

LAWNDALE



**City of Lawndale
Comprehensive Annual
Financial Report**

Fiscal Year Ending June 30, 2012

City of Lawndale
Basic Financial Statements
For the year ended June 30, 2012

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CITY OF LAWDALE

May 16, 2013

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, 2012 (FY12) 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, Caporicci & Larson, 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 main revenue sources while steady have remained very flat. Led by Motor Vehicle In-Lieu of \$2.8 million, Sales Tax of \$2.5 million and Utility User's Tax of \$2.2 million, this balanced trio enabled the General Fund to continue to maintain operational revenues.

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 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 \$11.2 million debt to the General Fund and \$11.6 debt to the Urban Development Action Grant fund. Such repayment will likely be made over the next 20 years but provide a steady inflow to both funds. Additionally, with the dissolution of redevelopment will come 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 2009 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, 2012 totaled \$135,534.

RISK MANAGEMENT

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

- General Liability - Each member government pays a primary deposit to cover estimated losses for a fiscal year (claims year). Six months after the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Costs are spread to members as delineated in note 5.
- Workers' Compensation - The City also participates in the workers compensation pool administered by the Authority. Pool deposits and retrospective adjustments are valued in a manner similar to the General Liability pool. The City of Lawndale is charged for the first \$50,000 of each claim. Costs are pooled above that level as delineated in note 5.
- 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 82% 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 Caporicci & Larson, 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.

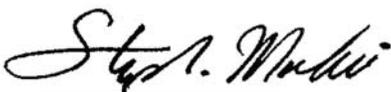
AWARDS

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,



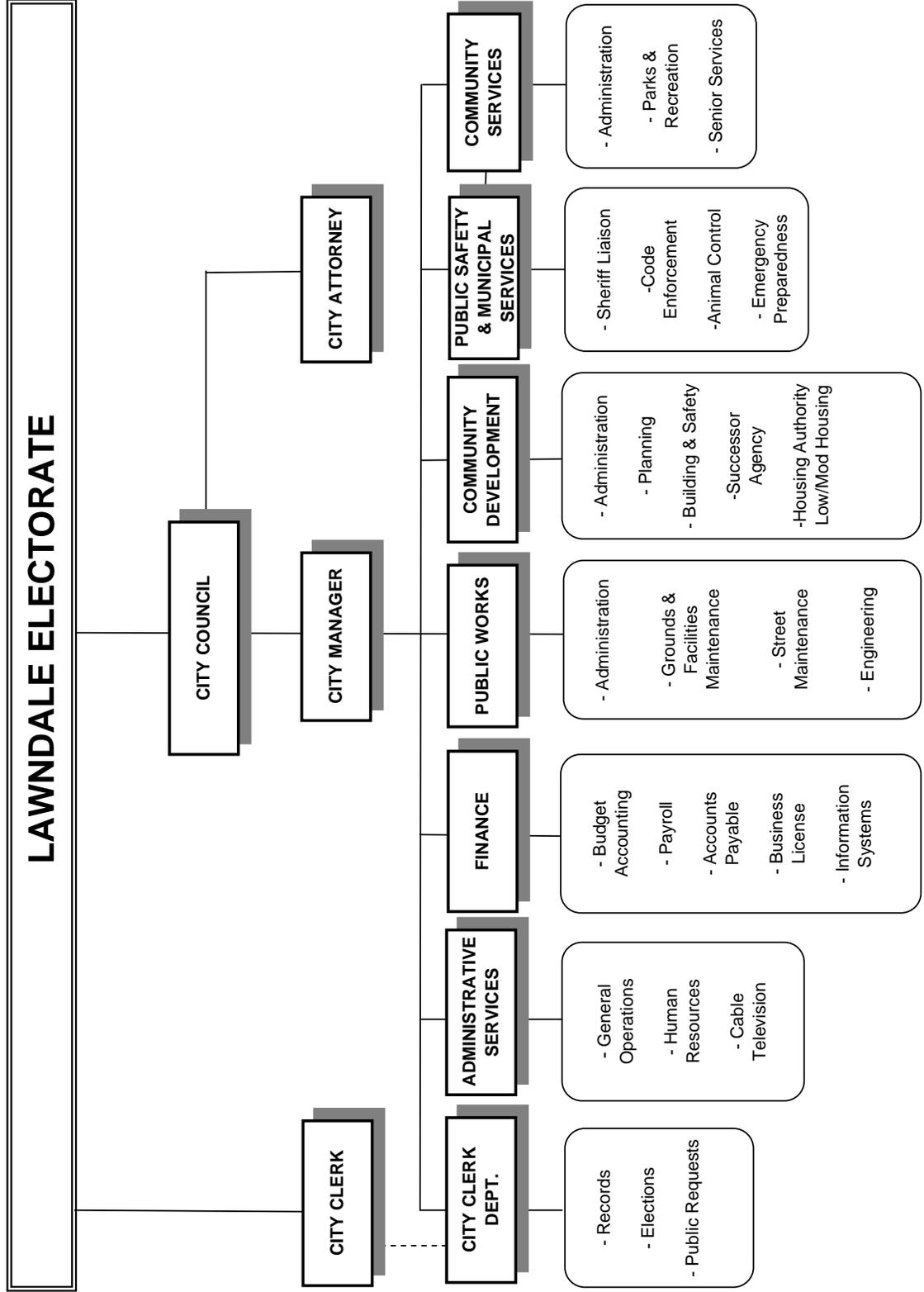
Stephen N. Mandoki
City Manager



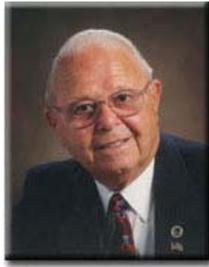
Ken Louie
Finance Director/City Treasurer

CITY OF LAWNDALE

City-Wide Organizational Chart



■ **CITY ELECTED OFFICIALS**



**Mayor
Harold Hofmann**

Elected: April 2012



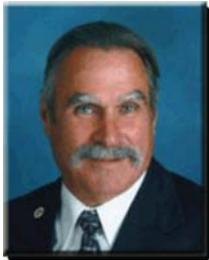
**Mayor Pro Tem
Larry Rudolph**

Elected: April 2010



**Councilmember
Robert Pullen-Miles**

Elected: April 2012



**Councilmember
Pat Kearney**

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

Interim Director of Public Works: Glen Kau

Assistant City Clerk: Pam Giamario

INDEPENDENT AUDITORS' REPORT

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

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, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these basic 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic 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 as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As explained further in Note 7, the California State Legislature enacted Assembly Bill X1 26 (the "Bill") that dissolved the City's redevelopment agency as of January 31, 2012. In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012. After the date of dissolution, the assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (Private-purpose trust fund). The transfer of the assets and liabilities of the former redevelopment agency as of February 1, 2012 (effectively the same date as January 31, 2012) to the Successor Agency is reported in the private-purpose trust fund as an extraordinary loss.

To the Honorable Mayor and Members of the City Council
of the City of Lawndale
Lawndale, California
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In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 2013 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The accompanying supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and is derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



Marcum LLP
Irvine, California
May 16, 2013

CITY OF LAWNSDALE, CALIFORNIA

Management's Discussion and Analysis

As management of the City of Lawndale, we offer readers of the City's financial statements this narrative discussion and analysis of the financial activities for fiscal year ended June 30, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i- vi of this report.

Financial Highlights

- The assets of the City of Lawndale exceed its liabilities, at the close of the fiscal year ended June 30, 2012, by \$81,365,373 (*total net assets*). Of this amount, \$36,617,212 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$28,210,419. The increase is mainly attributable to the transfer of the 2009 tax allocation bonds and the 2002 tax allocation loan agreement note to the Lawndale Redevelopment Successor Agency for \$20,545,000 and \$1,669,973 respectively.
- As of June 30, 2012, the City's governmental funds reported combined ending fund balances of \$41,583,590 (page 23) a decrease of \$128,136 in comparison with the prior year. The decrease in combined ending fund balances is primarily attributable to an increase in grants received in relation to both the CDBG program and Community Center-related grants. Approximately \$ 10,483,508 is available for spending at the government's discretion. This is called the unassigned fund balance. (page 23).
- As of June 30, 2012, unassigned fund balance for the General Fund was \$11,221,961 (page 22) or 83%, 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 the 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 assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. 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* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of 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 a legally separate Redevelopment Agency and the Lawndale Cable Corporation for which the City of Lawndale is financially accountable. Financial information for this *component unit* has been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 16-17 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 LAWNSDALE, 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 37 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, the Lawndale Housing Authority Special Revenue Fund, and the Redevelopment Agency Capital Projects Fund, all of which are considered to be major funds. Data from the other 34 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 22-28 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 34-69 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 71-75 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 84-95 of this report.

CITY OF LAWSDALE, 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 \$81,365,373 at June 30, 2012. A large portion of the City's total net assets (50 percent) 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. The remaining balance of unrestricted total net assets (\$36,617,212 or 45 percent) may be used to meet the government's ongoing obligations to citizens and creditors.

City of Lawndale Net Assets Government Activities	Fiscal Year 2011-2012	Fiscal Year 2010-2011	Variance Increase (Decrease)	Percentage Increase (Decrease)
Current and other assets	\$ 23,358,756	\$ 43,460,464	\$ (20,101,708)	(46.25%)
Noncurrent assets	27,321,868	3,620,223	23,701,645	654.70%
Capital assets, net	41,337,005	34,788,101	6,548,904	18.83%
Total assets	92,017,629	81,868,788	10,148,841	12.40%
Current liabilities	8,134,798	4,419,024	3,715,774	84.09%
Long-term liabilities outstanding	2,517,458	24,284,810	(21,767,352)	(89.63%)
Total liabilities	10,652,256	28,703,834	(18,051,578)	(62.89%)
Invested in capital assets, net of related debt	40,567,520	30,670,798	9,896,722	32.27%
Restricted, net assets	4,180,641	12,139,977	(7,959,336)	(65.56%)
Unrestricted, net assets	36,617,212	10,344,179	26,273,033	253.99%
Total Net Assets	81,365,373	53,154,954	28,210,419	53.07%

CITY OF LAWNSDALE, CALIFORNIA

Management's Discussion and Analysis

Governmental activities. Governmental activities increased the City's net assets by \$28,210,419.

