



New Community Center



City of Lawndale Comprehensive Annual Financial Report

Fiscal Year Ending June 30, 2013

City of Lawndale
Basic Financial Statements
For the year ended June 30, 2013

Table of Contents

	<u>Page</u>
 <u>INTRODUCTORY SECTION</u>	
Letter of Transmittal	i
Organizational Chart	v
City Officials.....	vi
 <u>FINANCIAL SECTION</u>	
Independent Auditors’ Report.....	1
Management’s Discussion and Analysis (Required Supplementary Information, Unaudited).....	5
 Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position.....	18
Statement of Activities and Changes in Net Position	19
Fund Financial Statements:	
<i>Government Fund Financial Statements:</i>	
Balance Sheet	24
Reconciliation of the Governmental Funds Balance Sheet	
to the Government-Wide Statement of Net Position.....	27
Statement of Revenues, Expenditures and Changes in Fund Balances	28
Reconciliation of the Governmental Funds Statement of Revenues,	
Expenditures and Changes in Fund Balances to the Government-Wide	
Statement of Activities and Changes in Net Position	30
<i>Fiduciary Fund Financial Statements:</i>	
Statement of Fiduciary Net Position	34
Statement of Changes in Fiduciary Net Position.....	35
Note to Basic Financial Statements.....	38
 Required Supplementary Information (Unaudited):	
Budgetary Information	82
General Fund	83
Restricted Urban Development – Special Revenue Fund	85
Lawndale Housing Authority – Special Revenue Fund.....	86
Schedule of Funding Progress:	
Defined Benefit Pension Plan	87
Other Post Employment Benefit Liability	87

City of Lawndale
Basic Financial Statements
For the year ended June 30, 2013

Table of Contents, Continued

	<u>Page</u>
 <u>SUPPLEMENTARY INFORMATION</u>	
Description of Non-major Governmental Funds	91
Combining Balance Sheet - Non-major Governmental Funds.....	95
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non-major Governmental Funds	101
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual:	
Gas Tax Special Revenue Fund	107
Air Quality Special Revenue Fund	108
TDA Article 3 Special Revenue Fund	109
Traffic Congestion Relief AB2928 Special Revenue Fund	110
Sewer Reconstruction Special Revenue Fund	111
Proposition A - Local Assistance Special Revenue Fund	112
Proposition C - Local Assistance Special Revenue Fund	113
State Transit Program (Local) Special Revenue Fund	114
Narcotics Forfeiture Special Revenue Fund	115
State COPS Grant Special Revenue Fund	116
California Law Enforcement Equipment Program Special Revenue Fund	117
Community Development Grant Block Special Revenue Fund	118
Used Oil Recycling Grant Special Revenue Fund.....	119
Lawndale Cable Usage Corporation Special Revenue Fund	120
Hawthorne Boulevard Maintenance Special Revenue Fund	121
Department of Conservation Grant Special Revenue Fund.....	122
State of California Bond Act 2000 / 2002 Special Revenue Fund	123
Justice Assisted Grant Special Revenue Fund.....	124
Park Development Special Revenue Fund	125
Prop 1B Special Revenue Fund.....	126

City of Lawndale
Basic Financial Statements
For the year ended June 30, 2013

Table of Contents, Continued

	<u>Page</u>
 <u>SUPPLEMENTARY INFORMATION, Continued</u>	
Safetea-Lu Fund.....	127
Prop A Grant Special Revenue Fund.....	128
Metro STP-L Special Revenue Fund	129
Measure R Special Revenue Fund.....	130
ARRA Special Revenue Fund	131
Highway Safety Improvement Program Special Revenue Fund.....	132
Prop C25 Grant Fund.....	133
Federal Appropriations Special Revenue Fund	134
Appropriations Act Fund.....	135
1996 LA County Specified Fund.....	136
Energy Efficiency Conservation Grant Fund	137
2009 JAG Fund.....	138
ARRA JAG Fund	139
LA County Parks Maintenance Grant Fund.....	140
Metro TOD Grant Fund.....	141
Measure R Grant.....	142
 Fiduciary Funds	
Combining Statement of Fiduciary Net Position.....	146
Combining Statement of Changes in Fiduciary Net Position	147
 <u>STATISTICAL SECTION (UNAUDITED)</u>	
Statistical Section Table of Contents	150
Net Position by Component.....	151
Changes in Net Position	152
Fund Balances of Governmental Funds	153
Changes in Fund Balances of Governmental Funds	154
Assessed Value and Estimated Actual Value of Taxable Property	155
Direct and Overlapping Property Tax Rates	156
Principal Property Tax Payers.....	157
Property Tax Levies and Collections.....	158
Ratios of Outstanding Debt by Type	159
Direct and Overlapping Debt	160
Legal Debt Margin Information	161
Demographic and Economic Statistics	162
Principal Employers	163

City of Lawndale
Basic Financial Statements
For the year ended June 30, 2013

Table of Contents, Continued

STATISTICAL SECTION (UNAUDITED), Continued

Full-Time and Part-Time City Employees by Function	164
Operating Indicators by Function.....	165
Capital Asset Statistics by Function.....	166

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance With <i>Government Audit Standards</i>	171
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CITY OF LAWDALE

March 14, 2014

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, 2013 (FY13) 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 \$2.8 million, Sales Tax of \$2.5 million, Property Tax of \$2.1 million and Utility User's Tax of \$2 million. This four-pronged attack has provided consistency to the budget despite variances in smaller revenue streams.

From a non-operational standpoint, the City has been working in tandem with the Lawndale Successor Agency (SA) to oversee the closeout of the Lawndale Redevelopment Agency 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. Because the SA had fully complied with all the fiscal demands and measures of the State of California's Department of Finance (DOF), the DOF issued a "Finding of Completion" to the SA. This finding allows the SA to begin to re-enter into contracts and more specifically make productive usage of \$6.3 million in unspent bond proceeds from the "2009 \$20,545,000 Tax Allocation Bond" which was issued for the main purpose of building the Community Center. Moreover, this designation will finalize and re-confirm the agency's \$10.5 million debt to the General Fund and \$9.8 debt to the Urban Development Action Grant fund. Such repayment will likely be made over the next 15 years but provide a steady inflow to both funds. Additionally, with the dissolution of redevelopment will come an additional \$300,000 of General Fund property tax that would have been distributed to the former agency. 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.

Despite the major occurrences due to ABx126, the General Fund's main components remain consistent. 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, 2013 totaled \$116,388.

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 4.
- 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 4.
- 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 77% 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) also 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.

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 auditor's reports related specifically to the single audit are included in a separately issued single audit document.

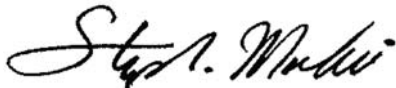
AWARDS

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,



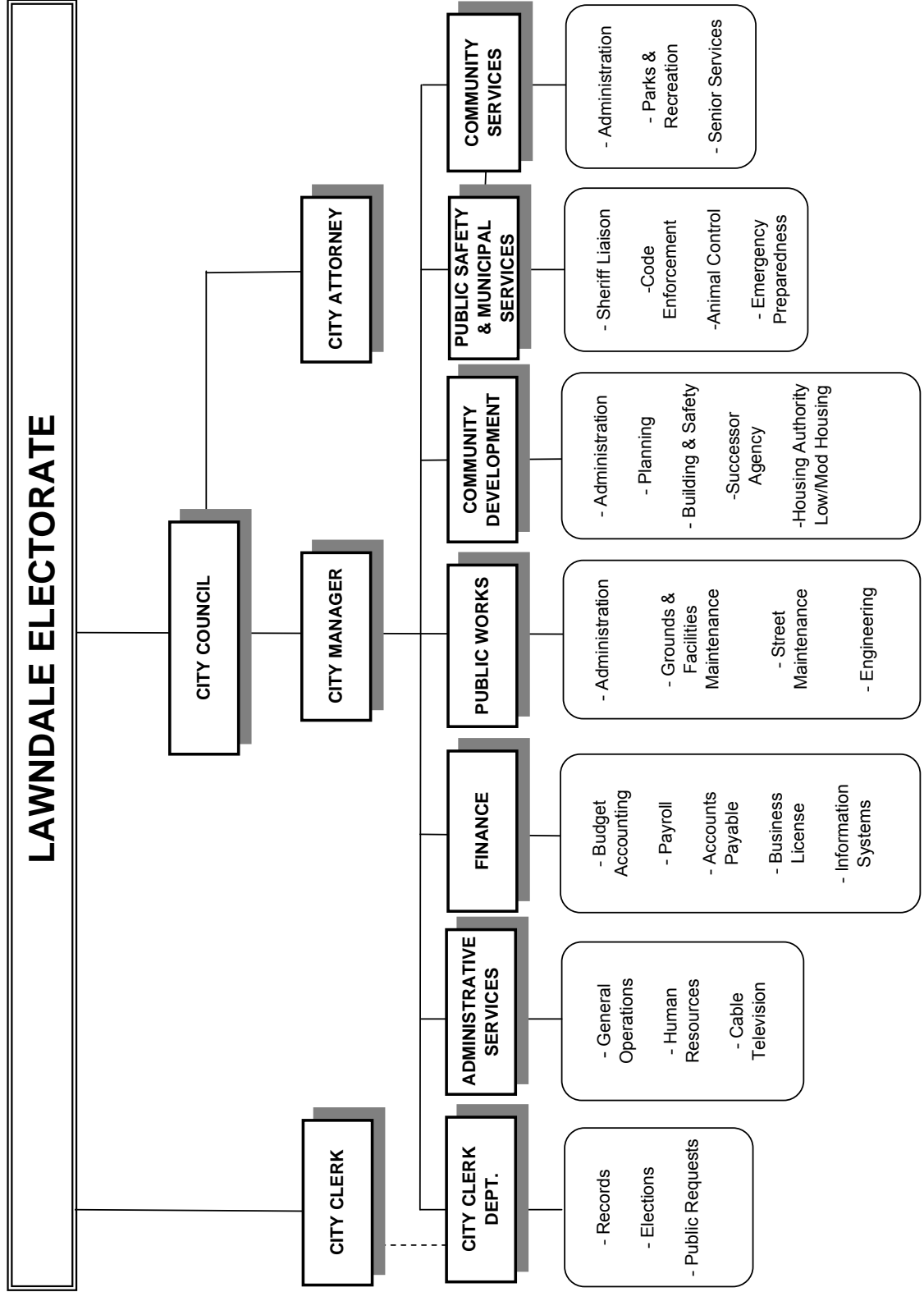
Stephen N. Mandoki
City Manager



Ken Louie
Finance Director/City Treasurer

CITY OF LAWNDALE

City-Wide Organizational Chart

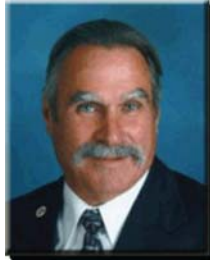


■ **CITY ELECTED OFFICIALS**



**Mayor
Harold Hofmann**

Elected: April 2012



**Mayor Pro Tem
Pat Kearney**

Elected: April 2010



**Councilmember
Robert Pullen-Miles**

Elected: April 2012



**Councilmember
Larry Rudolph**

Elected: April 2010



**Councilmember
Jim Osborne**

Elected: April 2012

City Clerk Paula Hartwill

Elected: April 2010

■ **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

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, 2013, 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
Page 2

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Lawndale, as of June 30, 2013, 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.

Emphasis of a Matter

As discussed in Note 1 to the financial statements, the Board implemented Governmental Accounting Standard (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and Statement No. 65, *Items Previously Reported as Assets and Liabilities* as of October 1, 2012. Our opinion is not modified with respect to this matter.

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, 82-86, and 87, 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.

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

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. 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.

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 14, 2014 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

Irvine, California
March 14, 2014

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CITY OF LAWNSDALE, CALIFORNIA

Management's Discussion and Analysis

As management of the City of Lawnsdale, we offer readers of the City's financial statements this narrative discussion and analysis of the financial activities for fiscal year ended June 30, 2013. 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 Lawnsdale exceed its liabilities, at the close of the fiscal year ended June 30, 2013, by \$75,321,667 (*total net position*). Of this amount, \$30,431,748 (*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 \$6,043,706. The decrease is mainly attributable to the remittance of monies from the General Fund to the State Department of Finance to due regulations and rulings with regards to the dissolution of redevelopment.
- As of June 30, 2013, the City's governmental funds reported combined ending fund balances of \$36,719,482 (page 25) a decrease of \$4,864,108 in comparison with the prior year. The decrease is mainly attributable to the remittance of monies from the General Fund to the State Department of Finance due to regulations and rulings with regards to the dissolution of redevelopment agencies.
- Approximately \$14,907,743 is available for spending at the government's discretion. This is called the unassigned fund balance. (page 25).
- As of June 30, 2013, the unassigned fund balance for the General Fund was \$15,426,052 (page 24), or 119%, 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.

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.

CITY OF LAWNSDALE, CALIFORNIA

Management's Discussion and Analysis

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 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

CITY OF LAWDALE, CALIFORNIA

Management's Discussion and Analysis

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 40 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, and the Lawndale Housing Authority Special Revenue Fund, all of which are considered to be major funds. Data from the other 37 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 37-78 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 81-87 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 95-147 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 exceeded liabilities by \$74,336,620 at June 30, 2013. A large portion of the City's total net assets (53%) 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 7% of total net assets and are primarily either obligated, contracted or committed for a specific purpose. The remaining balance of unrestricted total net assets (\$30,431,748 or 40%) may be used to meet the government's ongoing obligations to citizens and creditors.

City of Lawndale Net Position	Fiscal Year 2012-2013	Fiscal Year 2011-2012	Variance Increase (Decrease)	Percentage Increase (Decrease)
Government Activities				
Current and other assets	\$ 15,128,571	\$ 23,358,756	\$ (8,230,185)	(35.23%)
Noncurrent assets	23,496,648	27,321,868	(3,825,220)	(14.00%)
Capital assets, net	40,496,196	41,337,005	(840,809)	(2.03%)
Total assets	79,121,415	92,017,629	(12,896,214)	(14.01%)
Deferred Outflows of Resources	985,048		985,048	
Total Deferred Outflows	985,048	-	985,048	-
Current liabilities	1,916,033	8,134,798	(6,218,765)	(76.45%)
Long-term liabilities outstanding	2,868,763	2,517,458	351,305	13.95%
Total liabilities	4,784,796	10,652,256	(5,867,460)	(55.08%)
Invested in capital assets, net of related debt	39,758,551	40,567,520	(808,969)	(1.99%)
Restricted, net assets	5,131,368	4,180,641	950,727	22.74%
Unrestricted, net assets	30,431,748	36,617,212	(6,185,464)	(16.89%)
Total Net Position	\$ 75,321,667	\$ 81,365,373	\$ (6,043,706)	(7.43%)

CITY OF LAWNSDALE, CALIFORNIA

Management's Discussion and Analysis

Governmental activities. Governmental activities decreased the City's net assets by \$6,043,706.

