357,086	138,856	495,942
2009 Purchase Agreement	454,388	130,555	584,943
	<u>\$ 15,740,007</u>	<u>\$ 7,406,725</u>	<u>\$ 23,146,732</u>
Total			

e. Restatements

Restatement of fiduciary net position for the year ended June 30, 2016, is summarized as follows:

	Lawndale Successor Agency
Net position, beginning of year, as previously reported	\$ (29,793,536)
Restatements	(826,967)
Net position, beginning of year, as restated	<u>\$ (30,620,503)</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2016

Note 15: Successor Agency to the Former Lawndale Redevelopment Agency (Continued)

A restatement was made in the amount of \$(670,732) to report a liability due to the City for a previously existing Public Works Agreement.

Beginning fiduciary net position was also restated by \$(156,235) to remove a portion of the unamortized bonds discount that related to the cost of issuance of the bonds.

f. Extraordinary Items

Extraordinary items reported for the year ended June 30, 2016, is summarized as follows:

	Lawndale Successor Agency
Extraordinary Gain:	
Transfer from City	\$ 256,333
Extraordinary Loss:	
Effects of SB 107	<u>(5,298,586)</u>
Extraordinary Items	<u>\$ (5,042,253)</u>

Transfer from City

The California State Controller's Office (SCO) issued a letter to the City relating to the SCO's review of all asset transfers made by the former RDA to the City during the former RDA's dissolution. The letter concluded that \$196,726 in notes receivable due from Anthony's Ready Mix which was transferred to the City on July 1, 2011, and \$59,607 in cash for debt service repayments linked to several public works projects which was transferred to the City on January 25, 2012, represented unallowable transfers. The outstanding balance of the notes receivable as of July 1, 2015, of \$182,352 was transferred to the Successor Agency, along with cash in the amount of \$73,981, \$59,607 relating to the debt service repayments and \$14,374 from repayments on the notes receivable from the date the note was transferred to the City. The total of \$256,333 transferred from the City represents an extraordinary gain to the Successor Agency in the fiduciary funds financial statements.

Effects of SB 107

As detailed in Note 15d to the financial statements, the State of California passed Senate Bill 107 (SB 107) which amended the Health and Safety Code to require interest on loans between the City and the Successor Agency to be calculated quarterly using a 3% simple interest rate, from the previously required historical LAIF compounding interest rate.

The Successor Agency experienced an extraordinary loss in the fiduciary funds financial statements of \$5,298,586 as a result of the revaluation of the payables and interest income owed on the payables.

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**REQUIRED SUPPLEMENTARY
INFORMATION**

CITY OF LAWNSDALE

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<u>2015</u>	<u>2014</u>
Miscellaneous Plans		
Proportion of the Net Pension Liability	0.06447%	0.06772%
Proportionate Share of the Net Pension Liability	\$ 4,425,429	\$ 4,213,742
Covered Payroll	\$ 3,608,780	\$ 3,763,636
Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll	122.63%	111.96%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.40%	79.82%

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2014 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: The discount rate was changed from 7.5 percent (net of administration expense) to 7.65 percent.

(1) Historical information is required only for measurement for which GASB Statement No. 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only two years are shown.

CITY OF LAWNSDALE

**SCHEDULE OF PLAN CONTRIBUTIONS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<u>2016</u>	<u>2015</u>
Miscellaneous		
Actuarially Determined Contribution	\$ 492,655	\$ 408,984
Contribution in Relation to the Actuarially Determined Contribution	(492,655)	(408,984)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 3,502,895	\$ 3,608,780
Contributions as a Percentage of Covered Payroll	14.06%	11.33%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only two years are shown.

Note to Schedule:

Valuation Date:	June 30, 2013
Methods and assumptions used to determine contribution rates:	
Single and Agent Employers	Entry age normal
Amortization method	Level Percent of Payroll
Assets valuation method	15 year smoothed market
Inflation	2.75%
Salary Increases	3.3% to 14.20%
Investment rate of return	7.50% net of pension plan investment and administrative expense, including inflation
Retirement age	minimum 50 years
Mortality	RP-2000 Heath Annuitant Mortality Table

CITY OF LAWNSDALE

OTHER POST-EMPLOYMENT BENEFITS (OPEB)
SCHEDULE OF FUNDING PROGRESS
YEAR ENDED JUNE 30, 2016

Actuarial Valuation Date	Actuarial Accrued Liability (AAL)	Actuarial Value of Plan Assets	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
6/1/2012	\$ 2,165,185	\$ -	\$ 2,165,185	0.0%	\$ 3,861,756	56.1%
6/1/2015	3,541,215	-	3,541,215	0.0%	3,626,341	97.7%

CITY OF LAWNSDALE

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 7,403,000	\$ 7,731,000	\$ 7,592,317	\$ (138,683)
Licenses and permits	624,000	624,000	582,318	(41,682)
Intergovernmental	3,103,322	3,111,322	3,124,005	12,683
Charges for services	595,050	546,550	593,221	46,671
Use of money and property	190,000	174,000	94,538	(79,462)
Fines and forfeitures	543,000	648,000	726,152	78,152
Contributions	85,000	85,000	-	(85,000)
Miscellaneous	244,155	148,377	153,098	4,721
Total Revenues	12,787,527	13,068,249	12,865,649	(202,600)
Expenditures				
Current:				
General government				
City council	159,839	161,121	135,653	25,468
City attorney	360,000	360,000	415,570	(55,570)
City clerk	352,082	352,082	339,150	12,932
City manager	478,487	453,742	437,790	15,952
Administrative services	98,622	72,877	63,846	9,031
Cable TV	735,845	735,845	202,270	533,575
General operations	987,755	1,030,900	1,022,383	8,517
Finance	464,831	464,831	481,564	(16,733)
Information systems	154,109	154,109	146,366	7,743
Public safety	4,984,733	5,032,199	5,034,098	(1,899)
Municipal services	1,186,477	1,198,477	1,104,899	93,578
Planning and community development	481,218	622,625	627,608	(4,983)
Recreation and community services	1,355,123	1,360,276	1,361,794	(1,518)
Public works				
Administration	216,726	413,325	458,619	(45,294)
Grounds and facilities	955,721	961,996	868,962	93,034
Street maintenance	49,000	49,000	42,783	6,217
Engineering	10,886	21,355	30,474	(9,119)
Capital outlay	30,000	359,777	53,076	306,701
Debt service:				
Principal retirement	35,148	35,148	35,148	-
Interest and fiscal charges	23,892	13,247	23,893	(10,646)
Total Expenditures	13,120,494	13,852,932	12,885,946	966,986
Excess (Deficiency) of Revenues Over (Under) Expenditures	(332,967)	(784,683)	(20,297)	(1,169,586)
Other Financing Sources (Uses)				
Transfers out	(205,000)	(205,180)	(178,869)	26,311
Total Other Financing Sources (Uses)	(205,000)	(205,180)	(178,869)	26,311
Extraordinary items	-	-	(1,448,132)	(1,448,132)
Net Change in Fund Balance	\$ (537,967)	\$ (989,863)	(1,647,298)	\$ (2,591,407)
Fund Balance, Beginning of Year, as Restated			18,097,013	
Fund Balance, End of Year			\$ 16,449,715	