Government Activities	Fiscal Year 2011-2012	Fiscal Year 2010-2011	Variance Increase (Decrease)	Percentage Increase (Decrease)
Program revenues;				
Charges for services	\$ 1,661,215	\$ 1,958,121	\$ (296,906)	(15.16%)
Operating grants and contributions	64,825	100,000	(35,175)	(35.18%)
Capital grants and contributions	1,968,800	2,692,869	(724,069)	(26.89%)
General revenues:				
Property taxes	2,863,005	5,672,593	(2,809,588)	(49.53%)
Other taxes	10,516,582	9,816,737	699,845	7.13%
Other general revenues	511,044	765,936	(254,892)	(33.28%)
Total revenues	17,585,471	21,006,256	(3,420,785)	(16.28%)
Expenses:				
General government	3,277,266	3,204,153	73,113	2.28%
Public safety	4,567,440	4,567,840	(400)	(0.01%)
Municipal services	5,086,433	5,121,295	(34,862)	(0.68%)
Planning and community development	3,568,319	4,666,135	(1,097,816)	(23.53%)
Recreation and community services	1,712,014	1,642,338	69,676	4.24%
Interest and fiscal charges	447,168	1,517,463	(1,070,295)	(70.53%)
Total expenses	18,658,640	20,719,224	(2,060,584)	(9.95%)
Transfers in / (out)	460,223	-	460,223	100.00%
Extraordinary item	28,823,365	-	28,823,365	100.00%
Change in net assets	28,210,419	287,032	27,923,387	9728.32%
Net Asset - Beginning of Year	53,154,954	52,867,922	287,032	0.54%
Net Assets - End of Year	81,365,373	53,154,954	28,210,419	53.07%

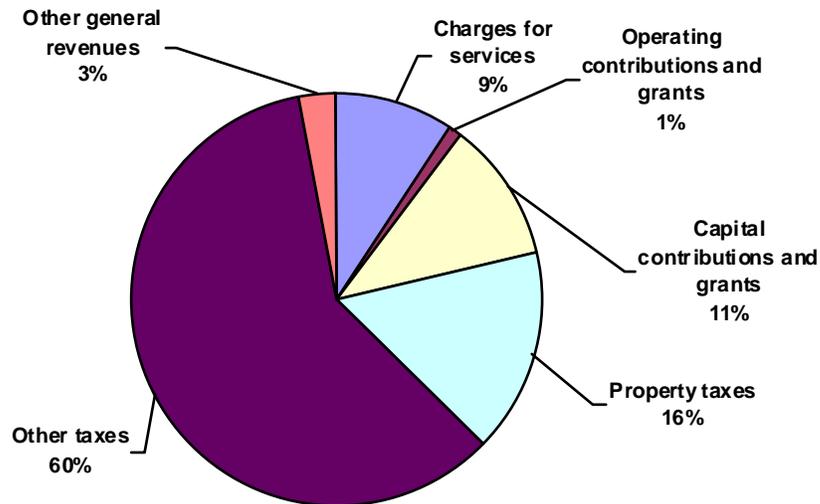
Key elements of this increase in total net assets from all activities are as follows:

- 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.

CITY OF LAWNSDALE, CALIFORNIA

Management's Discussion and Analysis

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 \$41,583,590 a decrease of \$128,136 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 \$11,221,961 while total fund balance reached \$21,372,986.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental activities as of June 30, 2012, amounts to \$41,337,005 (net of accumulated depreciation). The investment in capital assets includes land, buildings and structures, improvements other than buildings, machinery and equipment and current year additions to infrastructure. During the current fiscal year, the City's investment in capital assets increased from fiscal year 2011-12 by \$6,548,904.

CITY OF LAWDALE, CALIFORNIA

Management's Discussion and Analysis

City of Lawndale Capital Assets (Net of Depreciation) Governmental Activities	Fiscal Year 2011-2012	Fiscal Year 2010-2011	Variance Increase (Decrease)	Percentage Increase (Decrease)
Land	\$5,215,937	\$5,215,937	\$0	
Buildings and structures	16,533,801	4,853,222	11,680,579	240.68%
Machinery and equipment	564,713	685,116	(120,403)	(17.57%)
Improvements other than buildings	368,103	222,205	145,898	65.66%
Infrastructure	17,912,757	17,123,388	789,369	4.61%
Construction in progress	741,694	6,688,233	(5,946,539)	(88.91%)
Total	41,337,005	34,788,101	\$6,548,904	18.83%

Additional information regarding the City's capital assets can be found in Note 3E on page 51.

Long-term debt. At the end of the current fiscal year, the City of Lawndale had total debt outstanding of \$2,517,458

City of Lawndale Outstanding Debt Government Activities	Fiscal Year 2011-2012	Fiscal Year 2010-2011	Variance Increase (Decrease)	Percentage Increase (Decrease)
2009 Tax allocation bonds	\$ -	\$ 20,545,000	\$ (20,545,000)	(100.00%)
Bond discount	-	(317,938)	317,938	(100.00%)
Notes payable	769,485	2,470,265	(1,700,780)	(68.85%)
Compensated absences	656,644	705,348	(48,704)	(6.90%)
Claims payable - general and workers compensation liability	337,184	361,251	(24,067)	(6.66%)
Other post employment benefits payable	754,145	530,884	223,261	42.05%
Total	2,517,458	24,294,810	(21,777,352)	(89.64%)

The City's total debt decreased by \$21,777,352 (89.64 %) during the current fiscal year. This was due to the AB1x26 legislation which transferred the debt of the disbanded redevelopment agency and established the successor agency to administer the payoff of remaining debts as a separate legal entity.

CITY OF LAWNSDALE, CALIFORNIA

Management's Discussion and Analysis

Current Economic Factors and Future Outlook

The General Fund's main revenue sources have all remained steady. They are led by Motor Vehicle In-Lieu of \$2.8 million, Sales Tax of \$2.5 million, and Utility User's Tax of \$2.2 million, this balanced trio continues to be the lion's share of the revenue.

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. Such reductions have yet to affect operations or levels of service.

Though growth is sought in lean times, there are many external factors that have impaired our ability to function at full capacity. The major detrimental factor to the City's livelihood is the continual State takeaways. The most recent is the most significant: the discontinuance of redevelopment due to 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 is awaiting a likely "Notice of Completion" from the State Department of Finance. Such a designation would allow the successor agency to enter into contracts with regards to the remaining \$6.4 million in unspent bond proceeds. Additionally, through time, the City and its General Fund will be paid back the \$22 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 100% in reserves and continues to comply with its self-imposed "a year in reserves" fiscal policy.

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 Assets
June 30, 2012

ASSETS	Governmental Activities
Current assets:	
Cash and investments	\$ 20,977,254
Receivables:	
Accounts, net	1,189,396
Interest	11,473
Loans	1,180,633
Total current assets	23,358,756
Noncurrent assets:	
Due from Successor Agency	2,172,620
Advances to Successor Agency	22,014,191
Land held for development	3,135,057
Capital assets:	
Nondepreciable assets	5,957,631
Depreciable assets, net	35,379,374
Total capital assets	41,337,005
Total noncurrent assets	68,658,873
Total assets	92,017,629
LIABILITIES	
Current liabilities:	
Accounts payable and accrued expenses	1,995,420
Interest payable	24,572
Deposits	114,806
Due to Successor Agency	6,000,000
Total current liabilities	8,134,798
Noncurrent liabilities:	
Due within one year	125,339
Due in more than one year	1,300,790
Liability insurance payable	337,184
Postemployment benefit liability	754,145
Total noncurrent liabilities	2,517,458
Total liabilities	10,652,256
NET ASSETS	
Investments in capital assets, net of related debt	40,567,520
Restricted:	
Community development	797,314
Municipal services	3,292,459
Other purposes	90,868
Unrestricted	36,617,212
Total net assets	\$ 81,365,373

See accompanying Notes to Basic Financial Statements.

City of Lawndale
Statement of Activities and Changes in Net Assets
For the year ended June 30, 2012

Functions/Programs	Expenses	Program Revenues			Total Program Revenues	Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
Governmental activities:						
General government	\$ 3,277,266	\$ 593,495	\$ -	\$ -	\$ 593,495	\$ (2,683,771)
Public safety	4,567,440	582,465	64,825	-	647,290	(3,920,150)
Municipal services	5,086,433	131,340	-	704,817	836,157	(4,250,276)
Planning and community development	3,568,319	240,298	-	258,823	499,121	(3,069,198)
Recreation and community services	1,712,014	113,617	-	1,005,160	1,118,777	(593,237)
Interest and fiscal charges	447,168	-	-	-	-	(447,168)
Total governmental activities	\$ 18,658,640	\$ 1,661,215	\$ 64,825	\$ 1,968,800	\$ 3,694,840	(14,963,800)

General revenues:

Taxes:

Property tax - City	890,896
Property tax - Redevelopment Agency	1,972,109
Transient occupancy tax	452,648
Franchise tax	427,277
Sales tax	4,673,172
Motor vehicle in-lieu tax	2,772,165
Utility users tax	2,191,320
Investment income	135,534
Other	375,510
Total general revenues	13,890,631
Transfers in / (out)	460,223
Change in net assets before extraordinary item	(612,946)
Extraordinary Item (Note 7)	28,823,365
Change in net assets	28,210,419
Net assets - beginning of year	53,154,954
Net assets - end of year	\$ 81,365,373

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, 2012

	General Fund	Special Revenue Fund		Capital Projects
		Restricted Urban Development	Lawndale Housing Authority	Redevelopment Agency
ASSETS				
Cash and investments	\$ 12,048,375	\$ 816,970	3,806,634	\$ -
Receivables:				
Accounts, net	960,684	-	-	-
Interest	6,349	725	2,100	-
Loans	193,826	-	669,411	-
Due from other funds	3,084,012	-	-	-
Advance to other funds	10,512,306	11,501,885	-	-
Land held for development	2,391,469	-	743,588	-
Total assets	\$ 29,197,021	\$ 12,319,580	\$ 5,221,733	\$ -
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,508,725	\$ -	\$ 40,567	\$ -
Accrued wages	139,876	-	4,525	-
Due to other funds	51,371	-	-	-
Due to Successor Agency	6,000,000	-	-	-
Retentions payable	9,257	-	718	-
Deferred revenue	-	-	669,411	-
Deposits	114,806	-	-	-
Total liabilities	7,824,035	-	715,221	-
Fund Balances:				
Nonspendable	6,904,925	-	-	-
Restricted	7,016	-	4,506,512	-
Committed	3,043,980	12,319,580	-	-
Assigned	195,104	-	-	-
Unassigned	11,221,961	-	-	-
Total fund balances	21,372,986	12,319,580	4,506,512	-
Total liabilities and fund balances	\$ 29,197,021	\$ 12,319,580	\$ 5,221,733	\$ -

See accompanying Notes to Basic Financial Statements.