	Fiscal Year 2012-2013	Fiscal Year 2011-2012	Variance Increase (Decrease)	Percentage Increase (Decrease)
Government Activities				
Program revenues:				
Charges for services	\$ 1,741,110	\$ 1,661,215	\$ 79,895	4.81%
Operating grants and contributions	139,215	64,825	74,390	114.76%
Capital grants and contributions	451,796	1,968,800	(1,517,004)	(77.05%)
General revenues:				
Property taxes	2,123,835	2,863,005	(739,170)	(25.82%)
Other taxes	10,463,630	10,516,582	(52,952)	(0.50%)
Other general revenues	768,839	511,044	257,795	50.44%
Total revenues	15,688,425	17,585,471	(1,897,046)	(10.79%)
Expenses:				
General government	3,336,790	3,277,266	59,524	1.82%
Public safety	4,744,660	4,567,440	177,220	3.88%
Municipal services	5,446,000	5,086,433	359,567	7.07%
Planning and community development	1,511,370	3,568,319	(2,056,949)	(57.64%)
Recreation and community services	1,840,035	1,712,014	128,021	7.48%
Interest and fiscal charges	13,277	447,168	(433,891)	(97.03%)
Total expenses	16,892,132	18,658,640	(1,766,508)	(9.47%)
Transfers in / (out)		460,223	(460,223)	(100.00%)
Extraordinary item	(4,839,999)	28,823,365	(33,663,364)	(116.79%)
Change in net position	\$ (6,043,706)	\$ 28,210,419	\$ (34,254,125)	(121.42%)
Net Position - Beginning of Year	81,365,373	53,154,954	28,210,419	53.07%
Net Position - End of Year	\$ 75,321,667	\$ 81,365,373	\$ (6,043,706)	(7.43%)

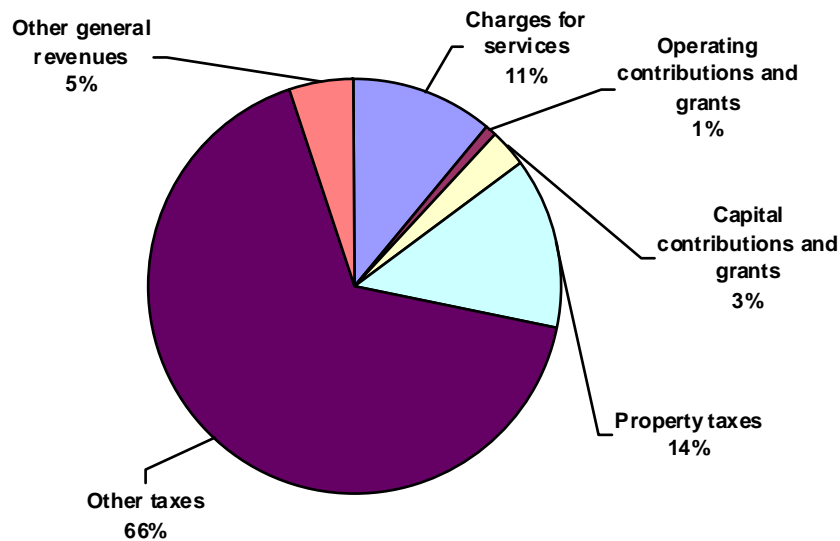
CITY OF LAWNSDALE, CALIFORNIA

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 \$36,719,482 a decrease of \$4,864,108 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 \$15,426,052 while total fund balance reached \$21,701,484.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental activities as of June 30, 2013, amounts to \$40,496,196 (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 decreased from fiscal year 2011-12 by \$840,809.

CITY OF LAWSDALE, CALIFORNIA

Management's Discussion and Analysis

City of Lawndale Capital Assets (Net of Depreciation) Governmental Activities	Fiscal Year 2012-2013	Fiscal Year 2011-2012	Variance Increase (Decrease)	Percentage Increase (Decrease)
Land	\$ 5,215,937	\$ 5,215,937	\$ -	
Buildings and structures	16,299,557	16,533,801	(234,244)	(1.42%)
Machinery and equipment	582,144	564,713	17,431	3.09%
Improvements other than buildings	194,839	368,103	(173,264)	(47.07%)
Infrastructure	17,745,433	17,912,757	(167,324)	(0.93%)
Construction in progress	458,286	741,694	(283,408)	(38.21%)
Total	\$ 40,496,196	\$ 41,337,005	\$ (840,809)	(2.03%)

Additional information regarding the City's capital assets can be found in *Note 3E on page 60*.

Long-term debt. At the end of the current fiscal year, the City of Lawndale had total debt outstanding of \$2,868,763.

City of Lawndale Outstanding Debt Government Activities	Fiscal Year 2012-2013	Fiscal Year 2011-2012	Variance Increase (Decrease)	Percentage Increase (Decrease)
Notes payable	\$ 737,646	\$ 769,485	\$ (31,839)	(4.14%)
Compensated absences	650,581	656,644	(6,063)	(0.92%)
Claims payable - general and workers compensation liability	506,188	337,184	169,004	50.12%
Other post employment benefits payable	974,348	754,145	220,203	29.20%
Total	\$ 2,868,763	\$ 2,517,458	\$ 351,305	13.95%

The City's total debt increased by \$351,305, or 13.95 %, during the current fiscal year. This was primarily due to the increase in Worker's Comp claims and recent loss history.

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 \$2.8 million, Sales Tax of \$2.5 million, Property Tax of \$2.1 million and Utility User Tax of \$2.0 million.

With a steady but stagnate 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 dissolves 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 will become 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 \$6.3 million in unspent bond proceeds. Additionally, through time, the City and its General Fund will be paid back the \$20.3 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 most likely commencing in 2015.

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.

Closing

For now, the General Fund remains healthy as it boasts 126% in reserves. Such percentage would be even higher if consideration is given to all long-term receivables expected to be collected by the City from the State Department of Finance.

CITY OF LAWDALE, CALIFORNIA

Management's Discussion and Analysis

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

City of Lawndale
Statement of Net Position
June 30, 2013

ASSETS	Governmental Activities
Current assets:	
Cash and investments	\$ 13,568,317
Receivables:	
Accounts, net	1,357,402
Interest	12,665
Loans	190,187
Total current assets	15,128,571
Noncurrent assets:	
Advances to Successor Agency	20,361,591
Land held for development	3,135,057
Capital assets:	
Nondepreciable assets	5,674,223
Depreciable assets, net	34,821,973
Total capital assets	40,496,196
Total noncurrent assets	63,992,844
Total assets	79,121,415
 DEFERRED OUTFLOWS OF RESOURCES	
Forgivable loans receivable	985,048
Total deferred outflows of resources	985,048
 LIABILITIES	
Current liabilities:	
Accounts payable and accrued expenses	1,726,749
Interest payable	10,296
Deposits	178,987
Total current liabilities	1,916,032
Noncurrent liabilities:	
Due within one year	132,906
Due in more than one year	1,255,321
Liability insurance payable	506,188
Postemployment benefit liability	974,348
Total noncurrent liabilities	2,868,763
Total liabilities	4,784,795
 NET POSITION	
Net investments in capital assets	39,758,551
Restricted for:	
Community development	2,266,395
Municipal services	2,780,225
Other purposes	84,748
Unrestricted	30,431,748
Total net position	\$ 75,321,667

See accompanying Notes to Basic Financial Statements.

City of Lawndale
Statement of Activities and Changes in Net Position
For the year ended June 30, 2013

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		
Governmental activities:						
General government	\$ 3,336,790	\$ 522,334	\$ -	\$ -	\$ 522,334	\$ (2,814,456)
Public safety	4,744,660	553,723	122,421	-	676,144	(4,068,516)
Municipal services	5,446,000	94,567	-	105,413	199,980	(5,246,020)
Planning and community development	1,511,370	383,194	16,794	346,383	746,371	(764,999)
Recreation and community services	1,840,035	187,292	-	-	187,292	(1,652,743)
Interest and fiscal charges	13,277	-	-	-	-	(13,277)
Total governmental activities	\$ 16,892,132	\$ 1,741,110	\$ 139,215	\$ 451,796	\$ 2,332,121	(14,560,011)
General revenues:						
Taxes:						
Property tax - City						2,123,835
Transient occupancy tax						490,448
Franchise tax						494,445
Sales tax						4,632,826
Motor vehicle in-lieu tax						2,797,818
Utility users tax						2,048,093
Investment income						116,388
Other						652,451
Total general revenues						13,356,304
Change in net position before extraordinary item						(1,203,707)
Extraordinary Item (Note 7)						(4,839,999)
Change in net position						(6,043,706)
Net position - beginning of year						81,365,373
Net position - end of year						\$ 75,321,667

See accompanying Notes to Basic Financial Statements.

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FUND FINANCIAL STATEMENTS

Governmental Fund Financial Statements
Fiduciary Fund Financial Statements

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**GOVERNMENTAL FUND
FINANCIAL STATEMENTS**

City of Lawndale
Balance Sheet
Governmental Funds
June 30, 2013

	General Fund	Special Revenue Fund		Non-major Governmental Funds
		Restricted Urban Development	Lawndale Housing Authority	
ASSETS				
Cash and investments	\$ 8,446,204	\$ 817,754	44,434	\$ 4,259,925
Receivables:				
Accounts, net	1,249,326	-	83	107,993
Interest	8,177	785	-	3,703
Loans	190,187	-	667,651	317,397
Due from other funds	639,644	-	-	-
Advance to other funds	10,537,189	9,824,402	-	-
Land held for development	2,391,469	-	743,588	-
Total assets	\$ 23,462,196	\$ 10,642,941	\$ 1,455,756	\$ 4,689,018
LIABILITIES				
Liabilities:				
Accounts payable	\$ 1,294,196	\$ 18,667	\$ 691	\$ 208,886
Accrued wages	146,209	-	4,341	35,590
Due to other funds	141,320	-	-	498,325
Retentions payable	-	-	718	17,451
Deferred revenue	-	-	667,651	317,397
Deposits	178,987	-	-	-
Total liabilities	1,760,712	18,667	673,401	1,077,649
FUND BALANCES				
Nonspendable	3,032,263	-	-	-
Restricted	7,374	-	782,355	4,129,678
Committed	3,013,240	10,624,274	-	-
Assigned	222,555	-	-	-
Unassigned	15,426,052	-	-	(518,309)
Total fund balances	21,701,484	10,624,274	782,355	3,611,369
Total liabilities and fund balances	\$ 23,462,196	\$ 10,642,941	\$ 1,455,756	\$ 4,689,018

See accompanying Notes to Basic Financial Statements.

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Total

\$ 13,568,317

1,357,402

12,665

1,175,235

639,644

20,361,591

3,135,057

\$ 40,249,911

\$ 1,522,440

186,140

639,645

18,169

985,048

178,987

3,530,429

3,032,263

4,919,407

13,637,514

222,555

14,907,743

36,719,482

\$ 40,249,911

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City of Lawndale
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2013

Total Fund Balances - Total Governmental Funds \$ 36,719,482

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	50,246,711
Accumulated depreciation	(9,750,515)

Long-term notes receivable are not current financial resources and, therefore, are reported as deferred revenue in the governmental funds.	985,048
--	---------

Interest expenditures are recognized when due and, therefore, interest payable is not recorded in the governmental funds.	(10,296)
---	----------

Liability insurance payable is not due and payable in the current period and therefore is not reported in the funds.	(506,188)
--	-----------

Postemployment benefit liability other than pensions is not due and payable in the current period and therefore is not reported in the funds.	(974,348)
---	-----------

Long-term liabilities, including notes, are not due and payable in the current period and, therefore, are not reported in the funds.	
Notes payable	(737,646)
Compensated absences	(650,581)

Net Position of Governmental Activities \$ 75,321,667

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, 2013

	General Fund	Major Special Revenue Funds	
		Restricted Urban Development	Lawndale Housing Authority
REVENUES:			
Sales and use taxes	\$ 2,511,412	\$ -	\$ -
Property tax	2,123,836	-	-
Utility user tax	2,048,093	-	-
Other taxes	984,892	-	-
Motor vehicle in-lieu tax	2,797,818	-	-
Licenses and permits	559,403	-	-
Fines and forfeitures	553,723	-	-
Subventions and grants	-	-	-
Use of money and property	73,891	31,489	5,273
Charges for services	740,015	-	-
Other	500,296	-	-
Total revenues	12,893,379	31,489	5,273
EXPENDITURES:			
Current:			
General government	3,219,201	-	-
Public safety	4,582,619	-	-
Municipal services	3,041,083	-	-
Planning and community development	776,636	20,619	41,176
Recreation and community services	1,272,328	-	-
Capital outlay	106,847	-	-
Debt service:			
Principal retirement	31,839	-	-
Interest and fiscal charges	27,553	-	-
Total expenditures	13,058,106	20,619	41,176
REVENUES OVER (UNDER) EXPENDITURES	(164,727)	10,870	(35,903)
OTHER FINANCING SOURCES (USES):			
Transfers in	560,857	-	-
Transfers out	(61,206)	(560,857)	-
Total other financing sources (uses)	499,651	(560,857)	-
Change in Fund Balance Before Extraordinary Item	334,924	(549,987)	(35,903)
Extraordinary Item (Note 7)	(6,426)	(1,145,319)	(3,688,254)
Net change in fund balances	328,498	(1,695,306)	(3,724,157)
FUND BALANCES:			
Beginning of year	21,372,986	12,319,580	4,506,512
End of year	\$ 21,701,484	\$ 10,624,274	\$ 782,355

See accompanying Notes to Basic Financial Statements.

Non-major Governmental			
Funds		Total	
\$ 1,740,887		\$ 4,252,299	
-		2,123,836	
-		2,048,093	
-		984,892	
-		2,797,818	
-		559,403	
-		553,723	
930,480		930,480	
13,230		123,883	
34,449		774,464	
39,238		539,534	
<u>2,758,284</u>		<u>15,688,425</u>	
11,900		3,231,101	
124,926		4,707,545	
1,275,896		4,316,979	
106,271		944,702	
517,377		1,789,705	
556,263		663,110	
-		31,839	
-		27,553	
<u>2,592,633</u>		<u>15,712,534</u>	
<u>165,651</u>		<u>(24,109)</u>	
120,682		681,539	
<u>(59,476)</u>		<u>(681,539)</u>	
<u>61,206</u>		<u>-</u>	
<u>226,857</u>		<u>(24,109)</u>	
<u>-</u>		<u>(4,839,999)</u>	
<u>226,857</u>		<u>(4,864,108)</u>	
3,384,512		41,583,590	
<u>\$ 3,611,369</u>		<u>\$ 36,719,482</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, 2013

Net Change in Fund Balances - Total Governmental Funds \$ (4,864,108)

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	\$ 663,110	
Less: Capital outlays related to repair and maintenance	<u>(153,788)</u>	509,322
Depreciation		(1,350,131)

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		(1,760)
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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		31,839
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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.

		14,276
--	--	--------

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.

		6,063
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Change in liability insurance payable		(169,004)
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Change in postemployment benefits liability		<u>(220,203)</u>
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Change in Net Position of Governmental Activities \$ (6,043,706)

See accompanying Notes to Basic Financial Statements.

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**FIDUCIARY FUND
FINANCIAL STATEMENTS**

City of Lawndale
Statement of Net Position
Fiduciary Fund
June 30, 2013

	Private Purpose Trust Fund
ASSETS	
Current assets:	
Cash and investments	\$ 2,288,358
Restricted assets:	
Cash and investments	1,532,547
Cash and investments with fiscal agents	6,333,996
Interest receivable	1,507
Total current assets:	<u>10,156,408</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred bond issuance costs	692,023
Total deferred outflows of resources:	<u>692,023</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 55,403
Accrued wages	7,640
Retention payable	135,787
Interest payable	462,982
Total current liabilities	<u>661,812</u>
Noncurrent liabilities:	
Due within one year	298,676
Due in more than one year	21,022,093
Advances from the City of Lawndale	20,361,590
Total noncurrent liabilities	<u>41,682,359</u>
Total liabilities	<u>42,344,171</u>
NET POSITION	
Fiduciary deficiency in net position	<u>\$ (31,495,740)</u>

See accompanying Notes to Basic Financial Statements.

City of Lawndale
Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended June 30, 2013

	Private Purpose Trust Fund
	<u> </u>
ADDITIONS	
Tax increment received	\$ 2,412,889
Uses of money and property	<u>51,174</u>
Total Additions	<u>2,464,063</u>
DEDUCTIONS	
Administration	69,370
Community development	871,144
Debt service:	
Payments in accordance with trust agreements	<u>1,211,091</u>
Total Deductions	<u>2,151,605</u>
EXTRAORDINARY ITEM (Note 7)	<u>(2,715,637)</u>
Net Increase (Decrease) in Fiduciary Net Position	<u>(2,403,179)</u>
Fiduciary Net Position - beginning of year	<u>(29,092,561)</u>
Fiduciary Net Position - end of year	<u>\$ (31,495,740)</u>

See accompanying Notes to Basic Financial Statements.