CITY OF LAWNSDALE

SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 RESTRICTED URBAN DEVELOPMENT
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Use of money and property	\$ 90,500	\$ 90,500	\$ 42,128	\$ (48,372)
Total Revenues	90,500	90,500	42,128	(48,372)
Expenditures				
Current:				
Planning and community development	-	44,760	44,760	-
Capital outlay	120,000	120,000	117,626	2,374
Total Expenditures	120,000	164,760	162,386	2,374
Excess (Deficiency) of Revenues Over (Under) Expenditures	(29,500)	(74,260)	(120,258)	(50,746)
Extraordinary items	-	-	(551,958)	(551,958)
Net Change in Fund Balance	\$ (29,500)	\$ (74,260)	(672,216)	\$ (602,704)
Fund Balance, Beginning of Year			7,475,892	
Fund Balance, End of Year			\$ 6,803,676	

CITY OF LAWNSDALE

SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 LAWNSDALE HOUSING AUTHORITY
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Use of money and property	\$ 1,100	\$ 1,100	\$ 7,319	\$ 6,219
Miscellaneous	-	223,806	232,044	8,238
Total Revenues	1,100	224,906	239,363	14,457
Expenditures				
Current:				
Planning and community development	775,472	775,472	187,429	588,043
Total Expenditures	775,472	775,472	187,429	588,043
Excess (Deficiency) of Revenues Over (Under) Expenditures	(774,372)	(550,566)	51,934	(573,586)
Other Financing Sources (Uses)				
Transfers in	223,806	-	-	-
Total Other Financing Sources (Uses)	223,806	-	-	-
Net Change in Fund Balance	\$ (550,566)	\$ (550,566)	51,934	\$ (573,586)
Fund Balance, Beginning of Year			1,583,948	
Fund Balance, End of Year			\$ 1,635,882	

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2016

Note 1: Stewardship, Compliance and Accountability

a. Budgetary Information

Procedures for establishing the budgetary data reflected in the budgetary comparison schedules are as follows:

- The annual budget adopted by the City Council provides for the general operation of the City. It includes a forecast of revenues for the fiscal year and proposed expenditures.
- The City Council approves total budgeted appropriations and any amendments to appropriations during the year for all governmental funds. This "appropriated budget" covers substantially all City expenditures, with the exception of debt service on bond issues which expenditures constitute legally authorized "non-appropriated budget." Actual expenditures may not exceed budgeted appropriations at the fund level. All appropriations lapse at year-end unless a carryover is authorized by the City Manager.
- Purchase commitments are recorded as encumbrances when purchase orders or contracts are issued. These encumbrances represent an allocation of fund balances. When the related goods or services are received, the encumbrance is liquidated and an expenditure and liability for payment to the vendor are recorded.
- Budgets for the General Fund, Special Revenue Funds, and the Capital Projects Fund are adopted on a basis consistent with accounting principles generally accepted in the United States of America (U.S. GAAP).
- For the year ended June 30, 2016, budgeted appropriations were not approved for the Air Quality, Local Law Enforcement Block, Department of Conservation Grant, and LA CO Maintenance Grant – Hopper Park special revenue funds, and the State Transit Program (Local), 96 County Specific Grants, Prop 1B, Appropriations Act, Metro STP-L, Highway Safety Improvement, Federal Appropriations, and LA CO Park Grant – Hogan Tot Lot capital projects funds.

SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

The following special revenue funds have been classified as nonmajor funds:

Gas Tax - To account for receipts and expenditures of money apportioned under Streets and Highways for maintenance, rehabilitation or improvement of public streets.

Air Quality - To account for funds provided by the State Transportation Act for the construction of pedestrian, bicycle and handicapped amenities.

Proposition A Local Transit Assistance - To account for the half-cent sales tax to improve local transit operations, reduce traffic congestion, and improve air quality.

Narcotics Forfeiture - To account for resources used solely for investigation, detection and prosecution of criminal drug activities.

State COPS Grant - To account for State assistance used to fund frontline municipal police services.

Local Law Enforcement Block – To account for Federal assistance block grant programs provided by the United States Department of Justice to support public safety and crime prevention efforts.

Lawndale Cable Usage Corporation - To track monies for the City's Cable Communication Program that provides audio visual services and local government TV access.

Hawthorne Boulevard Maintenance - To account for funds received and expended on the Hawthorne Boulevard Maintenance projects.

Department of Conservation Grant - To account for funds received and expended for park renovation projects.

Justice Assisted Grant - To account for federal funds in the City's law enforcement program.

Park Development - To account for funds received from developers for park improvements.

LA County Parks Maintenance Grant - To account for maintenance of parks and recreational facilities.

Metro TOD Grant - To account for Metro TOD grant funds used in connection with zoning ordinance for the Marine Ave Transit Station.

DRI Grant - To account for funds for disaster recovery program.

LA CO Maintenance Grant – Hopper Park - To account for maintenance related to Hopper Park.

CO Maintenance Grant – William Green - To account for maintenance related to William Green Park.

Hazmat Grant (HMEP) - To account for emergency preparedness grant purchases.

NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

The following capital projects funds have been classified as nonmajor funds:

TDA Article 3 Local Transportation - To account for funds provided by the State Transportation Act for the construction of pedestrian, bicycle and handicapped amenities.

Proposition C Local Transit Assistance - To account for the half-cent sales tax to improve local transit operations, reduce traffic congestion, and improve air quality.

State Transit Program (Local) - To account for revenues and expenditures made available by the Los Angeles County Metropolitan Transportation Authority (STP-L).

