

**LAWNDALE**



City of Lawndale  
**Comprehensive Annual  
Financial Report**  
Fiscal Year Ending June 30, 2014



**City of Lawndale**  
**Basic Financial Statements**  
**For the year ended June 30, 2014**

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# CITY OF LAWDALE

March 31, 2015

Honorable Mayor,  
Members of the City Council

The Comprehensive Annual Financial Report (CAFR) of the City of Lawndale, California for the fiscal year ended June 30, 2014 (FY14) is submitted herewith.

The report was prepared by the City's Finance Department. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all the disclosures, rests with the City. We believe the data presented is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the City's financial position and the results of its operations as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain a good understanding of the City's financial activity, are included.

Generally Accepted Accounting Principles (GAAP) requires that management provide a narrative introduction, i.e. overview and analysis, to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

The General Purpose Financial Statements included in the CAFR have been prepared in accordance with GAAP as promulgated by the Governmental Accounting Standards Board (GASB) and includes the report of the City's independent certified public accountants, Marcum LLP.

In addition, the City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act, U.S. Office of Management and Budget Circular A-133, Audits of State and Local Governmental Units and Non-Profit Organizations, and the standards applicable to financial audits contained in Governmental Auditing Standards issued by the Comptroller General of the United States. Information related to the single audit, including the schedule of expenditures of federal awards, auditors' reports on compliance and internal control over financial reporting and compliance with applicable laws and regulations, are included in the single audit report, which is separately issued and available at City Hall in the Finance Department.

## THE REPORTING ENTITY AND ITS SERVICES

The City of Lawndale, known as the Heart of the South Bay, is a general law city incorporated in 1959 under the laws of the State of California. It uses the Council/Manager form of government. The City Council is presided over by the Mayor, who is elected every two years. The four Council members are elected every four years via citywide vote. Among its primary duties, the City Council makes laws, sets policies, adopts budgets and oversees an array of agenda items for the community. The City Manager is appointed by the City Council and leads the administrative branch of city government and directs all City operations, projects and programs. The City is located in the County of Los Angeles, California and is approximately 13 miles southwest of Los Angeles and 3 miles east of Manhattan Beach. It is situated in the southwest part of the county and occupies approximately 2 square miles. The City population is estimated by the California State Department of Finance at approximately 35,000.

## ECONOMIC ENVIRONMENT

The General Fund's four main revenue sources make up the bulk of the fund's revenue and have remained steady as the economy climbs out of a recessionary period. They are: Motor Vehicle in-Lieu at \$2.9 million, Sales Tax of \$2.5 million, Utility User's Tax of \$2.1 million and Property Tax of \$1.2 million. These four have been the revenue cornerstones for the City.

From a non-operational standpoint, the City has been working with the State to closeout the affairs of the Lawndale Redevelopment Agency/Successor Agency (SA) due to the passing of ABx126 which ended redevelopment. Going forward, statewide, successor agencies will primarily serve to close out debts and obligations of former redevelopment agencies. At this time, with regards to Lawndale, the State has validated the debt owed from the SA and has begun making repayments on both the \$13.3 million in debt to the General Fund and \$9.7 million to the UDAG fund. Such repayment will likely be made over the next 15 years and provide a steady inflow to both funds. There is an uncertainty as to whether the State will repay to the General Fund and the UDAG fund all accrued interest. As a result, the General Fund provided for an allowance of \$2.6 million and the UDAG fund provided for an allowance of \$2.4 Million. It is important to note that from an accounting standpoint the SA is no longer a component unit of the City or its financial statements and has the status of a fiduciary fund.

With the stagnation of revenues has come a paring down of expenditures. The City is basically working off of a base budget with limited allowance for capital and limited General Fund participation in new capital projects.

Going forward, our property tax and sales tax consultants have advised us that both revenue streams are experiencing significant upturn countywide. However, Lawndale's growth has only been modest but more importantly is that the trend is moving in the right direction. It is expected that future budgets will be flat from both a revenue and expenditure aspect as the City awaits a full economic recovery.

## INTERNAL ACCOUNTING CONTROLS AND BUDGETARY CONTROL

The management of the City is responsible for establishing and maintaining internal controls designed to ensure that the assets of the City are protected from loss, theft or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. Internal accounting controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits require estimates and judgments by management. All internal control evaluations occur within the above framework. City management believes the City's internal accounting controls adequately safeguard assets and provide reasonable assurance that financial transactions have been properly recorded.

As part of the City's internal controls, it maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the City funds are included in the annual appropriated budget. The legal level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is at the fund category level. The City Manager may transfer appropriations from one program to another within a department within the same fund without approval from the City Council. All other transfers must be approved by the City Council. The City also maintains an encumbrance accounting system as one technique for accomplishing budgetary control. Encumbrances outstanding at year-end are reported as reservations of fund equity since they do not constitute expenditures or liabilities under the Generally Accepted Accounting Principles.

All governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis, revenues are recorded when received in cash, except for revenues susceptible to



accrual and revenues of a material amount that have not been received at the normal time. Revenues considered susceptible to accrual are those that are measurable and available to finance the government operation during the year. Expenditures, other than accrued interest on general long-term debt, are recorded at the time liabilities are incurred.

In addition, as a recipient of federal financial assistance, the City is responsible for establishing and maintaining adequate internal controls to ensure compliance with applicable laws and regulations related to those programs. Internal controls are subject to periodic evaluation by management and the City's independent certified public accountants. As part of the City's single audit, tests are made to determine the adequacy of internal controls, including that portion related to federal financial assistance programs, as well as to determine that the City has complied with applicable laws and regulations. The results of the City's single audit for fiscal year 2010 were published in a separately issued report and indicated that there were no material weaknesses in internal controls.

### CASH MANAGEMENT

Funds which are temporarily idle during the year are invested in various instruments, with the majority of maturities being less than one year. The City's investment policy is to maximize return while minimizing risks to the principal and assuring that cash is available to meet anticipated needs. Cash is commingled for investment purposes in order to maximize interest earnings, except where legally restricted. Interest earnings on commingled cash are allocated to the participating funds based on average cash balances during the year.

Interest earnings on all invested funds of the City for the year ending June 30, 2014 totaled \$99,903.

### RISK MANAGEMENT

The City is a member of the Southern California Joint Powers Insurance Authority and is provided the following insurance coverages as part of the Authority:

- General Liability - Each member government pays a primary deposit to cover estimated losses for a fiscal year (claims year). Six months after the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Costs are spread to members as delineated in note 5 to the basic financial statements.
- Workers' Compensation - The City also participates in the workers compensation pool administered by the Authority. Pool deposits and retrospective adjustments are valued in a manner similar to the General Liability pool. The City of Lawndale is charged for the first \$50,000 of each claim. Costs are pooled above that level as delineated in note 5 to the basic financial statements.
- Property Insurance - The City of Lawndale participates in the all-risk property protections program of the Authority. City property is currently insured according to a schedule of covered property submitted by the City of Lawndale to the Authority. Total all-risk property insurance coverage is \$5 million per occurrence. There is a \$5,000 per loss deductible. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.
- Earthquake and Flood Insurance - The City of Lawndale purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Authority. The City currently has earthquake protection in the amount of \$10 million per occurrence. There is a deductible of 5 percent of value with a minimum deductible of \$100,000. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

### PENSION FUND OPERATIONS

The City of Lawndale's defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The employees are covered by the California Public Employees' Retirement System (PERS) which is a cost sharing multiple-employer benefit plan. The plan is currently 81% funded and less subject to volatility as recent legislation recommends that when there are fewer than 100 active members, an organization shall be grouped with like-organizations in order to spread the risk and stabilize rate changes.

The Central Management Team (CMT) in place prior to January 1, 2013 receives a supplemental retirement benefit (1% at 55 formula) through the Public Agency Retirement System (PARS). The City makes contributions on behalf of the CMT and at this time there are only three remaining participants. Those CMT members hired after that date will not receive this supplemental benefit in conformance with the Public Employees Pension Reform Act (PEPRA) of 2013 which reduced and eliminated many retirement benefits.

### INDEPENDENT AUDIT

The City and State of California statutes require the City to have an annual audit by independent certified public accountants. The accounting firm of Marcum LLP was selected by the City Council for this purpose. In addition to meeting the requirements set forth in the State statutes, the audit is designed to meet the requirements of the federal Single Audit Act of 1984, as amended in 1996, and related OMB Circular A-133. The auditor's report on the basic general purpose financial statements and the supplementary combining statements and schedules are included in the financial section of this report. The auditors' reports related specifically to the single audit are included in a separately issued single audit document.

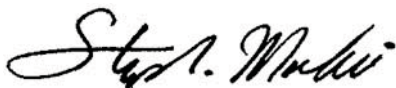
### AWARDS

The Government Finance Officer's Association (GFOA) awards certificates of achievement to those entities whose annual financial reports are judged to conform substantially to high standards of public financial reporting. The City of Lawndale has been awarded the Certificate of Achievement for Excellence in Financial Reporting from the GFOA in recent years and has continued its rigid requirements. This national award is a noteworthy accomplishment and strengthens the credibility of our city.

### ACKNOWLEDGMENTS

Preparation of a financial report of this scope would not be possible without the support of the City Council and City Manager, the cooperation of the various departments and the efforts of the entire staff of the Finance Department. Special thanks must go to Wayne Schaller, Accounting Manager, for his invaluable assistance with the annual audit and all related year-end schedules.

Respectfully submitted,



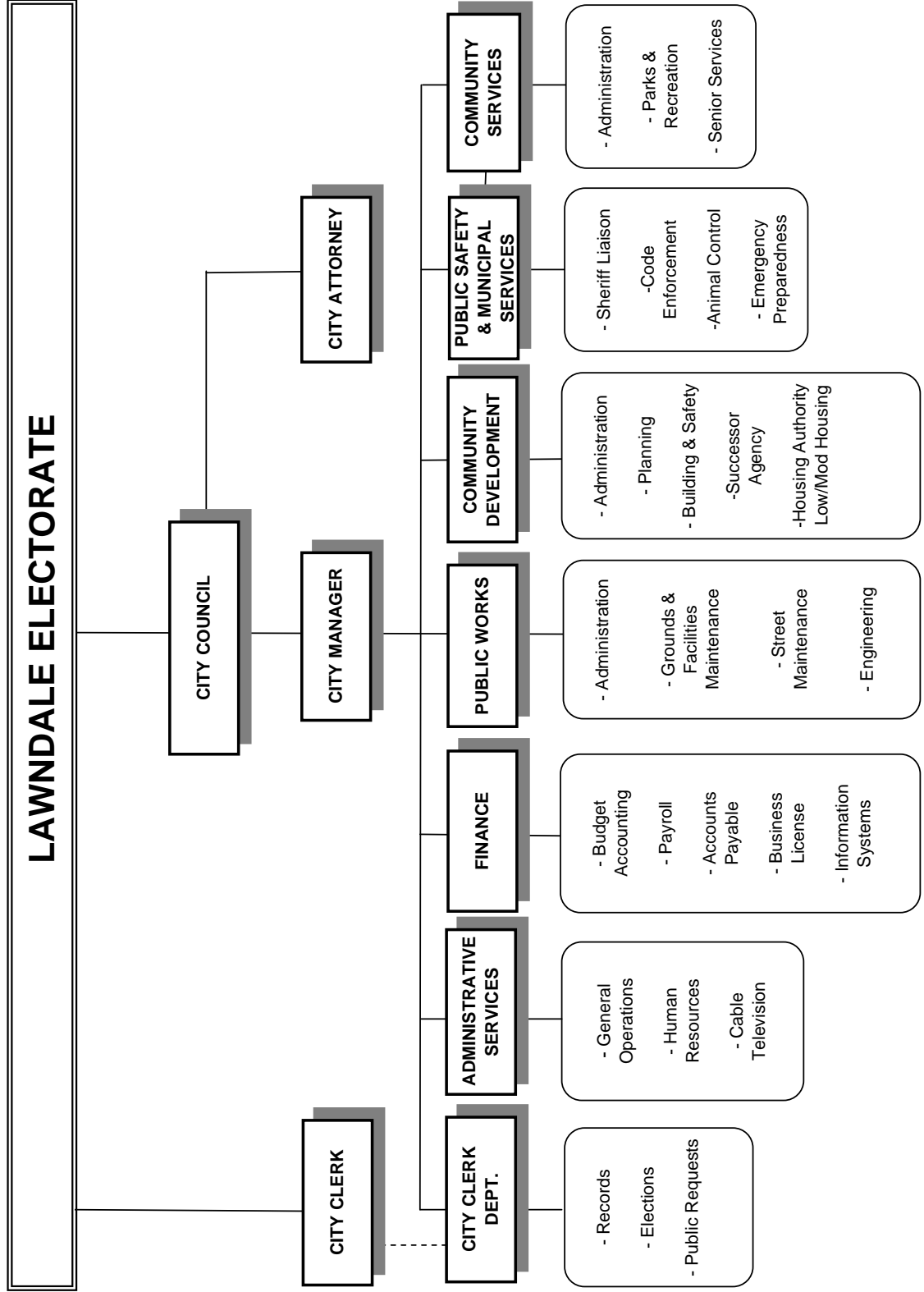
Stephen N. Mandoki  
City Manager



Ken Louie  
Finance Director/City Treasurer

# CITY OF LAWNDALE

## City-Wide Organizational Chart



■ CITY ELECTED OFFICIALS



**Mayor  
Robert Pullen-Miles**

Elected: April 2014



**Mayor Pro Tem  
Jim Osborne**

Elected: April 2012



**Councilmember  
Larry Rudolph**

Elected: April 2014



**Councilmember  
Pat Kearney**

Elected: April 2014



**Councilmember  
Daniel Reid**

Appointed: April 2014

**City Clerk Bernadette Suarez**  
Elected: April 2014

■ CENTRAL MANAGEMENT TEAM

City Manager: Stephen N. Mandoki

Deputy City Manager: Otis Ginoza

Director of Finance/City Treasurer: Ken Louie

Director of Public Works: Nasser Abbaszadeh

Assistant City Clerk: Pam Giamario

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## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of City Council  
of the City of Lawndale  
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 the City of Lawndale, California (City), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***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 auditors' 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 City'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 City'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.

To the Honorable Mayor and Members of the City Council  
of the City of Lawndale  
Lawndale, California  
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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

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, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules of funding progress on pages 5-13, 84-89, and 90, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### **Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual non-major and fiduciary fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major and fiduciary fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

To the Honorable Mayor and Members of the City Council  
of the City of Lawndale  
Lawndale, California  
Page 3

In our opinion, the combining and individual non-major and fiduciary fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

***Other Reporting Required by Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated March 31, 2015 on our consideration of the City of Lawndale'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 City of Lawndale's internal control over financial reporting and compliance.

*Marcum LLP*

Los Angeles, California  
March 31, 2015

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## CITY OF LAWDALE, CALIFORNIA

### Management's Discussion and Analysis

As management of the City of Lawndale, we offer readers of the City's financial statements this narrative discussion and analysis of the financial activities for fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i- vi of this report.

#### Financial Highlights

- The assets of the City of Lawndale exceeded its liabilities, at the close of the fiscal year ended June 30, 2014, by \$71,114,275 (*total net position*). Of this amount, \$23,838,865 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position decreased by \$4,207,392. The decrease is mainly attributable to the allowance recognized for a disputed and likely uncollectible accrued interest on City's advances to the Lawndale Successor Agency from the State Department of Finance. The decrease is partially offset by an increase attributable to the remittance of monies from the State Department of Finance for SERAF payments.
- As of June 30, 2014, the City's governmental funds reported combined ending fund balances of \$31,005,018 (page 25) a decrease of \$5,714,464 in comparison with the prior year. The decrease is attributable to increased liability and workers compensation premiums and City wide street maintenance projects. Furthermore, the City provided for an allowance of \$5,043,000 for a disputed and likely uncollectible accrued interest on advances made to the Lawndale Successor Agency.
- Approximately \$13,661,132 is available for spending at the government's discretion. This is called the unassigned fund balance (page 25).
- As of June 30, 2014, the unassigned fund balance for the General Fund was \$14,214,377 (page 24), or 108%, of total General Fund current operating expenditures. In recent years, the percentage has been considerably higher but the City has opted to have strong General Fund participation in the CIP plan which has reduced its reserves.

#### Overview of the Financial Statements

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

## CITY OF LAWNSDALE, CALIFORNIA

### Management's Discussion and Analysis

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

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

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

Both the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include its general government, public safety, municipal services, planning and community development, recreation and community services. The city does not have any business type activities.

The government-wide financial statements include not only the City of Lawndale itself (known as the *primary government*), but also the legally separate Lawndale Cable Corporation, Lawndale Financing Authority and Lawndale Housing Authority for which the City of Lawndale is financially accountable. Financial information for these *component units* have been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 17-19 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Lawndale, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City are presented in one category: governmental funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal

## CITY OF LAWNSDALE, CALIFORNIA

### Management's Discussion and Analysis

year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The City of Lawndale maintains 43 individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, the Restricted Urban Development Special Revenue Fund, Lawndale Housing Authority Special Revenue Fund, and the Community Development Block Grant all of which are considered to be major funds. Data from the other 39 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these *non-major* governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of Lawndale adopts an annual appropriated budget for each of its governmental funds. A budgetary comparison statement has been provided for each governmental fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 23-30 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 37-82 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *Required Supplementary Information* concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 83-90 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 94-143 of this report.

# CITY OF LAWDALE, CALIFORNIA

## Management's Discussion and Analysis

### Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Lawndale, assets and deferred outflows exceeded liabilities by \$71,114,275 at June 30, 2014. A large portion of the City's total net assets (58%) reflects its investment in capital assets (e.g. land, buildings, facilities, vehicles, equipment, and infrastructure). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Restricted net assets make up approximately 8% of total net assets and are primarily either obligated, contracted or committed for a specific purpose. The remaining balance of unrestricted total net assets (\$23,838,865 or 34%) may be used to meet the government's ongoing obligations to citizens and creditors.

| <b>City of Lawndale<br/>Net Position<br/>Government Activities</b> | <b>Fiscal Year<br/>2013-2014</b> | <b>Fiscal Year<br/>2012-2013</b> | <b>Variance<br/>Increase<br/>(Decrease)</b> | <b>Percentage<br/>Increase<br/>(Decrease)</b> |
|--|----------------------------------|----------------------------------|---|---|
| Current and other assets   | \$ 14,289,560                    | \$ 15,128,571                    | \$ (839,011)                                | (5.55%)                                       |
| Noncurrent assets  | 18,615,758                       | 23,496,648                       | (4,880,890)                                 | (20.77%)                                      |
| Capital assets, net  | 42,008,400                       | 40,496,196                       | 1,512,204                                   | 3.73%   |
| <b>Total assets</b>  | <b>74,913,718</b>                | <b>79,121,415</b>                | <b>(4,207,697)</b>                          | <b>(5.32%)</b>                                |
| Deferred Outflows of Resources                                     | 954,183                          | 985,048                          | (30,865)                                    | (3.13%)                                       |
| <b>Total Deferred Outflows</b>                                     | <b>954,183</b>                   | <b>985,048</b>                   | <b>(30,865)</b>                             | <b>(3.13%)</b>                                |
| Current liabilities  | 1,910,137                        | 1,916,033                        | (5,896)                                     | (0.31%)                                       |
| Long-term liabilities<br>outstanding                               | 2,843,489                        | 2,868,763                        | (25,274)                                    | (0.88%)                                       |
| <b>Total liabilities</b>   | <b>4,753,626</b>                 | <b>4,784,796</b>                 | <b>(31,170)</b>                             | <b>(0.65%)</b>                                |
| Invested in capital assets, net<br>of related debt                 | 41,303,660                       | 39,758,551                       | 1,545,109                                   | 3.89%   |
| Restricted, net assets   | 5,971,750                        | 5,131,368                        | 840,382                                     | 16.38%  |
| Unrestricted, net assets   | 23,838,865                       | 30,431,748                       | (6,592,883)                                 | (21.66%)                                      |
| <b>Total Net Position</b>  | <b>\$ 71,114,275</b>             | <b>\$ 75,321,667</b>             | <b>\$ (4,207,392)</b>                       | <b>(5.59%)</b>                                |

# CITY OF LAWSDALE, CALIFORNIA

## Management's Discussion and Analysis

**Governmental activities.** Governmental activities decreased the City's net assets by \$4,207,392.

- **Decrease in property tax revenue:** Property tax revenue was higher in the prior year ended June 30, 2013 compared to the current year by \$916,103, caused by the following disbursements to the City from the State of California which did not occur in the current year: In the fiscal year ended 2009-10, the State of California allotted themselves an additional \$400,000 of property tax monies which were returned to the City in fiscal year 2012-13. Additionally, in the prior year, the City received property taxes related to the dissolution of the Lawndale Redevelopment Agency allocated to the Lawndale Housing Authority Fund in the amount of approximately \$250,000. Finally, \$290,000 was reimbursed to the City in the prior year in form of property tax in lieu of overpaid administration fee that the State charged.

|   | Fiscal Year<br>2013-2014 | Fiscal Year<br>2012-2013 | Variance<br>Increase<br>(Decrease) | Percentage<br>Increase<br>(Decrease) |
|---|--------------------------|--------------------------|------------------------------------|--------------------------------------|
| <b>Government Activities</b>            |                          |                          |                                    |                                      |
| Program revenues:                       |                          |                          |                                    |                                      |
| Charges for services                    | \$ 1,746,311             | \$ 1,741,110             | \$ 5,201                           | 0.30%                                |
| Operating grants and contributions      | 143,560                  | 139,215                  | 4,345                              | 3.12%                                |
| Capital grants and contributions        | 1,777,527                | 451,796                  | 1,325,731                          | 293.44%                              |
| General revenues:                       |                          |                          |                                    |                                      |
| Property taxes                          | 1,207,732                | 2,123,835                | (916,103)                          | (43.13%)                             |
| Other taxes                             | 10,937,105               | 10,463,630               | 473,475                            | 4.52%                                |
| Other general revenues                  | 1,188,719                | 768,839                  | 419,880                            | 54.61%                               |
| <b>Total revenues</b>                   | <b>17,000,954</b>        | <b>15,688,425</b>        | <b>1,312,529</b>                   | <b>8.37%</b>                         |
| Expenses:                               |                          |                          |                                    |                                      |
| General government                      | 3,644,909                | 3,336,790                | 308,119                            | 9.23%                                |
| Public safety                           | 4,767,707                | 4,744,660                | 23,047                             | 0.49%                                |
| Municipal services                      | 4,676,472                | 5,446,000                | (769,528)                          | (14.13%)                             |
| Planning and community development      | 1,378,366                | 1,511,370                | (133,004)                          | (8.80%)                              |
| Recreation and community services       | 1,938,501                | 1,840,035                | 98,466                             | 5.35%                                |
| Interest and fiscal charges             | 25,913                   | 13,277                   | 12,636                             | 95.17%                               |
| <b>Total expenses</b>                   | <b>16,431,868</b>        | <b>16,892,132</b>        | <b>(460,264)</b>                   | <b>(2.72%)</b>                       |
| Transfers in / (out)                    | -                        | -                        | -                                  | -                                    |
| Extraordinary item                      | (4,776,478)              | (4,839,999)              | 63,521                             | (1.31%)                              |
| <b>Change in net position</b>           | <b>\$ (4,207,392)</b>    | <b>\$ (6,043,706)</b>    | <b>\$ 1,836,314</b>                | <b>(30.38%)</b>                      |
| <b>Net Position - Beginning of Year</b> | <b>75,321,667</b>        | <b>81,365,373</b>        | <b>(6,043,706)</b>                 | <b>(7.43%)</b>                       |
| <b>Net Position - End of Year</b>       | <b>\$ 71,114,275</b>     | <b>\$ 75,321,667</b>     | <b>\$ (4,207,392)</b>              | <b>(5.59%)</b>                       |

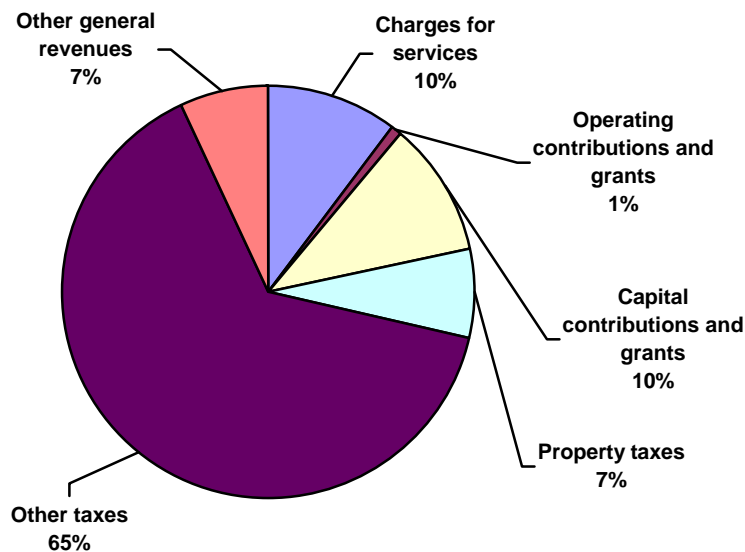
# CITY OF LAWNSDALE, CALIFORNIA

## Management's Discussion and Analysis

Key elements of this increase in total net position from all activities are as follows:

- The difference in the method of accounting for capital assets in the governmental funds versus the statement of activities accounts. Governmental funds fully expend capital asset costs in the period they are acquired. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives.

### Revenues by Source – Governmental Activities



As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$31,005,018, a decrease of \$5,714,464 in comparison with the prior year.

The General Fund is the chief operating fund of the City of Lawndale. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$14,214,377 while total fund balance is \$18,316,279.

### Capital Asset and Debt Administration

**Capital assets.** The City's investment in capital assets for its governmental activities as of June 30, 2014, amounts to \$42,008,400 (net of accumulated depreciation). The investment in capital assets includes land, buildings and structures, improvements other than buildings, machinery and equipment and current year additions to infrastructure. During the current fiscal year, the City's investment in capital assets increased from fiscal year 2012-2013 by \$1,512,204.

**CITY OF LAWSDALE, CALIFORNIA**

Management's Discussion and Analysis

| <b>City of Lawndale<br/>Capital Assets<br/>(Net of Depreciation)<br/>Governmental Activities</b> | <b>Fiscal Year<br/>2013-2014</b> | <b>Fiscal Year<br/>2012-2013</b> | <b>Variance<br/>Increase<br/>(Decrease)</b> | <b>Percentage<br/>Increase<br/>(Decrease)</b> |
|--|----------------------------------|----------------------------------|---|---|
| Land   | \$ 5,215,937                     | \$ 5,215,937                     | \$ -  |   |
| Buildings and structures   | 15,896,315                       | 16,299,557                       | (403,242)                                   | (2.47%)                                       |
| Machinery and equipment  | 456,017                          | 582,144                          | (126,127)                                   | (21.67%)                                      |
| Improvements other than<br>buildings   | 221,948                          | 194,839                          | 27,109                                      | 13.91%  |
| Infrastructure   | 18,167,754                       | 17,745,433                       | 422,321                                     | 2.38%   |
| Construction in progress   | 2,050,429                        | 458,286                          | 1,592,143                                   | 347.41%                                       |
| <b>Total</b>   | <b>\$ 42,008,400</b>             | <b>\$ 40,496,196</b>             | <b>\$ 1,512,204</b>                         | <b>3.73%</b>                                  |

Additional information regarding the City's capital assets can be found in Note 3E on page 58.

**Long-term debt.** At the end of the current fiscal year, the City of Lawndale had total debt outstanding of \$2,843,488.

| <b>City of Lawndale<br/>Outstanding Debt<br/>Government Activities</b> | <b>Fiscal Year<br/>2013-2014</b> | <b>Fiscal Year<br/>2012-2013</b> | <b>Variance<br/>Increase<br/>(Decrease)</b> | <b>Percentage<br/>Increase<br/>(Decrease)</b> |
|--|----------------------------------|----------------------------------|---|---|
| Notes payable  | \$ 704,740                       | \$ 737,646                       | \$ (32,906)                                 | (4.46%)                                       |
| Compensated absences   | 697,451                          | 650,581                          | 46,870                                      | 7.20%   |
| Claims payable - general and<br>workers compensation liability         | 244,443                          | 506,188                          | (261,745)                                   | (51.71%)                                      |
| Other post employment<br>benefits payable                              | 1,196,855                        | 974,348                          | 222,507                                     | 22.84%  |
| <b>Total</b>   | <b>\$ 2,843,489</b>              | <b>\$ 2,868,763</b>              | <b>\$ (25,274)</b>                          | <b>(0.88%)</b>                                |

The City's total debt decreased by \$25,275, or .88 %, during the current fiscal year. This was primarily due to the decrease in Worker's Comp claims and recent loss history, and notes payable.

## **CITY OF LAWNSDALE, CALIFORNIA**

### **Management's Discussion and Analysis**

#### **Current Economic Factors and Future Outlook**

The General Fund possesses a balanced revenue base of Motor Vehicle In-Lieu Tax of \$2.9 million, Sales Tax of \$2.5 million, Utility User Tax of \$2.1 million and Property Tax of \$1.2 million

With a steady but stagnant income stream, the City has worked hard to pare down expenditures in its General Fund in a manner consistent with the minimal revenue growth. The largest concern actually comes from matters external to the city – state takeaways. Over the past 15 years, the State, on numerous occasions, has reworked long-standing revenue arrangements in their favor for the purposes of improving their cash flows. The most recent detrimental action came at the hands of redevelopment as the State moved to dissolve the redevelopment agency through the passage of AB1x26.

#### The Effects of AB1x26

On December 29, 2011, the California Supreme Court issued its opinion in *CRA v. Matosantos* and upheld the validity of AB1x26, the bill that dissolved all the redevelopment agencies in the State, and invalidated AB1x27, the bill that would have allowed redevelopment agencies to remain in operation by making a payment to assist the state budget. As a result of the Court's ruling, the dissolution of redevelopment agencies became effective February 1, 2012. With this expiration of redevelopment came a large void in the tool chest of cities to make community improvements and revenue-generating centers such as shopping centers or car malls. Also with the expiration came a temporary uncertainty as to the status of pending projects.

At the time of this writing, the successor agency has now received a "Notice of Completion" from the State Department of Finance. This designation allows the successor agency to enter in to contracts with regards to the remaining \$5.5 million in unspent bond proceeds. Additionally, through time, the City and its General Fund will be paid back the \$23 million it is owed from the former Lawndale Redevelopment Agency which is now the Successor Agency. This will be seen in the form of a stream of payments which has commenced in 2015. The Department of Finance has verified that the loans are due and payable to the City's General Fund and UDAG fund. However, there is an uncertainty as to whether the State will repay to the General Fund and the UDAG Fund all accrued interest. As a result, the City's General Fund and UDAG Fund provided for an allowance of \$5 Million. Refer to Note 3C on page 55.

From an accounting standpoint, it is important to note that the Successor Agency is now classified as a non-component unit, is a legally separate entity and has only a fiduciary relationship with the City. All assets and liabilities of the former Lawndale Redevelopment Agency now rest with the new Successor Agency.



## **CITY OF LAWNSDALE, CALIFORNIA**

### **Management's Discussion and Analysis**

#### Closing

For now, the General Fund remains healthy as it boasts approximately 70% in cash reserves and with the long-term receivable from the State, possesses close to a 200% of budget equity position.

#### Requests for Information

This financial report is designed to provide a general overview of the financial position of the City of Lawndale. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance at 14717 Burin Avenue, Lawndale, CA 90260.