Non-major Governmental Funds		Total
\$ 4,305,275	\$ 20,977,254	
228,712	1,189,396	
2,299	11,473	
317,396	1,180,633	
-	3,084,012	
-	22,014,191	
-	3,135,057	
<u>\$ 4,853,682</u>	<u>\$ 51,592,016</u>	

\$ 203,003	\$ 1,752,295
41,377	185,778
860,021	911,392
-	6,000,000
47,372	57,347
317,397	986,808
-	114,806
<u>1,469,170</u>	<u>10,008,426</u>

-	6,904,925
4,122,965	8,636,493
-	15,363,560
-	195,104
(738,453)	10,483,508
<u>3,384,512</u>	<u>41,583,590</u>
<u>\$ 4,853,682</u>	<u>\$ 51,592,016</u>

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City of Lawndale
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Assets
June 30, 2012

Total Fund Balances - Total Governmental Funds	\$ 41,583,590
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Amounts reported for governmental activities in the Statement of Net Assets are different because:

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

Capital assets	49,758,389
Accumulated depreciation	(8,421,384)

Long-term notes receivable are not current financial resources and, therefore, are reported as deferred revenue in the governmental funds.	986,808
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Interest expenditures are recognized when due and, therefore, interest payable is not recorded in the governmental funds.	(24,572)
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Liability insurance payable is not due and payable in the current period and therefore is not reported in the funds.	(337,184)
--	-----------

Postemployment benefit liability other than pensions is not due and payable in the current period and therefore is not reported in the funds.	(754,145)
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Long-term liabilities, including notes, are not due and payable in the current period and, therefore, are not reported in the funds.	
Notes payable	(769,485)
Compensated absences	(656,644)

Net Assets of Governmental Activities	\$ 81,365,373
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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, 2012

	General Fund	Special Revenue Fund		Capital Projects
		Restricted Urban Development	Lawndale Housing Authority	Redevelopment Agency
REVENUES:				
Sales and use taxes	\$ 2,528,852	\$ -	\$ -	\$ -
Property tax	890,902	-	-	-
Utility user tax	2,191,320	-	-	-
Other taxes	879,925	-	-	-
Motor vehicle in-lieu tax	2,772,165	-	-	-
Licenses and permits	518,753	-	-	-
Fines and forfeitures	582,465	-	-	-
Subventions and grants	-	-	-	-
Use of money and property	45,840	2,899	53,462	-
Charges for services	506,559	-	-	-
Other	309,039	-	-	-
Total revenues	11,225,820	2,899	53,462	-
EXPENDITURES:				
Current:				
General government	3,132,640	-	-	11,778
Public safety	4,419,848	-	-	-
Municipal Services	2,684,234	-	-	-
Planning and community development	1,506,089	-	458,757	1,001,035
Recreation and community services	1,183,954	-	-	-
Capital outlay	396,569	-	-	5,233,153
Debt service:				
Principal retirement	30,807	-	-	-
Interest and fiscal charges	28,695	-	-	-
Total expenditures	13,382,836	-	458,757	6,245,966
REVENUES OVER (UNDER) EXPENDITURES	(2,157,016)	2,899	(405,295)	(6,245,966)
OTHER FINANCING SOURCES (USES):				
Transfers in	451,178	-	394,422	3,997,271
Transfers out	(196,726)	-	-	(393,452)
Total other financing sources (uses)	254,452	-	394,422	3,603,819
Change in Fund Balance Before Extraordinary Item	(1,902,564)	2,899	(10,873)	(2,642,147)
Extraordinary Item (Note 7)	-	-	-	16,684,612
Net change in fund balances	(1,902,564)	2,899	(10,873)	14,042,465
FUND BALANCES:				
Beginning of year	23,275,550	12,316,681	4,517,385	(14,042,465)
End of year	\$ 21,372,986	\$ 12,319,580	\$ 4,506,512	\$ -

See accompanying Notes to Basic Financial Statements.

Non-major Governmental		
Funds		Total
\$ 1,830,811.00	\$	4,359,663
1,972,110		2,863,012
-		2,191,320
-		879,925
-		2,772,165
-		518,753
-		582,465
2,347,135		2,347,135
89,584		191,785
32,870		539,429
30,780		339,819
<u>6,303,290</u>		<u>17,585,471</u>
44,212		3,188,630
138,160		4,558,008
1,287,410		3,971,644
302,307		3,268,188
500,566		1,684,520
2,315,037		7,944,759
294,277		325,084
1,129,621		1,158,316
<u>6,011,590</u>		<u>26,099,149</u>
291,700		(8,513,678)
12,923		4,855,794
<u>(3,805,393)</u>		<u>(4,395,571)</u>
<u>(3,792,470)</u>		<u>460,223</u>
(3,500,770)		(8,053,455)
<u>(8,759,293)</u>		<u>7,925,319</u>
<u>(12,260,063)</u>		<u>(128,136)</u>
15,644,575		41,711,726
<u>\$ 3,384,512</u>	<u>\$</u>	<u>41,583,590</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 Assets For the year ended June 30, 2012

Net Change in Fund Balances - Total Governmental Funds \$ (128,136)

Amounts reported for governmental activities in the Statement of Activities and Changes in Net Assets 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	\$ 7,944,759	
Less: Capital outlays related to repair and maintenance	<u>(218,616)</u>	
		7,726,143
Depreciation		(1,177,239)

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		(41,796)
New loans funded		47,659

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		325,084
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Amortization expense was reported in the Government-Wide Statement of Activities and Changes in Net Assets, but it did not require the use of current financial resources. Therefore, amortization expense was not reported as an expenditure in the governmental funds:

Amortization of cost of issuance		(22,324)
Amortization of bond discount		(9,635)

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.

		743,107
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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.

		48,704
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Change in liability insurance payable		24,067
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Change in postemployment benefits liability		<u>(223,261)</u>
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Change in Net Assets of Governmental Activities before Extraordinary Item 7,312,373

Change in Extraordinary Item (Refer to Note 7 for reconciliation) 20,898,046

Change in Net Assets of Governmental Activities \$ 28,210,419

See accompanying Notes to Basic Financial Statements.

FIDUCIARY FUND FINANCIAL STATEMENTS

City of Lawndale
Statement of Fiduciary Net Assets
Fiduciary Fund
June 30, 2012

	Private Purpose Trust Fund
ASSETS	
Current assets:	
Cash and investments	\$ 1,428,866
Restricted assets:	
Cash and investments	1,498,206
Cash and investments with fiscal agents	7,828,361
Due from other fiduciary funds	17,626,876
Due from City of Lawndale	6,000,000
Total current assets:	34,382,309
Noncurrent assets:	
Deferred bond issuance costs	714,347
Total noncurrent assets:	714,347
Total assets	\$ 35,096,656
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 78,017
Accrued wages	26,520
Retention payable	192,465
Due to other fiduciary funds	17,626,876
Due to City of Lawndale	2,172,620
Interest payable	466,135
Total current liabilities	20,562,633
Noncurrent liabilities:	
Due within one year	291,623
Due in more than one year	21,320,770
Advances from the City of Lawndale	22,014,191
Total noncurrent liabilities	43,626,584
Total liabilities	64,189,217
Fiduciary Deficiency in Net Assets	\$ (29,092,561)

See accompanying Notes to Basic Financial Statements.

City of Lawndale
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Five Months Ended June 30, 2012

	Five Months Ended June 30, 2012 Private Purpose Trust Fund
<hr/>	
REVENUES:	
RPTTF distributions	\$ 1,973,364
Uses of money and property	9,088
Other income	3,000
Total Revenues	<u>1,985,452</u>
 EXPENDITURES:	
Administration	421,271
Community development	362,522
Payments to other agencies	544,498
Debt service:	
Interest and fiscal charges	466,134
Total Expenditures	<u>1,794,425</u>
 REVENUES OVER (UNDER) EXPENDITURES	 <u>191,027</u>
 OTHER FINANCING SOURCES (USES):	
Transfers in	741,224
Transfers out	(1,201,447)
Total other financing sources (uses)	<u>(460,223)</u>
 EXTRAORDINARY ITEM (Note 7)	 <u>(28,823,365)</u>
 Net Increase (Decrease) in Fiduciary Net Assets	 <u>(29,092,561)</u>
 Fiduciary Net Assets - beginning of year	 <u>-</u>
Fiduciary Net Assets - end of year	<u>\$ (29,092,561)</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, 2012

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:

City of Lawndale Redevelopment Agency - The City of Lawndale Redevelopment Agency (Agency) was established on May 17, 1996. The Agency was created for the purpose of redevelopment, rehabilitation, and revitalization of the redevelopment area. The City Council acts as the Agency's governing board and exerts significant influence over its operations. The funds of the Agency have been included in the governmental activities of the financial statements. Pursuant to Assembly Bill 1X 26, the Successor Agency to the Lawndale Redevelopment Agency (Successor Agency), a legally separate entity, was created, and all of the assets, liabilities and obligations of the former RDA were transferred to the Successor Agency on February, 1, 2012, as further explained in Note 7.

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 which is reported as an Agency Fund and as of March 2011 the Housing Authority has also assisted in providing LowMod Housing to eligible residents.