Community Development Block Grant – To account for monies received and expended by the City as a participant in the Federal Community Block Grant programs.

96 County Specified Grants - To account for funds for construction of a new community center.

Prop 1B - To account for state funds for road and street infrastructure improvements.

Safetea-Lu - To account for funds for road and street infrastructure improvements.

Prop C25 Grant - To account for funds for road and street infrastructure improvements.

Appropriations Act - To account for funds for road and street infrastructure improvements.

Metro STP-L - To account for funds for road and street infrastructure improvements.

Measure R - To account for local funds for road and street infrastructure improvements.

Highway Safety Improvement Program - To account for funds for road and street infrastructure improvements.

Federal Appropriations Act - To account for federal funds for road and street infrastructure improvements.

Measure R Grant - To account for funds for the construction of Inglewood Avenue 405 on ramp.

Prop C 25% - To accounts for County grant for Inglewood Avenue widening project.

Measure R Grant Traffic Improvement - To account for City-Wide traffic signal improvements.

Metro STPL Exchange 2014 - To account for funds for road and street infrastructure improvements.

LA CO Park Grant – Hogan Tot Lot - To account for maintenance related to the Frank Hogan Tot Lot.

CITY OF LAWNSDALE

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

	Special Revenue Funds			
	Gas Tax	Air Quality	Proposition A Local Transit Assistance	Narcotics Forfeiture
Assets				
Cash and investments	\$ 197,789	\$ 63,683	\$ 1,083,345	\$ 53,844
Receivables:				
Accounts	-	11,429	-	-
Grants	-	-	31,107	-
Accrued interest	531	161	3,110	154
Notes and loans	-	-	-	-
Total Assets	\$ 198,320	\$ 75,273	\$ 1,117,562	\$ 53,998
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 37,526	\$ -	\$ 96,134	\$ 308
Accrued liabilities	6,546	-	1,223	-
Deposits payable	1,898	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	45,970	-	97,357	308
Deferred Inflows of Resources				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances				
Restricted for:				
Community development projects	-	-	-	-
Public safety	-	-	-	53,690
Recreation and community services	-	-	1,020,205	-
Public works	152,350	-	-	-
Capital projects	-	-	-	-
Air quality	-	75,273	-	-
Municipal services	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	152,350	75,273	1,020,205	53,690
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 198,320	\$ 75,273	\$ 1,117,562	\$ 53,998

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

(CONTINUED)

	Special Revenue Funds			
	State COPS Grant	Local Law Enforcement Block	Lawndale Cable Usage Corporation	Hawthorne Boulevard Maintenance
Assets				
Cash and investments	\$ 23,760	\$ 15,468	\$ 111,478	\$ 9,481
Receivables:				
Accounts	-	-	14,295	-
Grants	-	-	-	-
Accrued interest	95	-	308	-
Notes and loans	-	-	-	-
Total Assets	\$ 23,855	\$ 15,468	\$ 126,081	\$ 9,481
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 28,620	\$ -	\$ -	\$ 9,481
Accrued liabilities	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	28,620	-	-	9,481
Deferred Inflows of Resources				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances				
Restricted for:				
Community development projects	-	-	-	-
Public safety	-	15,468	-	-
Recreation and community services	-	-	-	-
Public works	-	-	-	-
Capital projects	-	-	-	-
Air quality	-	-	-	-
Municipal services	-	-	126,081	-
Unassigned	(4,765)	-	-	-
Total Fund Balances	(4,765)	15,468	126,081	-
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 23,855	\$ 15,468	\$ 126,081	\$ 9,481

CITY OF LAWNSDALE

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

	Special Revenue Funds			
	Department of Conservation Grant	Justice Assisted Grant	Park Development	LA County Parks Maintenance Grant
Assets				
Cash and investments	\$ 86,101	\$ 2,370	\$ 9,030	\$ -
Receivables:				
Accounts	-	-	-	-
Grants	-	4,536	-	381,709
Accrued interest	-	-	26	-
Notes and loans	-	-	-	-
Total Assets	\$ 86,101	\$ 6,906	\$ 9,056	\$ 381,709
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ 7,412
Accrued liabilities	-	-	-	963
Deposits payable	-	-	-	-
Due to other funds	-	-	-	373,332
Total Liabilities	-	-	-	381,707
Deferred Inflows of Resources				
Unavailable revenues	-	-	-	381,709
Total Deferred Inflows of Resources	-	-	-	381,709
Fund Balances				
Restricted for:				
Community development projects	-	-	-	-
Public safety	-	6,906	-	-
Recreation and community services	86,101	-	9,056	-
Public works	-	-	-	-
Capital projects	-	-	-	-
Air quality	-	-	-	-
Municipal services	-	-	-	-
Unassigned	-	-	-	(381,707)
Total Fund Balances	86,101	6,906	9,056	(381,707)
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 86,101	\$ 6,906	\$ 9,056	\$ 381,709

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

(CONTINUED)

	Special Revenue Funds			
	Metro TOD Grant	DRI Grant	LA CO Maint Grant - Hopper Park	CO Maint Grant - William Green
Assets				
Cash and investments	\$ 21,468	\$ -	\$ -	\$ -
Receivables:				
Accounts	-	-	-	-
Grants	2,718	10,402	11,441	24,391
Accrued interest	-	-	-	-
Notes and loans	-	-	-	-
Total Assets	\$ 24,186	\$ 10,402	\$ 11,441	\$ 24,391
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	10,402	11,441	24,394
Total Liabilities	-	10,402	11,441	24,394
Deferred Inflows of Resources				
Unavailable revenues	2,718	10,402	11,441	24,391
Total Deferred Inflows of Resources	2,718	10,402	11,441	24,391
Fund Balances				
Restricted for:				
Community development projects	-	-	-	-
Public safety	-	-	-	-
Recreation and community services	-	-	-	-
Public works	21,468	-	-	-
Capital projects	-	-	-	-
Air quality	-	-	-	-
Municipal services	-	-	-	-
Unassigned	-	(10,402)	(11,441)	(24,394)
Total Fund Balances	21,468	(10,402)	(11,441)	(24,394)
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 24,186	\$ 10,402	\$ 11,441	\$ 24,391