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# **BASIC FINANCIAL STATEMENTS**

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# GOVERNMENT-WIDE FINANCIAL STATEMENTS

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**City of Lawndale**  
**Statement of Net Position**  
**June 30, 2014**

|   | Governmental<br>Activities |
|---|----------------------------|
| <b>ASSETS</b>                                   |                            |
| Cash and investments                            | \$ 12,801,747              |
| Receivables:                                    |                            |
| Accounts, net                                   | 1,256,817                  |
| Interest  | 8,720                      |
| Loans   | 186,365                    |
| Prepaid items                                   | 35,911                     |
| Advances to Successor Agency, net of allowances | 17,980,775                 |
| Land held for development                       | 634,983                    |
| Capital assets:                                 |                            |
| Nondepreciable assets                           | 7,266,365                  |
| Depreciable assets, net                         | 34,742,035                 |
| Total capital assets                            | 42,008,400                 |
| <b>Total assets</b>                             | <b>74,913,718</b>          |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>           |                            |
| Forgivable loans receivable                     | 954,183                    |
| <b>Total deferred outflows of resources</b>     | <b>954,183</b>             |
| <b>LIABILITIES</b>                              |                            |
| Accounts payable and accrued expenses           | 1,636,176                  |
| Interest payable                                | 9,837                      |
| Deposits  | 264,124                    |
| Long-term liabilities:                          |                            |
| Due within one year                             | 142,906                    |
| Due in more than one year                       | 1,259,285                  |
| Liability insurance payable                     | 244,443                    |
| Postemployment benefit liability                | 1,196,855                  |
| <b>Total liabilities</b>                        | <b>4,753,626</b>           |
| <b>NET POSITION</b>                             |                            |
| Net investments in capital assets               | 41,303,660                 |
| Restricted for:                                 |                            |
| Community development                           | 2,400,283                  |
| Municipal services                              | 3,470,900                  |
| Other purposes                                  | 100,567                    |
| Unrestricted                                    | 23,838,865                 |
| <b>Total net position</b>                       | <b>\$ 71,114,275</b>       |

See accompanying Notes to Basic Financial Statements.

**City of Lawndale**  
**Statement of Activities and Changes in Net Position**  
**For the year ended June 30, 2014**

| Functions/Programs                   | Expenses             | Program Revenues     |                                    |                                  | Total Program Revenues | Net (Expense) Revenue and Changes in Net Position |
|--------------------------------------|----------------------|----------------------|------------------------------------|----------------------------------|------------------------|---|
|                                      |                      | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |                        |   |
| <b>Governmental activities:</b>      |                      |                      |                                    |                                  |                        |   |
| General government                   | \$ 3,644,909         | \$ 536,706           | \$ -                               | \$ -                             | \$ 536,706             | \$ (3,108,203)                                    |
| Public safety                        | 4,767,707            | 597,372              | 123,128                            | -                                | 720,500                | (4,047,207)                                       |
| Municipal services                   | 4,676,472            | 107,747              | -                                  | 630,785                          | 738,532                | (3,937,940)                                       |
| Planning and community development   | 1,378,366            | 277,134              | 20,432                             | 1,146,742                        | 1,444,308              | 65,942  |
| Recreation and community services    | 1,938,501            | 227,352              | -                                  | -                                | 227,352                | (1,711,149)                                       |
| Interest and fiscal charges          | 25,914               | -                    | -                                  | -                                | -                      | (25,914)  |
| <b>Total governmental activities</b> | <b>\$ 16,431,868</b> | <b>\$ 1,746,311</b>  | <b>\$ 143,560</b>                  | <b>\$ 1,777,527</b>              | <b>\$ 3,667,398</b>    | <b>(12,764,470)</b>                               |

**General revenues:**

Taxes:

|                           |           |
|---------------------------|-----------|
| Property tax - City       | 1,207,732 |
| Transient occupancy tax   | 507,149   |
| Franchise tax             | 577,720   |
| Sales tax                 | 4,937,756 |
| Motor vehicle in-lieu tax | 2,853,843 |
| Utility users tax         | 2,060,637 |
| Investment income         | 99,903    |
| Other                     | 1,088,816 |

**Total general revenues** 13,333,556

**Transfers in/ (out)** -

Change in net position before extraordinary item 569,086

**Extraordinary Item (Note 7)** (4,776,478)

**Change in net position** (4,207,392)

**Net position - beginning of year** 75,321,667

**Net position - end of year** \$ 71,114,275

See accompanying Notes to Basic Financial Statements.

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# FUND FINANCIAL STATEMENTS

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*Governmental Fund Financial Statements*  
*Fiduciary Fund Financial Statements*

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**GOVERNMENTAL FUND  
FINANCIAL STATEMENTS**

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**City of Lawndale**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2014**

|   | General<br>Fund      | Special<br>Revenue Fund                 |                                    |                                  |
|---|----------------------|---|------------------------------------|----------------------------------|
|   |                      | Community<br>Development<br>Block Grant | Restricted<br>Urban<br>Development | Lawndale<br>Housing<br>Authority |
| <b>ASSETS</b>   |                      |   |                                    |                                  |
| Cash and investments  | \$ 7,206,562         | \$ -                                    | \$ 236,663                         | \$ 750,240                       |
| Receivables:  |                      |   |                                    |                                  |
| Accounts, net   | 910,859              | 112,041                                 | -                                  | 310                              |
| Interest  | 5,451                | -                                       | 260                                | -                                |
| Loans   | 186,365              | -                                       | -                                  | -                                |
| Prepaid items   | 35,911               | -                                       | -                                  | -                                |
| Due from other funds  | 672,228              | -                                       | -                                  | -                                |
| Advance to other funds  | 13,349,402           | -                                       | 9,674,373                          | -                                |
| Less: Allowance for advances  | (2,627,313)          |   | (2,415,687)                        |                                  |
| Land held for development   | 147,900              | -                                       | -                                  | 487,083                          |
| <b>Total assets</b>   | <b>19,887,365</b>    | <b>112,041</b>                          | <b>7,495,609</b>                   | <b>1,237,633</b>                 |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>   |                      |   |                                    |                                  |
| Forgiveable loans receivable  | -                    | 302,397                                 | -                                  | 651,786                          |
| <b>Total deferred outflows of resources</b>                                   | <b>-</b>             | <b>302,397</b>                          | <b>-</b>                           | <b>651,786</b>                   |
| <b>LIABILITIES</b>  |                      |   |                                    |                                  |
| <b>Liabilities:</b>   |                      |   |                                    |                                  |
| Accounts payable  | 1,164,492            | 88,114                                  | -                                  | 1,306                            |
| Accrued wages   | 142,470              | -                                       | -                                  | -                                |
| Due to other funds  | -                    | 4,735                                   | -                                  | -                                |
| Retentions payable  | -                    | 19,192                                  | -                                  | 718                              |
| Deposits  | 264,124              | -                                       | -                                  | -                                |
| <b>Total liabilities</b>  | <b>1,571,086</b>     | <b>112,041</b>                          | <b>-</b>                           | <b>2,024</b>                     |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |                      |   |                                    |                                  |
| Unavailable revenue   | -                    | 302,397                                 | -                                  | 651,786                          |
| <b>Total deferred inflows of resources</b>                                    | <b>-</b>             | <b>302,397</b>                          | <b>-</b>                           | <b>651,786</b>                   |
| <b>FUND BALANCES</b>  |                      |   |                                    |                                  |
| Nonspendable  | 927,304              | -                                       | -                                  | 487,083                          |
| Restricted  | 7,718                | -                                       | -                                  | 748,526                          |
| Committed   | 3,013,384            | -                                       | 7,495,609                          | -                                |
| Assigned  | 153,496              | -                                       | -                                  | -                                |
| Unassigned  | 14,214,377           | -                                       | -                                  | -                                |
| <b>Total fund balances</b>  | <b>18,316,279</b>    | <b>-</b>                                | <b>7,495,609</b>                   | <b>1,235,609</b>                 |
| <b>Total liabilities, deferred inflows<br/>of resources and fund balances</b> | <b>\$ 19,887,365</b> | <b>\$ 414,438</b>                       | <b>\$ 7,495,609</b>                | <b>\$ 1,889,419</b>              |

See accompanying Notes to Basic Financial Statements.

| Non-major<br>Governmental<br>Funds |                      | Total |
|------------------------------------|----------------------|-------|
| \$ 4,608,282                       | \$ 12,801,747        |       |
| 233,607                            | 1,256,817            |       |
| 3,009                              | 8,720                |       |
| -                                  | 186,365              |       |
| -                                  | 35,911               |       |
| -                                  | 672,228              |       |
| -                                  | 23,023,775           |       |
| -                                  | (5,043,000)          |       |
| -                                  | 634,983              |       |
| <u>4,844,898</u>                   | <u>33,577,546</u>    |       |
| -                                  | 954,183              |       |
| -                                  | 954,183              |       |
| 178,289                            | 1,432,201            |       |
| 27,072                             | 169,542              |       |
| 667,493                            | 672,228              |       |
| 14,523                             | 34,433               |       |
| -                                  | 264,124              |       |
| <u>887,377</u>                     | <u>2,572,528</u>     |       |
| -                                  | 954,183              |       |
| -                                  | 954,183              |       |
| -                                  | 1,414,387            |       |
| 4,510,766                          | 5,267,010            |       |
| -                                  | 10,508,993           |       |
| -                                  | 153,496              |       |
| (553,245)                          | 13,661,132           |       |
| <u>3,957,521</u>                   | <u>31,005,018</u>    |       |
| <u>\$ 4,844,898</u>                | <u>\$ 34,531,729</u> |       |

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

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|   |                      |
|---|----------------------|
| <b>Total Fund Balances - Total Governmental Funds</b> | <b>\$ 31,005,018</b> |
|---|----------------------|

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

|                          |              |
|--------------------------|--------------|
| Capital assets           | 53,128,976   |
| Accumulated depreciation | (11,120,576) |

|  |         |
|--|---------|
| Long-term notes receivable are not current financial resources and, therefore, are reported as deferred revenue in the governmental funds. | 954,183 |
|--|---------|

|   |         |
|---|---------|
| Interest expenditures are recognized when due and, therefore, interest payable is not recorded in the governmental funds. | (9,837) |
|---|---------|

|  |           |
|--|-----------|
| Liability insurance payable is not due and payable in the current period and therefore is not reported in the funds. | (244,443) |
|--|-----------|

|   |             |
|---|-------------|
| Postemployment benefit liability other than pensions is not due and payable in the current period and therefore is not reported in the funds. | (1,196,855) |
|---|-------------|

|  |           |
|--|-----------|
| Long-term liabilities, including notes, are not due and payable in the current period and, therefore, are not reported in the funds. |           |
| Notes payable  | (704,740) |
| Compensated absences   | (697,451) |

|  |                      |
|--|----------------------|
| <b>Net Position of Governmental Activities</b> | <b>\$ 71,114,275</b> |
|--|----------------------|

See accompanying Notes to Basic Financial Statements.

**City of Lawndale**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the year ended June 30, 2014**

|   | General<br>Fund    | Major Special<br>Revenue Funds          |                                    |                                  |
|---|--------------------|---|------------------------------------|----------------------------------|
|   |                    | Community<br>Development<br>Block Grant | Restricted<br>Urban<br>Development | Lawndale<br>Housing<br>Authority |
| <b>REVENUES:</b>  |                    |   |                                    |                                  |
| Sales and use taxes   | \$ 2,549,657       | \$ -                                    | \$ -                               | \$ -                             |
| Property tax  | 1,207,732          | -                                       | -                                  | -                                |
| Utility user tax  | 2,060,637          | -                                       | -                                  | -                                |
| Other taxes   | 1,084,869          | -                                       | -                                  | -                                |
| Motor vehicle in-lieu tax                                   | 2,853,843          | -                                       | -                                  | -                                |
| Licenses and permits  | 578,330            | -                                       | -                                  | -                                |
| Fines and forfeitures                                       | 641,095            | -                                       | -                                  | -                                |
| Subventions and grants                                      | -                  | 1,098,191                               | -                                  | -                                |
| Use of money and property                                   | 68,255             | -                                       | 25,505                             | 9,679                            |
| Charges for services  | 656,869            | -                                       | -                                  | -                                |
| Other   | 175,869            | -                                       | -                                  | 712,582                          |
| <b>Total revenues</b>                                       | <b>11,877,156</b>  | <b>1,098,191</b>                        | <b>25,505</b>                      | <b>722,261</b>                   |
| <b>EXPENDITURES:</b>  |                    |   |                                    |                                  |
| Current:  |                    |   |                                    |                                  |
| General government  | 3,603,360          | -                                       | -                                  | -                                |
| Public safety   | 4,703,868          | -                                       | -                                  | -                                |
| Municipal services  | 2,628,881          | -                                       | -                                  | -                                |
| Planning and community development                          | 799,753            | 85,595                                  | 2,555                              | 12,502                           |
| Recreation and community services                           | 1,231,944          | -                                       | -                                  | -                                |
| Capital outlay  | 85,491             | 997,595                                 | 561,870                            | -                                |
| Debt service:   |                    |   |                                    |                                  |
| Principal retirement  | 32,906             | -                                       | -                                  | -                                |
| Interest and fiscal charges                                 | 26,373             | -                                       | -                                  | -                                |
| <b>Total expenditures</b>                                   | <b>13,112,576</b>  | <b>1,083,190</b>                        | <b>564,425</b>                     | <b>12,502</b>                    |
| <b>REVENUES OVER<br/>(UNDER) EXPENDITURES</b>               | <b>(1,235,420)</b> | <b>15,001</b>                           | <b>(538,920)</b>                   | <b>709,759</b>                   |
| <b>OTHER FINANCING SOURCES (USES):</b>                      |                    |   |                                    |                                  |
| Transfers in  | 182,387            | -                                       | -                                  | 1,102,609                        |
| Transfers out   | (234,559)          | (15,002)                                | (167,385)                          | (1,102,609)                      |
| <b>Total other financing sources (uses)</b>                 | <b>(52,172)</b>    | <b>(15,002)</b>                         | <b>(167,385)</b>                   | <b>-</b>                         |
| <b>Change in Fund Balance Before<br/>Extraordinary Item</b> | <b>(1,287,592)</b> | <b>(1)</b>                              | <b>(706,305)</b>                   | <b>709,759</b>                   |
| <b>Extraordinary Item (Note 7)</b>                          | <b>(2,097,613)</b> | <b>-</b>                                | <b>(2,422,360)</b>                 | <b>(256,505)</b>                 |
| <b>Net change in fund balances</b>                          | <b>(3,385,205)</b> | <b>(1)</b>                              | <b>(3,128,665)</b>                 | <b>453,254</b>                   |
| <b>FUND BALANCES:</b>                                       |                    |   |                                    |                                  |
| Beginning of year   | 21,701,484         | 1                                       | 10,624,274                         | 782,355                          |
| End of year   | \$ 18,316,279      | \$ -                                    | \$ 7,495,609                       | \$ 1,235,609                     |

See accompanying Notes to Basic Financial Statements.



| Non-major<br>Governmental |  |                      |  |
|---------------------------|--|----------------------|--|
| Funds                     |  | Total                |  |
| \$ 2,040,791              |  | \$ 4,590,448         |  |
| -                         |  | 1,207,732            |  |
| -                         |  | 2,060,637            |  |
| -                         |  | 1,084,869            |  |
| -                         |  | 2,853,843            |  |
| -                         |  | 578,330              |  |
| -                         |  | 641,095              |  |
| 1,161,654                 |  | 2,259,845            |  |
| 12,135                    |  | 115,574              |  |
| 23,056                    |  | 679,925              |  |
| 40,205                    |  | 928,656              |  |
| <u>3,277,841</u>          |  | <u>17,000,954</u>    |  |
| 518                       |  | 3,603,878            |  |
| 124,588                   |  | 4,828,456            |  |
| 1,254,216                 |  | 3,883,097            |  |
| 6,977                     |  | 907,382              |  |
| 699,449                   |  | 1,931,393            |  |
| 1,080,499                 |  | 2,725,455            |  |
| -                         |  | 32,906               |  |
| -                         |  | 26,373               |  |
| <u>3,166,247</u>          |  | <u>17,938,940</u>    |  |
| <u>111,594</u>            |  | <u>(937,986)</u>     |  |
| 261,770                   |  | 1,546,766            |  |
| <u>(27,211)</u>           |  | <u>(1,546,766)</u>   |  |
| <u>234,559</u>            |  | <u>-</u>             |  |
| <u>346,153</u>            |  | <u>(937,986)</u>     |  |
| <u>-</u>                  |  | <u>(4,776,478)</u>   |  |
| <u>346,153</u>            |  | <u>(5,714,464)</u>   |  |
| 3,611,368                 |  | 36,719,482           |  |
| <u>\$ 3,957,521</u>       |  | <u>\$ 31,005,018</u> |  |

# City of Lawndale

## Reconciliation of the Governmental Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Position For the year ended June 30, 2014

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Net Change in Fund Balances - Total Governmental Funds \$ (5,714,464)

Amounts reported for governmental activities in the Statement of Activities and Changes in Net Position were different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

|   |                |                    |
|---|----------------|--------------------|
| Capital outlays   | \$ 2,725,455   |                    |
| Less: Capital outlays related to repair and maintenance | <u>156,810</u> |                    |
|   |                | 2,882,265          |
| Depreciation  |                | <u>(1,370,061)</u> |

Governmental funds report repayments of long-term notes receivable as revenue and new loans funded as expenditures. Neither the repayment nor the new loans funded are reported as revenues or expenses on the statement of activities. The changes in notes receivable were as follow:

|                          |  |          |
|--------------------------|--|----------|
| Loan repayments received |  | (30,865) |
|--------------------------|--|----------|

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.

|                     |  |        |
|---------------------|--|--------|
| Principal repayment |  | 32,906 |
|---------------------|--|--------|

The fund basic financial statements record interest expenditures on the current financial resources measurement focus whereas the Government-Wide financial statements recognize interest expense on the accrual basis. This amount represents the year to year difference of accrued interest.

|  |  |     |
|--|--|-----|
|  |  | 459 |
|--|--|-----|

Compensated absences expenses reported in the statement of activities does not require the use of current financial resources and therefore is not reported as an expenditure in the governmental funds.

|  |  |          |
|--|--|----------|
|  |  | (46,870) |
|--|--|----------|

Change in liability insurance payable

|  |  |         |
|--|--|---------|
|  |  | 261,745 |
|--|--|---------|

Change in postemployment benefits liability

|  |  |                  |
|--|--|------------------|
|  |  | <u>(222,507)</u> |
|--|--|------------------|

**Change in Net Position of Governmental Activities (4,207,392)**

**Change in Net Position of Governmental Activities \$ (4,207,392)**

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See accompanying Notes to Basic Financial Statements.

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# FIDUCIARY FUND FINANCIAL STATEMENTS

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**City of Lawndale**  
**Statement of Net Position**  
**Fiduciary Fund**  
**June 30, 2014**

|   | Private Purpose<br>Trust<br>Fund |
|---|----------------------------------|
| <b>ASSETS</b>                               |                                  |
| Cash and investments                        | \$ 1,614,611                     |
| Restricted assets:                          |                                  |
| Cash and investments                        | 1,566,797                        |
| Cash and investments with fiscal agents     | 5,560,056                        |
| Interest receivable                         | 743                              |
| Land held for resale                        | 2,500,074                        |
| <b>Total assets</b>                         | <b>\$ 11,242,281</b>             |
| <b>LIABILITIES</b>                          |                                  |
| Accounts payable                            | \$ 147,744                       |
| Accrued wages                               | 15,818                           |
| Interest payable                            | 458,970                          |
| Long-term liabilities:                      |                                  |
| Due within one year                         | 305,714                          |
| Due in more than one year                   | 20,716,381                       |
| Advances from the City of Lawndale          | 17,980,775                       |
| <b>Total liabilities</b>                    | <b>\$ 39,625,402</b>             |
| <b>NET POSITION</b>                         |                                  |
| <b>Fiduciary deficiency in net position</b> | <b>\$ (28,383,121)</b>           |

See accompanying Notes to Basic Financial Statements.



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# NOTES TO BASIC FINANCIAL STATEMENTS

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**City of Lawndale**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2014**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Financial Reporting Entity**

The City of Lawndale (City) is a municipal corporation, operating as a general law city, and governed by a city council of five members. As required by accounting principles generally accepted in the United States of America, these financial statements present the City (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

As required by generally accepted accounting principles (GAAP), the accompanying financial statements present the City and its component units. Component units are legally separate entities that meet any one of the following tests:

- The City appoints the voting majority of the board of the potential component unit and:
  - is able to impose its will on the component unit and/or
  - is in a relationship of financial benefit or burden with the potential component unit.
- The potential component unit is fiscally dependent upon the City.
- The financial statements of the City would be misleading if data from the potential component units were omitted.

Management determined that the following component units should be blended based on the criteria above:

Lawndale Cable Corporation - The Lawndale Cable Corporation (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 funds of the Corporation have been included in the governmental activities of the financial statements.

Lawndale Housing Authority - The Lawndale Housing Authority (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 LowMod Housing to eligible residents.

Lawndale Financing Authority - The Lawndale Financing Authority (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.

**City of Lawndale**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***B. Government-Wide and Fund Financial Statements***

The Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements report information on all of the non-fiduciary activities of the primary government and its component units. As a general rule, the effect of interfund activity has been eliminated from the Government-Wide Financial Statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The Fund Financial Statements provide information about the City's funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the Government-Wide Financial Statements. The emphasis of Fund Financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds. The Fiduciary Fund Financial Statements include a Statement of Fiduciary Net Position. The City's fiduciary funds are custodial in nature (assets equal liabilities) and do not involve measurements of results of operations.

***C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

The Government-Wide Financial Statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Non-exchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year for which all eligibility requirements have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, except for principal and interest on long-term liabilities, claims and judgments and compensated absences, which are recognized as expenditures when they are due.

**City of Lawndale**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

*C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation, Continued*

Property taxes, charges for services, grant revenue, 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. Other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund.

The Community Development Block Grant Special Revenue Fund is used to account for monies received and expended by the City as a participant in the Federal Community Block Grant programs.

The Restricted Urban Development Special Revenue 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 functions of the dissolved Lawndale Redevelopment Agency.

Additionally, the City reports the following fund types:

Special Revenue Funds – Special Revenue Funds are used to account for the revenues derived from specific revenue sources which are restricted by law or administrative regulation for specified purposes.

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

Private Purpose Trust Funds - The Private Purpose Trust Funds accounts for resources of all other trust arrangements in which principal and income benefit individuals, private organizations, or other governments. The Private purpose trust funds are reported using the economic resources measurement focus and the accrual basis of accounting.

Amounts reported as program revenues include 1) charges to members, customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then use unrestricted resources as needed.

**City of Lawndale**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation, Continued**

New Accounting Pronouncements

*Government Accounting Standards Board Statement No. 63*

In March 2012, the GASB issued GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which provides financial guidance for deferred outflows of resources and deferred inflows of resources. The City has fully conformed to the requirements of this statement for fiscal year ending June 30, 2014.

*Government Accounting Standards Board Statement No. 65*

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, provides guidance to determine which balances, previously reported as assets and liabilities, should be reported as deferred outflows of resources or deferred inflows of resources. Pursuant to the implementation of this pronouncement, the City no longer amortizes the cost of debt issuance as a deferred outflow of resources. These amounts should be expensed in the year incurred. The City made adjustments for these items as a cumulative effect of change in accounting principle in the current fiscal year. This resulted in Fiduciary Net Position for private purpose trust fund activities being reduced by \$692,023. See Note 8 for additional discussion. The City has fully conformed to the requirements of this statement for fiscal year ending June 30, 2014.

**D. Assets, Liabilities, and Net Position or Fund Balance**

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.

The City pools cash and investments of all funds. 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 daily cash and investment balance.

The City invests in certificates of deposit in various financial institutions through a custodial agent. The custodial agent makes decisions on behalf of the City into which financial institutions to invest. Earnings from these investments along with Local Agency Investment Fund (LAIF) are allocated to all funds on a quarterly basis.

**City of Lawndale**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

*D. Assets, Liabilities, and Net Position or Fund Balance, Continued*

**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).

**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:

| <b><u>Capital Asset Type</u></b>     | <b><u>Useful Lives</u></b> | <b><u>Capitalization Threshold</u></b> |
|--------------------------------------|----------------------------|--|
| Buildings and Structures             | 30 years                   | \$10,000                               |
| Improvements Other than Buildings    | 30 years                   | 10,000                                 |
| Vehicles, Machinery<br>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.

**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 Agency. 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 nonspendable in the Governmental Fund Financial Statements.

See Note 3D for additional information regarding land held for redevelopment.

**City of Lawndale**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

*D. Assets, Liabilities, and Net Position or Fund Balance, Continued*

**Deferred Outflows and Inflows of Resources**

The City recognizes deferred outflows of resources and deferred inflows of resources in accordance with GASB Statement No. 63 and GASB Statement No. 65 (refer to Note 1C New Accounting Pronouncements adopted by the City). Deferred outflows and inflows were items previously reported as assets and liabilities and are defined as “a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively.” The City classifies forgivable loans receivable as deferred outflows of resources. Refer to note 3B for further information.

**Long-Term Debt**

*Government-Wide Financial Statements*

Long-term debt and other financed obligations are reported as liabilities in 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.

*Fund Financial Statements*

The Governmental Fund Financial Statements do not present long-term debt. As such, long-term debt is shown as a reconciling item in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.

**Employee Compensated Absences**

Vacation and sick leave benefits are accrued as earned by employees. The cost of earned but unused vacation and sick leave, for which the City has a future obligation to pay, is recognized in the Government-Wide Financial Statements. A liability for these amounts is reported in governmental funds only if they have become due and payable as a result of employee resignations or retirements.

**Net Position**

In the Government-Wide Financial Statements, net position is classified in the following categories:

*Net Invested in Capital Assets* – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the assets.

*Restricted Net Position* – This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments.

*Unrestricted Net Position* – This amount is all net position that does not meet the definition of “invested in capital assets, net of related debt” or “restricted net position.”

**City of Lawndale**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

*D. Assets, Liabilities, and Net Position or Fund Balance, Continued*

**Fund Balance**

In the Governmental Fund Financial Statements, fund balances are classified in the following categories:

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

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

*Committed* - Committed fund balances encompass the portion of net fund resources, the use of which is constrained by limitations that the government imposes upon itself at its highest level of decision making, normally the governing body, and that remain binding unless removed in the same manner. The City Council is considered the highest authority for the City.

*Assigned* - Assigned fund balances encompass the portion of net fund resources reflecting the government's intended use of resources. Assignment of resources can be done by the highest level of decision making or by a committee or official designated for that purpose. The City Council has authorized the Administrative Services Director for that purpose.

*Unassigned* - This category is for any balances that have no restrictions placed upon them.

**Spending Policy**

*Government-Wide Financial Statements*

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the City's policy is to apply restricted net position first.

*Governmental Fund Financial Statements*

When expenditures are incurred for purposes for which all restricted, committed, assigned and unassigned fund balances are available, the City's policy is to apply in the following order, except for instances wherein an ordinance specifies the fund balance:

- Restricted
- Committed
- Assigned
- Unassigned



**City of Lawndale**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

*D. Assets, Liabilities, and Net Position or Fund Balance, Continued*

**Property Taxes**

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

|            |                           |
|------------|---------------------------|
| Lien date  | January 1                 |
| Levy date  | July 1                    |
| Due date   | November 1 and February 1 |
| Delinquent | December 11 and April 11  |

**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 and disclosures. Accordingly, actual results could differ from those estimates.

**2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

*A. Budgetary Control and Accounting*

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 where expenditures constitute legally authorized "non-appropriated budget amounts." 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 balance. 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 and special revenue funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

**City of Lawndale**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

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**2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

***B. Deficit Fund Balance***

The following funds had deficit fund balances at June 30, 2014:

|  | <u>Deficit<br/>Balance</u> |
|--|----------------------------|
| Non-major Special Revenue Funds:         |                            |
| 96 County Specified Grants               | \$ (27,211)                |
| Metro State Transit Program (Local) Fund | (31,024)                   |
| Highway Safety Improvement               | (45,157)                   |
| Appropriations Act                       | (180,667)                  |
| LA County Parks Maintenance Grant        | (231,747)                  |
| Measure R Grant                          | (6,197)                    |
| Prop C 25%                               | (25,444)                   |
| Measure R Grant Traffic Improvement      | (5,798)                    |

The deficits in the special revenue funds will be financed through future revenues of the funds and transfers in from other funds.

**City of Lawndale**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

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**2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, Continued**

*C. Excess of Expenditures Over Appropriations*

Expenditures exceeded appropriations in the following funds for the year ended June 30, 2014:

|   | <u>Amount Over<br/>Budget</u> |
|---|-------------------------------|
| <b>General Fund:</b>                    |                               |
| General government                      | \$ 41,950                     |
| Public safety                           | 132,365                       |
| Municipal services                      | 210,390                       |
| Planning and community development      | 104,599                       |
| Recreation and community services       | 36,376                        |
| <b>Lawndale Housing Authority Fund:</b> |                               |
| Planning and community development      | 1,502                         |
| <b>Non-major Special Revenue Funds:</b> |                               |
| Proposition A Local Transit Assistance: |                               |
| Municipal services                      | 2,065                         |
| Lawndale Cable Usage Corporation:       |                               |
| General government                      | 518                           |
| Hawthorne Boulevard Maintenance:        |                               |
| Municipal services                      | 21,067                        |
| Justice Assisted Grant                  |                               |
| Public safety                           | 1,588                         |
| Prop C 25%:                             |                               |
| Municipal services                      | 79                            |

**City of Lawndale**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

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**3. DETAILED NOTES ON ALL FUNDS**

**A. Cash and Investments**

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

|   |                      |
|---|----------------------|
| Cash and investments:                             |                      |
| Governmental funds                                | \$ 12,801,747        |
| Fiduciary funds - cash                            | 1,614,611            |
| Fiduciary funds - restricted cash and investments | <u>7,126,853</u>     |
| Total cash and investments                        | <u>\$ 21,543,211</u> |

Cash and investments as of June 30, 2014 consist of the following:

|  |                      |
|--|----------------------|
| Cash on hand                                       | \$ 1,150             |
| Deposits with financial institutions               | 3,693,444            |
| Investments (Local Agency Investment Fund)         | 7,114,676            |
| Certificates of Deposit                            | 1,992,000            |
| Interest Revenue Held with Trustee                 | <u>475</u>           |
|  | 12,801,745           |
| Cash and investments held in fiduciary funds       |                      |
| Deposits with financial institutions               | 1,614,611            |
| Restricted cash and investments                    | 1,566,797            |
| Cash and investments with fiscal agents            | <u>5,560,056</u>     |
| Total cash and investments held in fiduciary funds | <u>8,741,464</u>     |
| Total cash and investments                         | <u>\$ 21,543,209</u> |

**City of Lawndale**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

**3. DETAILED NOTES ON ALL FUNDS, Continued**

**A. Cash and Investments, Continued**

**Investments Authorized by the City's Investment Policy**

The City's Investment Policy is reviewed and adopted by the City Council each year. The investment policy is more conservative and restrictive than the investment vehicles authorized by section 53601.5 of the California Government Code. Investment vehicles 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. Investments are limited to:

| 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                             |

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.

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

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.

***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. The average life-month end (in days) of the investments contained in the LAIF investment pool is 232 days at June 30, 2014.

The City manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to five years or less in accordance with its investment policy.

**City of Lawndale**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

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**3. DETAILED NOTES ON ALL FUNDS, Continued**

**A. Cash and Investments, Continued**

**Investments Authorized by the City's Investment Policy, Continued**

*Disclosures Relating to Credit Risk*

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. LAIF and the County Pool do not have a rating provided by a nationally recognized statistical rating organization.

*Concentration of Credit Risk*

The investment policy of the City contains limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer that represent 5% or more of total City's investments.

*Custodial Credit Risk*

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.

California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. 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 California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

**City of Lawndale**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

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**3. DETAILED NOTES ON ALL FUNDS, Continued**

**A. Cash and Investments, Continued**

**Investments Authorized by the City's Investment Policy, Continued**

*Investment in Certificate of Deposits*

The City invests in certificates of deposit in various financial institutions through US Bank, a custodial agent for investments of the City. The custodial agent makes decision on behalf of the City into which financial institutions to invest. At June 30, 2014, the City's portfolio included principal of \$1,992,000 invested in nine different financial institutions by US Bank on behalf of the City for which the annual interest rates range from 0.60% to 1.8% per annum with maturity of two to five years.