City of Lawndale
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Government-Wide and Fund Financial Statements

The Government-Wide Financial Statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. As a general rule, the effect of interfund activity has been eliminated from the Government-Wide Financial Statements.

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

The fund financial statements provide information about the City's funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. The fiduciary fund financial statements include a statement of fiduciary assets and liabilities. The City's fiduciary funds are custodial in nature (assets equal liabilities) and do not involve measurements of results of operations. The Agency funds are accounted for on the accrual basis of accounting.

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, 2012

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.

Lawndale Housing Authority Fund is used to retain the housing assets and functions of the dissolved Lawndale Redevelopment Agency.

The Redevelopment Agency Capital Projects Fund is used to account for all project expenditures, including acquisition of properties, costs of site improvements, and other costs within the redevelopment project area.

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, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Assets, Liabilities, and Net Assets or Equity

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.

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 of \$5,000 to \$10,000, depending on the class of asset, and an estimated useful life in excess of one year. Such capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their fair market value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

The estimated useful lives and capitalization thresholds are as follows:

<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.

City of Lawndale
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Assets, Liabilities, and Net Assets or Equity, Continued

Land Held for Development

The 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.

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 Assets

In the Government-Wide Financial Statements, net assets are classified in the following categories:

Invested in Capital Assets, Net of Related Debt – 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 Assets – This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments.

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

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,

City of Lawndale
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Assets, Liabilities, and Net Assets or Equity, Continued

such as through debt covenants, grantors, contributors, laws or regulations of other governments, as well as restrictions imposed by law through constitutional provisions or enabling legislation.

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

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 assets are available, the City's policy is to apply restricted net assets 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, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Assets, Liabilities, and Net Assets or Equity, 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 “nonappropriated 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, 2012

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, Continued

B. Deficit Fund Balance

The following funds had deficit fund balances at June 30, 2012:

	<u>Deficit Balance</u>
Non-major Special Revenue Funds:	
Gas Tax	\$ (312,319)
Used Oil Recycling Grant	(5,339)
Lawndale Cable Usage Corporation	(29,021)
State of California Bond Act of 2000 /2002	(3,531)
Justice Assisted Grant	(2,985)
Prop A Grant	(32,205)
ARRA	(34,779)
Highway Safety Improvement	(45,167)
Prop C-25 Grant	(33,418)
Appropriations Act	(180,667)
1996 LA County Specified	(40,000)
Energy Efficiency Conservation Grant	(16,645)
2009 JAG	(2,377)

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, 2012

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, Continued

C. Excess of Expenditures Over Appropriations

Expenditures exceeded appropriations in the following funds for the year ended June 30, 2012:

	Amount Over Budget
General Fund:	
General government	\$ 42,636
Public safety	66,226
Planning and community development	56,589
Recreation and community services	22,327
California Law Enforcement Equipment Program:	
Public safety	642
Lawndale Cable Usage Corporation:	
General government	31,530
Hawthorne Boulevard Maintenance:	
Municipal services	4,677
Justice Assisted Grant:	
Public safety	6,804
Prop 1B:	
Capital outlay	4,604
Metro STP-L:	
Capital outlay	4,668
Appropriations Act:	
Municipal services	5,448

3. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

Cash and investments as of June 30, 2012 are classified in the accompanying financial statements as follows:

Cash and investments:	
Governmental funds	\$ 20,977,254
Fiduciary funds	1,428,866
Restricted cash and investments	9,326,567
Total cash and investments	<u>\$ 31,732,687</u>

City of Lawndale
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

3. DETAILED NOTES ON ALL FUNDS, Continued

A. Cash and Investments, Continued

Cash and investments as of June 30, 2012 consist of the following:

Cash on hand	\$ 1,150
Deposits with financial institutions	8,057,620
Investments (Local Agency Investment Fund)	12,918,484
	<u>20,977,254</u>
Cash and investments held in fiduciary funds	
Deposits with financial institutions	1,428,866
Restricted cash and investments	1,498,206
Cash and investments with fiscal agents	7,828,361
	<u>10,755,433</u>
Total cash and investments held in fiduciary funds	10,755,433
Total cash and investments	<u>\$ 31,732,687</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 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:

Investments Authorized by the City's Investment Policy, Continued

<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	10%	\$100,000
Bankers' Acceptances	180 days	None	None
County Pool Investment Funds	N/A	5%	None
Local Agency Investment Fund (LAIF)	N/A	None	None
U.S. Treasury Bonds	30 years	None	None
Mutual Funds	N/A	None	None

* 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, 2012

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 237 days at June 30, 2012.

Disclosures Relating to Credit Risk

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

Concentration of Credit Risk

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

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

City of Lawndale
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

3. DETAILED NOTES ON ALL FUNDS, Continued

A. Cash and Investments, Continued

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by 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, 2012, had a balance of \$60.5 billion. Of that amount, 3.47% was invested in medium-term and short-term structured notes and asset-backed securities. The average maturity of PMIA investments was 268 days as of June 30, 2012.

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, 2012, \$41,796 of loan repayments were received, and the City funded 3 new loans totaling \$47,660. The balance of these loans receivable was \$986,807 at June 30, 2012.

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 Lawndale Redevelopment Agency assigned the loan receivable to the City's General Fund. The balance of this loan receivable was \$193,826 at June 30, 2012.

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 and its attorney feel that it is more likely than not that the City will eventually have to return loan to the Successor Agency and will wait for the final determination by the State Controller before they transfer the loan back to the Successor Agency. See Note 7 for additional information regarding the dissolution of the Lawndale Redevelopment Agency.

The total balance of the loans receivable outstanding at June 30, 2012 was \$1,180,663.

City of Lawndale
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

3. DETAILED NOTES ON ALL FUNDS, Continued

C. Interfund Receivables, Payables and Transfers

Individual interfund balances were as follows at June 30, 2012:

Due to Other Funds	Due from Other Funds		Total
	Governmental Funds:	Fiduciary Funds	
	General Fund	Private Purpose Trust Funds	
Governmental Funds:			
General Fund	\$ 51,371	\$ 6,000,000	\$ 6,051,371
Non Major Governmental Funds	860,021	-	860,021
Total Governmental Funds	911,392	6,000,000	6,911,392
Fiduciary Funds			
Private Purpose Trust Funds	2,172,620	17,626,876	19,799,496
Total Fiduciary Funds	2,172,620	17,626,876	19,799,496
Total	\$ 3,084,012	\$ 23,626,876	\$ 26,710,888

The balances owed to the General Fund and Private Purpose Trust Funds are related to deficit cash balances of the Redevelopment Agency Capital Projects Fund and each of the Nonmajor Special Revenue Funds along with a denied payment to the City on Advances (see advances to/other funds for additional information) at June 30, 2012. Each fund will repay the balances in fiscal year 2012-13 when revenues are received by the funds, or through transfers from other funds.

Interfund Transfers

Transfers Out	Transfers In					Total
	Governmental Funds				Fiduciary Funds	
	General Fund	Lawndale Housing Authority	Redevelopment Agency Capital Projects	Non Major Governmental Funds	Private Purpose Trust Funds	
Governmental Funds:						
General Fund	\$ -	\$ -	\$ -	\$ -	\$ 196,726	\$ 196,726 (1)
Redevelopment Agency Capital Projects	393,452	-	-	-	-	393,452 (2)
Non Major Governmental Funds	5,848 (3)	394,422 (4)	3,392,200 (5)	12,923 (6)	-	3,805,393
Fiduciary Funds						
Private Purpose Trust Funds	51,878 (6)	-	605,071 (7)	-	544,498 (8)	1,201,447
Total	\$ 451,178	\$ 394,422	\$ 3,997,271	\$ 12,923	\$ 741,224	\$ 5,597,018

(1) & (2) Transfer loan receivable (Anthony's Ready Mix Loan, see Note B for additional information).

(3) To reimburse the general fund for prior years expenses.

(4) To transfer Tax Increment to the Lawndale Housing Authority.

(5) Reimburse Redevelopment Agency Capital Project Fund for 2009 Tax Allocation Bond projects.

City of Lawndale
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

3. DETAILED NOTES ON ALL FUNDS, Continued

C. Interfund Receivables, Payables and Transfers, Continued

- (6) Transfer investment revenue to other funds.
- (7) Transfer funds to correct fund.
- (8) Pass through payment to other Agencies.

Advances To/From Other Funds

The City and the Lawndale Redevelopment Agency (RDA) entered into various agreements whereby the City advanced funds to the RDA for various redevelopment activities and the funds 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

In a letter dated December 18, 2012, the California Department of Finance (DOF) stated the following about the City Advances to the RDA: "Upon receiving a Finding of Completion from Finance, HSC section 34191.4 (B) may cause these to be enforceable in future ROPS periods."

Below are the outstanding advances as of June 30, 2012.

In April 1991, the City, through its Restricted Urban Development Special Revenue Fund, entered into an agreement with the Lawndale Redevelopment Agency (Agency) to fund certain costs for the preparation of redevelopment project area designations and plans. The Redevelopment Agency'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 Agency with deferred interest at an annual rate of 7%, compounded quarterly and secured with tax increment funds allocated to the Agency. For the current year no interest was paid. At June 30, 2012, the balance of \$741,745 represents principal and accrued interest.

On July 10, 2000, the City loaned the Agency 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

City of Lawndale
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

3. DETAILED NOTES ON ALL FUNDS, Continued

C. Interfund Receivables, Payables and Transfers, Continued

return that the City would have received on its investment if the City had not invested its monies in the Agency. The interest rate on the loan is subject to change on a quarterly basis based on changes of interest rate fluctuations per the LAIF, which is the City's only investment. The effective rate at June 30, 2012 was 0.36%. 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. The Agency shall make such repayments to the extent that excess tax increment funds are available at June 30 of each year. At June 30, 2012, the outstanding balance was \$10,760,140 of which \$3,760,140 represents accrued interest. An interest rate based on LAIF plus 2% adjusted quarterly will be effective as of July 1, 2012 per City Council action taken on March 7, 2011.