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NOTES TO BASIC FINANCIAL STATEMENTS

City of Lawndale
Notes to Basic Financial Statements
For the year ended June 30, 2013

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 and 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, 2013

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 are 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, 2013

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 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.

Debt Service Funds - Debt Service Funds are used to account for the accumulation of resources for and the payment of principal and interest on debt and other long-term obligations.

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, 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

New Accounting Pronouncements

The following GASB Statements have been implemented in the current financial statements:

Government Accounting Standards Board Statement No. 63

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* provides financial guidance for deferred outflows of resources and deferred inflows of resources.

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. Application of the statement is effective for the City's fiscal year ending June 30, 2014. The City implemented this statement early.

Implementation of the Standards above had an impact on the presented Fiduciary Fund financial statements as well as on the Government-Wide Financial Statements.

City of Lawndale
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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.

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 interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund 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.

City of Lawndale
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

The estimated useful lives and capitalization thresholds are as follows:

<u>Capital Asset Type</u>	<u>Useful Lives</u>	<u>Capitalization Threshold</u>
Buildings and Structures	30 years	\$10,000
Improvements Other than Buildings	30 years	10,000
Vehicles, Machinery 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 reserved in the Governmental Fund Financial Statements.

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

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.”

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

City of Lawndale
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

Long-Term Debt, Continued

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.”

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.

City of Lawndale
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

Fund Balance, Continued

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

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. Accordingly, 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

City of Lawndale
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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, 2013

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

B. Deficit Fund Balance

The following funds had deficit fund balances at June 30, 2013:

	<u>Deficit Balance</u>
Non-major Special Revenue Funds:	
Gas Tax	\$ (124,781)
TDA Article 3 Local Transportation	(3,179)
State of California Bond Act of 2000 /2002	(3,531)
Prop A Grant	(32,205)
ARRA	(34,779)
Highway Safety Improvement	(45,167)
Appropriations Act	(180,667)
1996 LA County Specified	(40,000)
LA County Parks Maintenance Grant	(54,000)

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, 2013

3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, Continued

C. Excess of Expenditures Over Appropriations

Expenditures exceeded appropriations in the following funds for the year ended June 30, 2013:

	Amount Over Budget
	<u> </u>
General Fund:	
General government	\$ 240,683
Public safety	240,128
Municipal services	171,413
Planning and community development	14,076
Recreation and community services	130,029
Air Quality:	
Capital outlay	8,526
Hawthorne Boulevard Maintenance:	
Municipal services	56,208
Justice Assisted Grant:	
Public safety	2,050
2009 JAG Grant:	
Public safety	9
ARRA JAG Grant:	
Public safety	227

3. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

Cash and investments as of June 30, 2013 are classified in the accompanying financial statements as follows:

Cash and investments:	
Governmental funds	\$ 13,568,317
Fiduciary funds - cash	2,288,358
Fiduciary funds - restricted cash and investments	7,866,543
Total cash and investments	<u><u>\$ 23,723,218</u></u>

City of Lawndale
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

3. DETAILED NOTES ON ALL FUNDS, Continued

A. Cash and Investments, Continued

Cash and investments as of June 30, 2013 consist of the following:

Cash on hand	\$	1,150
Deposits with financial institutions		2,468,609
Investments (Local Agency Investment Fund)		9,093,661
Certificates of Deposit		1,992,000
Interest Revenue Held with Trustee		12,897
		<u>13,568,317</u>
Cash and investments held in fiduciary funds		
Deposits with financial institutions		2,288,358
Restricted cash and investments		1,532,547
Cash and investments with fiscal agents		6,333,996
		<u>10,154,901</u>
Total cash and investments held in fiduciary funds		<u>10,154,901</u>
Total cash and investments	\$	<u>23,723,218</u>

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:

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage or Amount of Portfolio *</u>	<u>Maximum Investment in One Issuer</u>
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

City of Lawndale
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

3. DETAILED NOTES ON ALL FUNDS, Continued

A. Cash and Investments, Continued

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 239 days at June 30, 2013.

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.

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.

City of Lawndale
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

3. DETAILED NOTES ON ALL FUNDS, Continued

A. Cash and Investments, Continued

Custodial Credit Risk, Continued

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).

Investment in Certificate of Deposits

The City invests in certificated 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, 2013, the City's portfolio included invested 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, 2013, had a balance of \$58.8 billion. Of that amount, 1.96% was invested in medium-term and short-term structured notes and asset-backed securities. The average maturity of PMIA investments was 278 days as of June 30, 2013.

B. Long-Term 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, 2013, \$1,760 of loan repayments was received. The City did not fund any new loans during the fiscal year.

City of Lawndale
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

3. DETAILED NOTES ON ALL FUNDS, Continued

B. Long-Term Loans Receivable, Continued

The balance of these loans receivable was \$985,048 at June 30, 2013 and is classified as deferred outflows of resources in the Government-Wide Financial Statements.

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' General Fund. The balance of this loan receivable was \$190,187 at June 30, 2013.

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. The City believes that the ownership of the Anthony's Trust Deed will not be resolved until the State Controller undertakes an audit of the former RDA.

C. Inter-fund Receivables, Payables and Transfers

Individual inter-fund balances were as follows at June 30, 2013:

	Due from Other Funds	
	Governmental Funds:	
Due to Other Funds	General Fund	
Governmental Funds:		
General Fund	\$	141,320
Non Major Governmental Funds		498,325
Total Governmental Funds		639,645
Total	\$	639,645

City of Lawndale
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

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, 2013 - 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 Out	Transfers In				Total
	Governmental Funds				
	General Fund	Restricted Urban Development Fund	Lawndale Housing Authority	Non Major Governmental Funds	
Governmental Funds:					
General Fund	\$ -	\$ -	\$ -	\$ 61,206	\$ 61,206 (1)
Restricted Urban Development Fund	560,857	-	-	-	560,857 (2)
Lawndale Housing Authority					
Non Major Governmental Funds				59,476	59,476 (3)
Total	\$ 560,857	\$ -	\$ -	\$ 120,682	\$ 681,539

(1) To close out fund balance in various Non-major Governmental Funds.

(2) To reimburse the general fund for partial repayment of advance made by the City to the former Lawndale Redevelopment Agency in April 1991 through its Restricted Urban Development Special Revenue Fund.

(3) To transfer funds for Firmona Storm Drain Project out of Prop 1B Special Revenue Fund to Gas Tax Special Revenue Fund both of which are classified as Non-major Governmental Funds.

City of Lawndale
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

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. The amount owed pursuant to the Cooperation Agreement was regarded as an "enforceable obligation" as defined in ABx1 26 by the Successor Agency oversight board. The advances balance was \$16,014,191 as of June 30, 2012.

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. In this letter, the DOF disallowed \$6,000,000 of loan repayments that the RDA provided to the City in March of 2011. The DOF gave as the reason for disallowing the loan payment the provisions in ABx1 26 that retroactively invalidated payments from redevelopment agencies to cities that occurred between January and June of 2011. 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."

Since the DOF invalidated the loan repayment, during the fiscal year ended June 30, 2013, the City returned the \$6,000,000 to the Successor Agency and restored the advances to the former RDA.

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)."

City of Lawndale
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

3. DETAILED NOTES ON ALL FUNDS, Continued

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

Advances To/From Other Funds, Continued

On September 4, 2013, the Lawndale Successor Agency oversight board adopted Resolution 2013-16 which included a finding that the loans from the City to the former Lawndale Redevelopment Agency (RDA) were made for a legitimate redevelopment purpose and are regarded as an enforceable obligation of the Lawndale Successor Agency to the City under HSC section 34191.4 (b). 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.

The advances balance was \$20,361,591 as of June 30, 2013 and comprised of the following:

In April 1991, the City, through its Restricted Urban Development Special Revenue Fund, entered into an agreement with the RDA to fund certain costs for the preparation of redevelopment project area designations and plans. The RDA's reimbursement to the City is payable solely from incremental property tax revenues, if any, arising from future property tax levies in designated project areas. On April 1, 1996, the City renewed the loan agreement with the RDA with deferred interest at an annual rate of 7%, compounded quarterly and secured with tax increment funds allocated to the Agency. During the year ended June 30, 2013, the DOF approved the above loan as an enforceable obligation through the ROPS III process in a letter dated December 18, 2012, stating "Per HSC section 34171 (d) (2), loan agreements entered into between the RDA and the city, county, or city and county that created it, within two years of the date of creation of the RDA, may be deemed to be enforceable obligation. Based on further review, Finance approves this item as an enforceable obligation." During the year ended June 30, 2013, the City received payment of \$560,857 from the Successor Agency through the ROPS III process. At June 30, 2013, the balance of \$167,385 represents principal and accrued interest and will be repaid through the ROPS IV process.

On July 10, 2000, the City loaned the RDA the principal amount of \$7,000,000 from the City's Restricted Urban Development Special Revenue Fund. Interest has accrued on the outstanding loan principal from the time of inception at the rate of 8%. However, as of February 17 2004, the City Council approved a change in the interest rate from 8% to 1.63%. The rate was changed to reflect the rate of return that the City would have received on its investment if the City had not invested its monies in the RDA. On September 4, 2013, the City and the Lawndale Successor Agency entered into Amended and Restated Cooperation Agreement in order to comply with HSC section 34191.4 (b) (2) which requires the City and the Lawndale Successor Agency to recalculate the accumulated interest on the loan from loan origination at the Local Agency Interest Fund (LAIF) interest rate which changes quarterly. Based on the recalculation performed, at June 30, 2013, the outstanding balance was \$9,657,017 of which \$2,657,017 represents accrued interest. The loan principal and any accrued interest shall be repaid by the Agency out of tax increment funds allocated to and received by the Agency. No repayments have been made during the year ended June 30, 2013.

City of Lawndale
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

3. DETAILED NOTES ON ALL FUNDS, Continued

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

Advances To/From Other Funds, Continued

On July 10, 2000, The City and the RDA entered into a cooperation and loan agreement whereby the City agreed to advance funds to the RDA for administrative expenses and certain public capital improvement projects. The amount of these advances from the City to the RDA totaled \$8,361,324. An interest rate was added by the City, as approved by City Council action taken on March 7, 2011, where such interest rate change is to be effective as of July 1, 2012 to an interest rate of LAIF plus 2%. During the fiscal year ended June 30, 2011 the RDA made a principal payment of \$3,849,018 to the City. However, the repayment of \$3,849,018 was disallowed as part of the aggregate repayment of \$6,000,000 which was disallowed in a DOF letter dated March 18, 2013 following its review of the Successor Agency's All Other Funds Due Diligence Report. On September 4, 2013, the City and the Lawndale Successor Agency entered into Amended and Restated Cooperation Agreement in order to comply with HSC section 34191.4 (b) (2) which requires the City and the Lawndale Successor Agency to recalculate the accumulated interest on the loan from loan origination at the Local Agency Interest Fund (LAIF) interest rate which changes quarterly. Based on the recalculation performed, at June 30, 2013, the outstanding balance was \$8,431,437 of which \$70,114 represents accrued interest. The loan principal and any accrued interest shall be repaid by the Agency out of tax increment funds allocated to and received by the Agency.

In 1998, the City entered into an agreement with the RDA to fund \$131,238 for various costs. The advance, which had 0% annual interest rate, was to be paid back with future tax increments. In March, 2011 the advance was paid back in full. However, the repayment of \$131,238 was disallowed as part of the aggregate repayment of \$6,000,000 which was disallowed in a DOF letter dated March 18, 2013 following its review of the Successor Agency's All Other Funds Due Diligence Report. On September 4, 2013, the City and the Lawndale Successor Agency entered into Amended and Restated Cooperation Agreement in order to comply with HSC section 34191.4 (b) (2) which requires the City and the Lawndale Successor Agency to recalculate the accumulated interest on the loan from loan origination at the Local Agency Interest Fund (LAIF) interest rate which changes quarterly. Based on the recalculation performed, at June 30, 2013, the outstanding balance was \$132,339 of which \$1,100 represents accrued interest. The loan principal and any accrued interest shall be repaid by the Agency out of tax increment funds allocated to and received by the Agency.

In December 2009, the City entered into an agreement with the RDA to fund \$980,000 for the purchase of a mobile home on Manhattan Beach Boulevard. The annual interest rate on the advance is 5%. In March 2011 the advance was paid back in full of which \$1,008,583 was principal and \$33,619 was accrued interest. However, the repayment of \$1,042,202 was disallowed as part of the aggregate repayment of \$6,000,000 which was disallowed in a DOF letter dated March 18, 2013 following its review of the Successor Agency's All Other Funds Due Diligence Report. On September 4, 2013, the City and the Lawndale Successor Agency entered into Amended and Restated Cooperation Agreement in order to comply with HSC section 34191.4 (b) (2) which requires the City and the Lawndale Successor Agency to recalculate the accumulated interest on the loan from loan origination at the Local Agency Interest Fund (LAIF) interest rate which changes quarterly.

City of Lawndale
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

3. DETAILED NOTES ON ALL FUNDS, Continued

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

Advances To/From Other Funds, Continued

Based on the recalculation performed, at June 30, 2013, the outstanding balance was \$1,020,357 of which \$111,774 represents accrued interest. The loan principal and any accrued interest shall be repaid by the Agency out of tax increment funds allocated to and received by the Agency.

On December 7, 2009, the RDA and the City entered into a purchase and sale agreement of real property owned by the City, for a total purchase price of \$1,345,000, which approximated the fair value of the property. Per the agreement, the City received \$433,000 from the RDA's 2009 Tax Allocation Bond proceeds. The remaining \$912,000 was established as an interagency loan between the RDA and the City at the interest rate of 5.65% per annum. The principal and interest was to be repaid by the RDA out of excess tax increment funds. In March 2011 the interagency loan was paid back in full of which \$942,058 was principle and \$35,484 was accrued interest. However, the repayment of \$977,542 was disallowed as part of the aggregate repayment of \$6,000,000 which was disallowed in a DOF letter dated March 18, 2013 following its review of the Successor Agency's All Other Funds Due Diligence Report. On September 4, 2013, the City and the Lawndale Successor Agency entered into Amended and Restated Cooperation Agreement in order to comply with HSC section 34191.4 (b) (2) which requires the City and the Lawndale Successor Agency to recalculate the accumulated interest on the loan from loan origination at the Local Agency Interest Fund (LAIF) interest rate which changes quarterly. Based on the recalculation performed, at June 30, 2013, the outstanding balance was \$953,056 of which \$10,998 represents accrued interest. The loan principal and any accrued interest shall be repaid by the Agency out of tax increment funds allocated to and received by the Agency.

In order to secure repayment of the outstanding aggregate advances balance of \$20,361,591 at June 30, 2013, the City followed the following process established by AB 1484:

1. Obtain "Finding of Completion" from DOF dated April 12, 2013
2. Ask the Lawndale Successor Agency oversight board to reactivate the loans from the City to the Redevelopment Agency that were invalidated by ABx 1 26.
3. List the City loans to the Agency on ROPS 13-14B
4. Seek approval of ROPS 13-14B from the Lawndale Successor Agency oversight board
5. Submit ROPS 13-14B to the DOF for approval.

The City completed all five steps above. Subsequently, the Lawndale Successor Agency received an "Objection of Oversight Board Action" from the DOF dated October 18, 2013 in which it acknowledged its review of the Lawndale Successor Agency Oversight Board Resolution 2013-16. The Resolution approved the Amended and Restated Cooperation Agreement based on which the Oversight Board made a finding that the loans are enforceable obligations of the Successor Agency for legitimate redevelopment purposes. However, per the DOF letter "HSC section 34191.4 does not authorize the Successor Agency to enter into new agreements with the City. The Oversight Board should make findings and recalculations for each specific individual loan." As a result, the DOF returned the Oversight Board Resolution to the board for reconsideration.