*Investment in State Investment Pool*

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code 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. The City relied upon information provided by the State Treasurer in estimating the City's fair value position of its holding in LAIF.

LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2014, had a balance of \$64.8 billion. Of that amount, 1.86% was invested in medium-term and short-term structured notes and asset-backed securities. The average maturity of PMIA investments was 232 days as of June 30, 2014.

**B. Long-Term Loans Receivable**

*Forgivable Loans Receivable*

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. The loans are secured by a deed of trust and are normally repaid when the home changes ownership. During the fiscal year ended June 30, 2014, \$30,865 of loan repayments was received. The City did not fund any new loans during the fiscal year.

The balance of these forgivable loans receivable was \$954,183 at June 30, 2014 and is classified as a deferred outflow of resources. This balance is offset by the same amount of unavailable revenue classified as deferred inflows of resources resulting in \$0 net effect to the balance sheet of the Governmental Fund Financial Statements.

**City of Lawndale**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

**3. DETAILED NOTES ON ALL FUNDS, Continued**

***B. Long-Term Loans Receivable - Continued***

***Anthony's Ready Mix Loan***

In October 2008, the Lawndale Redevelopment Agency (Agency) sold a piece of property to Anthony's Ready Mix and accepted a loan. In April 2011, the former Lawndale Redevelopment Agency assigned the loan receivable to the City's General Fund. The balance of this loan receivable was \$186,365 at June 30, 2014.

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 California Department of Finance (DOF) provided its review of the DDR on a letter dated March 18, 2013 but did not provide the City any direction regarding this note. The City has not heard from the Department of Finance or the State Controller regarding its position on the transfer since the March 18, 2013 letter to date. In June 2014, the State Controller's Office (SCO) conducted an audit of the former RDA. However, to date the SCO has not completed its report on the audit. The City believes that the ownership of the Anthony's Trust Deed will not be resolved until the SCO completes its audit of the former RDA.

***C. Inter-fund Receivables, Payables and Transfers***

Individual inter-fund balances were as follows at June 30, 2014:

| <b>Due to Other Funds</b>              | <b>Due from Other Funds</b> |                |
|--|-----------------------------|----------------|
|  | General Fund                |                |
| Community Development Block Grant Fund | \$                          | 4,735          |
| Non Major Governmental Funds           |                             | 667,493        |
| <b>Total</b>                           | <b>\$</b>                   | <b>672,228</b> |



**City of Lawndale**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

**3. DETAILED NOTES ON ALL FUNDS, Continued**

**C. Inter-fund Receivables, Payables and Transfers, Continued**

The balances owed to the General Fund and Private Purpose Trust Funds are related to deficit cash balances of the Successor Agency Capital Projects Fund and each of the Non-major Special Revenue Funds along with a denied payment to the City on Advances at June 30, 2014 - see disclosure related to Advances To/From Other Funds for additional information. Each fund will repay the balance in the fiscal year 2013-14 when revenues are received by the funds, or through transfers from other funds.

**Inter-fund Transfers**

|                                   | Transfers In       |                                  |                                    |                     |
|-----------------------------------|--------------------|----------------------------------|------------------------------------|---------------------|
|                                   | Governmental Funds |                                  |                                    |                     |
|                                   | General Fund       | Lawndale<br>Housing<br>Authority | Non Major<br>Governmental<br>Funds | Total               |
| <b>Transfers Out</b>              |                    |                                  |                                    |                     |
| <b>Governmental Funds:</b>        |                    |                                  |                                    |                     |
| General Fund                      | \$ -               | \$ -                             | \$ 234,560                         | \$ 234,560 (1)      |
| Community Development Block Grant | 15,002             | -                                | -                                  | 15,002 (2)          |
| Restricted Urban Development Fund | 167,385            | -                                | -                                  | 167,385 (3)         |
| Lawndale Housing Authority        | -                  | 1,102,609                        | -                                  | 1,102,609 (4)       |
| Non Major Governmental Funds      | -                  | -                                | 27,211                             | 27,211 (5)          |
| <b>Total</b>                      | <b>\$ 182,387</b>  | <b>\$ 1,102,609</b>              | <b>\$ 261,771</b>                  | <b>\$ 1,546,767</b> |

- (1) To close out fund balance in various Non-major Governmental Funds in the aggregate sum of \$61,255 and to transfer funds from General Fund Hawthorne Boulevard Maintenance Fund in the amount of \$173,305
- (2) To close out fund balance in Community Development Block Grant fund.
- (3) To transfer repayment of remaining balance due by the Successor Agency to the City on advance made through its Restricted Urban Development Special Revenue Fund in April 1991
- (4) To transfer assets per California State Controller's Office auditor in connection with its audit of the Lawndale Successor Agency.
- (5) To close out fund balance in various Non-major Governmental Funds.

**City of Lawndale**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

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**3. DETAILED NOTES ON ALL FUNDS, Continued**

*C. Inter-fund Receivables, Payables and Transfers, Continued*

*Advances To/From Other Funds*

The City and the former Lawndale Redevelopment Agency (RDA) entered into various agreements whereby the City advanced funds to the RDA for various redevelopment activities and the RDA annually paid interest that had accrued on the balance at an interest rate specified in each agreement. The payment of that interest and the indebtedness created by the advances was reported annually to the County of Los Angeles Auditor Controller and to the State of California on the Statement of Indebtedness, the document that qualified the RDA to receive property tax increment revenue under California State Law. The amounts were also reported on the City's and RDA's audited financial statements.

Legislation enacted in 2011 ("ABx1 26") terminated redevelopment agencies and in accordance with that legislation the RDA was dissolved on January 31, 2012. The Lawndale Redevelopment Successor Agency (Successor Agency), a legal entity separate from the City itself assumed the former RDA's obligations.

As part of the dissolution process established by AB 1484 in June of 2012, successor agencies were required to prepare due diligence reviews (DDR) of redevelopment funds and expenditures as of June 2012. AB 1484 authorized the California Department of Finance (DOF) to review the DDRs. In a letter dated March 18, 2013, the DOF provided its review of the Successor Agency's All Other Funds Due Diligence Report. The DOF also stated in their letter that "after the Agency receives a Finding of Completion from Finance, these loans may become enforceable and eligible to be repaid through the Recognized Obligation Payment Schedule (ROPS) process."

The Lawndale Successor Agency received a "Finding of Completion" from the DOF dated April 12, 2013, stating that the Successor Agency may do the following "Place loan agreements between the former redevelopment agency and sponsoring entity on the ROPS, as an enforceable obligation, provided the oversight board makes a finding that the loan was for legitimate redevelopment purposes per HSC section 34191.4 (b) (1). Loan repayments will be governed by criteria in HSC section 34191.4 (a) (2)."

On February 20, 2014, the Oversight Board to the Lawndale Successor Agency approved Resolutions 2014-1, 2014-2, 2014-3, 2014-4, and 2014-5 by which it approved the reinstated individual five loans from the City to the Successor Agency to be an indebtedness of the former RDA and found them to be enforceable obligations of the Successor Agency for legitimate redevelopment purposes. The City placed the reinstated individual loans on the ROPS 14-15A schedule (period of July 1 through December 31, 2014) and submitted it along with the approved Resolutions to DOF on February 24, 2014. The DOF reviewed the ROPS 14-15A schedule and approved the five City loan agreements in its letter dated April 3, 2014. The repayment of these City loans is subject to the repayment formula outlined in HSC section 34176(e)(6)(B). The City determined that since the Lawndale Successor Agency must repay a SERAF Housing Fund debt first, there will not be sufficient tax increment available to begin repaying these five loans until at least ROPS 14-15B.

**City of Lawndale**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

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**3. DETAILED NOTES ON ALL FUNDS, Continued**

**C. Inter-fund Receivables, Payables and Transfers, Continued**

*Advances To/From Other Funds, Continued*

City Management expects RPTTF revenue will be available to begin repayment of the advance during the fiscal year ended June 30, 2015. California Health and Safety Code Section 34191.4(b)(2) outlines the terms for restructuring city loans to former redevelopment agencies as follows: “the accumulated interest on the remaining principal amount of the loan shall be recalculated from origination at the interest rate earned by funds deposited into the Local Agency Investment Fund.” Management’s position is to apply the historical Local Agency Investment Fund (LAIF) rate over the life of the loan, resulting in a balance at June 30, 2014 of \$13,349,402 and \$9,674,373 in the General Fund and the Restricted Urban Development Fund, respectively, for aggregate sum of \$23,023,775.

The California Department of Finance (DOF) has provided information regarding the recalculation of accrued interest for city loans to redevelopment agencies. Refer to Note 9 Subsequent Events for discussion regarding DOF letter dated December 17, 2014. The DOF applies the LAIF rate for the quarter during which the Oversight Board makes a finding that the loan was made for legitimate redevelopment purposes to the entire life of the loan. Based on this assumption, the advance from the City is recalculated to have a June 30, 2014 balance of \$10,722,089 and \$7,258,686 in the General Fund and the Restricted Urban Development Fund, respectively, for aggregate sum of \$17,980,775.

Due to the differing interpretations between the DOF and City management for the calculation of accrued interest, the City’s advance receivable has been offset with an allowance for uncollectable amounts of \$2,627,313 and \$2,415,687 in the General Fund and the Restricted Urban Development Fund, respectively, for sum of \$5,043,000, which represents the difference between methodologies of the City and DOF.

The City disagrees with and is disputing the application of the fixed quarterly LAIF rate. The City management believes that the disagreement cannot be easily resolved but could result in (1) the DOF changing its interpretation of the law regarding the dissolution of the redevelopment agencies or (2) new legislation is passed that clarifies the proper method of calculating the accrued interest on the outstanding advances. The City has completed the Meet and Confer Process with the State regarding this matter and intends to join in other cities in a class action lawsuit against the Department of Finance and defend its position vigorously.

Refer to Note 7 regarding reconciliation of extraordinary item recognized for the year ended June 30, 2014 in connection with the recalculation of the accrued interest owed to the City by the Lawndale Successor Agency.

**City of Lawndale**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

**3. DETAILED NOTES ON ALL FUNDS, Continued**

*C. Inter-fund Receivables, Payables and Transfers, Continued*

*Advances To/From Other Funds*

The following schedule summarizes the balance of advances by fund at June 30, 2014:

|                            | Advances to Other Funds |                   |
|----------------------------|-------------------------|-------------------|
|                            | Governmental Funds      |                   |
|                            | General Fund            |                   |
| Advances from Other Funds  |                         |                   |
| Fiduciary Funds:           |                         |                   |
| Private Purpose Trust Fund | \$                      | 17,980,775        |
| <b>Total</b>               | <b>\$</b>               | <b>17,980,775</b> |

*D. Land Held for Redevelopment*

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.

In March of 2011, \$2,391,469 of land held for development (Hawthorne/Manhattan Site) was transferred from the former RDA to the City. The validity of this asset transfer is under review by the California Department of Finances (DOF) as part of the dissolution of the City's former Redevelopment Agency (RDA) pursuant to Assembly Bill 1X 26. As required by AB 1484 the Lawndale Successor Agency prepared an All Other Funds Due Diligence Review (DDR) that discloses the transfer of the land held for redevelopment from the Agency to the City. The California Department of Finance (DOF) provided its review of the DDR on a letter dated March 18, 2013 but did not provide the City any direction on whether or not the City should retain the land held for redevelopment. However, ABx1 26 gave the State Controller the ability to review the dissolved RDA and claw back any improperly transferred assets.

The City kept these properties until it was instructed on what to do with the property by the DOF or State Controller. On April 12, 2013, the Lawndale Successor Agency received a "Finding of Completion" from the DOF, stating, among other things that "the Agency is required to submit a Long-Range Property Management Plan to Finance for review and approval, per HSC section 34191.5 (b)." The Lawndale Successor Agency prepared the LRPMP in July 2013 which was later amended and approved by the Agency's Oversight Board on May 22, 2014 through Resolution 2014-9. The amended LRPMP, states that properties, including the properties at Hawthorne Blvd/Manhattan Beach Ave, 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

**City of Lawndale**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

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**3. DETAILED NOTES ON ALL FUNDS, Continued**

*D. Land Held for Redevelopment, Continued*

obligations listed on the ROPS or submitted to the Los Angeles County Auditor-Controller's office for distribution to the affected taxing entities. The DOF approved the amended LRPMP and the related Resolution 2014-9 in its letter dated June 18, 2014. 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 a result, at June 30, 2014, the City transferred the cost of the Hawthorne Blvd/Manhattan Beach Ave properties of \$2,243,569 from the City's General Fund to the Successor Agency Special Projects Fund and recognized an extraordinary loss/gain resulting from the transfer in the same amount (refer to footnote 7).

In July of 2011, the Lawndale Housing Authority used funds of \$251,505 from the RDA's low and moderate income housing fund to purchase a house on Firmona Avenue with the intention of rehabilitating the house for use as affordable housing. In August of 2012, the Lawndale Successor Agency included the Firmona house as an asset to be retained by the Successor Housing Agency. However, the DOF denied this request, but provided no instructions regarding the disposition of the property. The Lawndale Housing Authority kept this property until it was instructed on what to do with the property by the DOF or State Controller. On April 12, 2013, the Lawndale Successor Agency received a "Finding of Completion" from the DOF, stating, among other things that "the Agency is required to submit a Long-Range Property Management Plan to Finance for review and approval, per HSC section 34191.5 (b)." The Lawndale Successor Agency prepared the LRPMP in July 2013 which was later amended and approved by the Agency's Oversight Board on May 22, 2014 through Resolution 2014-9. The amended LRPMP, states that properties, including 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. The DOF approved the amended LRPMP and the related Resolution 2014-9 in its letter dated June 18, 2014. 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 a result, at June 30, 2014, the Lawndale Housing Authority transferred the cost of the Firmona house of \$256,505 from the Lawndale Housing Authority Fund to the Successor Agency Special Projects Fund and recognized an extraordinary loss/gain resulting from the transfer in the same amount (refer to footnote 7).

**City of Lawndale**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

**3. DETAILED NOTES ON ALL FUNDS, Continued**

**E. Capital Assets**

A summary of changes in the capital assets activity for the year ended June 30, 2014 is as follows:

|   | Balance<br>July 1, 2013 | Additions           | Deletions   | Transfers       | Balance<br>June 30,<br>2014 |
|---|-------------------------|---------------------|-------------|-----------------|-----------------------------|
| <b>Capital assets not depreciated:</b>      |                         |                     |             |                 |                             |
| Land  | \$ 5,215,937            | \$ -                | \$ -        | \$ -            | \$ 5,215,937                |
| Construction in progress                    | 458,286                 | 1,688,489           | -           | (96,346)        | 2,050,429                   |
| Total capital assets, not being depreciated | <u>5,674,223</u>        | <u>1,688,489</u>    | <u>-</u>    | <u>(96,346)</u> | <u>7,266,366</u>            |
| <b>Capital assets being depreciated:</b>    |                         |                     |             |                 |                             |
| Building and structures                     | 18,437,776              | -                   | -           | -               | 18,437,776                  |
| Improvements other than buildings           | 437,904                 | 41,136              | -           | -               | 479,040                     |
| Vehicles, machinery and equipment           | 2,007,526               | 7,500               | -           | -               | 2,015,026                   |
| Infrastructure                              | 23,689,282              | 1,145,141           | -           | 96,346          | 24,930,769                  |
| Total capital assets, being depreciated     | <u>44,572,488</u>       | <u>1,193,777</u>    | <u>-</u>    | <u>96,346</u>   | <u>45,862,611</u>           |
| <b>Accumulated depreciation:</b>            |                         |                     |             |                 |                             |
| Building and structures                     | 2,138,219               | 403,242             | -           | -               | 2,541,461                   |
| Improvements other than buildings           | 243,065                 | 14,027              | -           | -               | 257,092                     |
| Vehicles, machinery and equipment           | 1,425,382               | 133,627             | -           | -               | 1,559,009                   |
| Infrastructure                              | 5,943,849               | 819,166             | -           | -               | 6,763,015                   |
| Total accumulated depreciation              | <u>9,750,515</u>        | <u>1,370,062</u>    | <u>-</u>    | <u>-</u>        | <u>11,120,577</u>           |
| Total depreciated assets, net               | <u>34,821,973</u>       | <u>(176,285)</u>    | <u>-</u>    | <u>96,346</u>   | <u>34,742,034</u>           |
| <b>Total capital assets, net</b>            | <u>\$ 40,496,196</u>    | <u>\$ 1,512,204</u> | <u>\$ -</u> | <u>\$ -</u>     | <u>\$ 42,008,400</u>        |

**City of Lawndale**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

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**3. DETAILED NOTES ON ALL FUNDS, Continued**

*E. Capital Assets, Continued*

Depreciation expense was charged to functions/programs of governmental activities for the fiscal year ended June 30, 2014 as follows:

| <b>Governmental Activities</b>                       |                     |
|--|---------------------|
| General government                                   | \$ 26,702           |
| Public safety  | 8,371               |
| Municipal services                                   | 888,700             |
| Planning and community development                   | 430,246             |
| Recreation and community services                    | 16,042              |
| Total depreciation expense - governmental activities | <u>\$ 1,370,061</u> |

The former RDA constructed a new Community Center on RDA owned property located at 147th Street and Burin Avenue. Operation of recreation facilities is not a redevelopment function and redevelopment agencies commonly transfer completed facilities to their sponsoring cities. In March of 2011, the RDA transferred the Community Center to the City.

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 property 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 Community Center from the Redevelopment Agency to the City. The California Department of Finance (DOF) provided its review of the DDR on a letter dated March 18, 2013 but did not provide the City any direction on the Community Center.

The intention of ABx1 26 and AB 1484 was that cities should eventually be the owners of redevelopment agency projects built for public use. HSC 34181(a) and 34191.3 permit successor agencies, with the approval of the Oversight Board, to transfer property constructed and used for government purpose to a city at any time. AB 1484 established the Long Range Property Management Plan as the method of determining the future use of former agency property. HSC 34191.5 describes the Long Range Property Management Plan and states that property constructed for and used for a government purpose may be retained for government use. On May 30, 2013, the Oversight Board of the Lawndale Successor Agency through its Resolution 2013-10 approved the transfer of the property to the City of Lawndale, stating that the properties are being put to a clear governmental use. The DOF reviewed the Resolution 2013-10 and concluded in its letter dated September 20, 2013 that the property was eligible for transfer to the City as a governmental purpose.

**City of Lawndale**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

**3. DETAILED NOTES ON ALL FUNDS, Continued**

*E. Capital Assets, Continued*

The community center building is recorded on the City's financial statement at \$11,350,557 net of depreciation while the land is recorded at \$750,538 as of June 30, 2014.

*F. Long-Term Liabilities*

The following is a summary of City's changes in long-term liabilities for the year ended June 30, 2014:

|  | Balance<br>July 1, 2013 | Additions         | Deletions<br>or transfers<br>out | Balance<br>June 30, 2014 | Classification         |                              |
|--|-------------------------|-------------------|----------------------------------|--------------------------|------------------------|------------------------------|
|  |                         |                   |                                  |                          | Due within<br>One Year | Due in more<br>than One Year |
| Notes payable  | \$ 737,646              | \$ -              | \$ (32,906)                      | \$ 704,740               | \$ 34,008              | \$ 670,732                   |
| Compensated absences   | 650,581                 | 351,826           | (304,956)                        | 697,451                  | 108,898                | 588,553                      |
| Claims payable - general and<br>workers compensation liability | 506,188                 | 130,667           | (392,412)                        | 244,443                  | -                      | 244,443                      |
| Other post employment benefits<br>payable                      | 974,348                 | 299,642           | (77,135)                         | 1,196,855                | -                      | 1,196,855                    |
|  | <u>\$ 2,868,763</u>     | <u>\$ 782,135</u> | <u>\$ (807,409)</u>              | <u>\$ 2,843,489</u>      | <u>\$ 142,906</u>      | <u>\$ 2,700,583</u>          |

The following is a summary of Successor Agency's changes in long-term liabilities for the year ended June 30, 2014:

|                           | Balance<br>July 1, 2013 | Additions<br>or transfers<br>in | Deletions           | Balance<br>June 30, 2014 | Classification         |                              |
|---------------------------|-------------------------|---------------------------------|---------------------|--------------------------|------------------------|------------------------------|
|                           |                         |                                 |                     |                          | Due within<br>One Year | Due in more<br>than One Year |
| 2009 Tax allocation bonds | \$20,060,000            | \$ -                            | \$ (250,000)        | \$ 19,810,000            | \$ 255,000             | \$ 19,555,000                |
| Bond discount             | (298,669)               | -                               | 9,635               | (289,034)                | (9,635)                | (279,399)                    |
| Notes payable             | 1,559,438               | -                               | (58,310)            | 1,501,128                | 60,349                 | 1,440,779                    |
|                           | <u>\$ 21,320,769</u>    | <u>\$ -</u>                     | <u>\$ (298,675)</u> | <u>\$ 21,022,094</u>     | <u>\$ 305,714</u>      | <u>\$ 20,716,380</u>         |



**City of Lawndale**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

**3. DETAILED NOTES ON ALL FUNDS, Continued**

**G. Bonds Payable**

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 RDA on February, 1, 2012. The loan is secured solely by future tax increment revenues allocated to the Successor Agency. As of June 30, 2014, principal and interest remaining was \$41,506,944. For the current year, principal and interest paid and total tax increment revenue were \$1,300,488 and \$2,314,621 respectively.

The bond was issued at a discount which is amortized over the life of the bond on the straight line method. The annual discount amortization is \$9,635. The debt service schedule for the notes payable, at June 30, 2014, interest rate range from 2% to 5.6%, is as follows:

| Year Ending<br>June 30, | Principal            | Interest             | Total                |
|-------------------------|----------------------|----------------------|----------------------|
| 2015                    | \$ 255,000           | \$ 1,042,913         | \$ 1,297,913         |
| 2016                    | 265,000              | 1,034,450            | 1,299,450            |
| 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            |
| 2020-2024               | 1,685,000            | 4,802,738            | 6,487,738            |
| 2025-2029               | 2,155,000            | 4,322,175            | 6,477,175            |
| 2030-2034               | 3,065,000            | 3,628,763            | 6,693,763            |
| 2035-2039               | 4,415,000            | 2,589,813            | 7,004,813            |
| 2040-2044               | 5,765,000            | 1,198,313            | 6,963,313            |
| 2045                    | 1,350,000            | 37,125               | 1,387,125            |
| <b>Total</b>            | <b>\$ 19,810,000</b> | <b>\$ 21,696,946</b> | <b>\$ 41,506,946</b> |

**H. Notes Payable**

***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 RDA an amount, up to \$2,000,000, to be used by the RDA for the Hawthorne Boulevard Revitalization Project.

**City of Lawndale**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

**3. DETAILED NOTES ON ALL FUNDS, Continued**

*H. Notes Payable, Continued*

*Tax Allocation Loan Agreement Note, Continued*

Pursuant to Assembly Bill 1X 26, the loan was transferred to the Successor Agency from the 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 loan proceeds have been disbursed under the loan agreement. As of June 30, 2014, principal and interest remaining was \$2,046,755. For the current year, principal and interest paid and total tax increment revenue were \$114,166 and \$2,314,621, respectively. The debt service schedule for the notes payable, assuming the June 30, 2014, interest rate of 3.65%, is as follows:

| Year Ending<br>June 30, | Principal           | Interest          | Total               |
|-------------------------|---------------------|-------------------|---------------------|
| 2015                    | \$ 60,439           | \$ 53,688         | \$ 114,127          |
| 2016                    | 62,645              | 51,442            | 114,087             |
| 2017                    | 64,932              | 49,114            | 114,046             |
| 2018                    | 67,302              | 46,700            | 114,002             |
| 2019                    | 69,759              | 44,199            | 113,958             |
| 2020-2024               | 388,896             | 180,160           | 569,056             |
| 2025-2029               | 465,243             | 102,419           | 567,662             |
| 2030-2032               | 321,912             | 17,905            | 339,817             |
| <b>Total</b>            | <b>\$ 1,501,128</b> | <b>\$ 545,627</b> | <b>\$ 2,046,755</b> |

*Facility Lease and Site Lease Note*

In 2005, the City and the RDA entered into a Public Works Agreement, as authorized by Community Development Law, in which the RDA agreed to provide funding for certain public works projects and the City agreed to construct them. In 2009, the RDA funded most of the construction and land acquisition for Hopper Park. The RDA wanted to finance a portion of the construction with the California Infrastructure and Economic Development Bank (CIEDB), but in order to obtain the loan it was necessary to pledge a public facility. Since the 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 the CIEDB. This agreement required that the City pay the CIEDB "lease" payments for pledged property. At the end of the lease term the City will retain the title to the pledge property. The CIEDB agreed to loan the City an amount, \$830,100, to be used by the City for the construction of Hopper Park. It was the intention of the City and the RDA and under the terms of the Public Works Agreement that the RDA would pay the City for the debt service for this lease. In the previous years the City had made the debt service payments but was reimbursed by the RDA for those amounts.

**City of Lawndale**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

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**3. DETAILED NOTES ON ALL FUNDS, Continued**

*H. Notes Payable, Continued*

*Facility Lease and Site Lease Note, Continued*

Due to the dissolution of the City's former RDA with ABx1 26, the City has sought repayment of the lease by the Lawndale Redevelopment Successor Agency (Successor Agency) by including the debt service payments on the 1<sup>st</sup>, 2<sup>nd</sup>, and 3<sup>rd</sup> ROPS but was subsequently disallowed by the California Department of Finance (DOF) each time. The DOF has taken the position that since the City is the borrower and the Public Works Agreement was invalidated by the ABx1 26, the lease is the responsibility of the City and not an enforceable obligation of the Successor Agency. The Successor Agency has taken the position that ABx1 26 states that the legislation was not intended to inhibit the repayment of valid debts of the former RDA and that this lease is such a valid debt.

On December 18, 2012, the DOF sent a letter to the City stating that this lease might be reinstated as an enforceable obligation after the Successor Agency has received a "Finding of Completion" from the DOF.

The Successor Agency obtained a "Finding of Completion" on April 12, 2013. Subsequently, on May 30, 2013, the Oversight Board to the Lawndale Successor Agency approved through Resolution 2013-6 the reinstatement of the Public Works Agreement pursuant to HSC section 34191.4, stating that the Hopper Park project was made for a legitimate redevelopment purpose. In letter dated July 23, 2013, the DOF approved the 2013-6 resolution; however, it also stated, "Finance will consider enforceability of loan agreements once repayment requests are placed on a ROPS schedule. Based on the repayment calculation formulas specified in HSC section 34191.4(b) (2), the earliest repayment can be requested is in the ROPS 14-15A period."

**City of Lawndale**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

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**3. DETAILED NOTES ON ALL FUNDS, Continued**

*H. Notes Payable, Continued*

*Facility Lease and Site Lease Note, Continued*

As of June 30, 2014, the lease remains as an obligation of the City. As of June 30, 2014, principal and interest remaining was \$917,467. For the current year, principal and interest paid and total tax increment revenue were \$59,278 and \$178,453, respectively. The debt service schedule for the note payable, assuming the June 30, 2014, interest rate of 3.35%, is as follows:

| Year Ending<br>June 30, | Principal         | Interest          | Total             |
|-------------------------|-------------------|-------------------|-------------------|
| 2015                    | \$ 34,008         | \$ 23,039         | \$ 57,047         |
| 2016                    | 35,147            | 23,893            | 59,040            |
| 2017                    | 36,325            | 22,591            | 58,916            |
| 2018                    | 37,542            | 21,245            | 58,787            |
| 2019                    | 38,799            | 19,853            | 58,652            |
| 2020-2024               | 214,386           | 70,107            | 284,493           |
| 2025-2029               | 252,784           | 31,065            | 283,849           |
| 2030                    | 55,749            | 934               | 56,683            |
| <b>Total</b>            | <u>\$ 704,740</u> | <u>\$ 212,727</u> | <u>\$ 917,467</u> |

*I. 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 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. At June 30, 2014, the outstanding balance is \$697,451.

**City of Lawndale**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

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**3. DETAILED NOTES ON ALL FUNDS, Continued**

**J. City Employees Retirement Plan**

*Plan Description*

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

*Funding Policy*

Active plan members in the Miscellaneous Plan are required to contribute 7% of their annual covered salary. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for Fiscal Year 2013-2014 was 10.781% for miscellaneous employees. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

*Annual Pension Cost*

For Fiscal Year 2013-2014, the City's annual pension cost was \$405,466 and was equal to the City's required and actual contributions. The required contribution for fiscal year 2013-14 was determined by an actuarial valuation dated June 30, 2012 using the entry age normal cost method with the contributions determined as a percentage of payroll. The actuarial assumption includes (a) 7.50% discount rate, (b) projected salary increase of 3.30% to 14.20% depending on age, service, and type of employment, (c) 2.75% inflation rate, and (d) 3.00% of payroll growth. The actuarial value of the plan's assets were determined using a technique that smooth the effect of short-term volatility in the market value of investments over a two to five year period depending on the size of investment gains and/or losses. The plan's unfunded actuarial excess assets are being amortized as a level of percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2012 was 19 years.

**City of Lawndale**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

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**3. DETAILED NOTES ON ALL FUNDS, Continued**

**J. City Employees Retirement Plan, Continued**

*Annual Pension Cost, Continued*

The following is the three-year trend information on the annual pension cost:

**MISCELLANEOUS PLAN  
THREE-YEAR TREND INFORMATION**

| Fiscal year | Annual Pension<br>Cost (APC) | Percentage of<br>APC<br>Contributed | Net Pension<br>Obligation |
|-------------|------------------------------|-------------------------------------|---------------------------|
| 6/30/2012   | \$ 385,025                   | 100%                                | \$ -                      |
| 6/30/2013   | 394,365                      | 100%                                | -                         |
| 6/30/2014   | 405,466                      | 100%                                | -                         |

*Funding Status and Funding Progress*

As of June 30, 2013, the most recent actuarial valuation date, the plan was 81.3% funded. The actuarial accrued liability for benefits was \$22.5 million, and the actuarial value of assets was \$18.3 million, resulting in an unfunded actuarial accrued liability (“UAAL”) of \$4.2 million. The covered payroll (annual payroll for active employees covered by the plan) was \$3.9 million, and the ratio of the UAAL to the covered payroll was 107.7%.

The schedule of funding progress presented as Required Supplementary Information following the Notes to the Basic Financial Statements present multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**K. Public Agency Retirement System, Retirement Enhancement Plan (PARS-REP)**

*Plan Description*

The City established a Public Agency Retirement System Retirement Enhancement Plan (PARS-REP) for its Central Management Team (CMT) effective July 1, 2007. PARS-REP is a defined benefit 401 (a) tax-qualified multiple agency trust.

It meets the requirements of a pension trust under California Government code. The plan provides supplemental retirement benefits in addition to CalPERS. Created in 1991 and amended in 1999, the PARS-REP plan has a master agreement between Phase II Systems – the Plan Administrator, Union Bank of California – the Custodian of funds and various participating agencies. The plan provides supplemental retirement benefits in addition to CalPERS. The Director of Finance/City Treasurer is the internal plan administrator, and bears the responsibility of completing and executing all plan documents, logistical payroll set-up, providing information on new participants and continuing disclosure in future years. Upon meeting the eligibility requirements the plan provides a supplemental

**City of Lawndale**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

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**3. DETAILED NOTES ON ALL FUNDS, Continued**

**K. Public Agency Retirement System, Retirement Enhancement Plan (PARS-REP), Continued**

*Plan Description, Continued*

retirement benefit equal to the "3.0% at 55" plan factor (formula is a static 3.0% at age 55 and older), less the CalPERS "2% at 55" plan factors for years of City services as a CMT member. Employees will be eligible for the benefit upon attaining age 50 with two years of City service as a CMT member and concurrent CalPERS retirement. The plan was designed to reduce the high-level of turnover in top management and support the City's goal of retaining quality employees to ensure good public service. The City later added the City Manager to the PARS-REP plan under a different tier in 2008. The latter individual received a "1% at 65" plan through PARS-REP. The City has full discretionary authority to control, amend, modify or terminate this plan at any time. Effective, January 1, 2013, the City entered into Amendment to the PARS-REP plan under which the City Manager will no longer be covered under the plan.