CITY OF LAWNSDALE

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

	Special Revenue Funds		Capital Projects Funds	
	Hazmat Grant (HMEP)	TDA Article 3 Local Transportation	Proposition C Local Transit Assistance	State Transit Program (Local)
Assets				
Cash and investments	\$ -	\$ -	\$ 2,459,990	\$ 11,346
Receivables:				
Accounts	-	37,504	-	-
Grants	-	-	-	-
Accrued interest	-	-	6,942	32
Notes and loans	-	-	-	-
Total Assets	\$ -	\$ 37,504	\$ 2,466,932	\$ 11,378
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ -	\$ 794	\$ 378,215	\$ -
Accrued liabilities	-	-	2,762	-
Deposits payable	-	-	-	-
Due to other funds	-	36,696	-	-
Total Liabilities	-	37,490	380,977	-
Deferred Inflows of Resources				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances				
Restricted for:				
Community development projects	-	-	-	-
Public safety	-	-	-	-
Recreation and community services	-	-	-	-
Public works	-	-	-	11,378
Capital projects	-	14	2,085,955	-
Air quality	-	-	-	-
Municipal services	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	-	14	2,085,955	11,378
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ -	\$ 37,504	\$ 2,466,932	\$ 11,378

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

(CONTINUED)

	Capital Projects Funds			
	Community Development Block Grant	96 County Specified Grants	Prop 1B	Safetea-Lu
Assets				
Cash and investments	\$ -	\$ -	\$ 6,124	\$ 9,620
Receivables:				
Accounts	-	-	-	-
Grants	6,765	-	-	-
Accrued interest	-	-	18	28
Notes and loans	246,538	-	-	-
Total Assets	\$ 253,303	\$ -	\$ 6,142	\$ 9,648
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 1,440	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Deposits payable	-	-	6,045	-
Due to other funds	6,765	27,211	-	-
Total Liabilities	8,205	27,211	6,045	-
Deferred Inflows of Resources				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances				
Restricted for:				
Community development projects	245,098	-	-	-
Public safety	-	-	-	-
Recreation and community services	-	-	-	-
Public works	-	-	-	-
Capital projects	-	-	97	9,648
Air quality	-	-	-	-
Municipal services	-	-	-	-
Unassigned	-	(27,211)	-	-
Total Fund Balances	245,098	(27,211)	97	9,648
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 253,303	\$ -	\$ 6,142	\$ 9,648

CITY OF LAWDALE

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

Capital Projects Funds				
	Prop C25 Grant	Appropriations Act	Metro STP-L	Measure R
Assets				
Cash and investments	\$ -	\$ -	\$ -	\$ 204,979
Receivables:				
Accounts	-	-	-	-
Grants	107,034	-	10,000	-
Accrued interest	-	-	-	505
Notes and loans	-	-	-	-
Total Assets	\$ 107,034	\$ -	\$ 10,000	\$ 205,484
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 18,950	\$ -	\$ -	\$ -
Accrued liabilities	653	-	-	505
Deposits payable	-	6,580	-	-
Due to other funds	75,360	174,087	41,024	-
Total Liabilities	94,963	180,667	41,024	505
Deferred Inflows of Resources				
Unavailable revenues	107,034	-	10,000	-
Total Deferred Inflows of Resources	107,034	-	10,000	-
Fund Balances				
Restricted for:				
Community development projects	-	-	-	-
Public safety	-	-	-	-
Recreation and community services	-	-	-	-
Public works	-	-	-	-
Capital projects	-	-	-	204,979
Air quality	-	-	-	-
Municipal services	-	-	-	-
Unassigned	(94,963)	(180,667)	(41,024)	-
Total Fund Balances	(94,963)	(180,667)	(41,024)	204,979
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 107,034	\$ -	\$ 10,000	\$ 205,484

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

(CONTINUED)

	Capital Projects Funds			
	Highway Safety Improvement	Federal Appropriation	Measure R Grant	Prop C 25%
Assets				
Cash and investments	\$ -	\$ 18,637	\$ -	\$ -
Receivables:				
Accounts	-	-	-	-
Grants	-	-	6,177	16,165
Accrued interest	-	-	-	-
Notes and loans	-	-	-	-
Total Assets	\$ -	\$ 18,637	\$ 6,177	\$ 16,165
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	208	-
Deposits payable	-	-	-	-
Due to other funds	45,157	-	12,165	21,953
Total Liabilities	45,157	-	12,373	21,953
Deferred Inflows of Resources				
Unavailable revenues	-	-	6,177	16,165
Total Deferred Inflows of Resources	-	-	6,177	16,165
Fund Balances				
Restricted for:				
Community development projects	-	-	-	-
Public safety	-	-	-	-
Recreation and community services	-	-	-	-
Public works	-	-	-	-
Capital projects	-	18,637	-	-
Air quality	-	-	-	-
Municipal services	-	-	-	-
Unassigned	(45,157)	-	(12,373)	(21,953)
Total Fund Balances	(45,157)	18,637	(12,373)	(21,953)
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ -	\$ 18,637	\$ 6,177	\$ 16,165

CITY OF LAWNSDALE

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

	Capital Projects Funds			Total Nonmajor Governmental Funds
	Measure R Grant Traffic Improvement	Metro STPL Exchange 2014	LA CO Park Grant - Hogan Tot Lot	
Assets				
Cash and investments	\$ -	\$ 446,942	\$ -	\$ 4,835,455
Receivables:				
Accounts	-	-	-	63,228
Grants	329,023	-	522,000	1,463,468
Accrued interest	-	1,278	-	13,188
Notes and loans	-	-	-	246,538
Total Assets	\$ 329,023	\$ 448,220	\$ 522,000	\$ 6,621,877
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 245,591	\$ 41,208	\$ -	\$ 865,679
Accrued liabilities	1,382	-	-	14,242
Deposits payable	3,026	-	-	17,549
Due to other funds	84,821	-	522,000	1,466,808
Total Liabilities	334,820	41,208	522,000	2,364,278
Deferred Inflows of Resources				
Unavailable revenues	329,023	-	522,000	1,421,060
Total Deferred Inflows of Resources	329,023	-	522,000	1,421,060
Fund Balances				
Restricted for:				
Community development projects	-	-	-	245,098
Public safety	-	-	-	76,064
Recreation and community services	-	-	-	1,115,362
Public works	-	407,012	-	592,208
Capital projects	-	-	-	2,319,330
Air quality	-	-	-	75,273
Municipal services	-	-	-	126,081
Unassigned	(334,820)	-	(522,000)	(1,712,877)
Total Fund Balances	(334,820)	407,012	(522,000)	2,836,539
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 329,023	\$ 448,220	\$ 522,000	\$ 6,621,877