City of Lawndale
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

3. DETAILED NOTES ON ALL FUNDS, Continued

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

Advances To/From Other Funds, Continued

The Successor Agency will resubmit the original City loans to the Oversight Board for approval in February of 2014 and then to the DOF. While it cannot be determined with certainty how the RDA dissolution process will conclude, the management of the City believes, after discussion with the DOF staff, that the advances will be approved as an enforceable obligation.

The DOF could require the City to recalculate the interest rate applied to all the advances made to the Lawndale Successor Agency using the fixed quarterly LAIF rate in effect when the Successor Agency's Oversight Board adopts a resolution that the loans from the City to the former RDA were for legitimate redevelopment purposes. As of June 30, 2013, the City applied the quarterly variable LAIF rates in effect during the life of each advance to recalculate the accrued interest. The City believes that that the intentions of AB 1484 were to apply a quarterly variable LAIF rate rather than a fixed LAIF rate. However, the DOF has stated that Cities should use the fixed quarterly LAIF rate. 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 earliest the City would learn about the DOF's position is in January 2015, the date at which the DOF is expected to take a position on the advances repayment based upon its review of the ROPS 14-15A schedule as submitted by the Successor Agency. The City estimates that if it were to use the fixed quarterly LAIF rate of 0.26% which was in effect when the Oversight Board approved Resolution 2013-16, the balance of Advances to Other Funds at June 30, 2013, which includes accrued interest, would be reduced by approximately \$2.5 Million.

The following schedule summarizes the balance of advances by fund at June 30, 2013:

Advances from Other Funds	Advances to Other Funds	
	Governmental Funds	
	General Fund	
Fiduciary Funds:		
Private Purpose Trust Fund	\$	20,361,591
Total	\$	20,361,591

City of Lawndale
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

3. DETAILED NOTES ON ALL FUNDS, Continued

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 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 and its attorney feel that it is more likely than not that the City will eventually retain the title to these properties through the Long Range Property Management Plan (LRPMP) as described in HSC 34191.5(c)(2)(A) which states that if the proposed use of property is identified in an approved redevelopment plan the property shall be transferred to the City. The Lawndale Successor Agency received a "Finding of Completion" from the DOF dated April 12, 2013, 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 which was approved by the Agency's oversight board on July 25, 2013 through Resolution 2013-12 and submitted to for the DOF to review on August 1, 2013.

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 City will keep this property until it is 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 and requested that the Firmona House be retained by the City's Lawndale Housing Authority as affordable housing. The LRPMP was approved by the Agency's Oversight Board on July 25, 2013 through Resolution 2013-12 and submitted to for the DOF to review on August 1, 2013.

City of Lawndale
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

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, 2013 is as follows:

	Balance July 1, 2012	Additions	Deletions	Transfers	Balance June 30, 2013
Capital assets not depreciated:					
Land	\$ 5,215,937	\$ -	\$ -	\$ -	\$ 5,215,937
Construction in progress	741,694	30,420	(28,841)	(284,987)	458,286
Total capital assets, not being depreciated	<u>5,957,631</u>	<u>30,420</u>	<u>(28,841)</u>	<u>(284,987)</u>	<u>5,674,223</u>
Capital assets being depreciated:					
Building and structures	18,269,745	-	-	168,031	18,437,776
Improvements other than buildings	597,485	8,450	-	(168,031)	437,904
Vehicles, machinery and equipment	1,874,648	153,878	(21,000)	-	2,007,526
Infrastructure	23,058,880	345,415	-	284,987	23,689,282
Total capital assets, being depreciated	<u>43,800,758</u>	<u>507,743</u>	<u>(21,000)</u>	<u>284,987</u>	<u>44,572,488</u>
Accumulated depreciation:					
Building and structures	1,735,944	402,275	-	-	2,138,219
Improvements other than buildings	229,382	13,683	-	-	243,065
Vehicles, machinery and equipment	1,309,935	136,447	(21,000)	-	1,425,382
Infrastructure	5,146,123	797,726	-	-	5,943,849
Total accumulated depreciation	<u>8,421,384</u>	<u>1,350,131</u>	<u>(21,000)</u>	<u>-</u>	<u>9,750,515</u>
Total depreciated assets, net	<u>35,379,374</u>	<u>(842,388)</u>	<u>-</u>	<u>284,987</u>	<u>34,821,973</u>
Total capital assets, net	<u>\$41,337,005</u>	<u>\$ (811,968)</u>	<u>\$ (28,841)</u>	<u>\$ -</u>	<u>\$40,496,196</u>

City of Lawndale
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

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, 2013 as follows:

Governmental Activities	
General government	\$ 27,756
Public safety	11,650
Municipal services	865,746
Planning and community development	428,936
Recreation and community services	16,043
Total depreciation expense - governmental activities	<u>\$ 1,350,131</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, 2013

3. DETAILED NOTES ON ALL FUNDS, Continued

E. Capital Assets, Continued

The community center building is recorded on the City's financial statement at \$11,589,516 net of depreciation while the land is recorded at \$750,538 as of June 30, 2013.

F. Long-Term Liabilities

The following is a summary of City's changes in long-term liabilities for the year ended June 30, 2013:

	Balance		Deletions or transfers out	Balance June 30, 2013	Classification	
	July 1, 2012	Additions			Due within One Year	Due in more than One Year
Notes payable	\$ 769,485	\$ -	\$ (31,839)	\$ 737,646	\$ 32,906	\$ 704,740
Compensated absences	656,644	304,956	(311,019)	650,581	100,000	550,581
Claims payable - general and workers compensation liability	337,184	178,898	(9,894)	506,188	-	506,188
Other post employment benefits payable	754,145	299,642	(79,439)	974,348	-	974,348
	<u>\$ 2,517,458</u>	<u>\$ 783,496</u>	<u>\$ (432,191)</u>	<u>\$ 2,868,763</u>	<u>\$ 132,906</u>	<u>\$ 2,735,857</u>

The following is a summary of Successor Agency's changes in long-term liabilities for the year ended June 30, 2013:

	Balance		Deletions	Balance June 30, 2013	Classification	
	July 1, 2012	Additions or transfers in			Due within One Year	Due in more than One Year
2009 Tax allocation bonds	\$20,305,000	\$ -	\$ (245,000)	\$ 20,060,000	\$ 250,000	\$ 19,810,000
Bond discount	(308,304)	-	9,635	(298,669)	(9,635)	(289,034)
Notes payable	1,615,696	-	(56,258)	1,559,438	58,311	1,501,127
	<u>\$ 21,612,392</u>	<u>\$ -</u>	<u>\$ (291,623)</u>	<u>\$ 21,320,769</u>	<u>\$ 298,676</u>	<u>\$ 21,022,093</u>

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, 2013, principal and interest remaining was \$42,807,424. For the current year, principal and interest paid and total tax increment revenue were \$1,301,994 and \$2,412,889 respectively.

City of Lawndale
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

3. DETAILED NOTES ON ALL FUNDS, Continued

G. Bonds Payable, Continued

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, 2013, interest rate range from 2% to 5.6%, is as follows:

Year Ending June 30,	Principal	Interest	Total
2014	250,000	1,050,488	1,300,488
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
2019-2023	1,610,000	4,876,363	6,486,363
2024-2028	2,045,000	4,434,825	6,479,825
2029-2033	2,795,000	3,789,913	6,584,913
2034-2038	4,185,000	2,826,313	7,011,313
2039-2043	5,465,000	1,507,138	6,972,138
2044-2045	2,630,000	146,575	2,776,575
Total	\$ 20,060,000	\$ 22,747,434	\$ 42,807,434

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. 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, 2013, principal and interest remaining was \$2,160,920. For the current year, principal and interest paid and total tax increment revenue were \$114,240 and \$2,412,889, respectively. The debt service schedule for the notes payable, assuming the June 30, 2013, interest rate of 3.65%, is as follows:

City of Lawndale
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

3. DETAILED NOTES ON ALL FUNDS, Continued

H. Notes Payable, Continued

Year Ending June 30,	Principal	Interest	Total
2014	58,311	55,855	114,166
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
2019-2023	375,201	194,104	569,305
2024-2028	448,860	119,102	567,962
2029-2032	421,748	31,477	453,225
Total	\$ 1,559,438	\$ 601,482	\$ 2,160,920

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.

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 1st, 2nd, and 3rd 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.

City of Lawndale
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

3. DETAILED NOTES ON ALL FUNDS, Continued

H. Notes Payable, Continued

Facility Lease and Site Lease Note, Continued.

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."

As of June 30, 2013, the lease remains as an obligation of the City. As of June 30, 2013, principal and interest remaining was \$972,847. For the current year, principal and interest paid and total tax increment revenue were \$59,391 and \$114,971, respectively. The debt service schedule for the note payable, assuming the June 30, 2013, interest rate of 3.35%, is as follows:

Year Ending June 30,	Principal	Interest	Total
2014	32,906	24,159	57,065
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
2019-2023	207,437	77,173	284,610
2024-2028	244,590	39,396	283,986
2029-2030	109,691	3,705	113,396
Total	\$ 737,646	\$ 235,201	\$ 972,847

City of Lawndale
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

3. DETAILED NOTES ON ALL FUNDS, Continued

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, 2013, the outstanding balance is \$650,580.

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 2012-2013 was 10.238% 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.

City of Lawndale
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

3. DETAILED NOTES ON ALL FUNDS, Continued

J. City Employees Retirement Plan, Continued

Annual Pension Cost

For Fiscal Year 2012-2013, the City's annual pension cost was \$394,365 and was equal to the City's required and actual contributions.

**MISCELLANEOUS PLAN
THREE-YEAR TREND INFORMATION**

Fiscal year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2011	\$ 380,363	100%	\$ -
6/30/2012	385,025	100%	-
6/30/2013	394,365	100%	-

Funding Status as of the Most Recent Actuarial Date

In fiscal year ended June 30, 2004, CalPERS established a risk pool for cities and other government entities that have fewer 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.

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 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

City of Lawndale
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

3. DETAILED NOTES ON ALL FUNDS, Continued

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

Plan Description, Continued

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 resulting in the City Manager no longer being covered by this PARS-REP plan for the fiscal year ended June 30, 2013 and going forward.

Funding Policy

The City contributed 8.7% 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 2012-2013, the City's annual pension cost (APC) of \$41,112, 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, 2013 was \$547,292. 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.

PARS-REP PLAN
TWO-YEAR TREND INFORMATION

Fiscal year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2011	\$ 60,858	100%	\$ -
6/30/2012	58,681	100%	-
6/30/2013	41,112	100%	-

City of Lawndale
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

3. DETAILED NOTES ON ALL FUNDS, Continued

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

The funded status based on the July 1, 2011 actuarial valuation is 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)
7/1/2011	\$ 295,546	\$ 312,636	\$ 17,090	95%	\$ 547,292	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.

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, 2013. 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. Effective January 1, 2013, the City's contribution rate was \$4,673 (100%) per each retiree. For the year ended June 30, 2013, the City contributed \$79,439 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.

City of Lawndale
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

3. DETAILED NOTES ON ALL FUNDS, Continued

L. Other Post-Retirement Health Care Benefits, Continued

The Annual Required Contribution (ARC) as of June 30, 2013, 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:

Fiscal year	Annual OPEB Cost	Annual Contribution	% of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2011	\$ 249,805	\$ 77,398	31%	\$ 530,884
6/30/2012	299,642	76,381	25%	754,145
6/30/2013	299,642	79,439	27%	974,348

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, 2013, 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%

Funding Status and Progress

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.

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.

City of Lawndale
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

3. DETAILED NOTES ON ALL FUNDS, Continued

L. Other Post-Retirement Health Care Benefits, Continued

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial assets, consistent with the long-term perspective of the calculations.

The actuarial 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 122 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.

City of Lawndale
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

4. RISK MANAGEMENT, Continued

B. Self-Insurance Programs of the Authority, Continued

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

Liability

In the liability program claims are pooled separately between police and non-police exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated 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 up to \$50 million are covered through excess insurance policies.

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

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

Workers' Compensation

The City also participates in the workers' compensation pool administered by the Authority. 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.

City of Lawndale
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

4. RISK MANAGEMENT, Continued

B. Self-Insurance Programs of the Authority, Continued

Workers' Compensation, Continued

(5) Costs of covered claims from \$2 million up to statutory limits are paid under a reinsurance policy. Protection is provided per statutory liability under California Workers' Compensation Law.

Employer's Liability

Losses are pooled among members to \$2,000,000, coverage from \$2,000,001 to \$5,000,000 is purchased as part of a reinsurance policy, and Employer's Liability losses from \$5,000,000 to \$10,000,000 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. The City's property currently has earthquake protection in the amount of \$7,893,101. 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. The City's property is currently insured according to a schedule of covered property submitted by the City to the Authority. Total all-risk property insurance coverage is \$26,420,418. 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 \$2,500 deductible. The fidelity coverage is provided through the Authority. Premiums are paid annually and are not subject to retroactive 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 2012-13.

City of Lawndale
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

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, 2013:

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013	Classification	
					Due within One Year	Due in more than One Year
Claims payable - general and workers compensation liability	337,184	178,898	(9,894)	506,188	-	506,188
	<u>\$ 337,184</u>	<u>\$ 178,898</u>	<u>\$ (9,894)</u>	<u>\$ 506,188</u>	<u>\$ -</u>	<u>\$ 506,188</u>

5. COMMITMENTS AND CONTINGENCIES

As of June 30, 2013, 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, 2013

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	Restricted Urban Development	Lawndale Housing Authority	Other Governmental Funds	
Nonspendable:					
Notes and loans receivable	\$ -	\$ -	\$ -	\$ -	\$ -
Prepaid costs	-	-	-	-	-
Petty cash	1,150	-	-	-	1,150
Land held for resale	2,391,469	-	-	-	2,391,469
Advances to other funds	639,644	-	-	-	639,644
Total nonspendable	<u>3,032,263</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,032,263</u>
Restricted for:					
Public safety	-	-	-	99,516	99,516
Municipal services	-	-	-	3,154,030	3,154,030
Planning and community development	-	-	782,355	10,733	793,088
Recreation and community services	7,374	-	-	865,399	872,773
Debt service	-	-	-	-	-
Total restricted	<u>7,374</u>	<u>-</u>	<u>782,355</u>	<u>4,129,678</u>	<u>4,919,407</u>
Committed to:					
UDAG unrestricted principal	2,840,000	10,624,274	-	-	13,464,274
Planning and community development	-	-	-	-	-
General Government	173,240	-	-	-	173,240
Total committed	<u>3,013,240</u>	<u>10,624,274</u>	<u>-</u>	<u>-</u>	<u>13,637,514</u>
Assigned to:					
General Government	32,182	-	-	-	32,182
Public safety	-	-	-	-	-
Municipal services	147,071	-	-	-	147,071
Planning and community development	43,302	-	-	-	43,302
Recreation and community services	-	-	-	-	-
Total assigned	<u>222,555</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>222,555</u>
Total unassigned	<u>15,426,052</u>	<u>-</u>	<u>-</u>	<u>(518,309)</u>	<u>14,907,743</u>
Total fund balances	<u>\$ 21,701,484</u>	<u>\$ 10,624,274</u>	<u>\$ 782,355</u>	<u>\$ 3,611,369</u>	<u>\$ 36,719,482</u>

City of Lawndale
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

7. EXTRAORDINARY ITEM

Required disbursements resulting from Due Diligence Review

As part of the dissolution process established by AB 1484 in June of 2012, successor agencies to California redevelopment 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 to review the DDRs.