On July 10, 2000, The City and the Agency entered into a cooperation and loan agreement whereby the City agreed to advance funds to the Agency for administrative expenses and certain public capital improvement projects. The amount of these advances from the City to the Agency 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 Agency made a principle payment of \$3,849,018 to the City. At June 30, 2012, the outstanding balance on the advance was \$10,512,306.

The RDA made the following payments on advances to the City in fiscal year 2011 that totaled \$6,000,000.

In 1998, the City entered into an agreement with the Agency to fund \$131,238 for various costs. The advance was to be paid back with future tax increments at a rate of 0% interest. In March, 2011 the advance was paid back in full.

In December 2009, the City entered into an agreement with the Agency 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.

On December 7, 2009, the Agency 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 Agency's 2009 Tax Allocation Bond proceeds. The remaining \$912,000 was established as an interagency loan between the Agency and the City at the interest rate of 5.65% per annum. The principal and interest was to be repaid by the Agency 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.

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 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 the \$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

City of Lawndale
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

3. DETAILED NOTES ON ALL FUNDS, Continued

C. Interfund Receivables, Payables and Transfers, Continued

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, the City will return the \$6,000,000 to the Successor Agency and restore the advances to the former RDA. The City recorded a Due to Successor Agency and an Advance to Successor Agency to reinstate the Advances for \$6,000,000 on its financial statements, the Successor Agency also recorded a Due from City of Loma Linda and an Advance from the City of Lawndale on its financial statements for the \$6,000,000 as of June 30, 2012. It is the intention of the City to use the following process established by AB 1484 to secure the repayment of the \$6,000,000:

1. Comply with the requirements of AB 1484 by provided the Los Angeles County Controller with the \$6,000,000 repayment of the Advances listed in the March 18, 2013, DOF letter.
2. Ask the Lawndale Oversight Board to reactivate the loans from the City to the Redevelopment Agency that were invalidated by ABx1 26.
4. List the City loans to the Agency on ROPS 13-14B
5. Seek approval of ROPS 13-14B from the Loma Linda Oversight Board
6. Submit ROPS 13-14B to the DOF for approval.

The City of Lawndale has completed step 1, as noted above, and will proceed with the remaining steps required for the reactivation and repayment of the City to Redevelopment Agency loans in the coming months.

The DOF could also conceivably require the City to recalculate the interest rate applied to all the advances made to the former RDA. This recalculation could substantially change the amount owed to the City under that Agreement. The City has estimated that the maximum amount that could be requested to be returned to the Successor Agency be \$1,139,179 if the interest rates are recalculated from the inception of the advances at the Local Agency Investment Fund rather than interest rates currently applied or whichever rate is lower.

The Lawndale Successor Agency received a “Finding of Completion” from the DOF dated April 12, 2013, and will in the next few months ask the Oversight Board and the DOF to reactivate the City advances. While it cannot be determined with certainty how the RDA dissolution process will conclude, the City and its attorney believe it is more likely than not that advances will be considered an enforceable obligation and will eventually be paid back by the Successor Agency. See Note 7 for additional information regarding the dissolution of the RDA.

City of Lawndale
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

3. DETAILED NOTES ON ALL FUNDS, Continued

C. Interfund Receivables, Payables and Transfers, Continued

The following schedule summarizes the balance of advances by fund at June 30, 2012:

	Advances to Other Funds	
	Governmental Funds	
Advances from Other Funds	General Fund	
Fiduciary Funds:		
Private Purpose Trust Fund	\$	22,014,191
Total	\$	22,014,191

D. Land Held for Redevelopment

The Lawndale Redevelopment Agency (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.

In March of 2011, \$2,391,469 of land held for development (Hawthorne/Manhattan Site) was transferred from the Agency 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 Redevelopment Agency 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 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. In December 2009 the Agency approved a 5 year implementation plan which listed the development of a shopping center on this site.

In July of 2011, the Lawndale Housing Authority used funds of \$251,505 from the Lawndale Redevelopment Agency’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 of State Controller. See Note 7 for additional information regarding the dissolution of the Lawndale Redevelopment Agency.

City of Lawndale
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

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, 2012 is as follows:

	Balance July 1, 2011	Additions	Deletions	Transfers	Balance June 30, 2012
Capital assets not depreciated:					
Land	\$ 5,215,937	\$ -	\$ -	\$ -	\$ 5,215,937
Construction in progress	6,688,233	7,248,445	-	(13,194,984)	741,694
Total capital assets, not being depreciated	<u>11,904,170</u>	<u>7,248,445</u>	<u>-</u>	<u>(13,194,984)</u>	<u>5,957,631</u>
Capital assets being depreciated:					
Building and structures	6,321,791	-	-	11,947,954	18,269,745
Improvements other than buildings	437,904	159,581	-	-	597,485
Vehicles, machinery and equipment	1,884,653	14,995	(25,000)	-	1,874,648
Infrastructure	21,508,728	303,122	-	1,247,030	23,058,880
Total capital assets, being depreciated	<u>30,153,076</u>	<u>477,698</u>	<u>(25,000)</u>	<u>13,194,984</u>	<u>43,800,758</u>
Accumulated depreciation:					
Building and structures	1,468,569	267,375	-	-	1,735,944
Improvements other than buildings	215,699	13,683	-	-	229,382
Vehicles, machinery and equipment	1,199,537	135,398	(25,000)	-	1,309,935
Infrastructure	4,385,340	760,783	-	-	5,146,123
Total accumulated depreciation	<u>7,269,145</u>	<u>1,177,239</u>	<u>(25,000)</u>	<u>-</u>	<u>8,421,384</u>
Total depreciated assets, net	<u>22,883,931</u>	<u>(699,541)</u>	<u>-</u>	<u>13,194,984</u>	<u>35,379,374</u>
Total capital assets, net	<u>\$34,788,101</u>	<u>\$ 6,548,904</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$41,337,005</u>

City of Lawndale
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

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, 2012 as follows:

Governmental Activities	
General government	\$ 33,334
Public safety	15,785
Municipal services	818,041
Planning and community development	294,036
Recreation and community services	16,043
Total depreciation expense - governmental activities	<u>\$ 1,177,239</u>

The Lawndale Redevelopment Agency constructed a new Community Center on Agency 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 Lawndale Redevelopment Agency transferred the Community Center to the City. The transfer occurred before ABx1 26 was approved and was a legally valid transfer. The City retains title to the Community Center to this day.

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. 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 believe that it is more likely than not that the DOF or the State Controller will not direct to City to return the Community Center to the Successor Agency.

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.

City of Lawndale
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

3. DETAILED NOTES ON ALL FUNDS, Continued

E. Capital Assets, Continued

The community center building is recorded on the City's financial statement at \$11,828,475 net of depreciation while the land is recorded at \$750,538 as of June 30, 2012.

See note 7 for additional information regarding the dissolution of the Lawndale Redevelopment Agency.

F. Long-Term Liabilities

The following is a summary of City's changes in long-term liabilities for the year ended June 30, 2012:

	Balance		Deletions or transfers out	Balance June 30, 2012	Classification	
	July 1, 2011	Additions			Due within One Year	Due in more than One Year
2009 Tax allocation bonds	\$ 20,545,000	\$ -	\$ (20,545,000)	\$ -	\$ -	\$ -
Bond discount	(317,938)	-	317,938	-	-	-
Notes payable	2,470,265	-	(1,700,780)	769,485	31,839	737,646
Compensated absences	705,348	282,862	(331,566)	656,644	93,500	563,144
Claims payable - general and workers compensation liability	361,251	-	(24,067)	337,184	-	337,184
Other post employment benefits payable	530,884	299,642	(76,381)	754,145	-	754,145
	<u>\$ 24,294,810</u>	<u>\$ 582,504</u>	<u>\$ (22,359,856)</u>	<u>\$ 2,517,458</u>	<u>\$ 125,339</u>	<u>\$ 2,392,119</u>

The following is a summary of Successor Agency's changes in long-term liabilities for the year ended June 30, 2012:

	Balance		Deletions	Balance June 30, 2012	Classification	
	July 1, 2011	Additions or transfers in			Due within One Year	Due in more than One Year
2009 Tax allocation bonds	\$ -	\$ 20,545,000	\$ (240,000)	\$ 20,305,000	\$ 245,000	\$ 20,060,000
Bond discount	-	(317,938)	9,635	(308,303)	(9,635)	(298,668)
Notes payable	-	1,669,973	(54,277)	1,615,696	56,258	1,559,438
	<u>\$ -</u>	<u>\$ 21,897,035</u>	<u>\$ (284,642)</u>	<u>\$ 21,612,393</u>	<u>\$ 291,623</u>	<u>\$ 21,320,770</u>

G. Bonds Payable

On November 1, 2009, the Lawndale Redevelopment Agency (Agency) 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 to the Lawndale Redevelopment Agency on February, 1, 2012. The loan is secured solely by future tax increment revenues allocated to the Successor Agency. As of June 30, 2012, principal and interest remaining was \$44,109,426. For the current year, principal and

City of Lawndale
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

3. DETAILED NOTES ON ALL FUNDS, Continued

G. Bonds Payable, Continued

interest paid and total tax increment revenue were \$1,302,150 and \$3,945,474 respectively. The bond was issued at a discount which is amortized over the life of the bond on the straight line method. The annual discount amortization is \$9,635. The debt service schedule for the notes payable, at June 30, 2012, interest rate range from 2% to 5.6%, is as follows:

Year Ending June 30,	Principal	Interest	Total
2013	245,000	1,056,994	1,301,994
2014	250,000	1,050,487	1,300,487
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
2018-2022	1,545,000	4,944,025	6,489,025
2023-2027	1,940,000	4,539,325	6,479,325
2028-2032	2,540,000	3,936,625	6,476,625
2033-2037	3,965,000	3,050,438	7,015,438
2038-2042	5,180,000	1,799,875	6,979,875
2043-2045	3,845,000	324,638	4,169,638
Total	\$ 20,305,000	\$ 23,804,426	\$ 44,109,426

H. Notes Payable

Tax Allocation Loan Agreement Note

On April 30, 2002, the Lawndale Redevelopment Agency entered into a Tax Allocation Loan Agreement with the California Infrastructure and Economic Development Bank (CIEDB). The CIEDB agreed to loan the Agency an amount, up to \$2,000,000, to be used by the Agency for the Hawthorne Boulevard Revitalization Project. Pursuant to Assembly Bill 1X 26, the loan was transferred to the Successor Agency to the Lawndale Redevelopment Agency 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, 2012, principal and interest remaining was \$2,275,124. For the current year, principal and interest paid and total tax increment revenue were \$114,240 and \$3,945,474, respectively. The debt service schedule for the notes payable, assuming the June 30, 2012, interest rate of 3.65%, is as follows:

City of Lawndale
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

3. DETAILED NOTES ON ALL FUNDS, Continued

H. Notes Payable, Continued

Year Ending June 30,	Principal	Interest	Total
2013	56,258	57,946	114,204
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
2018-2022	361,989	207,558	569,547
2023-2027	433,053	135,196	568,249
2028-2032	518,069	48,629	566,698
Total	\$ 1,615,696	\$ 659,428	\$ 2,275,124

Facility Lease and Site Lease Note

In 2005, the City and the Lawndale Redevelopment Agency entered into a Public Works Agreement, as authorized by Community Development Law, in which the Agency agreed to provide funding for certain public works projects and the City agreed to construct them. In 2009, the Agency funded most of the construction and land acquisition for Hopper Park. The Agency 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 Agency 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 Agency and under the terms of the Public Works Agreement that the Agency 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 Agency for those amounts.