*Funding Policy*

The City contributed 7.6% of eligible employees' gross wages to fund the benefits available under this plan. No employee contributions are required. The final average compensation is equal to the highest twelve months of compensation (including 7% Employer paid Member Contributions) with the City subject to IRC 401(a) (17) limitations. For fiscal year 2013-2014, the City's annual pension cost (APC) of \$47,507, for PARS-REP was equal to the City's required actual contribution (ARC). The City's payroll for employees covered by PARS-REP for the year ended June 30, 2014 was \$560,768. The required contribution was determined as part of the July 1, 2011, actuarial assumptions and retain the entry age actuarial cost method. The valuation was made using an interest assumption of 7% per annum and an overall payroll growth assumption of 3%. Currently, four employees participate in PARS-REP.

PARS-REP issues a separate comprehensive annual financial report. Copies of PARS-REP annual financial report may be obtained from the PARS-REP Executive Office, 3961 MacArthur Boulevard, Suite 200, Newport Beach, CA 92660.

PARS-REP uses an entry age normal actuarial cost method, which is a projected benefit cost method. The chief characteristics of project benefits methods is that the actuarial present value of all plan benefits is determined as of the valuation date and then allocated between the period before and after the valuation date. The present value of plan benefits earned prior to the valuation date is called the actuarial liability. The present value of plan benefits to be earned after the valuation date is called the present value of future normal costs.

**City of Lawndale**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

**3. DETAILED NOTES ON ALL FUNDS, Continued**

**K. Public Agency Retirement System, Retirement Enhancement Plan (PARS-REP), Continued**

*Funding Policy, Continued*

The following is the three-year trend information on the PARS-REP annual pension cost:

**PARS-REP PLAN**  
**THREE-YEAR TREND INFORMATION**

| <u>Fiscal year</u> | <u>Annual Pension Cost (APC)</u> | <u>Percentage of APC Contributed</u> | <u>Net Pension Obligation</u> |
|--------------------|----------------------------------|--------------------------------------|-------------------------------|
| 6/30/2012          | \$ 58,681                        | 100%                                 | \$ -                          |
| 6/30/2013          | 41,112                           | 100%                                 | -                             |
| 6/30/2014          | 47,507                           | 100%                                 | -                             |

The funded status based on the July 1, 2011 actuarial valuation is as follows:

| <u>Actuarial Valuation Date</u> | <u>Actuarial Value of Assets (A)</u> | <u>Entry Age Actuarial Accrued Liability (B)</u> | <u>Unfunded Actuarial Accrued Liability (B-A) (C)</u> | <u>Funded Ratio (A/B) (D)</u> | <u>Projected Payroll (E)</u> | <u>Unfunded Actuarial Liability as a Percentage of Covered Payroll (C/E) (F)</u> |
|---------------------------------|--------------------------------------|--|---|-------------------------------|------------------------------|--|
| 7/1/2011                        | \$ 295,546                           | \$ 312,636                                       | \$ 17,090   | 95%                           | \$ 579,697                   | 3%   |

**L. Other Post-Retirement Health Care Benefits**

*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, CA 95814.



**City of Lawndale**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

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**3. DETAILED NOTES ON ALL FUNDS, Continued**

*L. Other Post-Retirement Health Care Benefits, Continued*

*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 58 eligible active employees and 17 enrolled eligible retirees at June 30, 2014. 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.

*Funding Policy*

The contribution requirements of plan members and the City are established and may be amended by the City Council. The City must agree to make a defined monthly payment towards the cost of each retiree's coverage. The contribution is based on projected pay-as-you-go financing requirements. For the year ended June 30, 2014, the City contributed \$77,135 to the plan.

*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 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) not to exceed thirty years.

The Annual Required Contribution (ARC) as of June 30, 2014, was \$299,642. 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:

| <u>Fiscal year</u> | <u>Annual OPEB Cost</u> | <u>Annual Contribution</u> | <u>% of Annual OPEB Cost Contributed</u> | <u>Net OPEB Obligation</u> |
|--------------------|-------------------------|----------------------------|--|----------------------------|
| 6/30/2012          | \$ 299,642              | \$ 76,381                  | 25%                                      | \$ 754,145                 |
| 6/30/2013          | 299,642                 | 79,439                     | 27%                                      | 974,348                    |
| 6/30/2014          | 299,642                 | 77,135                     | 26%                                      | 1,196,855                  |

**City of Lawndale**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

**3. DETAILED NOTES ON ALL FUNDS, Continued**

*L. Other Post-Retirement Health Care Benefits, Continued*

*Annual OPEB Cost and Net OPEB Obligation, Continued*

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of the year ended June 30, 2014, as follows:

| Actuarial Valuation Date | Actuarial Value of Assets (A) | Entry Age Actuarial Accrued Liability (B) | Unfunded Actuarial Accrued Liability (B-A) (C) | Funded Ratio (A/B) (D) | Covered Payroll (E) | Unfunded Actuarial Liability as a Percentage of Covered Payroll (C/E) (F) |
|--------------------------|-------------------------------|---|--|------------------------|---------------------|---|
| 6/1/2012                 | \$ -                          | \$ 2,165,185                              | \$ 2,165,185                                   | 0%                     | \$ 3,861,756        | 56%   |

As of June 1, 2012, the most recent valuation date, the actuarial accrued liability for benefits was \$2.16 million, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$2.16 million and a funded ratio (actuarial value of assets as a percentage of the actuarial accrued liability) of 0 percent.

*Funding Status and Progress*

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 current 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. In future years the schedule of funding progress will present multi-year trend information.

*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.

**City of Lawndale**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

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**3. DETAILED NOTES ON ALL FUNDS, Continued**

***L. Other Post-Retirement Health Care Benefits, Continued***

***Actuarial Methods and Assumptions, Continued***

The actuarial cost method used for determining the benefit obligations is the entry age normal cost method. The actuarial assumptions included a 5 percent investment rate of return, which is based on assumed long-term investment returns on plan assets and on the City's assets, as appropriate, and an annual healthcare cost trend rate of 4 percent. Both rates included a 3 percent inflation assumption. The UAAL is being amortized as a level percentage of projected payroll over 30 years, on a closed amortization period. It is assumed the City's payroll will increase 3% per year.

**4. RISK MANAGEMENT**

The City is a member of the Southern California Joint Powers Insurance Authority (Authority). The following disclosures are made in reference to the joint undertaking:

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

The City is a member of the California Joint Powers Insurance Authority (Authority or California JPIA). The Authority is composed of 119 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other 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.

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

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

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

**City of Lawndale**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

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**4. RISK MANAGEMENT, Continued**

***B. Self-Insurance Programs of the Authority, Continued***

Liability

In the liability program claims are pooled separately between police and non-police exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$750,000 up to the reinsurance attachment point of \$5 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$5 million to \$10 million are paid under a reinsurance contract subject to a \$2.5 million annual aggregate deductible. The \$2.5 million annual aggregate deductible is fully covered under a separate policy; as such no portion of it is retained by the Authority. Costs of covered claims from \$10 million to \$15 million are paid under two reinsurance contracts subject to a combined \$3 million annual aggregate deductible. The \$3.0 million annual aggregate deductible is fully retained by the Authority. (6) Costs of covered claims from \$15 million to \$20 million are paid under reinsurance agreements. (7) Costs of covered claims from \$20 million to \$50 million are paid under excess insurance policies.

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

Costs of covered claims for subsidence losses are paid by reinsurance and excess insurance with a pooled sub-limit of \$30 million per occurrence. This \$30 million subsidence sub-limit is composed of (a) \$5 million retained within the pool's SIR, (b) \$15 million in reinsurance, subject to the same annual aggregate deductibles previously stated, and (c) \$10 million in excess insurance. The excess insurance layer has a \$10 million annual aggregate limit.

Workers' Compensation

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

**City of Lawndale**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

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**4. RISK MANAGEMENT, Continued**

***B. Self-Insurance Programs of the Authority, Continued***

Employer's Liability

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.

Earthquake and Flood Insurance

The City purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Authority. City property currently has earthquake protection in the amount of \$8,144,891. 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.

Property Insurance

The City participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City property is currently insured according to a schedule of covered property submitted by the City to the Authority. City property currently has all-risk property insurance protection in the amount of \$26,916,422. 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.

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 the Authority. Premiums are paid annually and are not subject to retrospective adjustments.

***C. 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 2013-14.

**City of Lawndale**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

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**4. RISK MANAGEMENT, Continued**

***D. Retrospective Deposit***

The City opted not to participate in the incentive program to pay in full the retrospective deposit balance at a discounted rate this year and elected instead to carry the balance forward to the following year for claims liabilities.

Following is a summary of retroactive deposit balance activity for the fiscal year ended June 30, 2014:

|   | Balance           |                   |                     | Balance<br>June 30, 2014 | Classification         |                                 |
|---|-------------------|-------------------|---------------------|--------------------------|------------------------|---------------------------------|
|   | July 1, 2013      | Additions         | Deletions           |                          | Due within<br>One Year | Due in more<br>than One<br>Year |
| Claims payable -<br>general and<br>workers<br>compensation<br>liability | 506,188           | 130,667           | (392,412)           | 244,443                  | 110,000                | 134,443                         |
|   | <u>\$ 506,188</u> | <u>\$ 130,667</u> | <u>\$ (392,412)</u> | <u>\$ 244,443</u>        | <u>\$ 110,000</u>      | <u>\$ 134,443</u>               |

**5. COMMITMENTS AND CONTINGENCIES**

As of June 30, 2014, in the opinion of City Management, there were no additional outstanding matters that would have a significant effect on the financial position of the funds of the City.

**City of Lawndale**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

**6. CLASSIFICATION OF FUND BALANCES**

The City has adopted the provisions of GASB Statement No. 54 Fund Balance and Governmental Fund Type Definitions. GASB 54 establishes Fund Balance classifications based largely upon the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The Governmental Fund statements conform to this classification.

|                                    | Major Funds          |                                   |                              |                            |                          | Total                |
|------------------------------------|----------------------|-----------------------------------|------------------------------|----------------------------|--------------------------|----------------------|
|                                    | General              | Community Development Block Grant | Restricted Urban Development | Lawndale Housing Authority | Other Governmental Funds |                      |
| <b>Nonspendable:</b>               |                      |                                   |                              |                            |                          |                      |
| Notes and loans receivable         | \$ -                 | \$ -                              | \$ -                         | \$ -                       | \$ -                     | \$ -                 |
| Prepaid costs                      | -                    | -                                 | -                            | -                          | -                        | -                    |
| Petty cash                         | 1,150                | -                                 | -                            | -                          | -                        | 1,150                |
| Land held for resale               | 147,900              | -                                 | -                            | 487,083                    | -                        | 634,983              |
| Advances to other funds            | 778,254              | -                                 | -                            | -                          | -                        | 778,254              |
| Total nonspendable                 | <u>927,304</u>       | <u>-</u>                          | <u>-</u>                     | <u>487,083</u>             | <u>-</u>                 | <u>1,414,387</u>     |
| <b>Restricted for:</b>             |                      |                                   |                              |                            |                          |                      |
| General government                 | -                    | -                                 | -                            | -                          | 21,316                   | 21,316               |
| Public safety                      | -                    | -                                 | -                            | -                          | 79,251                   | 79,251               |
| Municipal services                 | -                    | -                                 | -                            | -                          | 3,470,900                | 3,470,900            |
| Planning and community development | -                    | -                                 | -                            | 748,526                    | 24,188                   | 772,714              |
| Recreation and community services  | 7,718                | -                                 | -                            | -                          | 915,111                  | 922,829              |
| Debt service                       | -                    | -                                 | -                            | -                          | -                        | -                    |
| Total restricted                   | <u>7,718</u>         | <u>-</u>                          | <u>-</u>                     | <u>748,526</u>             | <u>4,510,766</u>         | <u>5,267,010</u>     |
| <b>Committed to:</b>               |                      |                                   |                              |                            |                          |                      |
| UDAG unrestricted principal        | 2,840,000            | -                                 | 7,495,609                    | -                          | -                        | 10,335,609           |
| Planning and community development | -                    | -                                 | -                            | -                          | -                        | -                    |
| General Government                 | 173,384              | -                                 | -                            | -                          | -                        | 173,384              |
| Total committed                    | <u>3,013,384</u>     | <u>-</u>                          | <u>7,495,609</u>             | <u>-</u>                   | <u>-</u>                 | <u>10,508,993</u>    |
| <b>Assigned to:</b>                |                      |                                   |                              |                            |                          |                      |
| General Government                 | 14,180               | -                                 | -                            | -                          | -                        | 14,180               |
| Public safety                      | -                    | -                                 | -                            | -                          | -                        | -                    |
| Municipal services                 | 115,864              | -                                 | -                            | -                          | -                        | 115,864              |
| Planning and community development | 23,452               | -                                 | -                            | -                          | -                        | 23,452               |
| Recreation and community services  | -                    | -                                 | -                            | -                          | -                        | -                    |
| Total assigned                     | <u>153,496</u>       | <u>-</u>                          | <u>-</u>                     | <u>-</u>                   | <u>-</u>                 | <u>153,496</u>       |
| <b>Unassigned:</b>                 |                      |                                   |                              |                            |                          |                      |
| General Fund Reserve               | 14,214,377           | -                                 | -                            | -                          | -                        | 14,214,377           |
| Other Unassigned                   | -                    | -                                 | -                            | -                          | (553,245)                | (553,245)            |
| Total unassigned                   | <u>14,214,377</u>    | <u>-</u>                          | <u>-</u>                     | <u>-</u>                   | <u>(553,245)</u>         | <u>13,661,132</u>    |
| Total fund balances                | <u>\$ 18,316,279</u> | <u>\$ -</u>                       | <u>\$ 7,495,609</u>          | <u>\$ 1,235,609</u>        | <u>\$ 3,957,521</u>      | <u>\$ 31,005,018</u> |

**City of Lawndale**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

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**7. EXTRAORDINARY ITEM**

Accrued interest on Advances from City to former RDA

During its existence, the former RDA borrowed funds from the City of Lawndale. The loans were documented with a series of loan agreements approved by the City and the Agency. Some of the agreements used fixed interest rates ranging from 0% to 10% and some of the agreements used a variable interest rate set to the quarterly Local Agency Investment Fund (LAIF) interest rate. Some of the agreements were amended to change the interest rate charged. Until the passage of AB 1484, the City used the actual interest rates listed in the loan agreements to compute outstanding balances. AB 1484 stated that the loan balances of all outstanding loans from cities to redevelopment agencies should be recomputed using the LAIF rate. AB 1484 did not contain specificity regarding how the loan balances were to be recalculated using the LAIF rate.

During the fiscal year ended June 30, 2013, the management of the City, upon consultation with its City Attorney, staff from other cities, and the California League of Cities, determined to treat the City to the Successor Agency loans as variable rate loans and recalculated the balances using the quarterly LAIF interest rates in effect during the life of each loan. These loans were approved by the Lawndale Successor Agency Oversight Board Resolution 2013-16. In connection with the Resolution, the City and the Lawndale Successor Agency entered into the Amended and Restated Cooperation Agreement which combined the various loan agreements into a new single loan agreement which included the indebtedness principal and accrued interest recalculated from the origination of the loan at the interest rate earned by funds deposited into the Local Agency Investment Fund as required under HSC section 34191.4. However, when the DOF reviewed the Resolution, in a letter dated October 18, 2013, it disallowed the Oversight Board action, stating that the Successor Agency and the City cannot enter into new loan agreements which combine the existing loans from the former RDA to the City into a single loan (refer further to footnote 3C above).

Subsequently, on February 20, 2014, the Oversight Board to the Lawndale Successor Agency approved Resolutions 2014-1, 2014-2, 2014-3, 2014-4, and 2014-5 by which it approved the reinstated individual loans from the City to the Successor Agency to be an indebtedness of the former RDA and found them to be enforceable obligations of the Successor Agency for legitimate redevelopment purposes. The City placed the reinstated individual loans on the ROPS 14-15A schedule and submitted it along with the approved Resolutions to DOF for review and approval. The DOF approved the Resolutions 2014-1 through 2014-5 in its letter dated April 3, 2014.

In contrast to the Amended and Restated Cooperation Agreement used for recalculation of accrued interest as of June 30, 2013, the individual loans approved through Resolution 2014-1 through 2014-5 resulted in the City accruing interest since the loan origination through June 30, 2014, resulting in a recapture of interest for the years since the loan origination for the years which the City did not accrue for interest at June 30, 2013. Thus, the number of years based on which the accrued interest was calculated at June 30, 2014 increased, resulting in the long-term advance balance at June 30, 2014 of \$13,349,402 and \$9,674,373 in the General Fund and the Restricted Urban Development Fund, respectively, for aggregate sum of \$23,023,775.



**City of Lawndale**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

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**7. EXTRAORDINARY ITEM, Continued**

Accrued interest on Advances from City to former RDA - Continued

Such recalculation of accrued interest as of June 30, 2014 resulted in extraordinary loss of \$6,673 recognized by the Restricted Urban Development Fund and extraordinary gain of \$2,773,269 recognized by the General Fund. The combined extraordinary gain of \$2,766,596 was recognized in both Governmental Fund Financial Statements as well as Government-Wide Financial Statements for the year ended June 30, 2014. Fiduciary Fund Financial Statements reflect in its Statement of Changes in Fiduciary Net Position related extraordinary loss in the amount of \$2,766,596.

The California Department of Finance (DOF) has provided information regarding the recalculation of accrued interest for city loans to redevelopment agencies. The DOF applies the LAIF rate for the quarter during which the Oversight Board makes a finding that the loan was made for legitimate redevelopment purposes to the entire life of the loan. Based on this assumption, the advance from the City is recalculated to have a June 30, 2014 balance of \$10,722,089 and \$7,258,686 in the General Fund and the Restricted Urban Development Fund, respectively, for aggregate sum of \$17,980,775.

Due to the differing interpretations between the DOF and City management for the calculation of accrued interest, the City's advance receivable has been offset with an allowance for uncollectable amounts of \$2,627,313 and \$2,415,687 in the General Fund and the Restricted Urban Development Fund, respectively, for sum of \$5,043,000, which represents the difference between methodologies of the City and DOF. Consequently, included in the balance of extraordinary item in the Governmental Fund Financial Statements for the year ended June 30, 2014 is extraordinary loss in the General Fund and the Restricted Urban Development Fund in the amounts of \$2,627,313 and \$2,415,687, respectively, for an aggregate sum of \$5,043,000. The Fiduciary Fund Financial statements include the amount of \$5,043,000 as extraordinary gain.

See Note 3C for additional information regarding the advances from the City to the Successor Agency.

Transfer of Land Held for Redevelopment to the Successor Agency

In March of 2011, \$2,391,469 of land held for development (Hawthorne/Manhattan Site) was transferred from the former RDA to the City. The validity of this asset transfer is under review by the California Department of Finances (DOF) as part of the dissolution of the City's former Redevelopment Agency (RDA) pursuant to Assembly Bill 1X 26. As required by AB 1484 the Lawndale Successor Agency prepared an All Other Funds Due Diligence Review (DDR) that discloses the transfer of the land held for redevelopment from the Agency to the City. The California Department of Finance (DOF) provided its review of the DDR on a letter dated March 18, 2013 but did not provide the City any direction on whether or not the City should retain the land held for redevelopment until it reviewed the Lawndale Successor Agency's amended Long-Range Property Management Plan (LRPMP) as approved by the Agency's Oversight Board through Resolution 2014-9 in its letter dated June 18, 2014. The amended LRPMP, states that properties, including those at Hawthorne Blvd/Manhattan Beach Ave, will be retained by the Successor Agency for future sale and not transferred to the City.

**City of Lawndale**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

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**7. EXTRAORDINARY ITEM, Continued**

Transfer of Land Held for Redevelopment to the Successor Agency, continued

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. 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 a result, at June 30, 2014, the City transferred the cost of the Hawthorne Blvd/Manhattan Beach Ave properties of \$2,243,569 from the City's General Fund to the Successor Agency Special Projects Fund and recognized an extraordinary loss of \$2,243,569 in the General Fund. The combined extraordinary loss of \$2,243,569 was recognized in both Governmental Fund Financial Statements as well as Government-Wide Financial Statements for the year ended June 30, 2014. Fiduciary Fund Financial Statements reflect in its Statement of Changes in Fiduciary Net Position related extraordinary gain in the amount of \$2,243,569 recognized by the Successor Agency Special Projects Fund.

In July of 2011, the Lawndale Housing Authority used funds of \$251,505 from the RDA's low and moderate income housing fund to purchase a house on Firmona Avenue with the intention of rehabilitating the house for use as affordable housing. In August of 2012, the Lawndale Successor Agency included the Firmona house as an asset to be retained by the Successor Housing Agency. However, the DOF denied this request, but provided no instructions regarding the disposition of the property. The Lawndale Housing Authority kept this property until it was instructed on what to do with the property by the DOF or State Controller until it reviewed the Lawndale Successor Agency's amended Long-Range Property Management Plan (LRPMP) as approved by the Agency's Oversight Board through Resolution 2014-9 in its letter dated June 18, 2014. The amended LRPMP, states that properties, including 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 property 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. 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."

Furthermore, in June 2014, the Lawndale Successor Agency underwent an audit by the State Controller's Office (SCO). The audit report has not been issued as of this date; however, it is SCO Review Summary Revision communication to the City dated July 29, 2014, it instructed the City to transfer the Housing Authority Agency assets, which includes the Firmona House, to the Successor Agency.

As a result, at June 30, 2014, the Lawndale Housing Authority transferred the cost of the Firmona house of \$256,505 from the Lawndale Housing Authority Fund to the Successor Agency Special Projects Fund and recognized an extraordinary loss of \$256,505 in the Lawndale Housing Authority Fund with a corresponding extraordinary gain recognized in the Successor Agency Special Projects Fund. Fiduciary Fund Financial Statements reflect in its Statement of Changes in Fiduciary Net Position related extraordinary gain in the amount of \$256,505 recognized by the Successor Agency Special Projects Fund.

See Note 3D for additional information regarding the Land Held for Redevelopment.

**City of Lawndale**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

**7. EXTRAORDINARY ITEM, Continued**

Transfer of Land Held for Redevelopment to the Successor Agency, continued

The following is the reconciliation of extraordinary item to Governmental Fund Financials Statement as well as Government-wide Financial Statements for the year ended June 30, 2014:

| <u>Components of Extraordinary Item</u>                              | <u>Extraordinary<br/>(Gain) Loss<br/>June 30, 2014</u> |
|--|--|
| Accrued Interest on Advances from City to Successor Agency           |  |
| General Fund   | \$ 2,243,569   |
| Lawndale Housing Authority Fund                                      | 256,505  |
| Allowance for uncollectible advance from City to Successor Agency:   |  |
| General Fund   | 2,627,313  |
| Lawndale Housing Authority Fund                                      | 2,415,687  |
| Transfer of Land Held for Redevelopment:                             |  |
| General Fund   | 6,673  |
| Lawndale Housing Authority Fund                                      | <u>(2,773,269)</u>                                     |
| <b>Net Extraordinary Item - Governmental Funds</b>                   | <b><u>\$ 4,776,478</u></b>                             |
| <br>   |  |
| <b>Net Extraordinary Item - Government-wide Financial Statements</b> | <b><u>\$ 4,776,478</u></b>                             |

The following is the reconciliation of extraordinary item to Fiduciary Fund Financial Statements for the year ended June 30, 2014:

| <u>Components of Extraordinary Item</u>                           | <u>Extraordinary<br/>(Gain) Loss<br/>June 30, 2014</u> |
|---|--|
| Accrued Interest on Advances from City to Successor Agency        | \$ (2,500,074)   |
| Allowance for uncollectible advance from City to Successor Agency | (5,043,000)  |
| Transfer of Land Held for Redevelopment to Successor Agency       | <u>2,766,596</u>                                       |
| <b>Net Extraordinary Item - Fiduciary Fund</b>                    | <b><u>\$ (4,776,478)</u></b>                           |

**City of Lawndale**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**

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**8. NET POSITION RESTATEMENTS**

Beginning Fiduciary Net Position has been restated as follows:

| <u>Restatement to Fiduciary Net Position</u>                       | <u>June 30, 2014</u> |
|--|----------------------|
| Write-off of deferred cost of issuance charges pursuant to GASB 65 | \$ 692,023           |

**9. SUBSEQUENT EVENTS**

Management has evaluated subsequent events occurring through March 31, 2015, the date the basic financial statements were available to be issued. There were no additional subsequent events, except as disclosed below, that required an adjustment to, or disclosure in the basic financial statements as of the year ended June 30, 2014.

September 3, 2014, the Oversight Board to the Lawndale Successor Agency approved through Resolution 2014-15 the ROPS 14-15B schedule for the period of January 1 through June 30, 2015 and submitted it to DOF for its review. In its letter dated December 17, 2014, which supersedes earlier letters dated October 15, 2014 and October 21, 2014, the DOF concluded that three of the five loans are overstated because they include miscalculated interest. As of June 30, 2014 and in the subsequent periods, the City calculated the accumulated interest using the Local Agency Investment Fund (LAIF) quarterly variable interest rate that was applicable for each year the loans have been outstanding. The City believes that the intentions of AB1484 were to apply a quarterly variable LAIF rather than a fixed LAIF rate. However, the DOF stated that HSC section 34191.4 requires the recalculation of the accumulated interest at a fixed LAIF rate not to exceed the interest rate earned by funds deposited into the LAIF at the time the Oversight Board finds that the loan was for legitimate redevelopment purposes and is deemed an enforceable obligation. As a result, the DOF recalculated the outstanding loan balance and reduced the cumulative reported outstanding balance of the five loans by approximately \$5 Million to approximately \$18 Million which approximates the balance of long-term advance as recognized by the City as of June 30, 2014 net of allowance for disputed and likely uncollectible advance. See note 3C for additional information.

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**REQUIRED SUPPLEMENTARY  
INFORMATION (Unaudited)**

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**City of Lawndale**  
**Required Supplementary Information (Unaudited)**  
**For the year ended June 30, 2014**

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**1. BUDGETARY INFORMATION**

*A. Stewardship, Compliance and Accountability*

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 (GAAP).



**City of Lawndale**  
**Required Supplementary Information (Unaudited), Continued**  
**For the year ended June 30, 2014**

**1. BUDGETARY INFORMATION, Continued**

*Budget Comparison Schedule - General Fund*

|   | Budgeted Amounts  |                     | Actual<br>Amounts     | Variance with<br>Final Budget |
|---|-------------------|---------------------|-----------------------|-------------------------------|
|   | Original          | Final               |                       | Positive                      |
|   |                   |                     |                       | (Negative)                    |
| <b>REVENUES:</b>                          |                   |                     |                       |                               |
| Sales and use taxes                       | \$ 2,576,000      | \$ 2,576,000        | \$ 2,549,657          | \$ (26,343)                   |
| Property tax                              | 1,107,158         | 1,148,510           | 1,207,732             | 59,222                        |
| Utility user tax                          | 2,185,000         | 2,185,000           | 2,060,637             | (124,363)                     |
| Other taxes                               | 900,000           | 1,000,000           | 1,084,869             | 84,869                        |
| Motor vehicle in-lieu tax                 | 2,925,063         | 2,839,600           | 2,853,843             | 14,243                        |
| Licenses and permits                      | 560,000           | 602,000             | 578,330               | (23,670)                      |
| Fines and forfeitures                     | 568,000           | 593,000             | 641,095               | 48,095                        |
| Use of money and property                 | 111,000           | 71,000              | 68,255                | (2,745)                       |
| Charges for services                      | 895,900           | 750,500             | 656,869               | (93,631)                      |
| Other                                     | 321,585           | 326,610             | 175,869               | (150,741)                     |
| <b>Total revenues</b>                     | <b>12,149,706</b> | <b>12,092,220</b>   | <b>11,877,156</b>     | <b>(215,064)</b>              |
| <b>EXPENDITURES:</b>                      |                   |                     |                       |                               |
| Current:                                  |                   |                     |                       |                               |
| General government                        | 3,039,384         | 3,561,412           | 3,603,362             | (41,950)                      |
| Public safety                             | 4,571,503         | 4,571,503           | 4,703,868             | (132,365)                     |
| Municipal services                        | 2,458,341         | 2,418,491           | 2,628,881             | (210,390)                     |
| Planning and community development        | 809,413           | 695,154             | 799,753               | (104,599)                     |
| Recreation and community services         | 1,186,067         | 1,195,567           | 1,231,942             | (36,375)                      |
| Capital outlay                            | -                 | 105,333             | 85,491                | 19,842                        |
| Debt Service                              |                   |                     |                       |                               |
| Principal retirement                      | 32,906            | 32,906              | 32,906                | -                             |
| Interest and fiscal charges               | 26,373            | 26,373              | 26,373                | -                             |
| <b>Total expenditures</b>                 | <b>12,123,987</b> | <b>12,606,739</b>   | <b>13,112,576</b>     | <b>(505,837)</b>              |
| <b>REVENUES OVER (UNDER) EXPENDITURES</b> | <b>\$ 25,719</b>  | <b>\$ (514,519)</b> | <b>\$ (1,235,420)</b> | <b>\$ (720,901)</b>           |

**City of Lawndale**  
**Required Supplementary Information (Unaudited), Continued**  
**For the year ended June 30, 2014**

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**1. BUDGETARY INFORMATION, Continued**

*Budget Comparison Schedule - General Fund, Continued*

|   |                      |                      |                      |                       |
|---|----------------------|----------------------|----------------------|-----------------------|
| REVENUES OVER (UNDER) EXPENDITURES          | \$ 25,719            | \$ (514,519)         | \$ (1,235,420)       | \$ (720,901)          |
| <b>OTHER FINANCING SOURCES:</b>             |                      |                      |                      |                       |
| Transfers in                                | 68,000               | 68,000               | 182,387              | 114,387               |
| Transfers out                               | <u>(100,000)</u>     | <u>(100,000)</u>     | <u>(234,559)</u>     | <u>(134,559)</u>      |
| <b>Total other financing sources (uses)</b> | <u>(32,000)</u>      | <u>(32,000)</u>      | <u>(52,172)</u>      | <u>(20,172)</u>       |
| <b>Change in fund balance before</b>        |                      |                      |                      |                       |
| <b>Extraordinary Item</b>                   | <u>(6,281)</u>       | <u>(546,519)</u>     | <u>(1,287,592)</u>   | <u>(741,073)</u>      |
| Extraordinary Item                          | <u>-</u>             | <u>-</u>             | <u>(2,097,613)</u>   | <u>(2,097,613)</u>    |
| <b>Net change in fund balance</b>           | (6,281)              | (546,519)            | (3,385,205)          | (2,838,686)           |
| <b>FUND BALANCE</b>                         |                      |                      |                      |                       |
| Beginning of year                           | <u>21,701,484</u>    | <u>21,701,484</u>    | <u>21,701,484</u>    | <u>-</u>              |
| End of year                                 | <u>\$ 21,695,203</u> | <u>\$ 21,154,965</u> | <u>\$ 18,316,279</u> | <u>\$ (2,838,686)</u> |

**City of Lawndale**  
**Required Supplementary Information (Unaudited), Continued**  
**For the year ended June 30, 2014**