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CITY OF LAWSDALE

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016

	Special Revenue Funds			
	Gas Tax	Air Quality	Proposition A Local Transit Assistance	Narcotics Forfeiture
Revenues				
Intergovernmental	\$ 724,118	\$ 42,423	\$ 599,774	\$ -
Charges for services	-	-	852	-
Use of money and property	1,729	322	7,125	372
Miscellaneous	-	-	72,914	-
Total Revenues	725,847	42,745	680,665	372
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	-	-	5,737
Municipal services	-	-	-	-
Planning and community development	-	-	-	-
Recreation and community services	-	-	569,714	-
Public works	897,216	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	897,216	-	569,714	5,737
Excess (Deficiency) of Revenues Over (Under) Expenditures	(171,369)	42,745	110,951	(5,365)
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(171,369)	42,745	110,951	(5,365)
Fund Balances, Beginning of Year	323,719	32,528	909,254	59,055
Fund Balances, End of Year	\$ 152,350	\$ 75,273	\$ 1,020,205	\$ 53,690

CITY OF LAWDALE

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016

(CONTINUED)

	Special Revenue Funds			
	State COPS Grant	Local Law Enforcement Block	Lawndale Cable Usage Corporation	Hawthorne Boulevard Maintenance
Revenues				
Intergovernmental	\$ 114,618	\$ -	\$ -	\$ -
Charges for services	-	-	65,682	-
Use of money and property	261	-	644	-
Miscellaneous	-	-	93	-
Total Revenues	114,879	-	66,419	-
Expenditures				
Current:				
General government	-	-	113	-
Public safety	114,480	-	-	-
Municipal services	-	-	-	-
Planning and community development	-	-	-	-
Recreation and community services	-	-	-	-
Public works	-	-	-	178,689
Capital outlay	-	-	-	-
Total Expenditures	114,480	-	113	178,689
Excess (Deficiency) of Revenues Over (Under) Expenditures	399	-	66,306	(178,689)
Other Financing Sources (Uses)				
Transfers in	-	-	-	178,689
Total Other Financing Sources (Uses)	-	-	-	178,689
Net Change in Fund Balances	399	-	66,306	-
Fund Balances, Beginning of Year	(5,164)	15,468	59,775	-
Fund Balances, End of Year	\$ (4,765)	\$ 15,468	\$ 126,081	\$ -

CITY OF LAWNSDALE

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016

	Special Revenue Funds			
	Department of Conservation Grant	Justice Assisted Grant	Park Development	LA County Parks Maintenance Grant
Revenues				
Intergovernmental	\$ 9,010	\$ 23,546	\$ -	\$ -
Charges for services	-	-	-	-
Use of money and property	-	-	60	-
Miscellaneous	-	-	-	-
Total Revenues	9,010	23,546	60	-
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	12,012	-	-
Municipal services	-	-	-	-
Planning and community development	-	-	-	-
Recreation and community services	-	-	-	-
Public works	-	-	-	176,401
Capital outlay	-	-	-	-
Total Expenditures	-	12,012	-	176,401
Excess (Deficiency) of Revenues Over (Under) Expenditures	9,010	11,534	60	(176,401)
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	9,010	11,534	60	(176,401)
Fund Balances, Beginning of Year	77,091	(4,628)	8,996	(205,306)
Fund Balances, End of Year	\$ 86,101	\$ 6,906	\$ 9,056	\$ (381,707)

CITY OF LAWNSDALE

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016

(CONTINUED)

	Special Revenue Funds			
	Metro TOD Grant	DRI Grant	LA CO Maint Grant - Hopper Park	CO Maint Grant - William Green
Revenues				
Intergovernmental	\$ -	\$ 144,559	\$ -	\$ -
Charges for services	-	-	-	-
Use of money and property	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	-	144,559	-	-
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Municipal services	-	-	-	-
Planning and community development	1,324	51,431	-	-
Recreation and community services	-	-	-	20,829
Public works	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	1,324	51,431	-	20,829
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,324)	93,128	-	(20,829)
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(1,324)	93,128	-	(20,829)
Fund Balances, Beginning of Year	22,792	(103,530)	(11,441)	(3,565)
Fund Balances, End of Year	\$ 21,468	\$ (10,402)	\$ (11,441)	\$ (24,394)

CITY OF LAWNSDALE

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016

	Special Revenue Funds	Capital Projects Funds		
	Hazmat Grant (HMEP)	TDA Article 3 Local Transportation	Proposition C Local Transit Assistance	State Transit Program (Local)
Revenues				
Intergovernmental	\$ 30,988	\$ 36,710	\$ 497,155	\$ -
Charges for services	-	-	-	-
Use of money and property	-	-	15,770	77
Miscellaneous	-	-	-	-
Total Revenues	30,988	36,710	512,925	77
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Municipal services	21,672	-	-	-
Planning and community development	-	-	-	-
Recreation and community services	-	-	-	-
Public works	-	36,717	113,815	-
Capital outlay	-	-	416,543	-
Total Expenditures	21,672	36,717	530,358	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	9,316	(7)	(17,433)	77
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	9,316	(7)	(17,433)	77
Fund Balances, Beginning of Year	(9,316)	21	2,103,388	11,301
Fund Balances, End of Year	\$ -	\$ 14	\$ 2,085,955	\$ 11,378

CITY OF LAWNSDALE

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016

(CONTINUED)

	Capital Projects Funds			
	Community Development Block Grant	96 County Specified Grants	Prop 1B	Safetea-Lu
Revenues				
Intergovernmental	\$ 318,072	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Use of money and property	-	-	41	65
Miscellaneous	-	-	-	-
Total Revenues	318,072	-	41	65
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Municipal services	-	-	-	-
Planning and community development	305,037	-	-	-
Recreation and community services	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	305,037	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	13,035	-	41	65
Other Financing Sources (Uses)				
Transfers in	180	-	-	-
Total Other Financing Sources (Uses)	180	-	-	-
Net Change in Fund Balances	13,215	-	41	65
Fund Balances, Beginning of Year	231,883	(27,211)	56	9,583
Fund Balances, End of Year	\$ 245,098	\$ (27,211)	\$ 97	\$ 9,648