Pursuant to Health and Safety Code (HSC) section 34179.6 (c), the City of Lawndale Successor Agency submitted an oversight board approved Low and Moderate Income Housing Fund (LMIHF) Due Diligence Review (DDR) to the California DOF on October 11, 2012. The purpose of the review was to determine the amount of cash and cash equivalents available for distribution to the affected taxing entities. In a letter dated November 13, 2012, the DOF informed the City that it completed its review of the DDR, making no adjustments to the LMIHF balance available for allocation to the affected taxing entities determined as \$3,684,079. As a result, and pursuant to HSC section 34179.6 (f) the City of Lawndale Successor Agency was required to transmit to the Los Angeles county auditor-controller the amount of funds identified above within five working days, plus any interest those sums accumulated while in the possession of the recipient.

On November 27, 2012, the City disbursed \$3,688,254 out of its Lawndale Housing Authority (Low/Mod) Fund and recognized an extraordinary loss resulting from the disbursement. Such extraordinary loss is reflected in both Governmental Fund Financial Statements as well as Government-Wide Financial Statements.

Additionally, and pursuant to HSC section 34179.6 (c), the City of Lawndale Successor Agency submitted an oversight board approved All Other Funds Due Diligence Review (DDR) to the California DOF on January 10, 2013. The purpose of the review was to determine the amount of cash and cash equivalents available for distribution to the affected taxing entities from funds other than the Low and Moderate Income Housing Fund. In a letter dated March 18, 2013, the DOF provided its review of the Successor Agency's All Other Funds Due Diligence Report. In that letter, the DOF disallowed \$6,000,000 of loan repayments that the former Lawndale Redevelopment Agency provided to the City in March of 2011. The DOF gave as the reason for disallowing the loan payment the provisions in ABx1 26 that retroactively invalidated payments from redevelopment agencies to cities that occurred between January and June of 2011. 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." Additionally, the DOF denied the amount of \$680,079 of January through June 2013 Recognized Obligation Payment Schedule (ROPS III) expenditures that were approved with Redevelopment Property Tax Trust Fund (RPTTF) funding. The DOF reasoned that "since the County Auditor Controller distributed RPTTF for approved ROPS III obligations on January 2, 2013, after the June 30, 2012 All Other Funds balances delineated in the DDR, it is inappropriate for the Agency to retain the current All Other Funds balances for obligations that have already been funded through a separate process." As a result, the DOF determined that the Lawndale Successor Agency's balance available for distribution to the affected taxing entities is \$3,867,380. Consequently, on March 21, 2013, the City disbursed from its Successor Agency Debt Service Fund the said amount \$3,867,380 to the Los Angeles County Treasurer and Tax Collector and recognized an extraordinary loss resulting from the disbursement. Such extraordinary loss is reflected in the Fiduciary Fund Financial Statements.

City of Lawndale
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

7. EXTRAORDINARY ITEM, Continued

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.

In connection with the Lawndale Successor Agency Oversight Board Resolution 2013-16, 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 principle 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.

Such recalculation of accrued interest as at June 30, 2013 resulted in extraordinary loss of \$1,145,319 recognized by the Restricted Urban Development Fund and extraordinary loss of \$6,426 recognized by the General Fund. The combined extraordinary loss of \$1,151,745 was recognized in both Governmental Fund Financial Statements as well as Government-Wide Financial Statements for the year ended June 30, 2013. The Fiduciary Fund Financial Statements reflect in its Statement of Changes in Fiduciary Net Position related extraordinary gain in the amount of \$1,151,745. Combined with the extraordinary gain of \$3,867,380 (see previous page), the Fiduciary Fund Financial Statements reflect aggregate extraordinary gain of \$2,715,637.

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

8. SUBSEQUENT EVENTS

On July 23, 2013, the Department of Finance (DOF) approved the City the Lawndale Successor Agency's Resolution No. 2013-9. Through this resolution, the Lawndale Successor Agency approved Cooperation Agreement entered into on May 6, 2013 between the City and the Successor Agency to fund certain capital projects and related administrative and professional services in the amount of \$6,000,000 from the unexpended bond proceeds of 2009 Lawndale Redevelopment Agency Tax Allocation Bond (refer to footnote 3G). Under the Agreement the Successor Agency is to transfer to the City the unexpended bond proceeds which the City will then draw down for reasonable costs incurred to construct the projects outlined in the Agreement. However, in order for the bond proceeds to be considered authorized for expenditure, the items related to the bond proceeds must be placed on a ROPS schedule and approved by the DOF.

City of Lawndale
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

8. SUBSEQUENT EVENTS, Continued

Subsequently, through letters dated October 18, 2013 and December 17, 2013, the DOF partially denied the Bond Cooperation Agreement, stating that only "\$3,259,000 of bond proceeds are budgeted for expenditure in the ROPS 13-14B period. The remaining balance of \$2,741,000 is not eligible for bond funding on this ROPS schedule."

On September 4, 2013, the Lawndale Successor Agency oversight board adopted Resolution 2013-16 which included a resolution that the loans from the City to the former RDA were made for a legitimate redevelopment purpose and are regarded as an enforceable obligation of the Lawndale Successor Agency to the City under HSC section 34191.4 (b). 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. Results of DOF's review are currently being awaited.

Management has evaluated subsequent events occurring through March 14, 2014, the date the basic financial statements were available to be issued. There were no additional subsequent events that required an adjustment to, or disclosure in the basic financial statements as of the year ended June 30, 2013.

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**REQUIRED SUPPLEMENTARY
INFORMATION (Unaudited)**

City of Lawndale
Required Supplementary Information (Unaudited)
For the year ended June 30, 2013

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, 2013

1. BUDGETARY INFORMATION, Continued

Budget Comparison Schedule - General Fund

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Sales and use taxes	\$ 2,610,000	\$ 2,610,000	\$ 2,511,412	\$ (98,588)
Property tax	1,078,000	1,093,000	2,123,836	1,030,836
Utility user tax	2,140,000	2,140,000	2,048,093	(91,907)
Other taxes	900,000	900,000	984,892	84,892
Motor vehicle in-lieu tax	2,892,530	2,892,530	2,797,818	(94,712)
Licenses and permits	603,000	560,000	559,403	(597)
Fines and forfeitures	630,500	565,000	553,723	(11,277)
Use of money and property	150,000	65,000	73,891	8,891
Charges for services	681,000	895,900	740,015	(155,885)
Other	277,907	427,437	500,296	72,859
Total revenues	11,962,937	12,148,867	12,893,379	744,512
EXPENDITURES:				
Current:				
General government	2,967,432	2,978,518	3,219,201	(240,683)
Public safety	4,342,491	4,342,491	4,582,619	(240,128)
Municipal services	2,680,747	2,869,670	3,041,083	(171,413)
Planning and community development	715,973	762,560	776,636	(14,076)
Recreation and community services	1,142,299	1,142,299	1,272,328	(130,029)
Capital outlay	-	380,820	106,847	273,973
Debt Service				
Principal retirement	30,807	30,807	31,839	(1,032)
Interest and fiscal charges	28,695	28,695	27,553	1,142
Total expenditures	11,908,444	12,535,860	13,058,106	(522,246)
REVENUES OVER UNDER EXPENDITURES	54,493	(386,993)	(164,727)	222,266

City of Lawndale
Required Supplementary Information (Unaudited), Continued
For the year ended June 30, 2013

1. BUDGETARY INFORMATION, Continued

Budget Comparison Schedule - General Fund, Continued

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
OTHER FINANCING SOURCES:				
Transfers in	50,000	610,857	560,857	(50,000)
Transfers out	-	-	(61,206)	(61,206)
Total other financing sources	50,000	610,857	499,651	(111,206)
Change in fund balance before				
Extraordinary Item	104,493	223,864	219,953	(3,911)
Extraordinary Item	-	-	(6,426)	(6,426)
Net change in fund balance	104,493	223,864	213,527	(10,337)
FUND BALANCE				
Beginning of year	21,372,986	21,372,986	21,372,986	-
End of year	\$ 21,477,479	\$ 21,596,850	\$ 21,586,513	\$ (10,337)

City of Lawndale
Required Supplementary Information (Unaudited), Continued
For the year ended June 30, 2013

1. BUDGETARY INFORMATION, Continued

Budget Comparison Schedule – Restricted Urban Development Special Revenue Fund

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 3,600	\$ 3,600	\$ 31,489	\$ 27,889
Total revenues	3,600	3,600	31,489	27,889
EXPENDITURES:				
Current				
Planning and community development	-	100,000	20,619	79,381
Total expenditures	-	100,000	20,619	79,381
REVENUES OVER (UNDER) EXPENDITURES	3,600	(96,400)	10,870	(51,492)
OTHER FINANCING SOURCES (USES):				
Transfer out	-	-	(560,857)	(560,857)
Total other financing sources (uses)	-	-	(560,857)	(560,857)
Change in fund balance before Extraordinary Item	3,600	(96,400)	(549,987)	(612,349)
Extraordinary Item	-	-	(1,145,319)	(1,145,319)
Net change in fund balance	3,600	(96,400)	(1,695,306)	(1,757,668)
FUND BALANCES				
Beginning of year	12,319,580	12,319,580	12,319,580	-
End of year	\$ 12,323,180	\$ 12,223,180	\$ 10,624,274	\$ (1,757,668)

City of Lawndale
Required Supplementary Information (Unaudited), Continued
For the year ended June 30, 2013

1. BUDGETARY INFORMATION, Continued

Budget Comparison Schedule -Lawndale Housing Authority

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES:				
Use of money and property	\$ 15,500	\$ 15,500	\$ 5,273	\$ (10,227)
Total revenues	15,500	15,500	5,273	(10,227)
EXPENDITURES:				
Current				
Planning and community development	506,721	506,721	41,175	465,546
Total expenditures	506,721	506,721	41,175	465,546
REVENUES OVER (UNDER) EXPENDITURES	(491,221)	(491,221)	(35,902)	(475,773)
OTHER FINANCING SOURCES:				
Transfers in	200,000	200,000	-	(200,000)
Total other financing sources (uses)	200,000	200,000	-	(200,000)
Change in Fund Balance before Extraordinary Item	(291,221)	(291,221)	(35,902)	255,319
Extraordinary Item	-	(3,688,254)	(3,688,254)	-
Net change in fund balances	(291,221)	(3,979,475)	(3,724,156)	255,319
FUND BALANCES				
Beginning of year	4,506,512	4,506,512	4,506,512	-
End of year	\$ 4,215,291	\$ 527,037	\$ 782,356	\$ 255,319

City of Lawndale
Required Supplementary Information (Unaudited), Continued
For the year ended June 30, 2013

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 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)
7/1/2011	\$ 295,546	\$ 312,636	\$ 17,090	95%	\$ 547,292	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 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%

* Based on the latest actuarial valuation available.

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SUPPLEMENTARY INFORMATION

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NON-MAJOR GOVERNMENTAL FUNDS

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.

NON-MAJOR GOVERNMENTAL FUNDS

Community Development Block Grant Fund

Grant programs

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.

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.

NON-MAJOR GOVERNMENTAL FUNDS

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.

NON-MAJOR GOVERNMENTAL FUNDS

Metro TOD Grant

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

Measure R Grant

To account for funds for the construction of Inglewood Avenue 405 on ramp

City of Lawndale
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2013

	Special Revenue				
	Gas Tax	Air Quality	TDA	Traffic	Sewer
			Article 3	Congestion	
			Local	Relief	
			Transportation	AB2928	Reconstruction
ASSETS					
Cash and investments	\$ -	\$ 21,842	\$ -	\$ -	\$ 15,571
Receivables:					
Accounts, net	-	10,388	2,021	-	-
Interest	-	21	-	-	-
Loans receivable	-	-	-	-	-
Land held for development	-	-	-	-	-
Total assets	\$ -	\$ 32,251	\$ 2,021	\$ -	\$ 15,571
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 15,862	\$ -	\$ 5,200	\$ -	\$ 138
Accrued wages	16,139	-	-	-	665
Due to other funds	89,130	-	-	-	-
Retentions payable	3,650	-	-	-	-
Deferred revenue	-	-	-	-	-
Total liabilities	124,781	-	5,200	-	803
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	-	32,251	-	-	14,768
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	(124,781)	-	(3,179)	-	-
Total fund balances	(124,781)	32,251	(3,179)	-	14,768
Total liabilities and fund balances	\$ -	\$ 32,251	\$ 2,021	\$ -	\$ 15,571

Special Revenue								
Proposition A	Proposition C	State			California Law			
Local	Local	Transit	Narcotics	State	Enforcement	Community	Used Oil	Lawndale
Transit	Transit	Program	Forfeiture	COPS	Equipment	Development	Recycling	Cable Usage
Assistance	Assistance	(Local)		Grant	Program	Block Grant	Grant	Corporation
\$ 819,070	\$ 2,362,168	\$ 11,178	\$ 55,934	\$ 31,597	\$ 15,468	\$ -	\$ -	\$ -
35,556	-	-	-	-	-	14,424	-	21,255
793	2,175	11	54	45	-	-	-	-
-	-	-	-	-	-	317,397	-	-
-	-	-	-	-	-	-	-	-
<u>\$ 855,419</u>	<u>\$ 2,364,343</u>	<u>\$ 11,189</u>	<u>\$ 55,988</u>	<u>\$ 31,642</u>	<u>\$ 15,468</u>	<u>\$ 331,821</u>	<u>\$ -</u>	<u>\$ 21,255</u>
\$ 59,552	\$ 33,722	\$ -	\$ -	\$ 18,720	\$ -	\$ -	\$ -	\$ 8,371
6,330	9,525	-	-	-	-	-	-	406
-	-	-	-	-	-	14,423	-	12,478
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	317,397	-	-
<u>65,882</u>	<u>43,247</u>	<u>-</u>	<u>-</u>	<u>18,720</u>	<u>-</u>	<u>331,820</u>	<u>-</u>	<u>21,255</u>
-	-	-	-	-	-	-	-	-
789,537	2,321,096	11,189	55,988	12,922	15,468	1	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>789,537</u>	<u>2,321,096</u>	<u>11,189</u>	<u>55,988</u>	<u>12,922</u>	<u>15,468</u>	<u>1</u>	<u>-</u>	<u>-</u>
<u>\$ 855,419</u>	<u>\$ 2,364,343</u>	<u>\$ 11,189</u>	<u>\$ 55,988</u>	<u>\$ 31,642</u>	<u>\$ 15,468</u>	<u>\$ 331,821</u>	<u>\$ -</u>	<u>\$ 21,255</u>

(Continued)

City of Lawndale
Combining Balance Sheet
Non-Major Governmental Funds, Continued
June 30, 2013

	Special Revenue				
	Hawthorne Boulevard Maintenance	Department of Conservation Grant	State of California Bond Act of 2000/2002	Justice Assisted Grant	Park Development
ASSETS					
Cash and investments	\$ 66,102	\$ 59,059	\$ -	\$ 370	\$ 7,701
Receivables:					
Accounts, net	-	9,094	-	-	-
Interest	73	-	-	-	7
Loans receivable	-	-	-	-	-
Land held for development	-	-	-	-	-
Total assets	\$ 66,175	\$ 68,153	\$ -	\$ 370	\$ 7,708
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 22,933	\$ -	\$ -	\$ -	\$ -
Accrued wages	-	-	-	-	-
Due to other funds	-	-	3,531	-	-
Retentions payable	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Total liabilities	22,933	-	3,531	-	-
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	43,242	68,153	-	370	7,708
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	(3,531)	-	-
Total fund balances	43,242	68,153	(3,531)	370	7,708
Total liabilities and fund balances	\$ 66,175	\$ 68,153	\$ -	\$ 370	\$ 7,708