**1. BUDGETARY INFORMATION, Continued**

*Budget Comparison Schedule – Community Development Block Grant Special Revenue Fund*

|   | Budgeted Amounts  |                     | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|-------------------|---------------------|-------------------|---|
|   | Original          | Final               |                   |   |
| <b>REVENUES:</b>  |                   |                     |                   |   |
| Subventions and grants  | \$ 871,345        | \$ 871,345          | \$ 1,098,191      | \$ 226,846  |
| <b>Total revenues</b>   | <u>871,345</u>    | <u>871,345</u>      | <u>1,098,191</u>  | <u>226,846</u>  |
| <b>EXPENDITURES:</b>  |                   |                     |                   |   |
| Current   |                   |                     |                   |   |
| Planning and community development                              | 43,986            | 95,702              | 85,595            | 10,107  |
| Capital outlay  | <u>-</u>          | <u>1,176,577</u>    | <u>997,595</u>    | <u>178,982</u>  |
| <b>Total expenditures</b>                                       | <u>43,986</u>     | <u>1,272,279</u>    | <u>1,083,190</u>  | <u>189,089</u>  |
| <b>REVENUES OVER (UNDER) EXPENDITURES</b>                       | 827,359           | (400,934)           | 15,001            | 37,757  |
| <b>OTHER FINANCING SOURCES (USES):</b>                          |                   |                     |                   |   |
| Transfer out  | <u>-</u>          | <u>-</u>            | <u>(15,002)</u>   | <u>(15,002)</u>   |
| <b>Total other financing sources (uses)</b>                     | <u>-</u>          | <u>-</u>            | <u>(15,002)</u>   | <u>(15,002)</u>   |
| <b>Change in fund balance before<br/>    Extraordinary Item</b> | <u>827,359</u>    | <u>(400,934)</u>    | <u>(1)</u>        | <u>22,755</u>   |
| Extraordinary Item  | <u>-</u>          | <u>-</u>            | <u>-</u>          | <u>-</u>  |
| <b>Net change in fund balance</b>                               | 827,359           | (400,934)           | (1)               | 22,755  |
| <b>FUND BALANCES</b>  |                   |                     |                   |   |
| Beginning of year   | <u>1</u>          | <u>1</u>            | <u>1</u>          | <u>-</u>  |
| End of year   | <u>\$ 827,360</u> | <u>\$ (400,933)</u> | <u>\$ -</u>       | <u>\$ 22,755</u>  |

**City of Lawndale**  
**Required Supplementary Information (Unaudited), Continued**  
**For the year ended June 30, 2014**

**1. BUDGETARY INFORMATION, Continued**

*Budget Comparison Schedule – Restricted Urban Development Special Revenue Fund*

|   | Budgeted Amounts |                  | Actual<br>Amounts  | Variance with<br>Final Budget |
|---|------------------|------------------|--------------------|-------------------------------|
|   | Original         | Final            |                    | Positive<br>(Negative)        |
| <b>REVENUES:</b>  |                  |                  |                    |                               |
| Use of money and property                                   | \$ 2,000         | \$ 2,000         | \$ 25,505          | \$ 23,505                     |
| <b>Total revenues</b>                                       | <b>2,000</b>     | <b>2,000</b>     | <b>25,505</b>      | <b>23,505</b>                 |
| <b>EXPENDITURES:</b>  |                  |                  |                    |                               |
| Current   |                  |                  |                    |                               |
| Municipal services  | -                | 44,965           | -                  | 44,965                        |
| Planning and community development                          | -                | 79,379           | 2,555              | 76,824                        |
| Capital outlay  | 546,000          | 629,000          | 561,870            | 67,130                        |
| <b>Total expenditures</b>                                   | <b>546,000</b>   | <b>753,344</b>   | <b>564,425</b>     | <b>188,919</b>                |
| <b>REVENUES OVER (UNDER) EXPENDITURES</b>                   | <b>(544,000)</b> | <b>(751,344)</b> | <b>(538,920)</b>   | <b>212,424</b>                |
| <b>OTHER FINANCING SOURCES (USES):</b>                      |                  |                  |                    |                               |
| Transfer out  | -                | -                | (167,385)          | (167,385)                     |
| <b>Total other financing sources (uses)</b>                 | <b>-</b>         | <b>-</b>         | <b>(167,385)</b>   | <b>(167,385)</b>              |
| <b>Change in fund balance before<br/>Extraordinary Item</b> |                  |                  |                    |                               |
|   | <b>(544,000)</b> | <b>(751,344)</b> | <b>(706,305)</b>   | <b>45,039</b>                 |
| Extraordinary Item  | -                | -                | (2,422,360)        | (2,422,360)                   |
| <b>Net change in fund balance</b>                           | <b>(544,000)</b> | <b>(751,344)</b> | <b>(3,128,665)</b> | <b>(2,377,321)</b>            |
| <b>FUND BALANCES</b>  |                  |                  |                    |                               |
| Beginning of year   | 10,624,274       | 10,624,274       | 10,624,274         | -                             |
| End of year   | \$ 10,080,274    | \$ 9,872,930     | \$ 7,495,609       | \$ (2,377,321)                |

**City of Lawndale**  
**Required Supplementary Information (Unaudited), Continued**  
**For the year ended June 30, 2014**

**1. BUDGETARY INFORMATION, Continued**

*Budget Comparison Schedule -Lawndale Housing Authority*

|   | Budgeted Amounts |                 | Actual<br>Amounts | Variance<br>with<br>Final Budget<br>Positive<br>(Negative) |
|---|------------------|-----------------|-------------------|--|
|   | Original         | Final           |                   |  |
| <b>REVENUES:</b>                          |                  |                 |                   |  |
| Use of money and property                 | \$ 500           | \$ 500          | \$ 9,679          | \$ 9,179   |
| Other                                     |                  |                 | \$ 712,582        | 712,582  |
| <b>Total revenues</b>                     | <b>500</b>       | <b>500</b>      | <b>722,261</b>    | <b>721,761</b>   |
| <b>EXPENDITURES:</b>                      |                  |                 |                   |  |
| Current                                   |                  |                 |                   |  |
| Planning and community development        | -                | 11,000          | 12,502            | (1,502)  |
| <b>Total expenditures</b>                 | <b>-</b>         | <b>11,000</b>   | <b>12,502</b>     | <b>(1,502)</b>   |
| <b>REVENUES OVER (UNDER) EXPENDITURES</b> | <b>500</b>       | <b>(10,500)</b> | <b>709,759</b>    | <b>723,263</b>   |
| <b>Change in Fund Balance before</b>      |                  |                 |                   |  |
| <b>Extraordinary Item</b>                 | <b>500</b>       | <b>(10,500)</b> | <b>709,759</b>    | <b>720,259</b>   |
| Extraordinary Item                        | -                | -               | (256,505)         | (256,505)  |
| <b>Net change in fund balances</b>        | <b>500</b>       | <b>(10,500)</b> | <b>453,254</b>    | <b>463,754</b>   |
| <b>FUND BALANCES</b>                      |                  |                 |                   |  |
| Beginning of year                         | 782,355          | 782,355         | 782,355           | -  |
| End of year                               | \$ 782,855       | \$ 771,855      | \$ 1,235,609      | \$ 463,754   |

**City of Lawndale**  
**Required Supplementary Information (Unaudited), Continued**  
**For the year ended June 30, 2014**

**2. DEFINED BENEFIT PENSION PLAN**

*A. Funded Status of Plan - Miscellaneous Employees*

In fiscal year ended June 30, 2004, CalPERS established a risk pool for cities and other government entities that have less than 100 active members. Actuarial valuations performed included other participants within the same risk pool. Therefore, standalone information of the schedule of the funding progress for the City's miscellaneous employees is no longer available. Further information on the risk pool funding status can be obtained from the CalPERS audited financial statements.

*B. Funded Status of Plan - Public Agency Retirement System Retirement Enhancement Plan (PARS-REP)*

**SCHEDULE OF FUNDING PROGRESS**  
**(Most recent information available)**

| Actuarial Valuation Date | Actuarial Value of Assets (A) | Entry Age Actuarial Accrued Liability (B) | Unfunded Actuarial Liability (B-A) (C) | Funded Ratio (A/B) (D) | Projected Payroll (E) | Unfunded Actuarial Liability as a Percentage of Covered Payroll (C/E) (F) |
|--------------------------|-------------------------------|---|--|------------------------|-----------------------|---|
| 7/1/2011                 | \$ 295,546                    | \$ 312,636                                | \$ 17,090                              | 95%                    | \$ 579,697            | 3%  |

**3. OTHER POST EMPLOYMENT BENEFITS**

**SCHEDULE OF FUNDING PROGRESS**

| Actuarial Valuation Date | Actuarial Value of Assets (A) | Entry Age Actuarial Accrued Liability (B) | Unfunded Actuarial Liability (B-A) (C) | Funded Ratio (A/B) (D) | Covered Payroll (E) | Unfunded Actuarial Liability as a Percentage of Covered Payroll (C/E) (F) |
|--------------------------|-------------------------------|---|--|------------------------|---------------------|---|
| 6/1/2012                 | \$ -                          | \$ 2,165,185                              | \$ 2,165,185                           | 0%                     | \$ 3,861,756        | 56%   |

\* Based on the latest actuarial valuation available.

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# SUPPLEMENTARY INFORMATION

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# NON-MAJOR GOVERNMENTAL FUNDS

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The following Special Revenue Funds have been classified as non-major funds:

**Gas Tax Fund**

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

**Air Quality Fund**

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

**TDA Article 3 Local Transportation Fund**

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

**Traffic Congestion Relief AB2928 Fund**

To account for monies received by the City under AB2928 for providing roadway pavement maintenance, rehabilitation and reconstruction.

**Sewer Reconstruction Fund**

To account for the revenues and expenditures in connection with the improvement of the City's drainage and sewer fund.

**Proposition A & C Local Transit Assistance Funds**

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

**State Transit Program (Local) Fund**

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

**Narcotics Forfeiture Fund**

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

**State COPS Grant Fund**

To account for State funding under the Citizen Option for Public Safety Program for local crime prevention and community-oriented policing.

**California Law Enforcement Equipment Program Fund**

To account for State funds used for equipment utilized in the City's law enforcement program.

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# NON-MAJOR GOVERNMENTAL FUNDS

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**Used Oil Recycling Grant Fund**

To account for funds related to the City's used oil recycling program.

**Lawndale Cable Usage Corporation Fund**

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

**Hawthorne Boulevard Maintenance Fund**

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

**Department of Conservation Grant Fund**

To account for funds received and expended for park renovation projects.

**County Specified Grant Fund**

To account for LA County grant for park and recreation projects.

**Low-Moderate Income Housing Fund**

To account for funds received and spent in housing assistance to low and moderate income families. Funds are provided from a portion of the Redevelopment Agency tax increment.

**State of California Bond Act of 2000/2002**

To account for funds received from the State for construction of a new community center.

**Justice Assisted Grant**

To account for federal funds in the City's law enforcement program.

**Park Development Fund**

To account for funds received from developers for park improvements.

**Robert Zberg Harris Fund**

To account for funds for parks and recreation projects.

**Prop 1B Fund**

To account for state funds for road and street infrastructure improvements.

**Safetea-LU Fund**

To account for funds for road and street infrastructure improvements.

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# NON-MAJOR GOVERNMENTAL FUNDS

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**Prop A Grant Fund**

To account for state funds for parks and open space.

**Metro STP-L Fund**

To account for funds for road and street infrastructure improvements.

**Measure R Fund**

To account for local funds for road and street infrastructure improvements.

**ARRA Fund**

To account for funds for road and street infrastructure improvements.

**Highway Safety Improvement Program Fund**

To account for funds for road and street infrastructure improvements.

**Prop C25 Grant Fund**

To account for funds for road and street infrastructure improvements.

**Federal Appropriations Act Fund**

To account for federal funds for road and street infrastructure improvements.

**Appropriations Act Fund**

To account for funds for road and street infrastructure improvements.

**1996 LA County Specified Fund**

To account for funds for construction of a new community center.

**Energy Efficiency & Conservation Block Grant Fund**

To account for City Hall lighting upgrades

**2009 JAG Fund**

To account for federal grant funds in the City's law enforcement program.

**ARRA JAG Fund**

To account for American Recovery and Reinvestment Act federal grant funds in the City's law enforcement program.

**LA County Parks Maintenance Grant Fund**

To account for maintenance of parks and recreational facilities.

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# NON-MAJOR GOVERNMENTAL FUNDS

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**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.

**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.

**City of Lawndale**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2014**

|  | Special Revenue   |                  |   |   |                         |
|--|-------------------|------------------|---|---|-------------------------|
|  | Gas Tax           | Air Quality      | TDA<br>Article 3<br>Local<br>Transportation | Traffic<br>Congestion<br>Relief<br>AB2928 | Sewer<br>Reconstruction |
| <b>ASSETS</b>                              |                   |                  |   |   |                         |
| Cash and investments                       | \$ 179,790        | \$ 61,640        | \$ -  | \$ -                                      | \$ -                    |
| Receivables:                               |                   |                  |   |   |                         |
| Accounts, net                              | -                 | 10,650           | -   | -   | -                       |
| Interest                                   | 93                | 41               | -   | -   | 0                       |
| Loans receivable                           | -                 | -                | -   | -   | -                       |
| Land held for development                  | -                 | -                | -   | -   | -                       |
| <b>Total assets</b>                        | <b>\$ 179,883</b> | <b>\$ 72,331</b> | <b>\$ -</b>                                 | <b>\$ -</b>                               | <b>\$ -</b>             |
| <b>LIABILITIES AND FUND BALANCES</b>       |                   |                  |   |   |                         |
| <b>Liabilities:</b>                        |                   |                  |   |   |                         |
| Accounts payable                           | \$ 28,725         | \$ -             | \$ -  | \$ -                                      | \$ -                    |
| Accrued wages                              | 13,921            | -                | -   | -   | -                       |
| Due to other funds                         | -                 | -                | -   | -   | -                       |
| Retentions payable                         | 1,898             | -                | -   | -   | -                       |
| Deferred revenue                           | -                 | -                | -   | -   | -                       |
| <b>Total liabilities</b>                   | <b>44,544</b>     | <b>-</b>         | <b>-</b>                                    | <b>-</b>                                  | <b>-</b>                |
| <b>Fund Balances:</b>                      |                   |                  |   |   |                         |
| Nonspendable                               | -                 | -                | -   | -   | -                       |
| Restricted                                 | 135,339           | 72,331           | -   | -   | -                       |
| Committed                                  | -                 | -                | -   | -   | -                       |
| Assigned                                   | -                 | -                | -   | -   | -                       |
| Unassigned                                 | -                 | -                | -   | -   | -                       |
| <b>Total fund balances</b>                 | <b>135,339</b>    | <b>72,331</b>    | <b>-</b>                                    | <b>-</b>                                  | <b>-</b>                |
| <b>Total liabilities and fund balances</b> | <b>\$ 179,883</b> | <b>\$ 72,331</b> | <b>\$ -</b>                                 | <b>\$ -</b>                               | <b>\$ -</b>             |

| Special Revenue                                 |   |  |                         |                        |   |                                |  |
|---|---|--|-------------------------|------------------------|---|--------------------------------|--|
| Proposition A<br>Local<br>Transit<br>Assistance | Proposition C<br>Local<br>Transit<br>Assistance | State<br>Transit<br>Program<br>(Local) | Narcotics<br>Forfeiture | State<br>COPS<br>Grant | California Law<br>Enforcement<br>Equipment<br>Program | Used Oil<br>Recycling<br>Grant | Lawndale<br>Cable Usage<br>Corporation |
| \$ 859,419                                      | \$ 2,531,245                                    | \$ 11,215                              | \$ 56,122               | \$ 19,405              | \$ 15,468   | \$ -                           | \$ 13,819                              |
| 35,508  | 1,215   | -                                      | -                       | -                      | -   | -                              | 7,515                                  |
| 636   | 1,790   | 8                                      | 42                      | 24                     | -   | -                              | 12                                     |
| -   | -   | -                                      | -                       | -                      | -   | -                              | -                                      |
| -   | -   | -                                      | -                       | -                      | -   | -                              | -                                      |
| <u>\$ 895,563</u>                               | <u>\$ 2,534,250</u>                             | <u>\$ 11,223</u>                       | <u>\$ 56,164</u>        | <u>\$ 19,429</u>       | <u>\$ 15,468</u>                                      | <u>\$ -</u>                    | <u>\$ 21,346</u>                       |
| \$ 61,030                                       | \$ 6,486  | \$ -                                   | \$ -                    | \$ 18,720              | \$ -  | \$ -                           | \$ 30                                  |
| 4,647   | 6,805   | -                                      | -                       | -                      | -   | -                              | -                                      |
| -   | -   | -                                      | -                       | -                      | -   | -                              | -                                      |
| -   | -   | -                                      | -                       | -                      | -   | -                              | -                                      |
| -   | -   | -                                      | -                       | -                      | -   | -                              | -                                      |
| <u>65,677</u>                                   | <u>13,291</u>                                   | <u>-</u>                               | <u>-</u>                | <u>18,720</u>          | <u>-</u>  | <u>-</u>                       | <u>30</u>                              |
| -   | -   | -                                      | -                       | -                      | -   | -                              | -                                      |
| 829,886   | 2,520,959                                       | 11,223                                 | 56,164                  | 709                    | 15,468  | -                              | 21,316                                 |
| -   | -   | -                                      | -                       | -                      | -   | -                              | -                                      |
| -   | -   | -                                      | -                       | -                      | -   | -                              | -                                      |
| -   | -   | -                                      | -                       | -                      | -   | -                              | -                                      |
| <u>829,886</u>                                  | <u>2,520,959</u>                                | <u>11,223</u>                          | <u>56,164</u>           | <u>709</u>             | <u>15,468</u>   | <u>-</u>                       | <u>21,316</u>                          |
| <u>\$ 895,563</u>                               | <u>\$ 2,534,250</u>                             | <u>\$ 11,223</u>                       | <u>\$ 56,164</u>        | <u>\$ 19,429</u>       | <u>\$ 15,468</u>                                      | <u>\$ -</u>                    | <u>\$ 21,346</u>                       |

(Continued)

**City of Lawndale**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds, Continued**  
**June 30, 2014**

|  | Special Revenue                       |  |  |                                 |                              |                     |
|--|---------------------------------------|--|--|---------------------------------|------------------------------|---------------------|
|  | Hawthorne<br>Boulevard<br>Maintenance | Department<br>of Conservation<br>Grant | State of<br>California<br>Bond Act of<br>2000/2002 | 96 County<br>Specified<br>Grant | Justice<br>Assisted<br>Grant | Park<br>Development |
| <b>ASSETS</b>                              |                                       |  |  |                                 |                              |                     |
| Cash and investments                       | \$ 17,824                             | \$ 68,153                              | \$ -   | \$ -                            | \$ -                         | \$ 8,128            |
| Receivables:                               |                                       |  |  |                                 |                              |                     |
| Accounts, net                              | -                                     | 8,938                                  | -  | -                               | 12,125                       | -                   |
| Interest                                   | 1                                     | 0                                      | -  | -                               | 0                            | 6                   |
| Loans receivable                           | -                                     | -                                      | -  | -                               | -                            | -                   |
| Land held for development                  | -                                     | -                                      | -  | -                               | -                            | -                   |
| <b>Total assets</b>                        | <b>\$ 17,825</b>                      | <b>\$ 77,091</b>                       | <b>\$ -</b>  | <b>\$ -</b>                     | <b>\$ 12,125</b>             | <b>\$ 8,134</b>     |
| <b>LIABILITIES AND FUND BALANCES</b>       |                                       |  |  |                                 |                              |                     |
| <b>Liabilities:</b>                        |                                       |  |  |                                 |                              |                     |
| Accounts payable                           | \$ 17,825                             | \$ -                                   | \$ -   | \$ -                            | \$ -                         | \$ -                |
| Accrued wages                              | -                                     | -                                      | -  | -                               | -                            | -                   |
| Due to other funds                         | -                                     | -                                      | -  | 27,211                          | 5,215                        | -                   |
| Retentions payable                         | -                                     | -                                      | -  | -                               | -                            | -                   |
| Deferred revenue                           | -                                     | -                                      | -  | -                               | -                            | -                   |
| <b>Total liabilities</b>                   | <b>17,825</b>                         | <b>-</b>                               | <b>-</b>   | <b>27,211</b>                   | <b>5,215</b>                 | <b>-</b>            |
| <b>Fund Balances:</b>                      |                                       |  |  |                                 |                              |                     |
| Nonspendable                               | -                                     | -                                      | -  | -                               | -                            | -                   |
| Restricted                                 | -                                     | 77,091                                 | -  | -                               | 6,910                        | 8,134               |
| Committed                                  | -                                     | -                                      | -  | -                               | -                            | -                   |
| Assigned                                   | -                                     | -                                      | -  | -                               | -                            | -                   |
| Unassigned                                 | -                                     | -                                      | -  | (27,211)                        | -                            | -                   |
| <b>Total fund balances</b>                 | <b>-</b>                              | <b>77,091</b>                          | <b>-</b>   | <b>(27,211)</b>                 | <b>6,910</b>                 | <b>8,134</b>        |
| <b>Total liabilities and fund balances</b> | <b>\$ 17,825</b>                      | <b>\$ 77,091</b>                       | <b>\$ -</b>  | <b>\$ -</b>                     | <b>\$ 12,125</b>             | <b>\$ 8,134</b>     |



Special Revenue

| Robert<br>Zberg<br>Harris | Prop 1 B        | Safetea-Lu      | Prop A Grant | Metro<br>SIP-L | Measure R         | ARRA        |
|---------------------------|-----------------|-----------------|--------------|----------------|-------------------|-------------|
| \$ -                      | \$ 6,055        | \$ 9,511        | \$ -         | \$ -           | \$ 692,202        | \$ -        |
| -                         | -               | -               | -            | -              | -                 | -           |
| -                         | 3               | 5               | -            | 5              | 333               | -           |
| -                         | -               | -               | -            | -              | -                 | -           |
| -                         | -               | -               | -            | -              | -                 | -           |
| <u>\$ -</u>               | <u>\$ 6,058</u> | <u>\$ 9,516</u> | <u>\$ -</u>  | <u>\$ 5</u>    | <u>\$ 692,535</u> | <u>\$ -</u> |

|      |       |      |      |           |       |      |
|------|-------|------|------|-----------|-------|------|
| \$ - | \$ -  | \$ - | \$ - | \$ 25,576 | \$ -  | \$ - |
| -    | -     | -    | -    | -         | 1,699 | -    |
| -    | -     | -    | -    | 5,453     | -     | -    |
| -    | 6,045 | -    | -    | -         | -     | -    |
| -    | -     | -    | -    | -         | -     | -    |
| -    | 6,045 | -    | -    | 31,029    | 1,699 | -    |

|             |                 |                 |             |             |                   |             |
|-------------|-----------------|-----------------|-------------|-------------|-------------------|-------------|
| -           | -               | -               | -           | -           | -                 | -           |
| -           | 13              | 9,516           | -           | -           | 690,836           | -           |
| -           | -               | -               | -           | -           | -                 | -           |
| -           | -               | -               | -           | -           | -                 | -           |
| -           | -               | -               | -           | (31,024)    | -                 | -           |
| -           | 13              | 9,516           | -           | (31,024)    | 690,836           | -           |
| <u>\$ -</u> | <u>\$ 6,058</u> | <u>\$ 9,516</u> | <u>\$ -</u> | <u>\$ 5</u> | <u>\$ 692,535</u> | <u>\$ -</u> |

(Continued)

**City of Lawndale**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds, Continued**  
**June 30, 2014**

|  | Special Revenue                  |                    |                       |                                |                          |
|--|----------------------------------|--------------------|-----------------------|--------------------------------|--------------------------|
|  | Highway<br>Safety<br>Improvement | Prop C-25<br>Grant | Appropriations<br>Act | 1996 LA<br>County<br>Specified | Federal<br>Appropriation |
| <b>ASSETS</b>                              |                                  |                    |                       |                                |                          |
| Cash and investments                       | \$ -                             | \$ 13,236          | \$ -                  | \$ -                           | \$ 18,637                |
| Receivables:                               |                                  |                    |                       |                                |                          |
| Accounts, net                              | 46,269                           | -                  | -                     | -                              | -                        |
| Interest                                   | 0                                | 10                 | -                     | -                              | -                        |
| Loans receivable                           | -                                | -                  | -                     | -                              | -                        |
| Land held for development                  | -                                | -                  | -                     | -                              | -                        |
| <b>Total assets</b>                        | <b>\$ 46,269</b>                 | <b>\$ 13,246</b>   | <b>\$ -</b>           | <b>\$ -</b>                    | <b>\$ 18,637</b>         |
| <b>LIABILITIES AND<br/>FUND BALANCES</b>   |                                  |                    |                       |                                |                          |
| <b>Liabilities:</b>                        |                                  |                    |                       |                                |                          |
| Accounts payable                           | \$ -                             | \$ 1,200           | \$ -                  | \$ -                           | \$ -                     |
| Accrued wages                              | -                                | -                  | -                     | -                              | -                        |
| Due to other funds                         | 91,426                           | -                  | 174,087               | -                              | -                        |
| Retentions payable                         | -                                | -                  | 6,580                 | -                              | -                        |
| Deferred revenue                           | -                                | -                  | -                     | -                              | -                        |
| <b>Total liabilities</b>                   | <b>91,426</b>                    | <b>1,200</b>       | <b>180,667</b>        | <b>-</b>                       | <b>-</b>                 |
| <b>Fund Balances:</b>                      |                                  |                    |                       |                                |                          |
| Nonspendable                               | -                                | -                  | -                     | -                              | -                        |
| Restricted                                 | -                                | 12,046             | -                     | -                              | 18,637                   |
| Committed                                  | -                                | -                  | -                     | -                              | -                        |
| Assigned                                   | -                                | -                  | -                     | -                              | -                        |
| Unassigned                                 | (45,157)                         | -                  | (180,667)             | -                              | -                        |
| <b>Total fund balances</b>                 | <b>(45,157)</b>                  | <b>12,046</b>      | <b>(180,667)</b>      | <b>-</b>                       | <b>18,637</b>            |
| <b>Total liabilities and fund balances</b> | <b>\$ 46,269</b>                 | <b>\$ 13,246</b>   | <b>\$ -</b>           | <b>\$ -</b>                    | <b>\$ 18,637</b>         |

| Special Revenue                               |             |             |  |                       |              |                    |             |   |                     |
|---|-------------|-------------|--|-----------------------|--------------|--------------------|-------------|---|---------------------|
| Energy<br>Efficiency<br>Conservation<br>Grant | 2009<br>JAG | ARRA<br>JAG | LA County<br>Parks<br>Maintenance<br>Grant | Metro<br>TOD<br>Grant | DRI<br>Grant | Measure R<br>Grant | Prop C 25%  | Measure R<br>Grant Traffic<br>Improvement | Total               |
| \$ -  | \$ -        | \$ -        | \$ -                                       | \$ 26,413             | \$ -         | \$ -               | \$ -        | \$ -                                      | \$ 4,608,282        |
| -   | -           | -           | -  | -                     | -            | 3,637              | -           | 107,749                                   | 233,607             |
| -   | 0           | -           | -  | 0                     | -            | 0                  | -           | 0   | 3,009               |
| -   | -           | -           | -  | -                     | -            | -                  | -           | -   | -                   |
| -   | -           | -           | -  | -                     | -            | -                  | -           | -   | -                   |
| <u>\$ -</u>                                   | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u>                                | <u>\$ 26,414</u>      | <u>\$ -</u>  | <u>\$ 3,637</u>    | <u>\$ -</u> | <u>\$ 107,749</u>                         | <u>\$ 4,844,898</u> |
| \$ -  | \$ -        | \$ -        | \$ 3,231                                   | \$ 2,226              | \$ -         | \$ 7,441           | \$ -        | \$ 5,799                                  | \$ 178,289          |
| -   | -           | -           | -  | -                     | -            | -                  | -           | -   | 27,072              |
| -   | -           | -           | 228,516                                    | -                     | -            | 2,393              | 25,444      | 107,748                                   | 667,493             |
| -   | -           | -           | -  | -                     | -            | -                  | -           | -   | 14,523              |
| -   | -           | -           | -  | -                     | -            | -                  | -           | -   | -                   |
| -   | -           | -           | 231,747                                    | 2,226                 | -            | 9,834              | 25,444      | 113,547                                   | 887,377             |
| -   | -           | -           | -  | -                     | -            | -                  | -           | -   | -                   |
| -   | -           | -           | -  | 24,188                | -            | -                  | -           | -   | 4,510,766           |
| -   | -           | -           | -  | -                     | -            | -                  | -           | -   | -                   |
| -   | -           | -           | -  | -                     | -            | -                  | -           | -   | -                   |
| -   | -           | -           | (231,747)                                  | -                     | -            | (6,197)            | (25,444)    | (5,798)                                   | (553,245)           |
| -   | -           | -           | (231,747)                                  | 24,188                | -            | (6,197)            | (25,444)    | (5,798)                                   | 3,957,521           |
| <u>\$ -</u>                                   | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u>                                | <u>\$ 26,414</u>      | <u>\$ -</u>  | <u>\$ 3,637</u>    | <u>\$ -</u> | <u>\$ 107,749</u>                         | <u>\$ 4,844,898</u> |

(Concluded)