CITY OF LAWNSDALE

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016

	<u>Capital Projects Funds</u>			
	<u>Prop C25 Grant</u>	<u>Appropriations Act</u>	<u>Metro STP-L</u>	<u>Measure R</u>
Revenues				
Intergovernmental	\$ 11,269	\$ -	\$ -	\$ 373,348
Charges for services	-	-	-	-
Use of money and property	-	-	-	1,133
Miscellaneous	-	-	-	-
Total Revenues	11,269	-	-	374,481
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Municipal services	-	-	-	-
Planning and community development	-	-	-	-
Recreation and community services	-	-	-	-
Public works	32,662	-	-	340,054
Capital outlay	46,750	-	-	-
Total Expenditures	79,412	-	-	340,054
Excess (Deficiency) of Revenues Over (Under) Expenditures	(68,143)	-	-	34,427
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(68,143)	-	-	34,427
Fund Balances, Beginning of Year	(26,820)	(180,667)	(41,024)	170,552
Fund Balances, End of Year	\$ (94,963)	\$ (180,667)	\$ (41,024)	\$ 204,979

CITY OF LAWDALE

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016

(CONTINUED)

	<u>Capital Projects Funds</u>			
	<u>Highway Safety Improvement</u>	<u>Federal Appropriation</u>	<u>Measure R Grant</u>	<u>Prop C 25%</u>
Revenues				
Intergovernmental	\$ -	\$ -	\$ 5,985	\$ -
Charges for services	-	-	-	-
Use of money and property	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>5,985</u>	<u>-</u>
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Municipal services	-	-	-	-
Planning and community development	-	-	-	-
Recreation and community services	-	-	-	-
Public works	-	-	-	7,535
Capital outlay	-	-	7,555	8,630
Total Expenditures	<u>-</u>	<u>-</u>	<u>7,555</u>	<u>16,165</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>(1,570)</u>	<u>(16,165)</u>
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	-	(1,570)	(16,165)
Fund Balances, Beginning of Year	<u>(45,157)</u>	<u>18,637</u>	<u>(10,803)</u>	<u>(5,788)</u>
Fund Balances, End of Year	<u><u>\$ (45,157)</u></u>	<u><u>\$ 18,637</u></u>	<u><u>\$ (12,373)</u></u>	<u><u>\$ (21,953)</u></u>

CITY OF LAWNDALE

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016

	Capital Projects Funds			Total Nonmajor Governmental Funds
	Measure R Grant Traffic Improvement	Metro STPL Exchange 2014	LA CO Park Grant - Hogan Tot Lot	
Revenues				
Intergovernmental	\$ 424,696	\$ -	\$ -	\$ 3,356,271
Charges for services	-	-	-	66,534
Use of money and property	-	3,032	-	30,631
Miscellaneous	-	-	-	73,007
Total Revenues	424,696	3,032	-	3,526,443
Expenditures				
Current:				
General government	-	-	-	113
Public safety	-	-	-	132,229
Municipal services	-	-	-	21,672
Planning and community development	-	-	-	357,792
Recreation and community services	-	-	-	590,543
Public works	64,843	77,931	-	1,925,863
Capital outlay	673,312	-	-	1,152,790
Total Expenditures	738,155	77,931	-	4,181,002
Excess (Deficiency) of Revenues Over (Under) Expenditures	(313,459)	(74,899)	-	(654,559)
Other Financing Sources (Uses)				
Transfers in	-	-	-	178,869
Total Other Financing Sources (Uses)	-	-	-	178,869
Net Change in Fund Balances	(313,459)	(74,899)	-	(475,690)
Fund Balances, Beginning of Year	(21,361)	481,911	(522,000)	3,312,229
Fund Balances, End of Year	\$ (334,820)	\$ 407,012	\$ (522,000)	\$ 2,836,539

CITY OF LAWNSDALE

SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 GAS TAX
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 717,239	\$ 717,239	\$ 724,118	\$ 6,879
Use of money and property	1,000	1,000	1,729	729
Total Revenues	718,239	718,239	725,847	7,608
Expenditures				
Current:				
Public works	934,851	934,851	897,216	37,635
Total Expenditures	934,851	934,851	897,216	37,635
Excess (Deficiency) of Revenues Over (Under) Expenditures	(216,612)	(216,612)	(171,369)	(30,027)
Net Change in Fund Balance	\$ (216,612)	\$ (216,612)	(171,369)	\$ (30,027)
Fund Balance, Beginning of Year			323,719	
Fund Balance, End of Year			\$ 152,350	

CITY OF LAWNSDALE

SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 PROPOSITION A LOCAL TRANSIT ASSISTANCE
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 600,020	\$ 600,020	\$ 599,774	\$ (246)
Charges for services	360	360	852	492
Use of money and property	2,500	2,500	7,125	4,625
Miscellaneous	-	73,000	72,914	(86)
Total Revenues	602,880	675,880	680,665	4,785
Expenditures				
Current:				
Recreation and community services	645,092	645,092	569,714	75,378
Total Expenditures	645,092	645,092	569,714	75,378
Excess (Deficiency) of Revenues Over (Under) Expenditures	(42,212)	30,788	110,951	(70,593)
Net Change in Fund Balance	<u>\$ (42,212)</u>	<u>\$ 30,788</u>	110,951	<u>\$ (70,593)</u>
Fund Balance, Beginning of Year			909,254	
Fund Balance, End of Year			<u>\$ 1,020,205</u>	

CITY OF LAWNSDALE

SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 NARCOTICS FORFEITURE
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 500	\$ 500	\$ -	\$ (500)
Use of money and property	120	120	372	252
Total Revenues	620	620	372	(248)
Expenditures				
Current:				
Public safety	-	5,635	5,737	(102)
Total Expenditures	-	5,635	5,737	(102)
Excess (Deficiency) of Revenues Over (Under) Expenditures	620	(5,015)	(5,365)	(146)
Net Change in Fund Balance	\$ 620	\$ (5,015)	(5,365)	\$ (146)
Fund Balance, Beginning of Year			59,055	
Fund Balance, End of Year			\$ 53,690	

CITY OF LAWDALE

SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 STATE COPS GRANT
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 114,618	\$ 14,618
Use of money and property	50	50	261	211
Total Revenues	100,050	100,050	114,879	14,829
Expenditures				
Current:				
Public safety	118,650	118,650	114,480	4,170
Total Expenditures	118,650	118,650	114,480	4,170
Excess (Deficiency) of Revenues Over (Under) Expenditures	(18,600)	(18,600)	399	10,659
Net Change in Fund Balance	\$ (18,600)	\$ (18,600)	399	\$ 10,659
Fund Balance, Beginning of Year			(5,164)	
Fund Balance, End of Year			\$ (4,765)	