Due to the dissolution of the City’s Redevelopment Agency 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 Redevelopment Agency and that this lease is such a valid debt. The Successor Agency plans to litigate this matter if this issue is not resolved in its favor.

City of Lawndale
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

3. DETAILED NOTES ON ALL FUNDS, Continued

H. Notes Payable, 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. The Successor Agency will ask the Oversight Board and the DOF to approve the reactivation of the Public Works Agreement. Following the reactivation of the Public Works Agreement, the Successor Agency will list the repayment of this note on the ROPS 13-14B which will be submitted to the DOF in October 2013. The City and its attorney feel that it is more likely than not that the DOF will approve this item as an enforceable obligation on ROPS 13-14B.

As of June 30, 2012, the lease remains as an obligation of the City, however the City did receive reimbursement from the former RDA in fiscal year 2011 for \$59,607, the amount of the debt service payment. The City also received reimbursement from the Successor Agency in fiscal year 2012 for \$59,502, the amount of the annual debt service payment. As of June 30, 2012, principal and interest remaining was \$1,083,326. For the current year, principal and interest paid and total tax increment revenue were \$59,502 and \$3,945,474, respectively. The debt service schedule for the note payable, assuming the June 30, 2012, interest rate of 3.35%, is as follows:

Year Ending June 30,	Principal	Interest	Total
2013	31,839	25,244	57,083
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
2018-2022	200,713	84,010	284,723
2023-2027	236,662	47,458	284,120
2028-2030	161,885	8,253	170,138
Total	\$ 769,485	\$ 258,647	\$ 1,028,132

See note 7 for additional information regarding the dissolution of the Lawndale Redevelopment Agency.

City of Lawndale
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

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, 2012, the outstanding balance is \$656,644.

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 2011-2012 was 10.059% 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, 2012

3. DETAILED NOTES ON ALL FUNDS, Continued

J. City Employees Retirement Plan, Continued

Annual Pension Cost

For Fiscal Year 2011-2012, the City's annual pension cost was \$385,025 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
6/30/2010	\$ 398,066	100%	\$ -
6/30/2011	380,363	100%	-
6/30/2012	385,025	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, 2012

3. DETAILED NOTES ON ALL FUNDS, Continued

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

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 2011-2012, the City’s annual pension cost (APC) of \$58,681, 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, 2012 was \$425,880. 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
6/30/2010	\$ 60,371	100%	\$ -
6/30/2011	60,858	100%	-
6/30/2012	58,681	100%	-

City of Lawndale
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

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, 2009 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%	\$ 425,880	4%

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 57 eligible active employees and 16 enrolled eligible retirees at June 30, 2012. 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, 2012, the City's contribution rate was \$4,774 (100%) per each retiree. For the year ended June 30, 2012, the City contributed \$76,381 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, 2012

3. DETAILED NOTES ON ALL FUNDS, Continued

L. Other Post-Retirement Health Care Benefits, Continued

The Annual Required Contribution (ARC) as of June 30, 2012, 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
6/30/2010	\$ 249,805	\$ 68,157	27%	\$ 358,477
6/30/2011	249,805	77,398	31%	530,884
6/30/2012	299,642	76,381	25%	754,145

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, 2012, 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%	\$ 3,857,266	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, 2012

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). The Authority is composed of 119 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other coverages. The Authority's pool began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a 9-member Executive Committee.

B. Self-Insurance Programs of the Authority

General Liability

Each member government pays a primary deposit to cover estimated losses for a fiscal year (claims year). After the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Claims are pooled separately between police and non-police. Costs are allocated to members by the following methods within each of the four layers of coverage: (1) the first \$30,000 of each occurrence is charged directly to the member's primary deposit; (2) costs from \$30,001 to \$750,000 and the loss development reserves associated with losses up to \$750,000 are pooled based on the member's share of losses under \$30,001; (3) losses from \$750,001 to \$2,000,000 and the associated loss development reserves are pooled based on payroll; (4a) costs of covered claims from \$2,000,001 to \$50,000,000 are paid under reinsurance and excess insurance policies (4b) subject to a \$3,000,000 annual aggregate deductible (4c) and a quota-sharing agreement whereby the Authority is

City of Lawndale
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

4. RISK MANAGEMENT, Continued

B. Self-Insurance Programs of the Authority, Continued

financially responsible for 40% of losses occurring within the \$2,000,001 to \$50,000,000 layer. The costs associated with 4a-c are estimated using actuarial models and pre-funded as part of the primary and retrospective deposits.

The overall policy limit for each member including all layers of coverage is \$50,000,000 per occurrence. Costs of covered claims for subsidence losses are paid by excess insurance with the following sub-limits per member: \$25,000,000 per occurrence with a \$15,000,000 annual aggregate.

Workers' Compensation

The City also participates in the workers' compensation pool administered by the Authority. Each member pays a primary deposit to cover estimated losses for a fiscal year (claims year). After the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Claims are pooled separately between public safety and non-public safety. Costs are allocated to members by the following methods within each of the four layers of coverage: (1) the first \$50,000 of each loss is charged directly to the member's primary deposit; (2) losses from \$50,001 to \$100,000 and the loss development reserve associated with losses up to \$100,000 are pooled based on the member's share of losses under \$50,001; (3) losses from \$100,001 to \$2,000,000 and the loss development reserves associated with those losses are pooled based on payroll; (4) losses from \$2,000,001 up to statutory limits are paid under an excess insurance 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 \$4,000,000 is purchased as part of an excess insurance policy, and losses from \$4,000,001 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 City. The City's property currently has earthquake protection in the amount of \$10,000,000. There is a deductible of 5% of value with a minimum deductible of \$100,000. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

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 \$16,042,352. There is a \$5,000 deductible per occurrence except for non-emergency vehicle insurance which has \$1,000 deductible. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

City of Lawndale
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

4. RISK MANAGEMENT, Continued

B. Self-Insurance Programs of the Authority, Continued

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

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, 2012:

	Balance			Classification		
	July 1, 2011	Additions	Deletions	Balance June 30, 2012	Due within One Year	Due in more than One Year
Claims payable - general and workers compensation liability	361,251	-	(24,067)	337,184	-	337,184
	\$ 361,251	\$ -	\$ (24,067)	\$ 337,184	\$ -	\$ 337,184

5. COMMITMENTS AND CONTINGENCIES

On June 28, 2010, the City Council awarded a bid for the Community Center Project Construction in the amount of \$8,893,721. As of June 30, 2012 there was \$900,000 of commitments for the project.

As of June 30, 2012, 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, 2012

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		
	General	Restrired Urban Development	Lawndale Housing Authority
Nonspendable:			
Notes and loans receivable	\$ -	\$ -	\$ -
Prepaid costs	-	-	-
Petty cash	1,150	-	-
Land held for resale	2,391,469	-	-
Advances to other funds	4,512,306	-	-
Total nonspendable	<u>6,904,925</u>	<u>-</u>	<u>-</u>
Restricted for:			
Public safety	-	-	-
Municipal services	-	-	-
Planning and community development	-	-	4,506,512
Recreation and community services	7,016	-	-
Debt service	-	-	-
Total restricted	<u>7,016</u>	<u>-</u>	<u>4,506,512</u>
Committed to:			
UDAG unrestricted principal	2,840,000	12,319,580	-
Planning and community development	-	-	-
General Government	203,980	-	-
Total committed	<u>3,043,980</u>	<u>12,319,580</u>	<u>-</u>
Assigned to:			
General Government	304	-	-
Public safety	-	-	-
Municipal services	164,297	-	-
Planning and community development	12,519	-	-
Recreation and community services	18,288	-	-
Total assigned	<u>195,104</u>	<u>-</u>	<u>-</u>
Unassigned:	<u>11,221,961</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>\$ 21,372,986</u>	<u>\$ 12,319,580</u>	<u>\$ 4,506,512</u>

City of Lawndale
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

6. CLASSIFICATION OF FUND BALANCES, Continued

	Major Funds		Total
	Redevelopment Agency Capital Projects Fund	Other Governmental Funds	
Nonspendable:			
Notes and loans receivable	\$ -	\$ -	\$ -
Prepaid costs	-	-	-
Petty cash	-	-	1,150
Land held for resale	-	-	2,391,469
Advances to other funds	-	-	4,512,306
Total nonspendable	-	-	6,904,925
Restricted for:			
Public safety	-	96,230	96,230
Municipal services	-	3,173,027	3,173,027
Planning and community development	-	-	4,506,512
Recreation and community services	-	853,708	860,724
Debt service	-	-	-
Total restricted	-	4,122,965	8,636,493
Committed to:			
UDAG unrestricted principal	-	-	15,159,580
Planning and community development	-	-	-
General Government	-	-	203,980
Total committed	-	-	15,363,560
Assigned to:			
General Government	-	-	304
Public safety	-	-	-
Municipal services	-	-	164,297
Planning and community development	-	-	12,519
Recreation and community services	-	-	18,288
Total assigned	-	-	195,104
Unassigned:	-	(738,453)	10,483,508
Total fund balances	\$ -	\$ 3,384,512	\$ 41,583,590