**City of Lawndale**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**For the year ended June 30, 2014**

|   | Special Revenue  |               |   |   |                         |
|---|------------------|---------------|---|---|-------------------------|
|   | Gas Tax          | Air Quality   | TDA<br>Article 3<br>Local<br>Transportation | Traffic<br>Congestion<br>Relief<br>AB2928 | Sewer<br>Reconstruction |
| <b>REVENUES:</b>  |                  |               |   |   |                         |
| Sales and use taxes   | \$ 1,014,564     | \$ -          | \$ -  | \$ -                                      | \$ -                    |
| Property taxes  | -                | -             | -   | -   | -                       |
| Subventions and grants                                      | -                | 40,926        | 53,979                                      | -   | -                       |
| Use of money and property                                   | 93               | 127           | -   | -   | -                       |
| Charges for services  | -                | -             | -   | -   | -                       |
| Miscellaneous   | -                | -             | -   | -   | -                       |
| <b>Total revenues</b>                                       | <b>1,014,657</b> | <b>41,053</b> | <b>53,979</b>                               | <b>-</b>                                  | <b>-</b>                |
| <b>EXPENDITURES:</b>  |                  |               |   |   |                         |
| Current:  |                  |               |   |   |                         |
| General government  | -                | -             | -   | -   | -                       |
| Public safety   | -                | -             | -   | -   | -                       |
| Municipal services  | 720,549          | -             | -   | -   | 32,718                  |
| Planning and community development                          | -                | -             | -   | -   | -                       |
| Recreation and community services                           | -                | -             | -   | -   | -                       |
| Capital outlay  | 33,988           | 973           | 50,800                                      | -   | -                       |
| Debt service:   |                  |               |   |   |                         |
| Principal retirement  | -                | -             | -   | -   | -                       |
| Interest and fiscal charges                                 | -                | -             | -   | -   | -                       |
| Cost of bond issuance                                       | -                | -             | -   | -   | -                       |
| <b>Total expenditures</b>                                   | <b>754,537</b>   | <b>973</b>    | <b>50,800</b>                               | <b>-</b>                                  | <b>32,718</b>           |
| <b>REVENUES OVER<br/>(UNDER) EXPENDITURES</b>               | <b>260,120</b>   | <b>40,080</b> | <b>3,179</b>                                | <b>-</b>                                  | <b>(32,718)</b>         |
| <b>OTHER FINANCING SOURCES (USES):</b>                      |                  |               |   |   |                         |
| Transfers in  | -                | -             | -   | -   | 17,950                  |
| Transfers out   | -                | -             | -   | -   | -                       |
| <b>Total other financing sources (uses)</b>                 | <b>-</b>         | <b>-</b>      | <b>-</b>                                    | <b>-</b>                                  | <b>17,950</b>           |
| <b>Change in Fund Balance Before<br/>Extraordinary Item</b> | <b>260,120</b>   | <b>40,080</b> | <b>3,179</b>                                | <b>-</b>                                  | <b>(14,768)</b>         |
| <b>Extraordinary Item (Note 7)</b>                          | <b>-</b>         | <b>-</b>      | <b>-</b>                                    | <b>-</b>                                  | <b>-</b>                |
| <b>Net change in fund balances</b>                          | <b>260,120</b>   | <b>40,080</b> | <b>3,179</b>                                | <b>-</b>                                  | <b>(14,768)</b>         |
| <b>FUND BALANCES:</b>                                       |                  |               |   |   |                         |
| Beginning of year   | (124,781)        | 32,251        | (3,179)                                     | -   | 14,768                  |
| End of year   | \$ 135,339       | \$ 72,331     | \$ -  | \$ -                                      | \$ -                    |

| Special Revenue                                 |   |  |                         |                        |   |                                |  |
|---|---|--|-------------------------|------------------------|---|--------------------------------|--|
| Proposition A<br>Local<br>Transit<br>Assistance | Proposition C<br>Local<br>Transit<br>Assistance | State<br>Transit<br>Program<br>(Local) | Narcotics<br>Forfeiture | State<br>COPS<br>Grant | California Law<br>Enforcement<br>Equipment<br>Program | Used Oil<br>Recycling<br>Grant | Lawndale<br>Cable Usage<br>Corporation |
| \$ 561,054                                      | \$ 465,173                                      | \$ -                                   | \$ -                    | \$ -                   | \$ -  | \$ -                           | \$ -                                   |
| -   | -   | -                                      | -                       | -                      | -   | -                              | -                                      |
| -   | -   | -                                      | -                       | 100,000                | -   | -                              | -                                      |
| 2,646   | 7,375   | 34                                     | 176                     | 107                    | -   | -                              | 26                                     |
| 360   | -   | -                                      | -                       | -                      | -   | -                              | 22,296                                 |
| 38,912  | 1,215   | -                                      | -                       | -                      | -   | -                              | 78                                     |
| 602,972   | 473,763   | 34                                     | 176                     | 100,107                | -   | -                              | 22,400                                 |
| -   | -   | -                                      | -                       | -                      | -   | -                              | 518                                    |
| -   | -   | -                                      | -                       | 108,000                | -   | -                              | -                                      |
| 2,065   | 126,915   | -                                      | -                       | 4,320                  | -   | -                              | 566                                    |
| -   | -   | -                                      | -                       | -                      | -   | -                              | -                                      |
| 521,702   | -   | -                                      | -                       | -                      | -   | -                              | -                                      |
| 38,856  | 146,985   | -                                      | -                       | -                      | -   | -                              | -                                      |
| -   | -   | -                                      | -                       | -                      | -   | -                              | -                                      |
| -   | -   | -                                      | -                       | -                      | -   | -                              | -                                      |
| -   | -   | -                                      | -                       | -                      | -   | -                              | -                                      |
| 562,623   | 273,900   | -                                      | -                       | 112,320                | -   | -                              | 1,084                                  |
| 40,349  | 199,863   | 34                                     | 176                     | (12,213)               | -   | -                              | 21,316                                 |
| -   | -   | -                                      | -                       | -                      | -   | -                              | -                                      |
| -   | -   | -                                      | -                       | -                      | -   | -                              | -                                      |
| -   | -   | -                                      | -                       | -                      | -   | -                              | -                                      |
| 40,349  | 199,863   | 34                                     | 176                     | (12,213)               | -   | -                              | 21,316                                 |
| -   | -   | -                                      | -                       | -                      | -   | -                              | -                                      |
| 40,349  | 199,863   | 34                                     | 176                     | (12,213)               | -   | -                              | 21,316                                 |
| 789,537   | 2,321,096                                       | 11,189                                 | 55,988                  | 12,922                 | 15,468  | -                              | -                                      |
| \$ 829,886                                      | \$ 2,520,959                                    | \$ 11,223                              | \$ 56,164               | \$ 709                 | \$ 15,468   | \$ -                           | \$ 21,316                              |

(Continued)

# City of Lawndale

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances

### Non-Major Governmental Funds, Continued

For the year ended June 30, 2014

|   | Special Revenue                       |  |  |                                  |                              | Park<br>Development |
|---|---------------------------------------|--|--|----------------------------------|------------------------------|---------------------|
|   | Hawthorne<br>Boulevard<br>Maintenance | Department<br>of Conservation<br>Grant | State of<br>California<br>Bond Act of<br>2000/2002 | 96 County<br>Specified<br>Grants | Justice<br>Assisted<br>Grant |                     |
| <b>REVENUES:</b>  |                                       |  |  |                                  |                              |                     |
| Sales and use taxes   | \$ -                                  | \$ -                                   | \$ -   | \$ -                             | \$ -                         | \$ -                |
| Property taxes  | -                                     | -                                      | -  | -                                | -                            | -                   |
| Subventions and grants                                      | -                                     | 8,938                                  | -  | -                                | 23,128                       | -                   |
| Use of money and property                                   | 20                                    | -                                      | -  | -                                | -                            | 26                  |
| Charges for services  | -                                     | -                                      | -  | -                                | -                            | 400                 |
| Miscellaneous   | -                                     | -                                      | -  | -                                | -                            | -                   |
| <b>Total revenues</b>                                       | <b>20</b>                             | <b>8,938</b>                           | <b>-</b>   | <b>-</b>                         | <b>23,128</b>                | <b>426</b>          |
| <b>EXPENDITURES:</b>  |                                       |  |  |                                  |                              |                     |
| Current:  |                                       |  |  |                                  |                              |                     |
| General government  | -                                     | -                                      | -  | -                                | -                            | -                   |
| Public safety   | -                                     | -                                      | -  | -                                | 16,588                       | -                   |
| Municipal services  | 216,567                               | -                                      | -  | -                                | -                            | -                   |
| Planning and community development                          | -                                     | -                                      | -  | -                                | -                            | -                   |
| Recreation and community services                           | -                                     | -                                      | -  | -                                | -                            | -                   |
| Capital outlay  | -                                     | -                                      | -  | -                                | -                            | -                   |
| Debt service:   |                                       |  |  |                                  |                              |                     |
| Principal retirement  | -                                     | -                                      | -  | -                                | -                            | -                   |
| Interest and fiscal charges                                 | -                                     | -                                      | -  | -                                | -                            | -                   |
| Cost of bond issuance                                       | -                                     | -                                      | -  | -                                | -                            | -                   |
| <b>Total expenditures</b>                                   | <b>216,567</b>                        | <b>-</b>                               | <b>-</b>   | <b>-</b>                         | <b>16,588</b>                | <b>-</b>            |
| <b>REVENUES OVER<br/>(UNDER) EXPENDITURES</b>               | <b>(216,547)</b>                      | <b>8,938</b>                           | <b>-</b>   | <b>-</b>                         | <b>6,540</b>                 | <b>426</b>          |
| <b>OTHER FINANCING SOURCES (USES):</b>                      |                                       |  |  |                                  |                              |                     |
| Transfers in  | 173,305                               | -                                      | 3,531  | -                                | -                            | -                   |
| Transfers out   | -                                     | -                                      | -  | (27,211)                         | -                            | -                   |
| <b>Total other financing sources (uses)</b>                 | <b>173,305</b>                        | <b>-</b>                               | <b>3,531</b>                                       | <b>(27,211)</b>                  | <b>-</b>                     | <b>-</b>            |
| <b>Change in Fund Balance Before<br/>Extraordinary Item</b> | <b>(43,242)</b>                       | <b>8,938</b>                           | <b>3,531</b>                                       | <b>(27,211)</b>                  | <b>6,540</b>                 | <b>426</b>          |
| <b>Extraordinary Item (Note 7)</b>                          | <b>-</b>                              | <b>-</b>                               | <b>-</b>   | <b>-</b>                         | <b>-</b>                     | <b>-</b>            |
| <b>Net change in fund balances</b>                          | <b>(43,242)</b>                       | <b>8,938</b>                           | <b>3,531</b>                                       | <b>(27,211)</b>                  | <b>6,540</b>                 | <b>426</b>          |
| <b>FUND BALANCES:</b>                                       |                                       |  |  |                                  |                              |                     |
| Beginning of year   | 43,242                                | 68,153                                 | (3,531)  | -                                | 370                          | 7,708               |
| End of year   | \$ -                                  | \$ 77,091                              | \$ -   | \$ (27,211)                      | \$ 6,910                     | \$ 8,134            |

Special Revenue

| Robert<br>Zberg<br>Harris | Prop 1 B | Safetea-Lu | Prop A Grant | Metro<br>STP-L | Measure R  | ARRA     |
|---------------------------|----------|------------|--------------|----------------|------------|----------|
| \$ -                      | \$ -     | \$ -       | \$ -         | \$ -           | \$ -       | \$ -     |
| -                         | -        | -          | -            | -              | -          | -        |
| -                         | -        | -          | -            | -              | 347,309    | -        |
| -                         | 13       | 20         | -            | 105            | 1,317      | -        |
| -                         | -        | -          | -            | -              | -          | -        |
| -                         | -        | -          | -            | -              | -          | -        |
| -                         | 13       | 20         | -            | 105            | 348,626    | -        |
| -                         | -        | -          | -            | -              | -          | -        |
| -                         | -        | -          | -            | -              | -          | -        |
| -                         | -        | -          | -            | 94,918         | 55,519     | -        |
| -                         | -        | -          | -            | -              | -          | -        |
| -                         | -        | -          | -            | -              | -          | -        |
| -                         | -        | -          | -            | -              | 255,839    | -        |
| -                         | -        | -          | -            | -              | -          | -        |
| -                         | -        | -          | -            | -              | -          | -        |
| -                         | -        | -          | -            | 94,918         | 311,358    | -        |
| -                         | 13       | 20         | -            | (94,813)       | 37,268     | -        |
| -                         | -        | -          | 32,205       | -              | -          | 34,779   |
| -                         | -        | -          | -            | -              | -          | -        |
| -                         | -        | -          | 32,205       | -              | -          | 34,779   |
| -                         | 13       | 20         | 32,205       | (94,813)       | 37,268     | 34,779   |
| -                         | -        | -          | -            | -              | -          | -        |
| -                         | 13       | 20         | 32,205       | (94,813)       | 37,268     | 34,779   |
| -                         | -        | 9,496      | (32,205)     | 63,789         | 653,568    | (34,779) |
| \$ -                      | \$ 13    | \$ 9,516   | \$ -         | \$ (31,024)    | \$ 690,836 | \$ -     |

(Continued)

**City of Lawndale**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Governmental Funds, Continued**  
**For the year ended June 30, 2014**

|   | Special Revenue                  |                   |                       |                                |                          | Energy<br>Efficiency<br>Conservation<br>Grant |
|---|----------------------------------|-------------------|-----------------------|--------------------------------|--------------------------|---|
|   | Highway<br>Safety<br>Improvement | Prop C25<br>Grant | Appropriations<br>Act | 1996 LA<br>County<br>Specified | Federal<br>Appropriation |   |
| <b>REVENUES:</b>  |                                  |                   |                       |                                |                          |   |
| Sales and use taxes   | \$ -                             | \$ -              | \$ -                  | \$ -                           | \$ -                     | \$ -  |
| Property taxes  | -                                | -                 | -                     | -                              | -                        | -   |
| Subventions and grants                                      | 144,891                          | 8,683             | -                     | 40,000                         | 242,895                  | -   |
| Use of money and property                                   | -                                | 49                | -                     | -                              | -                        | -   |
| Charges for services  | -                                | -                 | -                     | -                              | -                        | -   |
| Miscellaneous   | -                                | -                 | -                     | -                              | -                        | -   |
| <b>Total revenues</b>                                       | <b>144,891</b>                   | <b>8,732</b>      | <b>-</b>              | <b>40,000</b>                  | <b>242,895</b>           | <b>-</b>                                      |
| <b>EXPENDITURES:</b>  |                                  |                   |                       |                                |                          |   |
| Current:  |                                  |                   |                       |                                |                          |   |
| General government  | -                                | -                 | -                     | -                              | -                        | -   |
| Public safety   | -                                | -                 | -                     | -                              | -                        | -   |
| Municipal services  | -                                | -                 | -                     | -                              | -                        | -   |
| Planning and community development                          | -                                | -                 | -                     | -                              | -                        | -   |
| Recreation and community services                           | -                                | -                 | -                     | -                              | -                        | -   |
| Capital outlay  | 144,881                          | 16,085            | -                     | -                              | 224,258                  | -   |
| Debt service:   |                                  |                   |                       |                                |                          |   |
| Principal retirement  | -                                | -                 | -                     | -                              | -                        | -   |
| Interest and fiscal charges                                 | -                                | -                 | -                     | -                              | -                        | -   |
| Cost of bond issuance                                       | -                                | -                 | -                     | -                              | -                        | -   |
| <b>Total expenditures</b>                                   | <b>144,881</b>                   | <b>16,085</b>     | <b>-</b>              | <b>-</b>                       | <b>224,258</b>           | <b>-</b>                                      |
| <b>REVENUES OVER<br/>(UNDER) EXPENDITURES</b>               | <b>10</b>                        | <b>(7,353)</b>    | <b>-</b>              | <b>40,000</b>                  | <b>18,637</b>            | <b>-</b>                                      |
| <b>OTHER FINANCING SOURCES (USES):</b>                      |                                  |                   |                       |                                |                          |   |
| Transfers in  | -                                | -                 | -                     | -                              | -                        | -   |
| Transfers out   | -                                | -                 | -                     | -                              | -                        | -   |
| <b>Total other financing sources (uses)</b>                 | <b>-</b>                         | <b>-</b>          | <b>-</b>              | <b>-</b>                       | <b>-</b>                 | <b>-</b>                                      |
| <b>Change in Fund Balance Before<br/>Extraordinary Item</b> | <b>10</b>                        | <b>(7,353)</b>    | <b>-</b>              | <b>40,000</b>                  | <b>18,637</b>            | <b>-</b>                                      |
| <b>Extraordinary Item (Note 7)</b>                          | <b>-</b>                         | <b>-</b>          | <b>-</b>              | <b>-</b>                       | <b>-</b>                 | <b>-</b>                                      |
| <b>Net change in fund balances</b>                          | <b>10</b>                        | <b>(7,353)</b>    | <b>-</b>              | <b>40,000</b>                  | <b>18,637</b>            | <b>-</b>                                      |
| <b>FUND BALANCES:</b>                                       |                                  |                   |                       |                                |                          |   |
| Beginning of year   | (45,167)                         | 19,399            | (180,667)             | (40,000)                       | -                        | -   |
| End of year   | <u>\$ (45,157)</u>               | <u>\$ 12,046</u>  | <u>\$ (180,667)</u>   | <u>\$ -</u>                    | <u>\$ 18,637</u>         | <u>\$ -</u>                                   |



| Special Revenue |       |              |           |       |            |             |               |              |
|-----------------|-------|--------------|-----------|-------|------------|-------------|---------------|--------------|
| 2009            | ARRA  | LA County    | Metro     | DRI   | Measure R  | Prop C 25%  | Measure R     | Total        |
| JAG             | JAG   | Parks        | TOD       | Grant | Grant      |             | Grant Traffic |              |
|                 |       | Maintenance  | Grant     |       |            |             | Improvement   |              |
| Grant           | Grant | Grant        | Grant     | Grant | Grant      |             | Improvement   |              |
| \$ -            | \$ -  | \$ -         | \$ -      | \$ -  | \$ -       | \$ -        | \$ -          | \$ 2,040,791 |
| -               | -     | -            | -         | -     | -          | -           | -             | -            |
| -               | -     | -            | 20,432    | -     | 22,725     | -           | 107,748       | 1,161,654    |
| -               | -     | -            | -         | -     | 1          | -           | -             | 12,135       |
| -               | -     | -            | -         | -     | -          | -           | -             | 23,056       |
| -               | -     | -            | -         | -     | -          | -           | -             | 40,205       |
| -               | -     | -            | 20,432    | -     | 22,726     | -           | 107,748       | 3,277,841    |
| -               | -     | -            | -         | -     | -          | -           | -             | 518          |
| -               | -     | -            | -         | -     | -          | -           | -             | 124,588      |
| -               | -     | -            | -         | -     | -          | 79          | -             | 1,254,216    |
| -               | -     | -            | 6,977     | -     | -          | -           | -             | 6,977        |
| -               | -     | 177,747      | -         | -     | -          | -           | -             | 699,449      |
| -               | -     | -            | -         | -     | 28,923     | 25,365      | 113,546       | 1,080,499    |
| -               | -     | -            | -         | -     | -          | -           | -             | -            |
| -               | -     | -            | -         | -     | -          | -           | -             | -            |
| -               | -     | -            | -         | -     | -          | -           | -             | -            |
| -               | -     | 177,747      | 6,977     | -     | 28,923     | 25,444      | 113,546       | 3,166,247    |
| -               | -     | (177,747)    | 13,455    | -     | (6,197)    | (25,444)    | (5,798)       | 111,594      |
| -               | -     | -            | -         | -     | -          | -           | -             | 261,770      |
| -               | -     | -            | -         | -     | -          | -           | -             | (27,211)     |
| -               | -     | -            | -         | -     | -          | -           | -             | 234,559      |
| -               | -     | (177,747)    | 13,455    | -     | (6,197)    | (25,444)    | (5,798)       | 346,153      |
| -               | -     | -            | -         | -     | -          | -           | -             | -            |
| -               | -     | (177,747)    | 13,455    | -     | (6,197)    | (25,444)    | (5,798)       | 346,153      |
| -               | -     | (54,000)     | 10,733    | -     | -          | -           | -             | 3,611,368    |
| \$ -            | \$ -  | \$ (231,747) | \$ 24,188 | \$ -  | \$ (6,197) | \$ (25,444) | \$ (5,798)    | \$ 3,957,521 |

(Concluded)

# City of Lawndale

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

### Gas Tax

For the year ended June 30, 2014

|   | Final Budget   | Actual           | Variance with<br>Final Budget<br>Positive/<br>(Negative) |
|---|----------------|------------------|--|
| <b>REVENUES:</b>                              |                |                  |  |
| Sales and use taxes                           | \$ 985,835     | \$ 1,014,564     | \$ 28,729  |
| Use of money and property                     | -              | 93               | 93   |
| Miscellaneous                                 | -              | -                | -  |
| <b>Total revenues</b>                         | <b>985,835</b> | <b>1,014,657</b> | <b>28,822</b>  |
| <b>EXPENDITURES:</b>                          |                |                  |  |
| Current:                                      |                |                  |  |
| Municipal services                            | 924,357        | 720,549          | 203,808  |
| Capital outlay                                | 39,929         | 33,988           | 5,941  |
| <b>Total expenditures</b>                     | <b>964,286</b> | <b>754,537</b>   | <b>209,749</b>   |
| <b>REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | <b>21,549</b>  | <b>260,120</b>   | <b>238,571</b>   |
| <b>OTHER FINANCING SOURCES:</b>               |                |                  |  |
| Transfers in                                  | -              | -                | -  |
| <b>Total other financing sources</b>          | <b>-</b>       | <b>-</b>         | <b>-</b>   |
| <b>Net change in fund balance</b>             | <b>21,549</b>  | <b>260,120</b>   | <b>238,571</b>   |
| <b>FUND BALANCES:</b>                         |                |                  |  |
| Beginning of year                             | (124,781)      | (124,781)        | -  |
| End of year                                   | \$ (103,232)   | \$ 135,339       | \$ 238,571   |

# City of Lawndale

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

### Air Quality

For the year ended June 30, 2014

|   | Final Budget    | Actual        | Variance with<br>Final Budget<br>Positive/<br>(Negative) |
|---|-----------------|---------------|--|
| <b>REVENUES:</b>                              |                 |               |  |
| Subventions and grants                        | \$ 38,000       | \$ 40,926     | \$ 2,926   |
| Use of money and property                     | 450             | 127           | (323)  |
| <b>Total revenues</b>                         | <b>38,450</b>   | <b>41,053</b> | <b>2,603</b>   |
| <b>EXPENDITURES:</b>                          |                 |               |  |
| Capital outlay                                | 126,035         | 973           | 125,062  |
| <b>Total expenditures</b>                     | <b>126,035</b>  | <b>973</b>    | <b>125,062</b>   |
| <b>REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | <b>(87,585)</b> | <b>40,080</b> | <b>127,665</b>   |
| <b>Net change in fund balance</b>             | <b>(87,585)</b> | <b>40,080</b> | <b>127,665</b>   |
| <b>FUND BALANCE:</b>                          |                 |               |  |
| Beginning of year                             | 32,251          | 32,251        | -  |
| End of year                                   | \$ (55,334)     | \$ 72,331     | \$ 127,665   |

# City of Lawndale

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

### TDA Article 3

For the year ended June 30, 2014

|   | <u>Final Budget</u> | <u>Actual</u>    | Variance with<br>Final Budget<br>Positive/<br>(Negative) |
|---|---------------------|------------------|--|
| <b>REVENUES:</b>                              |                     |                  |  |
| Subventions and grants                        | <u>\$ 20,872</u>    | <u>\$ 53,979</u> | <u>\$ 33,107</u>   |
| <b>Total revenues</b>                         | <u>20,872</u>       | <u>53,979</u>    | <u>33,107</u>  |
| <b>EXPENDITURES:</b>                          |                     |                  |  |
| Capital outlay                                | <u>84,790</u>       | <u>50,800</u>    | <u>33,990</u>  |
| <b>Total expenditures</b>                     | <u>84,790</u>       | <u>50,800</u>    | <u>33,990</u>  |
| <b>REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | <u>(63,918)</u>     | <u>3,179</u>     | <u>67,097</u>  |
| <b>Net change in fund balance</b>             | <u>(63,918)</u>     | <u>3,179</u>     | <u>67,097</u>  |
| <b>FUND BALANCE:</b>                          |                     |                  |  |
| Beginning of year                             | <u>(3,179)</u>      | <u>(3,179)</u>   | <u>-</u>   |
| End of year                                   | <u>\$ (67,097)</u>  | <u>\$ -</u>      | <u>\$ 67,097</u>   |

# City of Lawndale

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

### Sewer Reconstruction

For the year ended June 30, 2014

|   | Final Budget       | Actual          | Variance with<br>Final Budget<br>Positive/<br>(Negative) |
|---|--------------------|-----------------|--|
| <b>EXPENDITURES:</b>                          |                    |                 |  |
| Current:                                      |                    |                 |  |
| Municipal services                            | \$ 42,829          | \$ 32,718       | \$ 10,111  |
| <b>Total expenditures</b>                     | <b>42,829</b>      | <b>32,718</b>   | <b>10,111</b>  |
| <b>Net change in fund balance</b>             | <b>(42,829)</b>    | <b>(32,718)</b> | <b>10,111</b>  |
| <b>REVENUES OVER<br/>(UNDER) EXPENDITURES</b> |                    |                 |  |
|   | <b>(42,829)</b>    | <b>(32,718)</b> | <b>10,111</b>  |
| <b>OTHER FINANCING (USES):</b>                |                    |                 |  |
| Transfers in                                  | -                  | 17,950          | 17,950   |
| Transfers out                                 | -                  | -               | -  |
| <b>Total other financing uses</b>             | <b>-</b>           | <b>17,950</b>   | <b>17,950</b>  |
| <b>Net change in fund balance</b>             | <b>(42,829)</b>    | <b>(14,768)</b> | <b>28,061</b>  |
| <b>FUND BALANCE:</b>                          |                    |                 |  |
| Beginning of year                             | 14,768             | 14,768          | -  |
| End of year                                   | <b>\$ (28,061)</b> | <b>\$ -</b>     | <b>\$ 28,061</b>   |

# City of Lawndale

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

### Proposition A Local Transit Assistance

For the year ended June 30, 2014

|   | Final Budget      | Actual            | Variance with<br>Final Budget<br>Positive/<br>(Negative) |
|---|-------------------|-------------------|--|
| <b>REVENUES:</b>                              |                   |                   |  |
| Sales and use taxes                           | \$ 559,765        | \$ 561,054        | \$ 1,289   |
| Use of money and property                     | 3,500             | 2,646             | (854)  |
| Charges for services                          | 275               | 360               | 85   |
| Miscellaneous                                 | -                 | 38,912            | 38,912   |
| <b>Total revenues</b>                         | <b>563,540</b>    | <b>602,972</b>    | <b>39,432</b>  |
| <b>EXPENDITURES:</b>                          |                   |                   |  |
| Current:                                      |                   |                   |  |
| Municipal services                            | -                 | 2,065             | (2,065)  |
| Recreation and community services             | 628,074           | 521,702           | 106,372  |
| Capital outlay                                | 238,856           | 38,856            | 200,000  |
| <b>Total expenditures</b>                     | <b>866,930</b>    | <b>562,623</b>    | <b>304,307</b>   |
| <b>REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | <b>(303,390)</b>  | <b>40,349</b>     | <b>343,739</b>   |
| <b>Net change in fund balance</b>             | <b>(303,390)</b>  | <b>40,349</b>     | <b>343,739</b>   |
| <b>FUND BALANCE:</b>                          |                   |                   |  |
| Beginning of year                             | 789,537           | 789,537           | -  |
| End of year                                   | <b>\$ 486,147</b> | <b>\$ 829,886</b> | <b>\$ 343,739</b>  |

# City of Lawndale

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

### Proposition C Local Transit Assistance

For the year ended June 30, 2014

|   | Final Budget       | Actual              | Variance with<br>Final Budget<br>Positive/<br>(Negative) |
|---|--------------------|---------------------|--|
| <b>REVENUES:</b>                              |                    |                     |  |
| Sales and use taxes                           | \$ 464,311         | \$ 465,173          | \$ 862   |
| Use of money and property                     | 6,500              | 7,375               | 875  |
| Miscellaneous                                 | -                  | 1,215               | 1,215  |
| <b>Total revenues</b>                         | <b>470,811</b>     | <b>473,763</b>      | <b>2,952</b>   |
| <b>EXPENDITURES:</b>                          |                    |                     |  |
| Current:                                      |                    |                     |  |
| Municipal services                            | 424,430            | 126,915             | 297,515  |
| Capital outlay                                | 2,073,568          | 146,985             | 1,926,583  |
| <b>Total expenditures</b>                     | <b>2,497,998</b>   | <b>273,900</b>      | <b>2,224,098</b>   |
| <b>REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | <b>(2,027,187)</b> | <b>199,863</b>      | <b>2,227,050</b>   |
| <b>Net change in fund balance</b>             | <b>(2,027,187)</b> | <b>199,863</b>      | <b>2,227,050</b>   |
| <b>FUND BALANCE:</b>                          |                    |                     |  |
| Beginning of year                             | 2,321,096          | 2,321,096           | -  |
| End of year                                   | <b>\$ 293,909</b>  | <b>\$ 2,520,959</b> | <b>\$ 2,227,050</b>                                      |

# City of Lawndale

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

### State Transit Program (Local)

For the year ended June 30, 2014

|                                   | Final Budget     | Actual    | Variance with<br>Final Budget<br>Positive/<br>(Negative) |
|-----------------------------------|------------------|-----------|--|
| <b>REVENUES:</b>                  |                  |           |  |
| Use of money and property         | \$ -             | \$ 34     | \$ 34  |
| <b>Total revenues</b>             | <b>-</b>         | <b>34</b> | <b>34</b>  |
| <b>EXPENDITURES:</b>              |                  |           |  |
| Capital outlay                    | 250,500          | -         | 250,500  |
| <b>Total expenditures</b>         | <b>250,500</b>   | <b>-</b>  | <b>250,500</b>   |
| <b>Net change in fund balance</b> | <b>(250,500)</b> | <b>34</b> | <b>250,534</b>   |
| <b>FUND BALANCE:</b>              |                  |           |  |
| Beginning of year                 | 11,189           | 11,189    | -  |
| End of year                       | \$ (239,311)     | \$ 11,223 | \$ 250,534   |



# City of Lawndale

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

### Narcotics Forfeiture

For the year ended June 30, 2014

|                                   | <u>Final Budget</u> | <u>Actual</u>    | Variance with<br>Final Budget<br>Positive/<br>(Negative) |
|-----------------------------------|---------------------|------------------|--|
| <b>REVENUES:</b>                  |                     |                  |  |
| Use of money and property         | \$ 120              | \$ 176           | \$ 56  |
| Miscellaneous                     | 500                 | -                | (500)  |
| <b>Total revenues</b>             | <u>620</u>          | <u>176</u>       | <u>(444)</u>   |
| <b>Net change in fund balance</b> | 620                 | 176              | (444)  |
| <b>FUND BALANCE:</b>              |                     |                  |  |
| Beginning of year                 | <u>55,988</u>       | <u>55,988</u>    | -  |
| End of year                       | <u>\$ 56,608</u>    | <u>\$ 56,164</u> | <u>\$ (444)</u>  |

# City of Lawndale

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

### State COPS Grant

For the year ended June 30, 2014

|   | Final Budget    | Actual          | Variance with<br>Final Budget<br>Positive/<br>(Negative) |
|---|-----------------|-----------------|--|
| <b>REVENUES:</b>                              |                 |                 |  |
| Subventions and grants                        | \$ 100,000      | \$ 100,000      | \$ -   |
| Use of money and property                     | 500             | 107             | (393)  |
| <b>Total revenues</b>                         | <b>100,500</b>  | <b>100,107</b>  | <b>(393)</b>   |
| <b>EXPENDITURES:</b>                          |                 |                 |  |
| Current:                                      |                 |                 |  |
| Public safety                                 | 111,316         | 108,000         | 3,316  |
| Municipal services                            | 4,453           | 4,320           | 133  |
| <b>Total expenditures</b>                     | <b>115,769</b>  | <b>112,320</b>  | <b>3,449</b>   |
| <b>REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | <b>(15,269)</b> | <b>(12,213)</b> | <b>3,056</b>   |
| <b>Net change in fund balance</b>             | <b>(15,269)</b> | <b>(12,213)</b> | <b>3,056</b>   |
| <b>FUND BALANCE:</b>                          |                 |                 |  |
| Beginning of year                             | 12,922          | 12,922          | -  |
| End of year                                   | \$ (2,347)      | \$ 709          | \$ 3,056   |

# City of Lawndale

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual California Law Enforcement Equipment Program For the year ended June 30, 2014

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|                      | <u>Final Budget</u> | <u>Actual</u>    | Variance with<br>Final Budget<br>Positive/<br>(Negative) |
|----------------------|---------------------|------------------|--|
| <b>FUND BALANCE:</b> |                     |                  |  |
| Beginning of year    | 15,468              | 15,468           | -  |
| End of year          | <u>\$ 15,468</u>    | <u>\$ 15,468</u> | <u>\$ -</u>  |

# City of Lawndale

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

### Lawndale Cable Usage Corporation

For the year ended June 30, 2014

|   | Final Budget     | Actual           | Variance with<br>Final Budget<br>Positive/<br>(Negative) |
|---|------------------|------------------|--|
| <b>REVENUES:</b>                              |                  |                  |  |
| Use of money and property                     | \$ -             | \$ 26            | \$ 26  |
| Charges for service                           | 43,000           | 22,296           | (20,704)   |
| Miscellaneous                                 | 500              | 78               | (422)  |
| <b>Total revenues</b>                         | <b>43,500</b>    | <b>22,400</b>    | <b>(21,100)</b>  |
| <b>EXPENDITURES:</b>                          |                  |                  |  |
| Current:                                      |                  |                  |  |
| General government                            | -                | 518              | (518)  |
| Municipal services                            | 33,300           | 566              | 32,734   |
| <b>Total expenditures</b>                     | <b>33,300</b>    | <b>1,084</b>     | <b>32,216</b>  |
| <b>REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | <b>10,200</b>    | <b>21,316</b>    | <b>11,116</b>  |
| <b>OTHER FINANCING SOURCES (USES):</b>        |                  |                  |  |
| Transfers in                                  | -                | -                | -  |
| <b>Total other financing sources (uses)</b>   | <b>-</b>         | <b>-</b>         | <b>-</b>   |
| <b>Net change in fund balance</b>             | <b>10,200</b>    | <b>21,316</b>    | <b>11,116</b>  |
| <b>FUND BALANCE:</b>                          |                  |                  |  |
| Beginning of year                             | -                | -                | -  |
| End of year                                   | <b>\$ 10,200</b> | <b>\$ 21,316</b> | <b>\$ 11,116</b>   |