Special Revenue

Robert Zberg Harris	Prop 1 B	Safetea-Lu	Prop A Grant	Metro STP-L	Measure R	ARRA
\$ 1,176	\$ 6,003	\$ 9,490	\$ -	\$ 63,748	\$ 694,049	\$ -
-	-	-	-	-	-	-
-	42	6	-	41	435	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 1,176</u>	<u>\$ 6,045</u>	<u>\$ 9,496</u>	<u>\$ -</u>	<u>\$ 63,789</u>	<u>\$ 694,484</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,391	\$ -
-	-	-	-	-	2,525	-
-	-	-	32,205	-	-	34,779
1,176	6,045	-	-	-	-	-
-	-	-	-	-	-	-
<u>1,176</u>	<u>6,045</u>	<u>-</u>	<u>32,205</u>	<u>-</u>	<u>40,916</u>	<u>34,779</u>
-	-	-	-	-	-	-
-	-	9,496	-	63,789	653,568	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	(32,205)	-	-	(34,779)
-	-	9,496	(32,205)	63,789	653,568	(34,779)
<u>\$ 1,176</u>	<u>\$ 6,045</u>	<u>\$ 9,496</u>	<u>\$ -</u>	<u>\$ 63,789</u>	<u>\$ 694,484</u>	<u>\$ -</u>

(Continued)

City of Lawndale
Combining Balance Sheet
Non-Major Governmental Funds, Continued
June 30, 2013

	Special Revenue				
	Highway Safety Improvement	Prop C-25 Grant	Appropriations Act	1996 LA County Specified	Energy Efficiency Conservation Grant
ASSETS					
Cash and investments	\$ -	\$ 19,399	\$ -	\$ -	\$ -
Receivables:					
Accounts, net	-	-	-	-	-
Interest	-	-	-	-	-
Loans receivable	-	-	-	-	-
Land held for development	-	-	-	-	-
Total assets	\$ -	\$ 19,399	\$ -	\$ -	\$ -
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued wages	-	-	-	-	-
Due to other funds	45,167	-	174,087	40,000	-
Retentions payable	-	-	6,580	-	-
Deferred revenue	-	-	-	-	-
Total liabilities	45,167	-	180,667	40,000	-
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	-	19,399	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	(45,167)	-	(180,667)	(40,000)	-
Total fund balances	(45,167)	19,399	(180,667)	(40,000)	-
Total liabilities and fund balances	\$ -	\$ 19,399	\$ -	\$ -	\$ -

Special Revenue				
2009	ARRA	LA County	Metro	
JAG	JAG	Parks	TOD	Total
		Maintenance	Grant	
		Grant	Grant	
\$ -	\$ -	\$ -	\$ -	\$ 4,259,925
-	-	-	-	-
-	-	-	15,255	107,993
-	-	-	-	3,703
-	-	-	-	317,397
-	-	-	-	-
-	-	-	15,255	\$ 4,689,018
\$ -	\$ -	\$ 5,997	\$ -	\$ 208,886
-	-	-	-	35,590
-	-	48,003	4,522	498,325
-	-	-	-	17,451
-	-	-	-	317,397
-	-	54,000	4,522	1,077,649
-	-	-	-	-
-	-	-	10,733	4,129,678
-	-	-	-	-
-	-	-	-	-
-	-	(54,000)	-	(518,309)
-	-	(54,000)	10,733	3,611,369
\$ -	\$ -	\$ -	\$ 15,255	\$ 4,689,018

(Concluded)

City of Lawndale
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the year ended June 30, 2013

	Special Revenue				
	Gas Tax	Air Quality	TDA Article 3 Local Transportation	Traffic Congestion Relief AB2928	Sewer Reconstruction
REVENUES:					
Sales and use taxes	\$ 788,539	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-	-
Subventions and grants	-	39,672	2,021	-	-
Use of money and property	-	151	-	-	-
Charges for services	-	-	-	-	-
Miscellaneous	3,479	-	-	-	-
Total revenues	792,018	39,823	2,021	-	-
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Municipal services	663,956	-	-	-	38,001
Planning and community development	-	-	-	-	-
Recreation and community services	-	-	-	-	-
Capital outlay	-	118,526	5,200	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	663,956	118,526	5,200	-	38,001
REVENUES OVER (UNDER) EXPENDITURES	128,062	(78,703)	(3,179)	-	(38,001)
OTHER FINANCING SOURCES (USES):					
Transfers in	59,476	-	-	-	-
Transfers out	-	-	-	(53)	-
Total other financing sources (uses)	59,476	-	-	(53)	-
Change in Fund Balance Before Extraordinary Item	187,538	(78,703)	(3,179)	(53)	(38,001)
Extraordinary Item (Note 7)	-	-	-	-	-
Net change in fund balances	187,538	(78,703)	(3,179)	(53)	(38,001)
FUND BALANCES:					
Beginning of year	(312,319)	110,954	-	53	52,769
End of year	\$ (124,781)	\$ 32,251	\$ (3,179)	\$ -	\$ 14,768

Special Revenue								
Proposition A	Proposition C	State		State	California Law	Community	Used Oil	Lawndale
Local	Local	Transit	Narcotics	COPS	Enforcement	Development	Recycling	Cable Usage
Transit	Transit	Program	Forfeiture	Grant	Equipment	Block Grant	Grant	Corporation
Assistance	Assistance	(Local)			Program			
\$ 519,836	\$ 432,512	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	-	-	100,000	-	344,623	-	-
2,862	7,575	39	191	144	-	-	-	-
264	-	-	-	-	-	-	-	33,385
35,556	-	-	-	-	-	-	-	203
558,518	440,087	39	191	100,144	-	344,623	-	33,588
-	-	-	-	-	-	-	-	11,900
-	-	-	-	107,640	-	-	-	-
39,370	180,100	-	-	4,320	-	-	-	31,519
-	-	-	-	-	-	46,209	-	-
517,377	-	-	-	-	-	-	-	-
-	36,500	-	-	-	-	298,413	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
556,747	216,600	-	-	111,960	-	344,622	-	43,419
1,771	223,487	39	191	(11,816)	-	1	-	(9,831)
-	-	-	-	-	-	-	5,339	38,852
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	5,339	38,852
1,771	223,487	39	191	(11,816)	-	1	5,339	29,021
-	-	-	-	-	-	-	-	-
1,771	223,487	39	191	(11,816)	-	1	5,339	29,021
787,766	2,097,609	11,150	55,797	24,738	15,468	-	(5,339)	(29,021)
\$ 789,537	\$ 2,321,096	\$ 11,189	\$ 55,988	\$ 12,922	\$ 15,468	\$ 1	\$ -	\$ -

(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, 2013

	Special Revenue				
	Hawthorne Boulevard Maintenance	Department of Conservation Grant	State of California Bond Act of 2000/2002	Justice Assisted Grant	Park Development
REVENUES:					
Sales and use taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-	-
Subventions and grants	-	9,094	-	20,405	-
Use of money and property	504	-	-	-	25
Charges for services	-	-	-	-	800
Miscellaneous	-	-	-	-	-
Total revenues	504	9,094	-	20,405	825
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	17,050	-
Municipal services	246,208	-	-	-	-
Planning and community development	-	-	-	-	-
Recreation and community services	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	246,208	-	-	17,050	-
REVENUES OVER (UNDER) EXPENDITURES	(245,704)	9,094	-	3,355	825
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Change in Fund Balance Before Extraordinary Item	(245,704)	9,094	-	3,355	825
Extraordinary Item (Note 7)	-	-	-	-	-
Net change in fund balances	(245,704)	9,094	-	3,355	825
FUND BALANCES:					
Beginning of year	288,946	59,059	(3,531)	(2,985)	6,883
End of year	\$ 43,242	\$ 68,153	\$ (3,531)	\$ 370	\$ 7,708

Special Revenue

Robert Zberg Harris	Prop 1 B	Safetee-Lu	Prop A Grant	Metro STP-L	Measure R	ARRA
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	339,207	-
-	149	21	-	146	1,423	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	149	21	-	146	340,630	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	72,422	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	93,794	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	166,216	-
-	149	21	-	146	174,414	-
-	-	-	-	-	-	-
-	(59,423)	-	-	-	-	-
-	(59,423)	-	-	-	-	-
-	(59,274)	21	-	146	174,414	-
-	-	-	-	-	-	-
-	(59,274)	21	-	146	174,414	-
-	59,274	9,475	(32,205)	63,643	479,154	(34,779)
\$ -	\$ -	\$ 9,496	\$ (32,205)	\$ 63,789	\$ 653,568	\$ (34,779)

(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, 2013

	Special Revenue					
	Highway Safety Improvement	Prop C25 Grant	Appropriations Act	1996 LA County Specified	Energy Efficiency Conservation Grant	2009 JAG
REVENUES:						
Sales and use taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-	-	-
Subventions and grants	-	56,647	-	-	-	2,378
Use of money and property	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total revenues	-	56,647	-	-	-	2,378
EXPENDITURES:						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	9
Municipal services	-	-	-	-	-	-
Planning and community development	-	-	-	-	-	-
Recreation and community services	-	-	-	-	-	-
Capital outlay	-	3,830	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	-	3,830	-	-	-	9
REVENUES OVER (UNDER) EXPENDITURES	-	52,817	-	-	-	2,369
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	-	-	16,645	8
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	16,645	8
Change in Fund Balance Before Extraordinary Item						
Extraordinary Item (Note 7)	-	52,817	-	-	16,645	2,377
Net change in fund balances	-	52,817	-	-	16,645	2,377
FUND BALANCES:						
Beginning of year	(45,167)	(33,418)	(180,667)	(40,000)	(16,645)	(2,377)
End of year	\$ (45,167)	\$ 19,399	\$ (180,667)	\$ (40,000)	\$ -	\$ -

Special Revenue			
ARRA	LA County Parks Maintenance Grant	Metro TOD Grant	Total
JAG			
\$ -	\$ -	\$ -	\$ 1,740,887
-	-	-	-
(362)	-	16,795	930,480
-	-	-	13,230
-	-	-	34,449
-	-	-	39,238
(362)	-	16,795	2,758,284
-	-	-	11,900
227	-	-	124,926
-	-	-	1,275,896
-	54,000	6,062	106,271
-	-	-	517,377
-	-	-	556,263
-	-	-	-
-	-	-	-
227	54,000	6,062	2,592,633
(589)	(54,000)	10,733	165,651
362	-	-	120,682
-	-	-	(59,476)
362	-	-	61,206
(227)	(54,000)	10,733	226,857
-	-	-	-
(227)	(54,000)	10,733	226,857
227	-	-	3,384,512
\$ -	\$ (54,000)	\$ 10,733	\$ 3,611,369

(Concluded)

City of Lawndale

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

Gas Tax

For the year ended June 30, 2013

	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
REVENUES:			
Sales and use taxes	\$ 880,676	\$ 788,539	\$ (92,137)
Miscellaneous	-	3,479	3,479
Total revenues	880,676	792,018	(88,658)
EXPENDITURES:			
Current:			
Municipal services	975,110	663,956	311,154
Capital outlay	357,504	-	357,504
Total expenditures	1,332,614	663,956	668,658
REVENUES OVER (UNDER) EXPENDITURES	(451,938)	128,062	580,000
OTHER FINANCING SOURCES:			
Transfers in	-	59,476	(59,476)
Total other financing sources	-	59,476	(59,476)
Net change in fund balance	(451,938)	187,538	(816,792)
FUND BALANCES:			
Beginning of year	(312,319)	(312,319)	-
End of year	\$ (764,257)	\$ (124,781)	\$ 639,476

City of Lawndale

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

Air Quality

For the year ended June 30, 2013

	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
REVENUES:			
Subventions and grants	\$ 38,000	\$ 39,672	\$ 1,672
Use of money and property	450	151	(299)
Total revenues	38,450	39,823	1,373
EXPENDITURES:			
Capital outlay	110,000	118,526	(8,526)
Total expenditures	110,000	118,526	(8,526)
REVENUES OVER (UNDER) EXPENDITURES	(71,550)	(78,703)	(7,153)
Net change in fund balance	(71,550)	(78,703)	(7,153)
FUND BALANCE:			
Beginning of year	110,954	110,954	-
End of year	\$ 39,404	\$ 32,251	\$ (7,153)

City of Lawndale

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

TDA Article 3

For the year ended June 30, 2013

	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
REVENUES:			
Subventions and grants	\$ 13,920	\$ 2,021	\$ (11,899)
Total revenues	13,920	2,021	(11,899)
EXPENDITURES:			
Capital outlay	13,920	5,200	8,720
Total expenditures	13,920	5,200	8,720
REVENUES OVER (UNDER) EXPENDITURES	-	(3,179)	(3,179)
Net change in fund balance	-	(3,179)	(3,179)
FUND BALANCE:			
Beginning of year	-	-	-
End of year	\$ -	\$ (3,179)	\$ (3,179)

City of Lawndale

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

Traffic Congestion Relief - AB2928

For the year ended June 30, 2013

	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
REVENUES:			
Use of money and property	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES:			
Capital outlay	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING (USES):			
Transfers out	-	(53)	53
Total other financing uses	<u>-</u>	<u>(53)</u>	<u>53</u>
Net change in fund balance	-	(53)	53
FUND BALANCE:			
Beginning of year	53	53	-
End of year	<u>\$ 53</u>	<u>\$ -</u>	<u>\$ (53)</u>

City of Lawndale

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

Sewer Reconstruction

For the year ended June 30, 2013

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive/ (Negative)
EXPENDITURES:			
Current:			
Municipal services	\$ 39,437	\$ 38,001	\$ 1,436
Total expenditures	<u>39,437</u>	<u>38,001</u>	<u>1,436</u>
Net change in fund balance	(39,437)	(38,001)	1,436
FUND BALANCE:			
Beginning of year	<u>52,769</u>	<u>52,769</u>	-
End of year	<u>\$ 13,332</u>	<u>\$ 14,768</u>	<u>\$ 1,436</u>

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, 2013

	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
REVENUES:			
Sales and use taxes	\$ 498,149	\$ 519,836	\$ 21,687
Use of money and property	4,000	2,862	(1,138)
Charges for services	-	264	264
Miscellaneous	-	35,556	35,556
Total revenues	502,149	558,518	56,369
EXPENDITURES:			
Current:			
Municipal services	40,000	39,370	630
Recreation and community services	596,442	517,377	79,065
Capital outlay	236,860	-	236,860
Total expenditures	873,302	556,747	316,555
REVENUES OVER (UNDER) EXPENDITURES	(371,153)	1,771	372,924
Net change in fund balance	(371,153)	1,771	372,924
FUND BALANCE:			
Beginning of year	787,766	787,766	-
End of year	\$ 416,613	\$ 789,537	\$ 372,924

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, 2013

	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
REVENUES:			
Sales and use taxes	\$ 413,202	\$ 432,512	\$ 19,310
Use of money and property	9,000	7,575	(1,425)
Total revenues	422,202	440,087	17,885
EXPENDITURES:			
Current:			
Municipal services	418,387	180,100	238,287
Capital outlay	2,093,687	36,500	2,057,187
Total expenditures	2,512,074	216,600	2,295,474
REVENUES OVER (UNDER) EXPENDITURES	(2,089,872)	223,487	2,313,359
Net change in fund balance	(2,089,872)	223,487	2,313,359
FUND BALANCE:			
Beginning of year	2,097,609	2,097,609	-
End of year	\$ 7,737	\$ 2,321,096	\$ 2,313,359

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, 2013

	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
REVENUES:			
Use of money and property	\$ -	\$ 39	\$ 39
Total revenues	-	39	39
EXPENDITURES:			
Capital outlay	250,500	-	(250,500)
Total expenditures	250,500	-	(250,500)
Net change in fund balance	(250,500)	39	250,539
FUND BALANCE:			
Beginning of year	11,150	11,150	-
End of year	\$ (239,350)	\$ 11,189	\$ 250,539