City of Lawndale
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

7. EXTRAORDINARY ITEM

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X26 (Bill) that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Lawndale that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the City or another unit of local government will agree to serve as the “successor agency” to hold the assets until they are distributed to other units of state and local government. On February 1, 2012 the City Council of the City of Lawndale elected to become the Successor Agency for the former Redevelopment Agency (RDA) in accordance with the Bill as part of City Resolution No. CC-1201-005. The City Council also elected to transfer the housing assets and functions previously performed by the RDA to the City in accordance with the Bill as part of City resolution No. CC-1201-007.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The bill directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

Management believes, in consultation with legal counsel, that the obligations of the former RDA due to the City are valid enforceable obligations payable by the successor agency trust under the requirements of the Bill. The city’s position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by the appropriate judicial authority that would resolve this issue unfavorably to the City.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011), all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

Prior to that date, the final seven months of the activity of the RDA continued to be reported in the governmental funds of the City as the Redevelopment Agency Capital Projects Fund and the Redevelopment Agency Debt Service Fund. After the date of dissolution, the assets and activities of the dissolved RDA are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

City of Lawndale
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

7. EXTRAORDINARY ITEM, Continued

The transfer of the assets and liabilities of the former RDA as of February 1, 2012 (effectively the same date as January 31, 2012) from governmental funds of the City to fiduciary funds was reported as an extraordinary gain in the governmental fund financial statements. The receipt of these assets and liabilities as of January 31, 2012 was reported in the private-purpose trust fund financial statements as an extraordinary loss.

Because of the different measurement focus of the governmental funds (current financial resources measurement focus) and the measurement focus of the trust funds (economic resources measurement focus), the extraordinary gain recognized in the governmental funds was not the same amount as the extraordinary loss that was recognized in the fiduciary fund financial statements.

The difference between the extraordinary gain recognized in the fund financial statements and the extraordinary loss recognized in the fiduciary fund financial statements is reconciled as follows:

Total extraordinary gain reported in the governmental funds is a decrease to net assets of the Successor Agency to the Lawndale Redevelopment Agency.	(7,925,319)
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LONG TERM LIABILITIES

Bond issuance costs from issuing debt were expenditures in the governmental funds. However, they were deferred and subject to capitalization and amortization in the Government-Wide Financial Statements.	714,347
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Bonds payable, net of unamortized loss of defeasance, premium and discount is a decrease to net assets of the Successor Agency to the Lawndale Redevelopment Agency:	<u>(21,612,393)</u>
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Change in extraordinary item	<u>(20,898,046)</u>
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Net decrease to net assets of the Successor Agency to the Lawndale Redevelopment Agency as a result of initial transfers equal to the amount of extraordinary gain reported in the government-wide financial statements of the City.	<u><u>\$ (28,823,365)</u></u>
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City of Lawndale
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

8. SUBSEQUENT EVENTS

On April 12, 2013 the City received a "Finding of Completion" from the California Department of Finance (DOF). According to the letter the DOF has completed its review of the City's Due Diligence Review reports and that the City may now do the following:

- 1) Place loan agreements between the former redevelopment agency and sponsoring entity on the ROPS, as an enforceable obligation, provided the oversight board make 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).
- 2) Utilize proceeds derived from bonds issued prior to January 1, 2011 in a manner consistent with the original bond covenants per HSC section 34191.4(c). These amounts are reported in the Successor Agency fund as cash with fiscal agents and had a balance of \$7,828,361 as of June 30, 2012.
- 3) Additionally, the Agency is required to submit a Long-Range Property Management Plan to the DOF for review and approval, per HSC section 34191.5(b), within six months from the date of the "Finding of Completion" letter was received.

Management has evaluated subsequent events occurring through May 16, 2013, 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, 2012.

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**REQUIRED SUPPLEMENTARY
INFORMATION (Unaudited)**

City of Lawndale
Required Supplementary Information (Unaudited)
For the year ended June 30, 2012

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 “nonappropriated 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, 2012

1. BUDGETARY INFORMATION, Continued

Budget Comparison Schedule - General Fund

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES:				
Sales and use taxes	\$ 2,380,200	\$ 2,450,200	\$ 2,528,852	\$ 78,652
Property tax	921,659	921,659	890,902	(30,757)
Utility user tax	2,140,000	2,140,000	2,191,320	51,320
Other taxes	900,000	900,000	879,925	(20,075)
Motor vehicle in-lieu tax	2,791,871	2,791,871	2,772,165	(19,706)
Licenses and permits	603,000	603,000	518,753	(84,247)
Fines and forfeitures	582,000	582,000	582,465	465
Use of money and property	282,807	282,807	45,840	(236,967)
Charges for services	754,720	754,720	506,559	(248,161)
Other	1,005,315	1,005,315	309,039	(696,276)
Total revenues	12,361,572	12,431,572	11,225,820	(1,205,752)
EXPENDITURES:				
Current:				
General government	3,055,519	3,090,004	3,132,640	(42,636)
Public safety	4,487,363	4,353,622	4,419,848	(66,226)
Municipal services	2,840,570	2,838,069	2,684,234	153,835
Planning and community development	677,274	1,449,500	1,506,089	(56,589)
Recreation and community services	1,192,127	1,161,627	1,183,954	(22,327)
Capital outlay	33,640	1,219,971	396,569	823,402
Debt Service				
Principal retirement	30,807	30,807	30,807	-
Interest and fiscal charges	28,695	28,695	28,695	-
Total expenditures	12,345,995	14,172,295	13,382,836	789,459
REVENUES OVER UNDER EXPENDITURES	15,577	(1,740,723)	(2,157,016)	(416,293)

City of Lawndale
Required Supplementary Information (Unaudited), Continued
For the year ended June 30, 2012

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	-	-	451,178	451,178
Transfers out	-	-	(196,726)	(196,726)
Total other financing sources	-	-	254,452	254,452
Net change in fund balance	15,577	(1,740,723)	(1,902,564)	(161,841)
FUND BALANCE				
Beginning of year	23,275,550	23,275,550	23,275,550	-
End of year	\$ 23,291,127	\$ 21,534,827	\$ 21,372,986	\$ (161,841)

Budget Comparison Schedule - Restricted Urban Development Special Revenue Fund

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES:				
Use of money and property	287,546	287,546	2,899	(284,647)
Total revenues	287,546	287,546	2,899	(284,647)
Net change in fund balances	287,546	287,546	2,899	(284,647)
FUND BALANCES				
Beginning of year	12,316,681	12,316,681	12,316,681	-
End of year	\$ 12,604,227	\$ 12,604,227	\$ 12,319,580	\$ (284,647)

City of Lawndale
Required Supplementary Information (Unaudited), Continued
For the year ended June 30, 2012

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	\$ 53,462	\$ 37,962
Total revenues	15,500	15,500	53,462	37,962
EXPENDITURES:				
Current				
Planning and community development	1,976,796	2,174,376	458,757	1,715,619
Total expenditures	1,976,796	2,174,376	458,757	1,715,619
REVENUES OVER (UNDER) EXPENDITURES	(1,961,296)	(2,158,876)	(405,295)	(1,677,657)
OTHER FINANCING SOURCES:				
Transfers in	-	1,142,943	394,422	(748,521)
Total other financing sources	-	1,142,943	394,422	(748,521)
Net change in fund balances	(1,961,296)	(1,015,933)	(10,873)	1,005,060
FUND BALANCES				
Beginning of year	4,517,385	4,517,385	4,517,385	-
End of year	\$ 2,556,089	\$ 3,501,452	\$ 4,506,512	\$ 1,005,060

City of Lawndale
Required Supplementary Information (Unaudited), Continued
For the year ended June 30, 2012

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%	\$ 425,880	4%

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%	\$ 3,857,266	56%

* Based on the latest actuarial valuation available.

SUPPLEMENTARY INFORMATION

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City of Lawndale

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

Redevelopment Agency Capital Projects Fund

For the year ended June 30, 2012

	Final	Actual	Variance with Final Budget Positive/ (Negative)
EXPENDITURES:			
Current:			
General government	40,000	11,778	28,222
Planning and community development	2,498,435	1,001,035	1,497,400
Capital outlay	12,619,163	5,233,153	7,386,010
Total expenditures	15,157,598	6,245,966	8,911,632
OTHER FINANCING SOURCES:			
Transfers in	7,000,000	3,997,271	(3,002,729)
Transfers out	-	(393,452)	(393,452)
Total other financing sources	7,000,000	3,603,819	(3,396,181)
Change in Fund Balance Before Extraordinary Item	(8,157,598)	(2,642,147)	5,515,451
Extraordinary Item (Note 7)	-	16,684,612	16,684,612
Net change in fund balances	(8,157,598)	14,042,465	22,200,063
FUND BALANCE:			
Beginning of year	(14,042,465)	(14,042,465)	-
End of year	\$ (22,200,063)	\$ -	\$ 22,200,063

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.

Traffic Congestion Relief AB2928 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.

Community Development Block Grant Fund

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

NON-MAJOR GOVERNMENTAL FUNDS

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.

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.

NON-MAJOR GOVERNMENTAL FUNDS

The following Debt Service Fund have been classified as a non-major fund:

Redevelopment Agency Debt Service Fund

To account for the accumulation of resources for and the payment of principal and interest on the Redevelopment Agency's debt and other long-term obligations.