CITY OF LAWNDALE

SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 LAWNDALE CABLE USAGE CORPORATION
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for services	\$ 33,300	\$ 33,300	\$ 65,682	\$ 32,382
Use of money and property	30	30	644	614
Miscellaneous	250	250	93	(157)
Total Revenues	33,580	33,580	66,419	32,839
Expenditures				
Current:				
General government	60,000	60,000	113	59,887
Total Expenditures	60,000	60,000	113	59,887
Excess (Deficiency) of Revenues Over (Under) Expenditures	(26,420)	(26,420)	66,306	(27,048)
Net Change in Fund Balance	\$ (26,420)	\$ (26,420)	66,306	\$ (27,048)
Fund Balance, Beginning of Year			59,775	
Fund Balance, End of Year			\$ 126,081	

CITY OF LAWNSDALE

SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 HAWTHORNE BOULEVARD MAINTENANCE
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures				
Current:				
Public works	\$ 205,000	\$ 205,000	\$ 178,689	\$ 26,311
Total Expenditures	205,000	205,000	178,689	26,311
Excess (Deficiency) of Revenues Over (Under) Expenditures	(205,000)	(205,000)	(178,689)	(26,311)
Other Financing Sources (Uses)				
Transfers in	205,000	205,000	178,689	(26,311)
Total Other Financing Sources (Uses)	205,000	205,000	178,689	(26,311)
Net Change in Fund Balance	\$ -	\$ -	-	\$ (52,622)
Fund Balance, Beginning of Year			-	
Fund Balance, End of Year			\$ -	

CITY OF LAWNSDALE

SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 JUSTICE ASSISTED GRANT
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 15,000	\$ 15,000	\$ 23,546	\$ 8,546
Total Revenues	15,000	15,000	23,546	8,546
Expenditures				
Current:				
Public safety	15,000	15,000	12,012	2,988
Total Expenditures	15,000	15,000	12,012	2,988
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	11,534	5,558
Net Change in Fund Balance	\$ -	\$ -	11,534	\$ 5,558
Fund Balance, Beginning of Year			(4,628)	
Fund Balance, End of Year			\$ 6,906	

CITY OF LAWNSDALE

SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 PARK DEVELOPMENT
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for services	\$ 1,000	\$ 1,000	\$ -	\$ (1,000)
Use of money and property	25	25	60	35
Total Revenues	1,025	1,025	60	(965)
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,025	1,025	60	(965)
Other Financing Sources (Uses)				
Transfers out	-	(85,000)	-	85,000
Total Other Financing Sources (Uses)	-	(85,000)	-	85,000
Net Change in Fund Balance	\$ 1,025	\$ (83,975)	60	\$ 84,035
Fund Balance, Beginning of Year			8,996	
Fund Balance, End of Year			\$ 9,056	

CITY OF LAWNSDALE

SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 LA COUNTY PARKS MAINTENANCE GRANT
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 207,848	\$ 207,848	\$ -	\$ (207,848)
Total Revenues	207,848	207,848	-	(207,848)
Expenditures				
Current:				
Public works	186,730	186,730	176,401	10,329
Total Expenditures	186,730	186,730	176,401	10,329
Excess (Deficiency) of Revenues Over (Under) Expenditures	21,118	21,118	(176,401)	(218,177)
Net Change in Fund Balance	\$ 21,118	\$ 21,118	(176,401)	\$ (218,177)
Fund Balance, Beginning of Year			(205,306)	
Fund Balance, End of Year			\$ (381,707)	

CITY OF LAWNSDALE

SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 METRO TOD GRANT
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 6,300	\$ 6,300	\$ -	\$ (6,300)
Total Revenues	6,300	6,300	-	(6,300)
Expenditures				
Current:				
Planning and community development	-	1,343	1,324	19
Total Expenditures	-	1,343	1,324	19
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,300	4,957	(1,324)	(6,319)
Net Change in Fund Balance	\$ 6,300	\$ 4,957	(1,324)	\$ (6,319)
Fund Balance, Beginning of Year			22,792	
Fund Balance, End of Year			\$ 21,468	

CITY OF LAWNSDALE

SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 DRI GRANT
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ 144,600	\$ 144,559	\$ (41)
Total Revenues	-	144,600	144,559	(41)
Expenditures				
Current:				
Planning and community development	-	137,904	51,431	86,473
Total Expenditures	-	137,904	51,431	86,473
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	6,696	93,128	(86,514)
Net Change in Fund Balance	\$ -	\$ 6,696	93,128	\$ (86,514)
Fund Balance, Beginning of Year			(103,530)	
Fund Balance, End of Year			\$ (10,402)	

CITY OF LAWNSDALE

SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 CO MAINT GRANT - WILLIAM GREEN
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ 3,563	\$ -	\$ (3,563)
Total Revenues	-	3,563	-	(3,563)
Expenditures				
Current:				
Recreation and community services	-	20,700	20,829	(129)
Total Expenditures	-	20,700	20,829	(129)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(17,137)	(20,829)	(3,434)
Net Change in Fund Balance	\$ -	\$ (17,137)	(20,829)	\$ (3,434)
Fund Balance, Beginning of Year			(3,565)	
Fund Balance, End of Year			\$ (24,394)	

CITY OF LAWNSDALE

SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 HAZMAT GRANT (HMEP)
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ 30,900	\$ 30,988	\$ 88
Total Revenues	-	30,900	30,988	88
Expenditures				
Current:				
Municipal services	-	25,608	21,672	3,936
Total Expenditures	-	25,608	21,672	3,936
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	5,292	9,316	(3,848)
Net Change in Fund Balance	\$ -	\$ 5,292	9,316	\$ (3,848)
Fund Balance, Beginning of Year			(9,316)	
Fund Balance, End of Year			\$ -	

CITY OF LAWDALE

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
TDA ARTICLE 3 LOCAL TRANSPORTATION
YEAR ENDED JUNE 30, 2016**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 21,183	\$ 21,183	\$ 36,710	\$ 15,527
Total Revenues	21,183	21,183	36,710	15,527
Expenditures				
Current:				
Public works	-	40,000	36,717	3,283
Total Expenditures	-	40,000	36,717	3,283
Excess (Deficiency) of Revenues Over (Under) Expenditures	21,183	(18,817)	(7)	12,244
Net Change in Fund Balance	<u>\$ 21,183</u>	<u>\$ (18,817)</u>	(7)	<u>\$ 12,244</u>
Fund Balance, Beginning of Year			21	
Fund Balance, End of Year			<u>\$ 14</u>	