City of Lawndale

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

Narcotics Forfeiture

For the year ended June 30, 2013

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive/ (Negative)
REVENUES:			
Use of money and property	\$ 120	\$ 191	\$ 71
Miscellaneous	500	-	(500)
Total revenues	<u>620</u>	<u>191</u>	<u>(429)</u>
Net change in fund balance	620	191	(429)
FUND BALANCE:			
Beginning of year	<u>55,797</u>	<u>55,797</u>	<u>-</u>
End of year	<u>\$ 56,417</u>	<u>\$ 55,988</u>	<u>\$ (429)</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, 2013

	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
REVENUES:			
Subventions and grants	\$ 100,000	\$ 100,000	\$ -
Use of money and property	500	144	(356)
Total revenues	100,500	100,144	(356)
EXPENDITURES:			
Current:			
Public safety	111,316	107,640	3,676
Municipal services	4,453	4,320	133
Total expenditures	115,769	111,960	3,809
REVENUES OVER (UNDER) EXPENDITURES	(15,269)	(11,816)	3,453
Net change in fund balance	(15,269)	(11,816)	3,453
FUND BALANCE:			
Beginning of year	24,738	24,738	-
End of year	<u>\$ 9,469</u>	<u>\$ 12,922</u>	<u>\$ 3,453</u>

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, 2013

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive/ (Negative)
FUND BALANCE:			
Beginning of year	<u>15,468</u>	<u>15,468</u>	<u>-</u>
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

Community Development Block Grant

For the year ended June 30, 2013

	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
REVENUES:			
Subventions and grants	\$ 417,725	\$ 344,623	\$ (73,102)
Total revenues	417,725	344,623	(73,102)
EXPENDITURES:			
Current:			
Planning and community development	83,362	46,209	37,153
Capital outlay	632,779	298,413	334,366
Total expenditures	716,141	344,622	371,519
REVENUES OVER (UNDER) EXPENDITURES	(298,416)	1	298,417
Net change in fund balance	(298,416)	1	298,417
FUND BALANCE:			
Beginning of year	-	-	-
End of year	\$ (298,416)	\$ 1	\$ 298,417

City of Lawndale

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

Used Oil Recycling Grant

For the year ended June 30, 2013

	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
EXPENDITURES:			
Current:			
Municipal Services	-	-	-
Total expenditures	-	-	-
OTHER FINANCING SOURCES:			
Transfers in	-	5,339	(5,339)
Total other financing sources	-	5,339	(5,339)
Net change in fund balance	-	5,339	(5,339)
FUND BALANCE:			
Beginning of year	(5,339)	(5,339)	-
End of year	\$ (5,339)	\$ -	\$ 5,339

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, 2013

	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
REVENUES:			
Charges for service	\$ 33,000	\$ 33,385	\$ 385
Miscellaneous	500	203	(297)
Total revenues	33,500	33,588	88
EXPENDITURES:			
Current:			
General government	11,916	11,900	16
Municipal services	38,125	31,519	6,606
Total expenditures	50,041	43,419	6,622
REVENUES OVER (UNDER) EXPENDITURES	(16,541)	(9,831)	6,710
OTHER FINANCING SOURCES (USES):			
Transfers in	-	38,852	38,852
Total other financing sources (uses)	-	38,852	38,852
Net change in fund balance	(16,541)	29,021	45,562
FUND BALANCE:			
Beginning of year	(29,021)	(29,021)	-
End of year	\$ (45,562)	\$ -	\$ 45,562

City of Lawndale

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

Hawthorne Boulevard Maintenance

For the year ended June 30, 2013

	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
REVENUES:			
Use of money and property	\$ 2,000	\$ 504	\$ (1,496)
Total revenues	2,000	504	(1,496)
EXPENDITURES:			
Current:			
Municipal services	190,000	246,208	(56,208)
Total expenditures	190,000	246,208	(56,208)
REVENUES OVER (UNDER) EXPENDITURES	(188,000)	(245,704)	(57,704)
Net change in fund balance	(188,000)	(245,704)	(57,704)
FUND BALANCE:			
Beginning of year	288,946	288,946	-
End of year	\$ 100,946	\$ 43,242	\$ (57,704)

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, 2013

	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
REVENUES:			
Subventions and grants	\$ -	\$ 9,094	\$ 9,094
Total revenues	-	9,094	9,094
OTHER FINANCING SOURCES (USES):			
Transfers in			
Transfers out	50,000	-	\$ (50,000)
Total other financing sources (uses)	50,000	-	(50,000)
Net change in fund balance	50,000	9,094	(40,906)
FUND BALANCE:			
Beginning of year	59,059	59,059	-
End of year	<u>\$ 109,059</u>	<u>\$ 68,153</u>	<u>\$ (40,906)</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, 2013

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive/ (Negative)
FUND BALANCE:			
Beginning of year	<u>(3,531)</u>	<u>(3,531)</u>	<u>-</u>
End of year	<u>\$ (3,531)</u>	<u>\$ (3,531)</u>	<u>\$ -</u>

City of Lawndale

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

Justice Assisted Grant

For the year ended June 30, 2013

	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
REVENUES:			
Subventions and grants	\$ 15,900	\$ 20,405	\$ 4,505
Use of money and property	150	-	(150)
Total revenues	16,050	20,405	4,355
EXPENDITURES:			
Current:			
Public safety	15,000	17,050	(2,050)
Total expenditures	15,000	17,050	(2,050)
REVENUES OVER (UNDER) EXPENDITURES	1,050	3,355	2,305
OTHER FINANCING USES:			
Transfers out	-	-	-
Total other financing uses	-	-	-
Net change in fund balance	1,050	3,355	2,305
FUND BALANCE:			
Beginning of year	(2,985)	(2,985)	-
End of year	\$ (1,935)	\$ 370	\$ 2,305

City of Lawndale

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

Park Development

For the year ended June 30, 2013

	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
REVENUES:			
Use of money and property	\$ 25	\$ 25	\$ -
Charges for services	2,000	800	(1,200)
Total revenues	2,025	825	(1,200)
Net change in fund balance	2,025	825	(1,200)
FUND BALANCE:			
Beginning of year	6,883	6,883	-
End of year	\$ 8,908	\$ 7,708	\$ (1,200)

City of Lawndale

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

Prop 1 B

For the year ended June 30, 2013

	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
REVENUES:			
Use of money and property	\$ 200	\$ 149	\$ (51)
Total revenues	200	149	(51)
EXPENDITURES:			
Capital outlay	-	-	-
Total expenditures	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	200	149	(51)
OTHER FINANCING USES:			
Transfers in			-
Transfers out	-	(59,423)	59,423
Total other financing uses	-	(59,423)	59,423
Net change in fund balance	200	(59,274)	59,372
FUND BALANCE:			
Beginning of year	59,274	59,274	-
End of year	\$ 59,474	\$ -	\$ (59,474)

City of Lawndale

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

For the year ended June 30, 2013

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive/ (Negative)
REVENUES:			
Use of money and property	\$ -	\$ 21	\$ 21
Total revenues	<u>-</u>	<u>21</u>	<u>21</u>
Net change in fund balance	-	21	21
FUND BALANCE:			
Beginning of year	<u>9,475</u>	<u>9,475</u>	-
End of year	<u>\$ 9,475</u>	<u>\$ 9,496</u>	<u>\$ 21</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, 2013

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive/ (Negative)
FUND BALANCE:			
Beginning of year	<u>(32,205)</u>	<u>(32,205)</u>	<u>-</u>
End of year	<u>\$ (32,205)</u>	<u>\$ (32,205)</u>	<u>\$ -</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, 2013

	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
REVENUES:			
Use of money and property	\$ 250	\$ 146	\$ (104)
Total revenues	250	146	(104)
EXPENDITURES:			
Capital outlay	-	-	-
Total expenditures	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	250	146	(104)
Net change in fund balance	250	146	(104)
FUND BALANCE:			
Beginning of year	63,643	63,643	-
End of year	\$ 63,893	\$ 63,789	\$ (104)

City of Lawndale

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

Measure R

For the year ended June 30, 2013

	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
REVENUES:			
Subventions and grants	\$ 309,910	\$ 339,207	\$ 29,297
Use of money and property	1,000	1,423	423
Total revenues	310,910	340,630	29,720
EXPENDITURES:			
Current:			
Municipal services	79,081	72,422	6,659
Capital outlay	810,861	93,794	717,067
Total expenditures	889,942	166,216	723,726
REVENUES OVER (UNDER) EXPENDITURES	(579,032)	174,414	753,446
Net change in fund balance	(579,032)	174,414	753,446
FUND BALANCE:			
Beginning of year	479,154	479,154	-
End of year	\$ (99,878)	\$ 653,568	\$ 753,446

City of Lawndale

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

ARRA

For the year ended June 30, 2013

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive/ (Negative)</u>
FUND BALANCE:			
Beginning of year	(34,779)	(34,779)	-
End of year	<u>\$ (34,779)</u>	<u>\$ (34,779)</u>	<u>\$ -</u>

City of Lawndale

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

Highway Safety Improvement

For the year ended June 30, 2013

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive/ (Negative)</u>
EXPENDITURES:			
Capital outlay	\$ 217,000	-	\$ 217,000
Total expenditures	<u>217,000</u>	<u>-</u>	<u>217,000</u>
Net change in fund balance	(217,000)	-	(217,000)
FUND BALANCE:			
Beginning of year	<u>(45,167)</u>	<u>(45,167)</u>	<u>-</u>
End of year	<u>\$ (262,167)</u>	<u>\$ (45,167)</u>	<u>\$ 217,000</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, 2013

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive/ (Negative)</u>
REVENUES:			
Subventions and grants	\$ -	\$ 56,647	\$ 56,647
Total revenues	<u>-</u>	<u>56,647</u>	<u>56,647</u>
EXPENDITURES:			
Capital outlay	371,800	3,830	367,970
Total expenditures	<u>371,800</u>	<u>3,830</u>	<u>367,970</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(371,800)</u>	<u>52,817</u>	<u>424,617</u>
Net change in fund balance	(371,800)	52,817	424,617
FUND BALANCE:			
Beginning of year	(33,418)	(33,418)	-
End of year	<u>\$ (405,218)</u>	<u>\$ 19,399</u>	<u>\$ 424,617</u>

City of Lawndale

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

Federal Appropriation

For the year ended June 30, 2013

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive/ (Negative)</u>
EXPENDITURES:			
Capital outlay	350,000	-	350,000
Total expenditures	<u>350,000</u>	<u>-</u>	<u>350,000</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(350,000)</u>	<u>-</u>	<u>350,000</u>
Net change in fund balance	(350,000)	-	350,000
FUND BALANCE:			
Beginning of year	-	-	-
End of year	<u>\$ (350,000)</u>	<u>\$ -</u>	<u>\$ 350,000</u>

City of Lawndale

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Appropriations Act
For the year ended June 30, 2013**

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive/ (Negative)
FUND BALANCE:			
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, 2013

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive/ (Negative)
FUND BALANCE:			
Beginning of year	<u>(40,000)</u>	<u>(40,000)</u>	<u>-</u>
End of year	<u>\$ (40,000)</u>	<u>\$ (40,000)</u>	<u>\$ -</u>

City of Lawndale

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

Energy Efficiency Conservation Grant

For the year ended June 30, 2013

	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
OTHER FINANCING SOURCES (USES):			
Transfers in	-	16,645	16,645
Total other financing sources (uses)	-	16,645	16,645
Net change in fund balance	-	16,645	16,645
FUND BALANCE:			
Beginning of year	(16,645)	(16,645)	-
End of year	\$ (16,645)	\$ -	\$ 16,645

City of Lawndale

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

2009 JAG Grant

For the year ended June 30, 2013

	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
REVENUES:			
Subventions and grants	\$ -	\$ 2,378	\$ 2,378
Total revenues	-	2,378	2,378
EXPENDITURES:			
Current:			
Public safety	-	9	(9)
Total expenditures	-	9	(9)
OTHER FINANCING SOURCES (USES):			
Transfers in	\$ -	\$ 8	\$ 8
Transfers out	-	-	-
Total other financing sources (uses)	-	8	8
Net change in fund balance	-	2,377	2,395
FUND BALANCE:			
Beginning of year	(2,377)	(2,377)	-
End of year	\$ (2,377)	\$ -	\$ 2,377

City of Lawndale

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

ARRA JAG Grant

For the year ended June 30, 2013

	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
REVENUES:			
Subventions and grants	\$ -	\$ (362)	\$ (362)
Total revenues	<u>-</u>	<u>(362)</u>	<u>(362)</u>
EXPENDITURES:			
Current:			
Public safety	-	227	(227)
Total expenditures	<u>-</u>	<u>227</u>	<u>(227)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(589)</u>	<u>(589)</u>
OTHER FINANCING SOURCES:			
Transfers in	-	362	362
Total other financing sources	<u>-</u>	<u>362</u>	<u>362</u>
Net change in fund balance	-	(227)	(227)
FUND BALANCE:			
Beginning of year	227	227	-
End of year	<u>\$ 227</u>	<u>\$ -</u>	<u>\$ (227)</u>

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, 2013

	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
REVENUES:			
Subventions and grants	\$ 100,000	\$ -	\$ (100,000)
Total revenues	<u>100,000</u>	<u>-</u>	<u>(100,000)</u>
EXPENDITURES:			
Current:			
Planning and community development	100,000	54,000	46,000
Total expenditures	<u>100,000</u>	<u>54,000</u>	<u>46,000</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(54,000)</u>	<u>(54,000)</u>
Net change in fund balance	-	(54,000)	(54,000)
FUND BALANCE:			
Beginning of year	-	-	-
End of year	<u>\$ -</u>	<u>\$ (54,000)</u>	<u>\$ (54,000)</u>

City of Lawndale

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

Metro TOD

For the year ended June 30, 2013

	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
REVENUES:			
Subventions and grants	\$ 73,700	\$ 16,795	\$ (56,905)
Total revenues	<u>73,700</u>	<u>16,795</u>	<u>(56,905)</u>
EXPENDITURES:			
Current:			
Planning and community development	73,701	6,062	67,639
Total expenditures	<u>73,701</u>	<u>6,062</u>	<u>67,639</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1)</u>	<u>10,733</u>	<u>10,734</u>
OTHER FINANCING SOURCES:			
Transfers in	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(1)	10,733	10,734
FUND BALANCE:			
Beginning of year	-	-	-
End of year	<u>\$ (1)</u>	<u>\$ 10,733</u>	<u>\$ 10,734</u>

City of Lawndale

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

Measure R Grant

For the year ended June 30, 2013

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive/ (Negative)</u>
EXPENDITURES:			
Capital outlay	500,000	-	500,000
Total expenditures	500,000	-	500,000
REVENUES OVER (UNDER) EXPENDITURES			
	(500,000)	-	500,000
Net change in fund balance	(500,000)	-	500,000
FUND BALANCE:			
Beginning of year	-	-	-
End of year	<u>\$ (500,000)</u>	<u>\$ -</u>	<u>\$ 500,000</u>