# City of Lawndale

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

### Hawthorne Boulevard Maintenance

For the year ended June 30, 2014

|   | Final Budget     | Actual           | Variance with<br>Final Budget<br>Positive/<br>(Negative) |
|---|------------------|------------------|--|
| <b>REVENUES:</b>                              |                  |                  |  |
| Use of money and property                     | \$ 500           | \$ 20            | \$ (480)   |
| <b>Total revenues</b>                         | <b>500</b>       | <b>20</b>        | <b>(480)</b>   |
| <b>EXPENDITURES:</b>                          |                  |                  |  |
| Current:                                      |                  |                  |  |
| Municipal services                            | 195,500          | 216,567          | (21,067)   |
| <b>Total expenditures</b>                     | <b>195,500</b>   | <b>216,567</b>   | <b>(21,067)</b>  |
| <b>REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | <b>(195,000)</b> | <b>(216,547)</b> | <b>(21,547)</b>  |
| <b>OTHER FINANCING (USES):</b>                |                  |                  |  |
| Transfers in                                  | 100,000          | 173,305          | 73,305   |
| Transfers out                                 | -                | -                | -  |
| <b>Total other financing uses</b>             | <b>100,000</b>   | <b>173,305</b>   | <b>73,305</b>  |
| <b>Net change in fund balance</b>             | <b>(95,000)</b>  | <b>(43,242)</b>  | <b>51,758</b>  |
| <b>FUND BALANCE:</b>                          |                  |                  |  |
| Beginning of year                             | 43,242           | 43,242           | -  |
| End of year                                   | \$ (51,758)      | \$ -             | \$ 51,758  |

# City of Lawndale

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

### Department of Conservation Grant

For the year ended June 30, 2014

|   | Final Budget     | Actual           | Variance with<br>Final Budget<br>Positive/<br>(Negative) |
|---|------------------|------------------|--|
| <b>REVENUES:</b>                            |                  |                  |  |
| Subventions and grants                      | \$ 9,000         | \$ 8,938         | \$ (62)  |
| <b>Total revenues</b>                       | <b>9,000</b>     | <b>8,938</b>     | <b>(62)</b>  |
| <b>OTHER FINANCING SOURCES (USES):</b>      |                  |                  |  |
| Transfers in                                | -                | -                | -  |
| Transfers out                               | -                | -                | -  |
| <b>Total other financing sources (uses)</b> | <b>-</b>         | <b>-</b>         | <b>-</b>   |
| <b>Net change in fund balance</b>           | <b>9,000</b>     | <b>8,938</b>     | <b>(62)</b>  |
| <b>FUND BALANCE:</b>                        |                  |                  |  |
| Beginning of year                           | 68,153           | 68,153           | -  |
| End of year                                 | <u>\$ 77,153</u> | <u>\$ 77,091</u> | <u>\$ (62)</u>   |

# City of Lawndale

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

### State of California Bond Act of 2000/2002

For the year ended June 30, 2014

|   | Final Budget | Actual       | Variance with<br>Final Budget<br>Positive/<br>(Negative) |
|---|--------------|--------------|--|
| <b>OTHER FINANCING SOURCES (USES):</b>      |              |              |  |
| Transfers in                                | \$ -         | \$ 3,531     | \$ 3,531   |
| Transfers out                               | -            | -            | -  |
| <b>Total other financing sources (uses)</b> | <b>-</b>     | <b>3,531</b> | <b>3,531</b>   |
| <b>Net change in fund balance</b>           | <b>-</b>     | <b>3,531</b> | <b>3,531</b>   |
| <b>FUND BALANCE:</b>                        |              |              |  |
| Beginning of year                           | (3,531)      | (3,531)      | -  |
| End of year                                 | \$ (3,531)   | \$ -         | \$ 3,531   |

# City of Lawndale

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

### 96 County Specified Grants

For the year ended June 30, 2014

|   | Final Budget | Actual      | Variance with<br>Final Budget<br>Positive/<br>(Negative) |
|---|--------------|-------------|--|
| <b>OTHER FINANCING SOURCES (USES):</b>      |              |             |  |
| Transfers in                                | \$ -         | \$ -        | \$ -   |
| Transfers out                               | -            | (27,211)    | (27,211)   |
| <b>Total other financing sources (uses)</b> | -            | (27,211)    | (27,211)   |
| <b>Net change in fund balance</b>           | -            | (27,211)    | (27,211)   |
| <b>FUND BALANCE:</b>                        |              |             |  |
| Beginning of year                           | -            | -           | -  |
| End of year                                 | \$ -         | \$ (27,211) | \$ (27,211)  |



# City of Lawndale

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

### Justice Assisted Grant

For the year ended June 30, 2014

|   | Final Budget    | Actual          | Variance with<br>Final Budget<br>Positive/<br>(Negative) |
|---|-----------------|-----------------|--|
| <b>REVENUES:</b>                              |                 |                 |  |
| Subventions and grants                        | \$ 15,900       | \$ 23,128       | \$ 7,228   |
| <b>Total revenues</b>                         | <b>15,900</b>   | <b>23,128</b>   | <b>7,228</b>   |
| <b>EXPENDITURES:</b>                          |                 |                 |  |
| Current:                                      |                 |                 |  |
| Public safety                                 | 15,000          | 16,588          | (1,588)  |
| <b>Total expenditures</b>                     | <b>15,000</b>   | <b>16,588</b>   | <b>(1,588)</b>   |
| <b>REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | <b>900</b>      | <b>6,540</b>    | <b>5,640</b>   |
| <b>OTHER FINANCING USES:</b>                  |                 |                 |  |
| Transfers out                                 | -               | -               | -  |
| <b>Total other financing uses</b>             | <b>-</b>        | <b>-</b>        | <b>-</b>   |
| <b>Net change in fund balance</b>             | <b>900</b>      | <b>6,540</b>    | <b>5,640</b>   |
| <b>FUND BALANCE:</b>                          |                 |                 |  |
| Beginning of year                             | 370             | 370             | -  |
| End of year                                   | <b>\$ 1,270</b> | <b>\$ 6,910</b> | <b>\$ 5,640</b>  |

# City of Lawndale

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

### Park Development

For the year ended June 30, 2014

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|                                   | Final Budget | Actual     | Variance with<br>Final Budget<br>Positive/<br>(Negative) |
|-----------------------------------|--------------|------------|--|
| <b>REVENUES:</b>                  |              |            |  |
| Use of money and property         | \$ 25        | \$ 26      | \$ 1   |
| Charges for services              | 2,000        | 400        | (1,600)  |
| <b>Total revenues</b>             | <b>2,025</b> | <b>426</b> | <b>(1,599)</b>   |
| <br>                              |              |            |  |
| <b>Net change in fund balance</b> | <b>2,025</b> | <b>426</b> | <b>(1,599)</b>   |
| <br>                              |              |            |  |
| <b>FUND BALANCE:</b>              |              |            |  |
| Beginning of year                 | 7,708        | 7,708      | -  |
| End of year                       | \$ 9,733     | \$ 8,134   | \$ (1,599)   |

# City of Lawndale

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

### Prop 1 B

For the year ended June 30, 2014

|   | <u>Final Budget</u>  | <u>Actual</u>       | Variance with<br>Final Budget<br>Positive/<br>(Negative) |
|---|----------------------|---------------------|--|
| <b>REVENUES:</b>                              |                      |                     |  |
| Use of money and property                     | <u>\$ 140</u>        | <u>\$ 13</u>        | <u>\$ (127)</u>  |
| <b>Total revenues</b>                         | <u>140</u>           | <u>13</u>           | <u>(127)</u>   |
| <b>EXPENDITURES:</b>                          |                      |                     |  |
| Capital outlay                                | <u>-</u>             | <u>-</u>            | <u>-</u>   |
| <b>Total expenditures</b>                     | <u>-</u>             | <u>-</u>            | <u>-</u>   |
| <b>REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | <u>140</u>           | <u>13</u>           | <u>(127)</u>   |
| <b>OTHER FINANCING USES:</b>                  |                      |                     |  |
| Transfers in                                  |                      |                     | -  |
| Transfers out                                 | <u>-</u>             | <u>-</u>            | <u>-</u>   |
| <b>Total other financing uses</b>             | <u>-</u>             | <u>-</u>            | <u>-</u>   |
| <b>Net change in fund balance</b>             | 140                  | 13                  | (127)  |
| <b>FUND BALANCE:</b>                          |                      |                     |  |
| Beginning of year                             | <u>-</u>             | <u>-</u>            | <u>-</u>   |
| End of year                                   | <u><u>\$ 140</u></u> | <u><u>\$ 13</u></u> | <u><u>\$ (127)</u></u>                                   |

# City of Lawndale

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Safetea-Lu

For the year ended June 30, 2014

|                                   | <u>Final Budget</u> | <u>Actual</u>   | Variance with<br>Final Budget<br>Positive/<br>(Negative) |
|-----------------------------------|---------------------|-----------------|--|
| <b>REVENUES:</b>                  |                     |                 |  |
| Use of money and property         | <u>\$ -</u>         | <u>\$ 20</u>    | <u>\$ 20</u>   |
| <b>Total revenues</b>             | <u>-</u>            | <u>20</u>       | <u>20</u>  |
| <br>                              |                     |                 |  |
| <b>Net change in fund balance</b> | -                   | 20              | 20   |
| <br>                              |                     |                 |  |
| <b>FUND BALANCE:</b>              |                     |                 |  |
| Beginning of year                 | <u>9,496</u>        | <u>9,496</u>    | <u>-</u>   |
| End of year                       | <u>\$ 9,496</u>     | <u>\$ 9,516</u> | <u>\$ 20</u>   |

# City of Lawndale

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

### Prop A Grant

For the year ended June 30, 2014

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|  | <u>Final Budget</u> | <u>Actual</u> | Variance with<br>Final Budget<br>Positive/<br>(Negative) |
|--|---------------------|---------------|--|
| <b>OTHER FINANCING USES:</b>             |                     |               |  |
| Transfers in                             | \$ -                | \$ 32,205     | \$ 32,205  |
| <b>Total other financing uses (uses)</b> | -                   | 32,205        | 32,205   |
| <br>                                     |                     |               |  |
| <b>Net change in fund balance</b>        | -                   | 32,205        | 32,205   |
| <br>                                     |                     |               |  |
| <b>FUND BALANCE:</b>                     |                     |               |  |
| Beginning of year                        | (32,205)            | (32,205)      | -  |
| End of year                              | <u>\$ (32,205)</u>  | <u>\$ -</u>   | <u>\$ 32,205</u>   |

# City of Lawndale

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

### Metro STP-L

For the year ended June 30, 2014

|   | Final Budget     | Actual          | Variance with<br>Final Budget<br>Positive/<br>(Negative) |
|---|------------------|-----------------|--|
| <b>REVENUES:</b>                              |                  |                 |  |
| Use of money and property                     | \$ 170           | \$ 105          | \$ (65)  |
| <b>Total revenues</b>                         | <b>170</b>       | <b>105</b>      | <b>(65)</b>  |
| <b>EXPENDITURES:</b>                          |                  |                 |  |
| Municipal services                            | 96,420           | 94,918          | 1,502  |
| Capital outlay                                | 10,000           | -               | 10,000   |
| <b>Total expenditures</b>                     | <b>106,420</b>   | <b>94,918</b>   | <b>11,502</b>  |
| <b>REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | <b>(106,250)</b> | <b>(94,813)</b> | <b>11,437</b>  |
| <b>Net change in fund balance</b>             | <b>(106,250)</b> | <b>(94,813)</b> | <b>11,437</b>  |
| <b>FUND BALANCE:</b>                          |                  |                 |  |
| Beginning of year                             | 63,789           | 63,789          | -  |
| End of year                                   | \$ (42,461)      | \$ (31,024)     | \$ 11,437  |

# City of Lawndale

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Measure R

For the year ended June 30, 2014

|   | Final Budget     | Actual         | Variance with<br>Final Budget<br>Positive/<br>(Negative) |
|---|------------------|----------------|--|
| <b>REVENUES:</b>                              |                  |                |  |
| Subventions and grants                        | \$ 348,232       | \$ 347,309     | \$ (923)   |
| Use of money and property                     | 850              | 1,317          | 467  |
| <b>Total revenues</b>                         | <b>349,082</b>   | <b>348,626</b> | <b>(456)</b>   |
| <b>EXPENDITURES:</b>                          |                  |                |  |
| Current:                                      |                  |                |  |
| Municipal services                            | 65,545           | 55,519         | 10,026   |
| Capital outlay                                | 982,735          | 255,839        | 726,896  |
| <b>Total expenditures</b>                     | <b>1,048,280</b> | <b>311,358</b> | <b>736,922</b>   |
| <b>REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | <b>(699,198)</b> | <b>37,268</b>  | <b>736,466</b>   |
| <b>Net change in fund balance</b>             | <b>(699,198)</b> | <b>37,268</b>  | <b>736,466</b>   |
| <b>FUND BALANCE:</b>                          |                  |                |  |
| Beginning of year                             | 653,568          | 653,568        | -  |
| End of year                                   | \$ (45,630)      | \$ 690,836     | \$ 736,466   |

# City of Lawndale

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

### ARRA

For the year ended June 30, 2014

|   | Final Budget | Actual    | Variance with<br>Final Budget<br>Positive/<br>(Negative) |
|---|--------------|-----------|--|
| <b>OTHER FINANCING SOURCES (USES):</b>      |              |           |  |
| Transfers in                                | \$ -         | \$ 34,779 | \$ 34,779  |
| Transfers out                               |              | -         | -  |
| <b>Total other financing sources (uses)</b> | -            | 34,779    | 34,779   |
| <b>Net change in fund balance</b>           | -            | 34,779    | 34,779   |
| <b>FUND BALANCE:</b>                        |              |           |  |
| Beginning of year                           | (34,779)     | (34,779)  | -  |
| End of year                                 | \$ (34,779)  | \$ -      | \$ 34,779  |



**City of Lawndale**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**

**Highway Safety Improvement**

**For the year ended June 30, 2014**

|                                   | <u>Final Budget</u> | <u>Actual</u>      | <u>Variance with<br/>Final Budget<br/>Positive/<br/>(Negative)</u> |
|-----------------------------------|---------------------|--------------------|--|
| <b>REVENUES:</b>                  |                     |                    |  |
| Subventions and grants            | \$ 217,000          | \$ 144,891         | \$ (72,109)  |
|                                   | <u>217,000</u>      | <u>144,891</u>     | <u>(72,109)</u>  |
| <b>EXPENDITURES:</b>              |                     |                    |  |
| Capital outlay                    | \$ 217,000          | 144,881            | \$ 72,119  |
| <b>Total expenditures</b>         | <u>217,000</u>      | <u>144,881</u>     | <u>72,119</u>  |
| <b>Net change in fund balance</b> | -                   | 10                 | 10   |
| <b>FUND BALANCE:</b>              |                     |                    |  |
| Beginning of year                 | <u>(45,167)</u>     | <u>(45,167)</u>    | -  |
| End of year                       | <u>\$ (45,167)</u>  | <u>\$ (45,157)</u> | <u>\$ 10</u>   |

# City of Lawndale

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

### Prop C25 Grant

For the year ended June 30, 2014

|   | Final Budget     | Actual         | Variance with<br>Final Budget<br>Positive/<br>(Negative) |
|---|------------------|----------------|--|
| <b>REVENUES:</b>                              |                  |                |  |
| Subventions and grants                        | \$ -             | \$ 8,683       | \$ 8,683   |
|   | -                | 49             | 49   |
| <b>Total revenues</b>                         | <b>-</b>         | <b>8,732</b>   | <b>8,732</b>   |
| <b>EXPENDITURES:</b>                          |                  |                |  |
| Capital outlay                                | 367,970          | 16,085         | 351,885  |
| <b>Total expenditures</b>                     | <b>367,970</b>   | <b>16,085</b>  | <b>351,885</b>   |
| <b>REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | <b>(367,970)</b> | <b>(7,353)</b> | <b>360,617</b>   |
| <b>Net change in fund balance</b>             | <b>(367,970)</b> | <b>(7,353)</b> | <b>360,617</b>   |
| <b>FUND BALANCE:</b>                          |                  |                |  |
| Beginning of year                             | 19,399           | 19,399         | -  |
| End of year                                   | \$ (348,571)     | \$ 12,046      | \$ 360,617   |

**City of Lawndale**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**

**Federal Appropriation**

**For the year ended June 30, 2014**

|   | Final Budget   | Actual         | Variance with<br>Final Budget<br>Positive/<br>(Negative) |
|---|----------------|----------------|--|
| <b>REVENUES:</b>                              |                |                |  |
| Subventions and grants                        | \$ 350,000     | \$ 242,895     | \$ (107,105)   |
| <b>Total revenues</b>                         | <b>350,000</b> | <b>242,895</b> | <b>(107,105)</b>   |
| <b>EXPENDITURES:</b>                          |                |                |  |
| Capital outlay                                | 350,000        | 224,258        | 125,742  |
| <b>Total expenditures</b>                     | <b>350,000</b> | <b>224,258</b> | <b>125,742</b>   |
| <b>REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | <b>-</b>       | <b>18,637</b>  | <b>18,637</b>  |
| <b>Net change in fund balance</b>             | <b>-</b>       | <b>18,637</b>  | <b>18,637</b>  |
| <b>FUND BALANCE:</b>                          |                |                |  |
| Beginning of year                             | -              | -              | -  |
| End of year                                   | \$ -           | \$ 18,637      | \$ 18,637  |

**City of Lawndale**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**

**Appropriations Act**

**For the year ended June 30, 2014**

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|                      | <u>Final Budget</u> | <u>Actual</u>       | Variance with<br>Final Budget<br>Positive/<br>(Negative) |
|----------------------|---------------------|---------------------|--|
| <b>FUND BALANCE:</b> |                     |                     |  |
| Beginning of year    | <u>(180,667)</u>    | <u>(180,667)</u>    | <u>-</u>   |
| End of year          | <u>\$ (180,667)</u> | <u>\$ (180,667)</u> | <u>\$ -</u>  |

# City of Lawndale

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

1996 LA County Specified

For the year ended June 30, 2014

|                                   | Final Budget       | Actual           | Variance with<br>Final Budget<br>Positive/<br>(Negative) |
|-----------------------------------|--------------------|------------------|--|
| <b>REVENUES:</b>                  |                    |                  |  |
| Subventions and grants            | \$ -               | \$ 40,000        | \$ 40,000  |
| <b>Total revenues</b>             | <b>\$ -</b>        | <b>\$ 40,000</b> | <b>\$ 40,000</b>   |
| <b>EXPENDITURES:</b>              |                    |                  |  |
| Current:                          |                    |                  |  |
| Capital outlay                    | -                  | -                | -  |
| <b>Total expenditures</b>         | <b>-</b>           | <b>-</b>         | <b>-</b>   |
| <b>Net change in fund balance</b> | <b>-</b>           | <b>40,000</b>    | <b>40,000</b>  |
| <b>FUND BALANCE:</b>              |                    |                  |  |
| Beginning of year                 | (40,000)           | (40,000)         | -  |
| End of year                       | <b>\$ (40,000)</b> | <b>\$ -</b>      | <b>\$ 40,000</b>   |

# City of Lawndale

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

### LA County Parks Maintenance Grant

For the year ended June 30, 2014

|   | <u>Final Budget</u> | <u>Actual</u>       | Variance with<br>Final Budget<br>Positive/<br>(Negative) |
|---|---------------------|---------------------|--|
| <b>REVENUES:</b>                              |                     |                     |  |
| Subventions and grants                        | <u>\$ 155,860</u>   | <u>\$ -</u>         | <u>\$ (155,860)</u>                                      |
| <b>Total revenues</b>                         | <u>155,860</u>      | <u>-</u>            | <u>(155,860)</u>   |
| <b>EXPENDITURES:</b>                          |                     |                     |  |
| Current:                                      |                     |                     |  |
| Recreation and community services             | <u>187,495</u>      | <u>177,747</u>      | <u>9,748</u>   |
| <b>Total expenditures</b>                     | <u>187,495</u>      | <u>177,747</u>      | <u>9,748</u>   |
| <b>REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | <u>(31,635)</u>     | <u>(177,747)</u>    | <u>(146,112)</u>   |
| <b>Net change in fund balance</b>             | <u>(31,635)</u>     | <u>(177,747)</u>    | <u>(146,112)</u>   |
| <b>FUND BALANCE:</b>                          |                     |                     |  |
| Beginning of year                             | <u>(54,000)</u>     | <u>(54,000)</u>     | <u>-</u>   |
| End of year                                   | <u>\$ (85,635)</u>  | <u>\$ (231,747)</u> | <u>\$ (146,112)</u>                                      |

# City of Lawndale

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

### Metro TOD

For the year ended June 30, 2014

|   | Final Budget       | Actual           | Variance with<br>Final Budget<br>Positive/<br>(Negative) |
|---|--------------------|------------------|--|
| <b>REVENUES:</b>                              |                    |                  |  |
| Subventions and grants                        | \$ 20,554          | \$ 20,432        | \$ (122)   |
| <b>Total revenues</b>                         | <b>20,554</b>      | <b>20,432</b>    | <b>(122)</b>   |
| <b>EXPENDITURES:</b>                          |                    |                  |  |
| Current:                                      |                    |                  |  |
| Planning and community development            | 73,855             | 6,977            | 66,878   |
| <b>Total expenditures</b>                     | <b>73,855</b>      | <b>6,977</b>     | <b>66,878</b>  |
| <b>REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | <b>(53,301)</b>    | <b>13,455</b>    | <b>66,756</b>  |
| <b>OTHER FINANCING SOURCES:</b>               |                    |                  |  |
| Transfers in                                  | -                  | -                | -  |
| <b>Total other financing sources</b>          | <b>-</b>           | <b>-</b>         | <b>-</b>   |
| <b>Net change in fund balance</b>             | <b>(53,301)</b>    | <b>13,455</b>    | <b>66,756</b>  |
| <b>FUND BALANCE:</b>                          |                    |                  |  |
| Beginning of year                             | 10,733             | 10,733           | -  |
| End of year                                   | <b>\$ (42,568)</b> | <b>\$ 24,188</b> | <b>\$ 66,756</b>   |

# City of Lawndale

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual DRI Grant

For the year ended June 30, 2014

|   | Final Budget   | Actual   | Variance with<br>Final Budget<br>Positive/<br>(Negative) |
|---|----------------|----------|--|
| <b>REVENUES:</b>                              |                |          |  |
| Subventions and grants                        | \$ 250,000     | \$ -     | \$ (250,000)   |
| <b>Total revenues</b>                         | <b>250,000</b> | <b>-</b> | <b>(250,000)</b>   |
| <b>EXPENDITURES:</b>                          |                |          |  |
| Current:                                      |                |          |  |
| Planning and community development            | 250,000        | -        | 250,000  |
| <b>Total expenditures</b>                     | <b>250,000</b> | <b>-</b> | <b>250,000</b>   |
| <b>REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | <b>-</b>       | <b>-</b> | <b>-</b>   |
| <b>Net change in fund balance</b>             | <b>-</b>       | <b>-</b> | <b>-</b>   |
| <b>FUND BALANCE:</b>                          |                |          |  |
| Beginning of year                             | -              | -        | -  |
| End of year                                   | \$ -           | \$ -     | \$ -   |



# City of Lawndale

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

### Measure R Grant

For the year ended June 30, 2014

|   | Final Budget | Actual     | Variance with<br>Final Budget<br>Positive/<br>(Negative) |
|---|--------------|------------|--|
| <b>REVENUES:</b>                              |              |            |  |
| Subventions and grants                        | \$ 500,000   | \$ 22,725  | \$ (477,275)   |
| Use of money and property                     | -            | \$ 1       | \$ 1   |
| <b>Total revenues</b>                         | 500,000      | 22,726     | (477,274)  |
| <b>EXPENDITURES:</b>                          |              |            |  |
| Capital outlay                                | 500,000      | 28,923     | 471,077  |
| <b>Total expenditures</b>                     | 500,000      | 28,923     | 471,077  |
| <b>REVENUES OVER<br/>(UNDER) EXPENDITURES</b> |              |            |  |
|   | -            | (6,197)    | (6,197)  |
| <b>Net change in fund balance</b>             | -            | (6,197)    | (6,197)  |
| <b>FUND BALANCE:</b>                          |              |            |  |
| Beginning of year                             | -            | -          | -  |
| End of year                                   | \$ -         | \$ (6,197) | \$ (6,197)   |

# City of Lawndale

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Prop C 25%

For the year ended June 30, 2014

|   | Final Budget     | Actual             | Variance with<br>Final Budget<br>Positive/<br>(Negative) |
|---|------------------|--------------------|--|
| <b>REVENUES:</b>                              |                  |                    |  |
| Subventions and grants                        | \$ 2,172,000     | \$ -               | \$ (2,172,000)   |
| Use of money and property                     | -                | -                  | -  |
| <b>Total revenues</b>                         | <u>2,172,000</u> | <u>-</u>           | <u>(2,172,000)</u>                                       |
| <b>EXPENDITURES:</b>                          |                  |                    |  |
| Municipal services                            | -                | 79                 | (79)   |
| Capital outlay                                | 2,172,000        | 25,365             | 2,146,635  |
| <b>Total expenditures</b>                     | <u>2,172,000</u> | <u>25,444</u>      | <u>2,146,556</u>   |
| <b>REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | <u>-</u>         | <u>(25,444)</u>    | <u>(25,444)</u>  |
| <b>Net change in fund balance</b>             | -                | (25,444)           | (25,444)   |
| <b>FUND BALANCE:</b>                          |                  |                    |  |
| Beginning of year                             | -                | -                  | -  |
| End of year                                   | <u>\$ -</u>      | <u>\$ (25,444)</u> | <u>\$ (25,444)</u>                                       |

# City of Lawndale

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Measure R Grant Traffic Improvement Signal For the year ended June 30, 2014

|   | Final Budget     | Actual            | Variance with<br>Final Budget<br>Positive/<br>(Negative) |
|---|------------------|-------------------|--|
| <b>REVENUES:</b>                              |                  |                   |  |
| Subventions and grants                        | \$ 1,500,000     | \$ 107,748        | \$ (1,392,252)   |
| <b>Total revenues</b>                         | <u>1,500,000</u> | <u>107,748</u>    | <u>(1,392,252)</u>                                       |
| <b>EXPENDITURES:</b>                          |                  |                   |  |
| Capital outlay                                | 1,500,000        | 113,546           | 1,386,454  |
| <b>Total expenditures</b>                     | <u>1,500,000</u> | <u>113,546</u>    | <u>1,386,454</u>   |
| <b>REVENUES OVER<br/>(UNDER) EXPENDITURES</b> |                  |                   |  |
|   | <u>-</u>         | <u>(5,798)</u>    | <u>(5,798)</u>   |
| <b>Net change in fund balance</b>             | -                | (5,798)           | (5,798)  |
| <b>FUND BALANCE:</b>                          |                  |                   |  |
| Beginning of year                             | -                | -                 | -  |
| End of year                                   | <u>\$ -</u>      | <u>\$ (5,798)</u> | <u>\$ (5,798)</u>  |

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# FIDUCIARY FUND

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Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The resources of fiduciary funds are not available to support the City's programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

## **PRIVATE PURPOSE TRUST FUNDS**

### **Successor Agency to the Lawndale Redevelopment Agency Fund**

These funds account for the activities of the Successor Agency to the City of Lawndale Redevelopment Agency. The fund's primary purpose is to expedite the dissolution of the former Agency's net assets (except for the low and moderate income housing fund's net assets) in accordance with AB x1 26 and AB 1484 as February 1, 2012.