CITY OF LAWDALE

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
PROPOSITION C LOCAL TRANSIT ASSISTANCE
YEAR ENDED JUNE 30, 2016**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 497,700	\$ 497,700	\$ 497,155	\$ (545)
Use of money and property	6,500	6,500	15,770	9,270
Total Revenues	504,200	504,200	512,925	8,725
Expenditures				
Current:				
Public works	794,912	794,912	113,815	681,097
Capital outlay	100,500	1,914,500	416,543	1,497,957
Total Expenditures	895,412	2,709,412	530,358	2,179,054
Excess (Deficiency) of Revenues Over (Under) Expenditures	(391,212)	(2,205,212)	(17,433)	(2,170,329)
Net Change in Fund Balance	\$ (391,212)	\$ (2,205,212)	(17,433)	\$ (2,170,329)
Fund Balance, Beginning of Year			2,103,388	
Fund Balance, End of Year			\$ 2,085,955	

CITY OF LAWDALE

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT BLOCK GRANT
YEAR ENDED JUNE 30, 2016**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 395,375	\$ 395,375	\$ 318,072	\$ (77,303)
Total Revenues	395,375	395,375	318,072	(77,303)
Expenditures				
Current:				
Planning and community development	395,375	395,375	305,037	90,338
Total Expenditures	395,375	395,375	305,037	90,338
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	13,035	(167,641)
Other Financing Sources (Uses)				
Transfers in	-	180	180	-
Total Other Financing Sources (Uses)	-	180	180	-
Special items	-	-	-	-
Extraordinary items	-	-	-	-
Net Change in Fund Balance	\$ -	\$ 180	13,215	\$ (167,641)
Fund Balance, Beginning of Year			231,883	
Fund Balance, End of Year			\$ 245,098	

CITY OF LAWDALE

SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 SAFETEA-LU
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 544,000	\$ 544,000	\$ -	\$ (544,000)
Use of money and property	-	-	65	65
Total Revenues	544,000	544,000	65	(543,935)
Expenditures				
Current:				
Public works	544,000	544,000	-	544,000
Total Expenditures	544,000	544,000	-	544,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	65	(1,087,935)
Net Change in Fund Balance	\$ -	\$ -	65	\$ (1,087,935)
Fund Balance, Beginning of Year			9,583	
Fund Balance, End of Year			\$ 9,648	

CITY OF LAWDALE

SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 PROP C25 GRANT
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ 11,300	\$ 11,269	\$ (31)
Total Revenues	-	11,300	11,269	(31)
Expenditures				
Current:				
Public works	-	-	32,662	(32,662)
Capital outlay	-	277,367	46,750	230,617
Total Expenditures	-	277,367	79,412	197,955
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(266,067)	(68,143)	(197,986)
Net Change in Fund Balance	\$ -	\$ (266,067)	(68,143)	\$ (197,986)
Fund Balance, Beginning of Year			(26,820)	
Fund Balance, End of Year			\$ (94,963)	

CITY OF LAWDALE

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
MEASURE R
YEAR ENDED JUNE 30, 2016**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 373,280	\$ 373,280	\$ 373,348	\$ 68
Use of money and property	1,000	1,000	1,133	133
Total Revenues	374,280	374,280	374,481	201
Expenditures				
Current:				
Public works	442,676	442,676	340,054	102,622
Total Expenditures	442,676	442,676	340,054	102,622
Excess (Deficiency) of Revenues Over (Under) Expenditures	(68,396)	(68,396)	34,427	(102,421)
Net Change in Fund Balance	\$ (68,396)	\$ (68,396)	34,427	\$ (102,421)
Fund Balance, Beginning of Year			170,552	
Fund Balance, End of Year			\$ 204,979	

CITY OF LAWDALE

SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 MEASURE R GRANT
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ 5,990	\$ 5,985	\$ (5)
Total Revenues	-	5,990	5,985	(5)
Expenditures				
Capital outlay	-	466,030	7,555	458,475
Total Expenditures	-	466,030	7,555	458,475
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(460,040)	(1,570)	(458,480)
Net Change in Fund Balance	\$ -	\$ (460,040)	(1,570)	\$ (458,480)
Fund Balance, Beginning of Year			(10,803)	
Fund Balance, End of Year			\$ (12,373)	

CITY OF LAWDALE

SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 PROP C 25%
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures				
Current:				
Public works	\$ -	\$ -	\$ 7,535	\$ (7,535)
Capital outlay	-	2,098,743	8,630	2,090,113
Total Expenditures	-	2,098,743	16,165	2,082,578
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(2,098,743)	(16,165)	(2,082,578)
Net Change in Fund Balance	\$ -	\$ (2,098,743)	(16,165)	\$ (2,082,578)
Fund Balance, Beginning of Year			(5,788)	
Fund Balance, End of Year			\$ (21,953)	

CITY OF LAWDALE

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
MEASURE R GRANT TRAFFIC IMPROVEMENT
YEAR ENDED JUNE 30, 2016**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ 424,700	\$ 424,696	\$ (4)
Total Revenues	-	424,700	424,696	(4)
Expenditures				
Current:				
Public works	-	-	64,843	(64,843)
Capital outlay	-	1,370,891	673,312	697,579
Total Expenditures	-	1,370,891	738,155	632,736
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(946,191)	(313,459)	(632,740)
Net Change in Fund Balance	\$ -	\$ (946,191)	(313,459)	\$ (632,740)
Fund Balance, Beginning of Year			(21,361)	
Fund Balance, End of Year			\$ (334,820)	

CITY OF LAWDALE

SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 METRO STPL EXCHANGE 2014
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Use of money and property	\$ -	\$ 3,030	\$ 3,032	\$ 2
Total Revenues	-	3,030	3,032	2
Expenditures				
Current:				
Public works	-	100,000	77,931	22,069
Total Expenditures	-	100,000	77,931	22,069
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(96,970)	(74,899)	(22,067)
Net Change in Fund Balance	\$ -	\$ (96,970)	(74,899)	\$ (22,067)
Fund Balance, Beginning of Year			481,911	
Fund Balance, End of Year			\$ 407,012	

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