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FIDUCIARY FUND

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, 2013

	Successor Agency Projects Fund	Successor Agency Debt Service Fund	Successor Agency Disbursement Fund	Total
ASSETS				
Current assets:				
Cash and investments	\$ -	\$ 1,116,405	\$ 1,171,953	\$ 2,288,358
Restricted assets:				
Cash and investments	-	1,532,547	-	1,532,547
Cash and investments with fiscal agents	-	6,333,996	-	6,333,996
Interest receivable	-	-	1,507	1,507
Due from other fiduciary fund	-	17,887,071	-	17,887,071
Due from City of Lawndale	-	0	-	-
Total current assets:	-	26,870,019	1,173,460	28,043,479
Noncurrent assets:				
Deferred bond issuance costs	-	0	-	-
Total noncurrent assets:	-	-	-	-
Total assets	\$ -	\$ 26,870,019	\$ 1,173,460	\$ 28,043,479
DEFERRED OUTFLOWS OF RESOURCES				
Deferred bond issuance costs	-	692,023	-	692,023
Total deferred outflows of resources	-	692,023	-	692,023
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 55,403	\$ -	\$ -	\$ 55,403
Accrued wages	7,640	-	-	7,640
Retention payable	135,787	-	-	135,787
Due to other fiduciary funds	17,887,071	-	-	17,887,071
Due to City of Lawndale	-	0	-	-
Interest payable	-	462,982	-	462,982
Total current liabilities	18,085,901	462,982	-	18,548,883
Noncurrent liabilities:				
Due within one year	-	298,676	-	298,676
Due in more than one year	-	21,022,093	-	21,022,093
Advances from the City of Lawndale	-	20,361,590	-	20,361,590
Total noncurrent liabilities	-	41,682,359	-	41,682,359
Total liabilities	18,085,901	42,145,341	-	60,231,242
Fiduciary Net Position	\$ (18,085,901)	\$ (14,583,299)	\$ 1,173,460	\$ (31,495,740)

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, 2013

	Successor Agency Projects Fund	Successor Agency Debt Service Fund	Successor Agency Disbursement Fund	Total
REVENUES:				
RPTTF distributions	\$ -	\$ -	\$ 2,412,889	\$ 2,412,889
Uses of money and property	-	49,667	1,507	51,174
Other income	-	-	-	-
Total Revenues	-	49,667	2,414,396	2,464,063
EXPENDITURES:				
Administration	69,370	-	-	69,370
Community development	871,144	-	-	871,144
Payments to other agencies	-	-	-	-
Debt service:				
Interest and fiscal charges	-	1,211,091	-	1,211,091
Total Expenditures	940,514	1,211,091	-	2,151,605
REVENUES OVER (UNDER) EXPENDITURES	(940,514)	(1,161,424)	2,414,396	312,458
OTHER FINANCING SOURCES (USES):				
Transfers in	778,491	1,891,311	-	2,669,802
Transfers out	-	-	(2,669,802)	(2,669,802)
Total other financing sources (uses)	778,491	1,891,311	(2,669,802)	-
EXTRAORDINARY ITEM (Note 7)	-	(2,715,637)	-	(2,715,637)
Net Increase (Decrease) in Fiduciary Net Position	(162,023)	(1,985,750)	(255,406)	(2,403,179)
Fiduciary Net Position - beginning of year	(17,923,878)	(12,597,549)	1,428,866	(29,092,561)
Fiduciary Net Position - end of year	\$ (18,085,901)	\$ (14,583,299)	\$ 1,173,460	\$ (31,495,740)

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STATISTICAL SECTION

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

	<u>Page</u>
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.	164
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.	166

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>
Governmental activities:			
Invested in capital assets, net of related debt	\$ 30,670,978	40,567,520	\$ 39,758,551
Restricted	12,139,977	4,180,641	5,131,368
Unrestricted	<u>10,343,999</u>	<u>36,617,212</u>	<u>30,431,748</u>
Total primary government net position	<u>\$ 53,154,954</u>	<u>81,365,373</u>	<u>\$ 75,321,667</u>

The City of Lawndale implemented GASB 34 for 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>2011</u>	<u>2012</u>	<u>2013</u>
Expenses:			
Governmental activities:			
General government	\$ 3,204,153	\$ 3,277,266	\$ 3,336,790
Public safety	4,567,840	4,567,440	4,744,660
Municipal services	5,121,295	5,086,433	5,446,000
Community development	4,666,135	3,568,319	1,511,370
Recreation and community services	1,642,338	1,712,014	1,840,035
Interest and fiscal charges	1,517,463	447,168	13,277
Total Primary Government Expenses	<u>20,719,224</u>	<u>18,658,640</u>	<u>16,892,132</u>
Program Revenues:			
Governmental activities:			
Charges for services:			
General government	836,409	593,495	522,334
Public safety	562,262	582,465	553,723
Planning and community development	354,930	240,298	383,194
Other activities	204,520	244,957	281,859
Operating grants and contributions	100,000	64,825	139,215
Capital grants and contributions	2,692,869	1,968,800	451,796
Total Primary Government Program Revenues	<u>4,750,990</u>	<u>3,694,840</u>	<u>2,332,121</u>
Total net revenues (expenses)	(15,968,234)	(14,963,800)	(14,560,011)
General Revenues and Other Changes in Net Position:			
Governmental activities:			
Taxes:			
Property tax, levied for general purpose	860,017	890,896	2,123,835
Property tax, Redevelopment			
Agency tax increment	4,812,576	1,972,109	
Transient occupancy taxes	407,273	452,648	490,448
Franchise tax	504,479	427,277	494,445
Sales tax	3,905,301	4,673,172	4,632,826
Motor vehicle in lieu tax	2,892,525	2,772,165	2,797,818
Utility users tax	2,107,158	2,191,320	2,048,093
Investment income	333,253	135,534	116,388
Other	432,684	375,510	652,451
Total Primary Government	<u>16,255,266</u>	<u>13,890,631</u>	<u>13,356,304</u>
Transfer in	-	460,223	-
Extraordinary Item	-	28,823,365	(4,839,999)
Primary Government Changes in Net Position	<u>\$ 287,032</u>	<u>\$ 28,210,419</u>	<u>\$ (6,043,706)</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>2011</u>	<u>2012</u>	<u>2013</u>
General fund:			
Nonspendable	\$ 7,303,787	6,904,925	\$ 3,032,263
Restricted	6,746	7,016	7,374
Committed	4,012,785	3,043,980	3,013,240
Assigned	391,868	195,104	222,555
Unassigned	11,560,364	11,221,961	15,426,052
Total General Fund	<u>\$ 23,275,550</u>	<u>\$ 21,372,986</u>	<u>\$ 21,701,484</u>
All other governmental funds:			
Special revenue funds			
Restricted	\$ 9,014,063	\$ 8,629,477	\$ 4,912,033
Committed	12,316,681	12,319,580	10,624,274
Unassigned	(991,389)	(738,453)	(518,309)
Capital projects funds			
Unassigned	(14,042,465)	-	-
Debt Services			
Restricted	12,139,286	-	-
Total All Other Governmental Funds	<u>\$ 18,436,176</u>	<u>\$ 20,210,604</u>	<u>\$ 15,017,998</u>

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

	2011	2012	2013
Revenues:			
Sales and use taxes	\$ 3,905,301	\$ 4,359,663	\$ 4,252,299
Utility user tax	2,107,158	2,191,320	2,048,093
Property and other taxes	6,584,345	3,742,937	3,108,728
Motor vehicle in-lieu	2,892,525	2,772,165	2,797,818
Licenses and permits	573,811	518,753	559,403
Fines and forfeitures	562,262	582,465	553,723
Subventions and grants	2,772,006	2,347,135	930,480
Use of money and property	427,299	191,785	123,883
Charges for services	713,020	539,429	774,464
Miscellaneous	468,529	339,819	539,534
Total revenues	21,006,256	17,585,471	15,688,425
Expenditures			
Current:			
General government	3,111,050	3,188,630	3,231,101
Public safety	4,606,123	4,558,008	4,707,545
Municipal services	3,843,973	3,971,644	4,316,979
Planning and community development	4,553,060	3,268,188	944,702
Recreation and community services	1,613,711	1,684,520	1,789,705
Capital outlay	10,217,921	7,944,759	663,110
Debt service:			
Principal retirement	80,173	325,084	31,839
Interest and fiscal charges	1,203,245	1,158,316	27,553
Cost of bond issuance			
Total expenditures	29,229,256	26,099,149	15,712,534
Excess (deficiency) of revenues over (under) expenditures	(8,223,000)	(8,513,678)	(24,109)
Other financing sources (uses):			
Proceeds from long-term debt			
Transfers in	8,842,940	4,855,794	681,539
Transfers out	(8,842,940)	(4,395,571)	(681,539)
Total other financing sources (uses)	-	460,223	-
Extraordinary Item	-	7,925,319	(4,839,999)
Net change in fund balances	\$ (8,223,000)	\$ (128,136)	\$ (4,864,108)
Debt service as a percentage of noncapital expenditures	7.2%	8.9%	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

Fiscal Year Ended June 30	City			Taxable Assessed Value	Total Direct Tax Rate
	Secured	Unsecured	Less: 150		
2004	\$ 1,162,128,846	\$ 22,827,872	\$ 18,674,620	\$ 1,203,631,492	1.000%
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%

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

	2012	2013
City direct rates:		
City basic rate:	1.00000	1.00000
Overlapping rates:		
Elementary Schools	0.04363	0.04919
High Schools	0.14238	0.17191
Community College	0.01688	0.01849
Metro Water District	0.00370	0.00350
Total Direct Rate	1.20659	1.24309

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>2013</u>		<u>2004</u>	
	<u>Taxable Assessed Value</u>	<u>Percent of Total City Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Percent of Total City Taxable Assessed Value</u>
Lawndale Market Place LLC	\$ 11,530,817	0.63%	\$ 158	0.00%
SCP Limited Partnership	8,365,997	0.46%		
Lawndale LLC	7,181,176	0.39%	163	
Baytower Corporate Center	6,745,346	0.37%	5,703,303	0.52%
Rich Lawndale LLC	6,397,337	0.35%	165	
Ban Development LLC	6,323,061	0.35%		
Fariba Tabibi	6,188,518	0.34%		
SBP Enterprises LLC	5,938,364	0.33%	5,028,149	0.46%
Mario and Maria Alvarez	5,517,950	0.30%		
Satnaam Investments Inc	5,462,310	0.30%	4,707,923	0.43%
Ahamc Zarrabian Trust			4,802,900	0.44%
XJ Grand Hotel LLC			4,782,851	0.44%
Norm Wilson Partnership			3,989,468	0.36%
Redondo Townhomes LLC			3,477,900	0.32%
Lawndale Business Center			2,777,868	0.25%
Stratford Rental LLC			2,760,120	0.25%
Totals	<u>\$ 69,650,876</u>	<u>3.82%</u>	<u>\$ 38,030,968</u>	<u>3.46%</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

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	150 of Levy		Amount	Percent of Levy
2004	\$ 670,011	\$ 692,397	103.34%	\$ 22,386	\$ 694,349	103.63%
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

Source: Los Angeles County Auditor Controller's Office

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

Fiscal Year Ended June 30	Governmental Activities			Percentage of Personal Income	Debt Per Capita ¹
	Notes Payable	Capital Leases	Total Governmental 150		
2009	\$ 1,772,859	\$ -	\$ 1,772,859	N/A	53
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

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

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

CITY OF LAWDALE
Direct and Overlapping Debt
June 30, 2013

City Assessed Valuation		\$ 1,360,102,524	
	Percentage Applicable ¹	Outstanding Debt 6/30/11	Estimated Share of Overlapping Debt
<u>Direct² and Overlapping Tax and Assessment Debt:</u>			
CIEDB LOAN	100.000%	\$ 737,646	\$ 737,646
Centinela Vly Union HS Dist 2002 Ref Bd Ser A	12.719%	14,700,000	1,869,646
Centinela Vly Union HS Dist 2004 Ref Ser A	12.719%	31,195,000	3,967,592
Centinela Vly Union HS Dist DS 2010, 12 Ser B	12.719%	72,000,324	9,157,490
Centinela Vly Union HSD DS 2008, Series A	12.719%	22,389,703	2,847,674
Centinela Vly Union HS Dist 2010,11 Series A	12.719%	23,999,344	3,052,399
El Camino Com Col Dist 2002 S-2003A	2.248%	1,790,000	40,241
El Camino Com Col Dist 2005 Ref Bonds	2.248%	69,346,609	1,558,998
El Camino Com Col Dist 2002 Ser 2006B	2.248%	88,880,000	1,998,133
El Camino Com Col Dist 2002 Ser 2012C	2.248%	180,812,882	4,064,899
Hawthorne USD DS 1997 2005 Series E	0.609%	6,395,000	38,961
Hawthorne S.D. DS 1997 Series B	0.609%	3,557,724	21,675
Hawthorne SD DS 1997 Series C	0.609%	2,899,844	17,667
Hawthorne SD DS 1997 Series 2004 D	0.609%	1,007,115	6,136
Hawthorne SD 2004/2005 Series A	0.609%	6,700,061	40,820
Hawthorne S.D DS 2004 Series 2005B	0.609%	4,343,922	26,465
Hawthorne S.D 2004 Series C 2008	0.609%	8,831,599	53,806
Hawthorne S.D DS 2008, 2009 Series A	0.609%	6,372,592	38,824
Hawthorne S.D DS 2008, 2012 Series B	0.609%	13,331,770	81,223
Lawndale Elem Sch Dist 2010 Refunding Bonds	59.848%	12,315,000	7,370,257
Lawndale Elem Sch Dist 1998 Ser C Debt Svc	59.848%	3,000,000	1,795,434
Lawndale Elem Sch Dist 1998 Ser B Debt Svc	59.848%	4,895,000	2,929,550
Metropolitan Water District	0.154%	79,696,126	122,803
Total Overlapping Debt		<u>\$ 659,197,261</u>	<u>\$ 41,838,338</u>

Notes:

¹ 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.

² 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					
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	
Assessed valuation	\$ 1,203,631,338	\$ 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	1,849,776,282
Debt limit percentage	15%	15400%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	180,544,701	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	277,466,442
Total net debt applicable to limit:		163									
General obligation bonds		165									
Legal debt margin	\$ 180,544,701	\$ 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	277,466,442
Total debt applicable to the limit 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%

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

Calendar Year	Population (1)	Personal Income (in thousands) (2)	Per Capita Personal Income (2)	Unemployment Rate ¹ (3)
2003	32,783	465,239	14,191	6.9%
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%

- 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 LAWNDALE
Principal Employers
Current Year and Nine Years Ago

<u>Employer</u>	<u>2013</u>	<u>Percent of</u>	<u>2004</u>	<u>Percent of</u>
	<u>Number of</u> <u>Employees</u>	<u>Total</u> <u>Employment</u>	<u>Number of</u> <u>Employees</u>	<u>Total</u> <u>150</u>
City of Lawndale	99	3.38%	61	N/A
El Super # 3	70	2.39%	N/A	15400.00%
McDonalds of California	60	2.05%	N/A	N/A
Advanced Veterinary Care Cent	57	1.95%	N/A	15800.00%
Boston Market Corporation	52	1.78%	N/A	N/A
Property Prep Inc.	51	1.74%	N/A	16300.00%
Carbro Corporation	50	1.71%	N/A	N/A
Big Saver Foods	46	1.57%	N/A	16500.00%
Smart & Fianal	46	1.57%	N/A	N/A
American Drilling Company	38	1.30%	N/A	N/A
Wems Inc.	37	1.26%	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 2004.

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>2004</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>
General government	26	34	34	37	38	41	41	41	38	38
Public safety	11	12	14	12	14	14	13	13	12	15
Community development	5	5	6	6	7	7	7	7	6	6
Culture and leisure	18	29	31	42	43	43	44	44	44	40
Total	<u>60</u>	<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>

Source: City Budget Office

CITY OF LAWNSDALE
Operating Indicators
by Function
Last Ten Fiscal Years

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Police:										
Arrests	895	840	748	751	749	790	1,166	1,373	1,270	953
Parking citations issued	N/A	14,046	16,627	16,378	19,190	19,190	15,432	13,661	13,784	14,116
Parks and recreation:										
Number of recreation classes	8	8	8	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 LAWNDALE
 Capital Asset Statistics
 by Function
 Last Ten Fiscal Years

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
			150							
Police:										
Stations	1	1	154	1	1	1	1	1	1	1

Public works:										
Streets (miles)	67	67	163	67	67	67	67	67	67	67
Parks and recreation:			165							
Parks	4	4	4	4	4	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, 2013, 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 14, 2014.

Internal Control Over Financial Reporting

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

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

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

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

Irvine, California
March 14, 2014