The City of Lawndale reports the following Private Purpose Trust Funds:

**Successor Agency Project Fund** - To account for disbursement of Tax Allocation Bonds for specific capital projects.

**Successor Agency Debt Service Fund** - To account for the outstanding debt of the Successor Agency.

**Successor Agency Disbursement Fund** - To receive and disburse RPTTF funds.

**The Successor Agency to the Lawndale Redevelopment Agency**  
**Combining Statement of Fiduciary Net Position**  
**Private Purpose Trust Funds**  
**June 30, 2014**

|   | Successor<br>Agency<br>Projects Fund | Successor<br>Agency<br>Debt Service<br>Fund | Successor<br>Agency<br>Disbursement<br>Fund | Total                  |
|---|--------------------------------------|---|---|------------------------|
| <b>ASSETS</b>                           |                                      |   |   |                        |
| Cash and investments                    | \$ -                                 | \$ 1,614,611                                | \$ -  | \$ 1,614,611           |
| Restricted assets:                      |                                      |   |   |                        |
| Cash and investments                    | -                                    | 1,566,797                                   | -   | 1,566,797              |
| Cash and investments with fiscal agents | -                                    | 5,560,056                                   | -   | 5,560,056              |
| Interest receivable                     | -                                    | -   | 743   | 743                    |
| Land held for resale                    | 2,500,074                            | -   | -   | 2,500,074              |
| <b>Total assets</b>                     | <b>\$ 2,500,074</b>                  | <b>\$ 8,741,464</b>                         | <b>\$ 743</b>                               | <b>\$ 11,242,281</b>   |
| <b>LIABILITIES</b>                      |                                      |   |   |                        |
| Accounts payable                        | \$ 147,744                           | \$ -  | \$ -  | \$ 147,744             |
| Accrued wages                           | 15,818                               | -   | -   | 15,818                 |
| Interest payable                        | -                                    | 458,970                                     | -   | 458,970                |
| Long-term liabilities:                  |                                      |   |   |                        |
| Due within one year                     | -                                    | 305,714                                     | -   | 305,714                |
| Due in more than one year               | -                                    | 20,716,381                                  | -   | 20,716,381             |
| Advances from the City of Lawndale      | -                                    | 17,980,775                                  | -   | 17,980,775             |
| <b>Total liabilities</b>                | <b>163,562</b>                       | <b>39,461,840</b>                           | <b>-</b>                                    | <b>39,625,402</b>      |
| <b>Fiduciary Net Position</b>           | <b>\$ 2,336,512</b>                  | <b>\$ (30,720,376)</b>                      | <b>\$ 743</b>                               | <b>\$ (28,383,121)</b> |

**The Successor Agency to the Lawndale Redevelopment Agency**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Private Purpose Trust Funds**  
**For the Year Ended June 30, 2014**

|   | Successor<br>Agency<br>Projects Fund | Successor<br>Agency<br>Debt Service<br>Fund | Successor<br>Agency<br>Disbursement<br>Fund | Total            |
|---|--------------------------------------|---|---|------------------|
| <b>REVENUES:</b>  |                                      |   |   |                  |
| RPTTF distributions                                     | \$ -                                 | \$ -  | \$ 2,314,621                                | \$ 2,314,621     |
| Uses of money and property                              | -                                    | 46,456                                      | 4,686                                       | 51,142           |
| Other income  | 2,011                                | -   | -   | 2,011            |
| <b>Total Revenues</b>                                   | <b>2,011</b>                         | <b>46,456</b>                               | <b>2,319,307</b>                            | <b>2,367,774</b> |
| <b>EXPENDITURES:</b>                                    |                                      |   |   |                  |
| Administration  | 270,603                              | -   | -   | 270,603          |
| Community development                                   | 1,174,304                            | -   | -   | 1,174,304        |
| Payments to Lawndale Housing Authority                  | -                                    | -   | 712,582                                     | 712,582          |
| Debt service:   |                                      |   |   |                  |
| Interest and fiscal charges                             | -                                    | 1,182,121                                   | -   | 1,182,121        |
| <b>Total Expenditures</b>                               | <b>1,444,907</b>                     | <b>1,182,121</b>                            | <b>712,582</b>                              | <b>3,339,610</b> |
| <b>REVENUES OVER (UNDER)</b>                            |                                      |   |   |                  |
| <b>EXPENDITURES</b>                                     | <b>(1,442,896)</b>                   | <b>(1,135,665)</b>                          | <b>1,606,725</b>                            | <b>(971,836)</b> |
| <b>OTHER FINANCING SOURCES (USES):</b>                  |                                      |   |   |                  |
| Transfers in  | 20,676,909                           | 1,588,856                                   | -   | 22,265,765       |
| Transfers out   | (1,311,674)                          | (18,174,649)                                | (2,779,442)                                 | (22,265,765)     |
| <b>Total other financing sources (uses)</b>             | <b>19,365,235</b>                    | <b>(16,585,793)</b>                         | <b>(2,779,442)</b>                          | <b>-</b>         |
| <b>EXTRAORDINARY ITEM (Note 7)</b>                      | <b>2,500,074</b>                     | <b>2,276,404</b>                            | <b>-</b>                                    | <b>4,776,478</b> |
| Net Increase (Decrease) in Fiduciary Net Position       | 20,422,413                           | (15,445,054)                                | (1,172,717)                                 | 3,804,642        |
| Fiduciary Net Position - beginning of year              | (18,085,901)                         | (14,583,299)                                | 1,173,460                                   | (31,495,740)     |
| Restatements (Note 8)                                   | -                                    | (692,023)                                   | -   | (692,023)        |
| Fiduciary Net Position - beginning of year, as restated | (18,085,901)                         | (15,275,322)                                | 1,173,460                                   | (32,187,763)     |
| Fiduciary Net Position - end of year                    | \$ 2,336,512                         | \$ (30,720,376)                             | \$ 743                                      | \$ (28,383,121)  |

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# STATISTICAL SECTION

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

## Table of Contents

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| These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.  | 151         |
| These schedules contain information to help the reader assess the city's most significant local revenue source, the property tax.  | 155         |
| These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.                    | 159         |
| These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place.   | 162         |
| These schedules contain service and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it performs. | 165         |

**CITY OF LAWNSDALE**  
**Net Position by Component**  
**Last Three Fiscal Years**  
**(accrual basis of accounting)**

|  | <u>2012</u>          | <u>2013</u>          | <u>2014</u>          |
|--|----------------------|----------------------|----------------------|
| Governmental activities:                           |                      |                      |                      |
| Invested in capital assets,<br>net of related debt | \$ 40,567,520        | \$ 39,758,551        | \$ 41,303,660        |
| Restricted   | 4,180,641            | 5,131,368            | 5,971,750            |
| Unrestricted                                       | <u>36,617,212</u>    | <u>30,431,748</u>    | <u>23,838,865</u>    |
| Total primary government net position              | <u>\$ 81,365,373</u> | <u>\$ 75,321,667</u> | <u>\$ 71,114,275</u> |

*The City of Lawndale implemented GASB 34 in the fiscal year ended June 30, 2003*

*The City of Lawndale has elected to show only three years of data on this schedule.*

**CITY OF LAWNSDALE**  
**Changes in Net Position**  
**Last Three Fiscal Years**  
**(accrual basis of accounting)**

|  | <u>2012</u>          | <u>2013</u>           | <u>2014</u>           |
|--|----------------------|-----------------------|-----------------------|
| <b>Expenses:</b>   |                      |                       |                       |
| Governmental activities:                                   |                      |                       |                       |
| General government   | \$ 3,277,266         | \$ 3,336,790          | \$ 3,644,909          |
| Public safety  | 4,567,440            | 4,744,660             | 4,767,707             |
| Municipal services   | 5,086,433            | 5,446,000             | 4,676,472             |
| Community development                                      | 3,568,319            | 1,511,370             | 1,378,366             |
| Recreation and community services                          | 1,712,014            | 1,840,035             | 1,938,500             |
| Interest and fiscal charges                                | 447,168              | 13,277                | 25,914                |
| Total Primary Government Expenses                          | <u>18,658,640</u>    | <u>16,892,132</u>     | <u>16,431,868</u>     |
| <b>Program Revenues:</b>                                   |                      |                       |                       |
| Governmental activities:                                   |                      |                       |                       |
| Charges for services:                                      |                      |                       |                       |
| General government   | 593,495              | 522,334               | 536,706               |
| Public safety  | 582,465              | 553,723               | 597,372               |
| Planning and community development                         | 240,298              | 383,194               | 277,134               |
| Other activities   | 244,957              | 281,859               | 335,099               |
| Operating grants and contributions                         | 64,825               | 139,215               | 143,560               |
| Capital grants and contributions                           | 1,968,800            | 451,796               | 1,777,527             |
| Total Primary Government Program Revenues                  | <u>3,694,840</u>     | <u>2,332,121</u>      | <u>3,667,398</u>      |
| Total net revenues (expenses)                              | (14,963,800)         | (14,560,011)          | (12,764,470)          |
| <b>General Revenues and Other Changes in Net Position:</b> |                      |                       |                       |
| <b>Governmental activities:</b>                            |                      |                       |                       |
| Taxes:   |                      |                       |                       |
| Property tax, levied for general purpose                   | 890,896              | 2,123,835             | 1,207,732             |
| Property tax, Redevelopment                                |                      |                       |                       |
| Agency tax increment                                       | 1,972,109            | -                     | -                     |
| Transient occupancy taxes                                  | 452,648              | 490,448               | 507,149               |
| Franchise tax  | 427,277              | 494,445               | 577,720               |
| Sales tax  | 4,673,172            | 4,632,826             | 4,937,756             |
| Motor vehicle in lieu tax                                  | 2,772,165            | 2,797,818             | 2,853,843             |
| Utility users tax  | 2,191,320            | 2,048,093             | 2,060,637             |
| Investment income  | 135,534              | 116,388               | 99,903                |
| Other  | 375,510              | 652,451               | 1,088,816             |
| Total Primary Government                                   | <u>13,890,631</u>    | <u>13,356,304</u>     | <u>13,333,556</u>     |
| Transfer in  | 460,223              | -                     | -                     |
| Extraordinary Item   | 28,823,365           | (4,839,999)           | (4,776,478)           |
| Primary Government Changes in Net Position                 | <u>\$ 28,210,419</u> | <u>\$ (6,043,706)</u> | <u>\$ (4,207,392)</u> |

*The City of Lawndale has elected to show only three years of data on this schedule.*

**CITY OF LAWNSDALE**  
**Fund Balances of Governmental Funds**  
**Last Three Fiscal Years**  
**(modified accrual basis of accounting)**

|   | <u>2012</u>          | <u>2013</u>          | <u>2014</u>          |
|---|----------------------|----------------------|----------------------|
| <b>General fund:</b>                      |                      |                      |                      |
| Nonspendable                              | \$ 6,904,925         | \$ 3,032,263         | \$ 927,304           |
| Restricted                                | 7,016                | 7,374                | 7,718                |
| Committed                                 | 3,043,980            | 3,013,240            | 3,013,384            |
| Assigned                                  | 195,104              | 222,555              | 153,496              |
| Unassigned                                | 11,221,961           | 15,426,052           | 14,214,377           |
| <b>Total General Fund</b>                 | <u>\$ 21,372,986</u> | <u>\$ 21,701,484</u> | <u>\$ 18,316,279</u> |
| <b>All other governmental funds:</b>      |                      |                      |                      |
| <b>Special revenue funds</b>              |                      |                      |                      |
| Nonspendable                              | \$ -                 | \$ -                 | \$ 487,083           |
| Restricted                                | 8,629,477            | 4,912,033            | 5,259,292            |
| Comminted                                 | 12,319,580           | 10,624,274           | 7,495,609            |
| Unassigned                                | (738,453)            | (518,309)            | (553,245)            |
| <b>Capital projects funds</b>             |                      |                      |                      |
| Unassigned                                | -                    | -                    | -                    |
| <b>Debt Services</b>                      |                      |                      |                      |
| Restricted                                | -                    | -                    | -                    |
| <b>Total All Other Governmental Funds</b> | <u>\$ 20,210,604</u> | <u>\$ 15,017,998</u> | <u>\$ 12,688,739</u> |

**CITY OF LAWNSDALE**  
**Changes in Fund Balances of Governmental Funds**  
**Last Three Fiscal Years**  
**(modified accrual basis of accounting)**

|   | <u>2012</u>         | <u>2013</u>           | <u>2014</u>           |
|---|---------------------|-----------------------|-----------------------|
| <b>Revenues:</b>  |                     |                       |                       |
| Sales and use taxes                                       | \$ 4,359,663        | \$ 4,252,299          | \$ 4,590,448          |
| Utility user tax  | 2,191,320           | 2,048,093             | 2,060,637             |
| Property and other taxes                                  | 3,742,937           | 3,108,728             | 2,292,601             |
| Motor vehicle in-lieu                                     | 2,772,165           | 2,797,818             | 2,853,843             |
| Licenses and permits                                      | 518,753             | 559,403               | 578,330               |
| Fines and forfeitures                                     | 582,465             | 553,723               | 641,095               |
| Subventions and grants                                    | 2,347,135           | 930,480               | 2,259,845             |
| Use of money and property                                 | 191,785             | 123,883               | 115,574               |
| Charges for services                                      | 539,429             | 774,464               | 679,925               |
| Miscellaneous   | 339,819             | 539,534               | 928,656               |
| Total revenues  | <u>17,585,471</u>   | <u>15,688,425</u>     | <u>17,000,954</u>     |
| <b>Expenditures</b>                                       |                     |                       |                       |
| Current:  |                     |                       |                       |
| General government  | 3,188,630           | 3,231,101             | 3,603,878             |
| Public safety   | 4,558,008           | 4,707,545             | 4,828,456             |
| Municipal services  | 3,971,644           | 4,316,979             | 3,883,097             |
| Planning and community development                        | 3,268,188           | 944,702               | 907,382               |
| Recreation and community services                         | 1,684,520           | 1,789,705             | 1,931,393             |
| Capital outlay  | 7,944,759           | 663,110               | 2,725,455             |
| Debt service:   |                     |                       |                       |
| Principal retirement                                      | 325,084             | 31,839                | 32,906                |
| Interest and fiscal charges                               | 1,158,316           | 27,553                | 26,373                |
| Cost of bond issuance                                     |                     |                       |                       |
| Total expenditures  | <u>26,099,149</u>   | <u>15,712,534</u>     | <u>17,938,940</u>     |
| Excess (deficiency) of revenues over (under) expenditures | <u>(8,513,678)</u>  | <u>(24,109)</u>       | <u>(937,986)</u>      |
| <b>Other financing sources (uses):</b>                    |                     |                       |                       |
| Proceeds from long-term debt                              |                     |                       |                       |
| Transfers in  | 4,855,794           | 681,539               | 1,546,766             |
| Transfers out   | <u>(4,395,571)</u>  | <u>(681,539)</u>      | <u>(1,546,766)</u>    |
| Total other financing sources (uses)                      | <u>460,223</u>      | <u>-</u>              | <u>-</u>              |
| Extraordinary Item  | 7,925,319           | (4,839,999)           | (4,776,478)           |
| Net change in fund balances                               | <u>\$ (128,136)</u> | <u>\$ (4,864,108)</u> | <u>\$ (5,714,464)</u> |
| Debt service as a percentage of noncapital expenditures   | 8.9%                | 0.4%                  | 0.4%                  |

*The City of Lawndale has elected to show only three years of data for this schedule.*

**CITY OF LAWNSDALE**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

| <b>Fiscal Year<br/>Ended<br/>June 30</b> | <b>City</b>    |                  |                      | <b>Taxable<br/>Assessed<br/>Value</b> | <b>Total<br/>Direct Tax<br/>Rate</b> |
|--|----------------|------------------|----------------------|---------------------------------------|--------------------------------------|
|  | <b>Secured</b> | <b>Unsecured</b> | <b>Less:<br/>150</b> |                                       |                                      |
| 2005                                     | 1,297,749,815  | 23,082,592       | 11,674,401           | 1,332,506,808                         | 1.000%                               |
| 2006                                     | 1,617,734,962  | 25,639,912       | 10,873,740           | 1,654,248,772                         | 1.000%                               |
| 2007                                     | 1,773,312,259  | 29,473,330       | 9,614,916            | 1,812,400,505                         | 1.000%                               |
| 2008                                     | 1,792,280,469  | 29,734,952       | 9,614,916            | 1,831,630,500                         | 1.000%                               |
| 2009                                     | 1,880,433,599  | 31,553,224       | 10,085,159           | 1,922,071,982                         | 1.000%                               |
| 2010                                     | 1,831,477,610  | 28,979,163       | 9,253,280            | 1,869,710,218                         | 1.000%                               |
| 2011                                     | 1,784,384,720  | 28,152,145       | 9,365,903            | 1,812,536,865                         | 1.000%                               |
| 2012                                     | 1,786,937,201  | 28,336,944       | 8,453,239            | 1,823,727,384                         | 1.000%                               |
| 2013                                     | 1,808,651,374  | 31,655,954       | 9,468,954            | 1,849,776,282                         | 1.000%                               |
| 2014                                     | 1,846,823,697  | 32,531,368       | 9,136,873            | 1,888,491,938                         | 1.000%                               |

**NOTE:**

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

Source: Los Angeles County Assessor's Office

**CITY OF LAWNSDALE**  
**Direct and Overlapping Property Tax Rates**  
**(Rate per \$100 of assessed value)**  
**Last Two Fiscal Years**

|                           | <b>2013</b>           | <b>2014</b>           |
|---------------------------|-----------------------|-----------------------|
|                           | <b><u>Percent</u></b> | <b><u>Percent</u></b> |
| <b>City direct rates:</b> |                       |                       |
| City basic rate:          | 1.00000               | 1.00000               |
| <b>Overlapping rates:</b> |                       |                       |
| Elementary Schools        | 0.16205               | 0.15448               |
| High Schools              | 0.05906               | 0.04369               |
| Community College         | 0.01849               | 0.01750               |
| Metro Water District      | 0.00350               | 0.00350               |
| Total Direct Rate         | 1.24310               | 1.21917               |

*The City of Lawndale has elected to show only two years of data on this schedule.*

**NOTE:**

In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1% fixed amount. This 1% is shared by all taxing agencies for which the subject property resides within. In addition to the 1% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of the elementary schools, high schools, community college, districts and/or County of Los Angeles.

Source: Los Angeles County Assessor's Office



**CITY OF LAWNSDALE**  
**Principal Property Tax Payers**  
**Current Year and Nine Years Ago**

| <u>Taxpayer</u>           | <u>2014</u>                           |   | <u>2005</u>                           |   |
|---------------------------|---------------------------------------|---|---------------------------------------|---|
|                           | <u>Taxable<br/>Assessed<br/>Value</u> | <u>Percent of<br/>Total City<br/>Taxable<br/>Assessed<br/>Value</u> | <u>Taxable<br/>Assessed<br/>Value</u> | <u>Percent of<br/>Total City<br/>Taxable<br/>Assessed<br/>Value</u> |
| Lawndale Market Place LLC | \$ 11,996,649                         | 0.65%   | \$ 10,390,428                         | 0.81%   |
| Northern BLVD Realty Corp | 8,703,980                             | 0.47%   |                                       |   |
| Lawndale LLC              | 7,471,288                             | 0.40%   |                                       |   |
| Baytower Corporate Center | 7,017,856                             | 0.38%   | 5,020,604                             | 0.39%   |
| Fariba Tabibi             | 6,438,493                             | 0.35%   |                                       |   |
| Rich Lawndale LLC         | 6,655,788                             | 0.36%   |                                       |   |
| SBP Enterprises LLC       | 6,178,272                             | 0.33%   | 5,224,463                             | 0.41%   |
| XJ Grand Hotel LLC        | 5,511,197                             | 0.30%   | 4,897,248                             | 0.38%   |
| Satnaam Investments Inc   | 5,591,351                             | 0.30%   | 4,635,497                             | 0.36%   |
| J and Y Properties LP     | 5,462,223                             | 0.30%   |                                       |   |
| Ahmad Farrabian Trust     |                                       |   | 6,470,963                             | 0.50%   |
| Stratford Rental LLC      |                                       |   | 4,093,799                             | 0.32%   |
| Younan and Linda Safar    |                                       |   | 3,650,000                             | 0.28%   |
| Rosecrans Group LLC       |                                       |   | 3,632,950                             | 0.28%   |
| Redondo Townhomes LLC     |                                       |   | 3,613,301                             | 0.28%   |
| Totals                    | <u>\$ 71,027,097</u>                  | <u>3.85%</u>  | <u>\$ 51,629,253</u>                  | <u>4.01%</u>  |

The amounts shown above include assessed value data for both the City and the Lawndale Successor Agency.

Source: HdL Coren & Cone

**CITY OF LAWNSDALE**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

| <b>Fiscal<br/>Year Ended<br/>June 30</b> | <b>Taxes Levied<br/>for the<br/>Fiscal Year</b> | <b>Collected within the<br/>Fiscal Year of Levy</b> |                        | <b>Collections in<br/>Subsequent<br/>Years</b> | <b>Total Collections to Date</b> |                            |
|--|---|---|------------------------|--|----------------------------------|----------------------------|
|  |   | <b>Amount</b>                                       | <b>150<br/>of Levy</b> |  | <b>Amount</b>                    | <b>Percent<br/>of Levy</b> |
| 2005                                     | 708,836   | 587,951   | 82.95%                 | (120,885)                                      | 730,619                          | 103.07%                    |
| 2006                                     | 763,620   | 733,412   | 96.04%                 | (30,208)                                       | N/A                              | N/A                        |
| 2007                                     | 840,552   | 967,088   | 115.05%                | 126,536  | N/A                              | N/A                        |
| 2008                                     | 909,030   | 991,339   | 109.05%                | 82,309   | N/A                              | N/A                        |
| 2009                                     | 1,033,020                                       | 1,052,038   | 101.84%                | 19,018   | N/A                              | N/A                        |
| 2010                                     | 911,615   | 511,174   | 56.07%                 | (400,441)                                      | N/A                              | N/A                        |
| 2011                                     | 914,661   | 860,018   | 94.03%                 | (54,643)                                       | N/A                              | N/A                        |
| 2012                                     | 890,901   | 899,405   | 100.95%                | 8,504  | N/A                              | N/A                        |
| 2013                                     | 1,043,000                                       | 2,123,835   | 203.63%                | 1,080,835                                      | N/A                              | N/A                        |
| 2014                                     | 1,088,510                                       | 1,153,313   | 105.95%                | 64,803   | N/A                              | N/A                        |

Source: Los Angeles County Auditor Controller's Office

**CITY OF LAWNSDALE**  
**Ratios of Outstanding Debt by Type**  
**Last Five Fiscal Years**

| <b>Fiscal Year<br/>Ended<br/>June 30</b> | <b>Governmental Activities</b> |                       | <b>Total<br/>Governmental<br/>150</b> | <b>Percentage<br/>of Personal<br/>Income</b> | <b>Debt<br/>Per<br/>Capita<sup>1</sup></b> |
|--|--------------------------------|-----------------------|---------------------------------------|--|--|
|  | <b>Notes Payable</b>           | <b>Capital Leases</b> |                                       |  |  |
| 2010                                     | 23,097,438                     | -                     | 23,097,438                            | N/A  | 687  |
| 2011                                     | 23,015,265                     | -                     | 23,015,265                            | N/A  | 700  |
| 2012                                     | 769,485                        | -                     | 769,485                               | N/A  | 23   |
| 2013                                     | 737,646                        | -                     | 737,646                               | N/A  | 22   |
| 2014                                     | 670,732                        | -                     | 670,732                               | N/A  | 20   |

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

<sup>1</sup> These ratios are calculated using personal income for the prior calendar year.

**CITY OF LAWDALE**  
**Direct and Overlapping Debt**  
**June 30, 2014**

|   |                                |    |                     |                    |
|---|--------------------------------|----|---------------------|--------------------|
| City Assessed Valuation   |                                | \$ | 1,373,364,760       |                    |
|   | <b>Percentage</b>              |    | <b>Outstanding</b>  | <b>Estimated</b>   |
|   | <b>Applicable</b> <sup>1</sup> |    | <b>Debt 6/30/14</b> | <b>Share of</b>    |
|   |                                |    |                     | <b>Overlapping</b> |
|   |                                |    |                     | <b>Debt</b>        |
| <b><u>Direct<sup>2</sup> and Overlapping Tax and Assessment Debt:</u></b> |                                |    |                     |                    |
| CIEDB LOAN  | 100.000%                       | \$ | 670,732             | \$ 670,732         |
| Centinela Vly Union HS Dist 2002 Ref Bd Ser A                             | 12.583%                        |    | 14,165,000          | 1,782,335          |
| Centinela Vly Union HS Dist 2004 Ref Ser A                                | 12.583%                        |    | 30,250,000          | 3,806,258          |
| Centinela Vly Union HS Dist DS 2010, 12 Ser B                             | 12.583%                        |    | 72,000,324          | 9,059,570          |
| Centinela Vly Union HSD DS 2008, Series A                                 | 12.583%                        |    | 23,844,344          | 3,000,262          |
| Centinela Vly Union HS Dist 2010,12 Series B                              | 12.583%                        |    | 68,000,000          | 8,556,362          |
| Centinela Vly Union HS Dist 2000 Series                                   | 12.583%                        |    | 21,654,438          | 2,724,700          |
| El Camino Com Col Dist 2012 Ref Bonds                                     | 2.196%                         |    | 41,490,000          | 911,122            |
| El Camino Com Col Dist 2005 Ref Bonds                                     | 2.196%                         |    | 27,113,382          | 595,496            |
| El Camino Com Col Dist 2002 Ser 2006B                                     | 2.196%                         |    | 84,635,000          | 1,858,696          |
| El Camino Com Col Dist 2002 Ser 2012C                                     | 2.196%                         |    | 180,812,882         | 3,970,876          |
| Hawthorne USD DS 1997 2005 Series E                                       | 0.604%                         |    | 5,880,000           | 35,530             |
| Hawthorne S.D. DS 1997 Series B   | 0.604%                         |    | 3,120,799           | 18,858             |
| Hawthorne SD DS 1997 Series C   | 0.604%                         |    | 2,764,844           | 16,707             |
| Hawthorne SD DS 1997 Series 2004 D  | 0.604%                         |    | 802,115             | 4,848              |
| Hawthorne SD 2004/2005 Series A   | 0.604%                         |    | 6,285,061           | 37,979             |
| Hawthorne S.D DS 2004 Series 2005B  | 0.604%                         |    | 4,110,506           | 24,838             |
| Hawthorne S.D 2004 Series C 2008  | 0.604%                         |    | 8,751,599           | 52,882             |
| Hawthorne S.D DS 2008, 2009 Series A                                      | 0.604%                         |    | 6,235,410           | 37,677             |
| Hawthorne S.D DS 2008, 2012 Series B                                      | 0.604%                         |    | 12,931,770          | 78,141             |
| Lawndale Elem Sch Dist 2010 Refunding Bonds                               | 59.620%                        |    | 11,640,000          | 6,939,744          |
| Lawndale Elem Sch Dist 1998 Ser C Debt Svc                                | 59.620%                        |    | 3,000,000           | 1,788,594          |
| Lawndale Elem Sch Dist 1998 Ser B Debt Svc                                | 59.620%                        |    | 4,895,000           | 2,918,389          |
| Metropolitan Water District   | 0.149%                         |    | 64,271,492          | 95,836             |
| Total Overlapping Debt  |                                | \$ | 699,324,698         | \$ 48,986,427      |

Notes:

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

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

<sup>2</sup> The City has no direct debt.

Source: HdL Coren & Cone

**CITY OF LAWNSDALE**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**

|  | Fiscal Year    |                  |                  |                  |                  | Fiscal Year      |               |               |               |               |               |               |
|--|----------------|------------------|------------------|------------------|------------------|------------------|---------------|---------------|---------------|---------------|---------------|---------------|
|  | 2005           | 2006             | 2007             | 2008             | 2009             | 2010             | 2011          | 2012          | 2012          | 2013          | 2014          |               |
| Assessed valuation   | \$ 150         | \$ 1,654,248,614 | \$ 1,812,400,505 | \$ 1,831,630,337 | \$ 1,922,071,982 | \$ 1,869,710,053 | 1,812,536,865 | 1,812,536,865 | 1,823,727,384 | 1,823,727,384 | 1,840,307,328 | 1,879,355,065 |
| Debt limit percentage  | 15400%         | 15%              | 15%              | 15%              | 15%              | 15%              | 15%           | 15%           | 15%           | 15%           | 15%           | 15%           |
| Debt limit   | 158            | 248,137,292      | 271,860,076      | 274,744,551      | 288,310,797      | 280,456,508      | 271,880,530   | 271,880,530   | 273,559,108   | 273,559,108   | 276,046,099   | 281,903,260   |
| <b>Total net debt applicable to limit:</b><br>General obligation bonds | 163            |                  |                  |                  |                  |                  |               |               |               |               |               |               |
| Legal debt margin  | \$ 199,876,021 | \$ 248,137,292   | \$ 271,860,076   | \$ 274,744,551   | \$ 288,310,797   | \$ 280,456,508   | 271,880,530   | 271,880,530   | 273,559,108   | 273,559,108   | 276,046,099   | 281,903,260   |
| Total debt applicable to the limit<br>as a percentage of debt limit    | 0.0%           | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          |

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

Source: City of Lawndale CAFR Statistical Section-Computation of Legal Debt Margin

**CITY OF LAWNSDALE**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**

| <b>Calendar<br/>Year</b> | <b>Population<br/>(1)</b> | <b>Personal<br/>Income<br/>(in thousands) (2)</b> | <b>Per<br/>Capita<br/>Personal<br/>Income (2)</b> | <b>Unemployment<br/>Rate <sup>1</sup><br/>(3)</b> |
|--------------------------|---------------------------|---|---|---|
| 2004                     | 33,106                    | 489,768   | 14,794  | 6.5%  |
| 2005                     | 33,220                    | 510,755   | 15,375  | 5.3%  |
| 2006                     | 33,215                    | 539,351   | 16,238  | 4.7%  |
| 2007                     | 33,247                    | 558,946   | 16,812  | 5.0%  |
| 2008                     | 33,293                    | 564,134   | 16,945  | 7.4%  |
| 2009                     | 33,469                    | 553,218   | 16,529  | 11.5%   |
| 2010                     | 33,641                    | 596,119   | 17,720  | 12.5%   |
| 2011                     | 32,887                    | 616,796   | 18,755  | 12.2%   |
| 2012                     | 32,907                    | 616,961   | 18,749  | 9.2%  |
| 2013                     | 33,058                    | 617,121   | 18,667  | 10.1%   |
| 2014                     | 33,228                    | 592,356   | 17,827  | 7.6%  |

- Sources:
- (1) State Department of Finance
  - (2) Office of Economic Development (data shown is for Los Angeles County)
  - (3) State of California Employment Development Department

**CITY OF LAWNSDALE**  
**Principal Employers**  
**Current Year and Nine Years Ago**

| <u>Employer</u>               | <u>2014</u>                |                                    | <u>2005</u>                |                             |
|-------------------------------|----------------------------|------------------------------------|----------------------------|-----------------------------|
|                               | <u>Number of Employees</u> | <u>Percent of Total Employment</u> | <u>Number of Employees</u> | <u>Percent of Total 150</u> |
| City of Lawndale              | 99                         | 3.38%                              | 61                         | N/A                         |
| El Super # 3                  | 90                         | 3.08%                              | N/A                        | N/A                         |
| Advanced Veterinary Care Cent | 57                         | 1.95%                              | N/A                        | N/A                         |
| McDonalds of California       | 56                         | 1.91%                              | N/A                        | N/A                         |
| Boston Market Corporation     | 51                         | 1.74%                              | N/A                        | N/A                         |
| Options for Life              | 46                         | 1.57%                              | N/A                        | N/A                         |
| Big Saver Foods               | 46                         | 1.57%                              | N/A                        | N/A                         |
| El Pollo Inka                 | 45                         | 1.54%                              | N/A                        | N/A                         |
| Carbro Corporation            | 44                         | 1.50%                              | N/A                        | N/A                         |
| Smart & Final                 | 44                         | 1.50%                              | N/A                        | N/A                         |
| 99 Cents Only Store           | 42                         | 1.44%                              | N/A                        | N/A                         |

Total Employment as used above represents the total employment of all employers located within City limits.

The City does not have data for 2005.

Source: State Department of Commerce  
City of Lawndale

**CITY OF LAWNSDALE**  
**Full-time and Part-time City Employees**  
**by Function**  
**Last Ten Fiscal Years**

| <u>Function</u>       | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> |
|-----------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| General government    | 34          | 34          | 37          | 38          | 41          | 41          | 41          | 38          | 38          | 38          |
| Public safety         | 12          | 14          | 12          | 14          | 14          | 13          | 13          | 12          | 15          | 15          |
| Community development | 5           | 6           | 6           | 7           | 7           | 7           | 7           | 6           | 6           | 6           |
| Culture and leisure   | 29          | 31          | 42          | 43          | 43          | 44          | 44          | 44          | 40          | 40          |
| Total                 | <u>80</u>   | <u>85</u>   | <u>97</u>   | <u>102</u>  | <u>105</u>  | <u>105</u>  | <u>105</u>  | <u>100</u>  | <u>99</u>   | <u>99</u>   |

Source: City Budget Office



**CITY OF LAWNSDALE**  
**Operating Indicators**  
**by Function**  
**Last Ten Fiscal Years**

|                              | <b>Fiscal Year</b> |             |             |             |             |             |             |             |             |             |
|------------------------------|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
|                              | <b>2005</b>        | <b>2006</b> | <b>2007</b> | <b>2008</b> | <b>2009</b> | <b>2010</b> | <b>2011</b> | <b>2012</b> | <b>2013</b> | <b>2014</b> |
| <b>Police:</b>               |                    |             |             |             |             |             |             |             |             |             |
| Arrests                      | 840                | 748         | 751         | 749         | 790         | 1,166       | 1,373       | 1,270       | 953         | 1,072       |
| Parking citations issued     | 14,046             | 16,627      | 16,378      | 19,190      | 19,190      | 15,432      | 13,661      | 13,784      | 14,116      | 13,584      |
| <b>Parks and recreation:</b> |                    |             |             |             |             |             |             |             |             |             |
| Number of recreation classes | 8                  | 8           | 15          | 15          | 15          | 15          | 15          | 15          | 15          | 15          |
| Number of facility rentals   | 4                  | 4           | 4           | 4           | 4           | 4           | 4           | 4           | 4           | 4           |

Source: City of Lawndale

**CITY OF LAWNSDALE**  
**Capital Asset Statistics**  
**by Function**  
**Last Ten Fiscal Years**

|                              | Fiscal Year |      |      |      |      |      |      |      |      |      |
|------------------------------|-------------|------|------|------|------|------|------|------|------|------|
|                              | 2005        | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| <b>Police:</b>               |             |      |      |      |      |      |      |      |      |      |
| Stations                     | 1           | 1    | 1    | 1    | 1    | 1    | 1    | 1    | 1    | 1    |
|                              |             | ---  |      |      |      |      |      |      |      |      |
| <b>Public works:</b>         |             |      |      |      |      |      |      |      |      |      |
| Streets (miles)              | 67          | 67   | 67   | 67   | 67   | 67   | 67   | 67   | 67   | 67   |
| <b>Parks and recreation:</b> |             |      |      |      |      |      |      |      |      |      |
| Parks                        | 4           | 4    | 4    | 4    | 5    | 5    | 5    | 5    | 5    | 5    |
| Community centers            | 1           | 1    | 1    | 1    | 1    | 1    | 1    | 1    | 1    | 1    |

Source: City of Lawndale

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**REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS**

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Lawndale, California (City), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 31, 2015.

***Internal Control Over Financial Reporting***

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

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

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

To the Honorable Mayor and Members of the City Council  
of the City of Lawndale  
Lawndale, California  
Page 2

***Compliance and Other Matters***

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

***Purpose of this Report***

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

*Marcum LLP*

Los Angeles, California  
March 31, 2015