City of Lawndale
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2012

	Special Revenue				
	Gas Tax	Air Quality	Traffic Congestion Relief AB2928	Sewer Reconstruction	Proposition A Local Transit Assistance
ASSETS					
Cash and investments	\$ -	\$ 100,725	\$ 3,532	\$ 55,642	\$ 853,126
Receivables:					
Accounts, net	2,164	10,175	-	-	-
Interest	-	54	-	-	468
Loans receivable	-	-	-	-	-
Land held for development	-	-	-	-	-
Total assets	\$ 2,164	\$ 110,954	\$ 3,532	\$ 55,642	\$ 853,594
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 24,404	\$ -	\$ -	\$ 2,436	\$ 60,494
Accrued wages	17,191	-	-	437	5,334
Due to other funds	269,238	-	-	-	-
Retentions payable	3,650	-	3,479	-	-
Deferred revenue	-	-	-	-	-
Total liabilities	314,483	-	3,479	2,873	65,828
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	-	110,954	53	52,769	787,766
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	(312,319)	-	-	-	-
Total fund balances	(312,319)	110,954	53	52,769	787,766
Total liabilities and fund balances	\$ 2,164	\$ 110,954	\$ 3,532	\$ 55,642	\$ 853,594

Special Revenue							
Proposition C Local Transit Assistance	State Transit Program (Local)	Narcotics Forfeiture	State COPS Grant	California Law Enforcement Equipment Program	Community Development Block Grant	Used Oil Recycling Grant	Lawndale Cable Usage Corporation
\$ 2,157,395	\$ 11,144	\$ 55,766	\$ 51,706	\$ 15,468	\$ -	\$ -	\$ -
-	-	-	-	-	21,540	-	19,015
1,299	6	31	32	-	-	-	-
-	-	-	-	-	317,396	-	-
-	-	-	-	-	-	-	-
<u>\$ 2,158,694</u>	<u>\$ 11,150</u>	<u>\$ 55,797</u>	<u>\$ 51,738</u>	<u>\$ 15,468</u>	<u>\$ 338,936</u>	<u>\$ -</u>	<u>\$ 19,015</u>
\$ 34,658	\$ -	\$ -	\$ 27,000	\$ -	\$ 8,342	\$ -	\$ 3,062
16,115	-	-	-	-	1,902	-	398
-	-	-	-	-	11,295	5,339	44,576
10,312	-	-	-	-	-	-	-
-	-	-	-	-	317,397	-	-
<u>61,085</u>	<u>-</u>	<u>-</u>	<u>27,000</u>	<u>-</u>	<u>338,936</u>	<u>5,339</u>	<u>48,036</u>
-	-	-	-	-	-	-	-
2,097,609	11,150	55,797	24,738	15,468	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	(5,339)	(29,021)
<u>2,097,609</u>	<u>11,150</u>	<u>55,797</u>	<u>24,738</u>	<u>15,468</u>	<u>-</u>	<u>(5,339)</u>	<u>(29,021)</u>
<u>\$ 2,158,694</u>	<u>\$ 11,150</u>	<u>\$ 55,797</u>	<u>\$ 51,738</u>	<u>\$ 15,468</u>	<u>\$ 338,936</u>	<u>\$ -</u>	<u>\$ 19,015</u>

(Continued)

City of Lawndale
Combining Balance Sheet
Non-Major Governmental Funds, Continued
June 30, 2012

	Special Revenue				
	Hawthorne Boulevard Maintenance	Department of Conservation Grant	Low - Moderate Income Housing	State of California Bond Act of 2000/2002	Justice Assisted Grant
ASSETS					
Cash and investments	\$ 309,149	\$ 59,059	\$ -	\$ -	\$ 6,910
Receivables:					
Accounts, net	-	-	-	-	-
Interest	184	-	-	-	-
Loans receivable	-	-	-	-	-
Land held for development	-	-	-	-	-
Total assets	\$ 309,333	\$ 59,059	\$ -	\$ -	\$ 6,910
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 20,387	\$ -	\$ -	\$ -	\$ 9,895
Accrued wages	-	-	-	-	-
Due to other funds	-	-	-	3,531	-
Retentions payable	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Total liabilities	20,387	-	-	3,531	9,895
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	288,946	59,059	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	(3,531)	(2,985)
Total fund balances	288,946	59,059	-	(3,531)	(2,985)
Total liabilities and fund balances	\$ 309,333	\$ 59,059	\$ -	\$ -	\$ 6,910

Special Revenue

Park Development	Robert Zberg Harris	Prop 1 B	Safetea-Lu	Prop A Grant	Metro STP-L	Measure R	ARRA
\$ 6,879	\$ 1,177	\$ 65,293	\$ 9,471	\$ -	\$ 63,620	\$ 478,986	\$ -
-	-	-	-	-	-	-	-
4	-	26	4	-	23	168	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 6,883</u>	<u>\$ 1,177</u>	<u>\$ 65,319</u>	<u>\$ 9,475</u>	<u>\$ -</u>	<u>\$ 63,643</u>	<u>\$ 479,154</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	32,205	-	-	34,779
-	1,177	6,045	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>1,177</u>	<u>6,045</u>	<u>-</u>	<u>32,205</u>	<u>-</u>	<u>-</u>	<u>34,779</u>
-	-	-	-	-	-	-	-
6,883	-	59,274	9,475	-	63,643	479,154	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	(32,205)	-	-	(34,779)
<u>6,883</u>	<u>-</u>	<u>59,274</u>	<u>9,475</u>	<u>(32,205)</u>	<u>63,643</u>	<u>479,154</u>	<u>(34,779)</u>
<u>\$ 6,883</u>	<u>\$ 1,177</u>	<u>\$ 65,319</u>	<u>\$ 9,475</u>	<u>\$ -</u>	<u>\$ 63,643</u>	<u>\$ 479,154</u>	<u>\$ -</u>

(Continued)

City of Lawndale
Combining Balance Sheet
Non-Major Governmental Funds, Continued
June 30, 2012

	Special Revenue				
	Highway Safety Improvement	Prop C-25 Grant	Appropriations Act	1996 LA County Specified	Energy Efficiency Conservation Grant
ASSETS					
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables:					
Accounts, net	-	-	-	-	175,818
Interest	-	-	-	-	-
Loans receivable	-	-	-	-	-
Land held for development	-	-	-	-	-
Total assets	\$ -	\$ -	\$ -	\$ -	\$ 175,818
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 12,325	\$ -	\$ -	\$ -
Accrued wages	-	-	-	-	-
Due to other funds	45,167	21,093	166,883	40,000	183,538
Retentions payable	-	-	13,784	-	8,925
Deferred revenue	-	-	-	-	-
Total liabilities	45,167	33,418	180,667	40,000	192,463
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	(45,167)	(33,418)	(180,667)	(40,000)	(16,645)
Total fund balances	(45,167)	(33,418)	(180,667)	(40,000)	(16,645)
Total liabilities and fund balances	\$ -	\$ -	\$ -	\$ -	\$ 175,818

Special Revenue		Debt Service	
2009 JAG	ARRA JAG	Redevelopment Agency Debt Service	Total
\$ -	\$ 227	\$ -	\$ 4,305,275
-	-	-	228,712
-	-	-	2,299
-	-	-	317,396
-	-	-	-
-	227	-	\$ 4,853,682

\$ -	\$ -	\$ -	\$ 203,003
-	-	-	41,377
2,377	-	-	860,021
-	-	-	47,372
-	-	-	317,397
2,377	-	-	1,469,170
-	-	-	-
-	227	-	4,122,965
-	-	-	-
-	-	-	-
(2,377)	-	-	(738,453)
(2,377)	227	-	3,384,512
\$ -	\$ 227	\$ -	\$ 4,853,682

(Concluded)

City of Lawndale
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the year ended June 30, 2012

	Special Revenue				
	Gas Tax	Air Quality	Traffic Congestion Relief AB2928	Sewer Reconstruction	Proposition A Local Transit Assistance
REVENUES:					
Sales and use taxes	\$ 940,481	\$ -	\$ -	\$ -	\$ 491,595
Property taxes	-	-	-	-	-
Subventions and grants	-	41,217	-	-	-
Use of money and property	-	226	5	-	2,425
Charges for services	-	-	-	-	312
Miscellaneous	-	-	-	-	-
Total revenues	940,481	41,443	5	-	494,332
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Municipal services	839,951	-	-	33,718	-
Planning and community development	-	-	-	-	-
Recreation and community services	-	-	-	-	500,566
Capital outlay	161,222	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	1,001,173	-	-	33,718	500,566
REVENUES OVER (UNDER) EXPENDITURES	(60,692)	41,443	5	(33,718)	(6,234)
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Change in Fund Balance Before					
Extraordinary Item	(60,692)	41,443	5	(33,718)	(6,234)
Extraordinary Item (Note 7)	-	-	-	-	-
Net change in fund balances	(60,692)	41,443	5	(33,718)	(6,234)
FUND BALANCES:					
Beginning of year	(251,627)	69,511	48	86,487	794,000
End of year	\$ (312,319)	\$ 110,954	\$ 53	\$ 52,769	\$ 787,766

Special Revenue							
Proposition C	State			California Law			
Local	Transit		State	Enforcement	Community	Used Oil	Lawndale
Transit	Program	Narcotics	COPS	Equipment	Development	Recycling	Cable Usage
Assistance	(Local)	Forfeiture	Grant	Program	Block Grant	Grant	Corporation
\$ 398,735	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	57,915	-	1,351,043	-	-
6,519	32	107	185	-	-	-	-
-	-	-	-	-	-	-	32,558
-	-	30,528	-	-	-	-	252
405,254	32	30,635	58,100	-	1,351,043	-	32,810
-	-	-	-	-	-	-	44,212
-	-	-	108,000	642	-	-	-
199,997	-	-	-	-	-	-	17,619
-	-	-	-	-	83,005	-	-
-	-	-	-	-	-	-	-
278,274	-	-	-	-	1,268,038	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
478,271	-	-	108,000	642	1,351,043	-	61,831
(73,017)	32	30,635	(49,900)	(642)	-	-	(29,021)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(73,017)	32	30,635	(49,900)	(642)	-	-	(29,021)
-	-	-	-	-	-	-	-
(73,017)	32	30,635	(49,900)	(642)	-	-	(29,021)
2,170,626	11,118	25,162	74,638	16,110	-	(5,339)	-
\$ 2,097,609	\$ 11,150	\$ 55,797	\$ 24,738	\$ 15,468	\$ -	\$ (5,339)	\$ (29,021)

(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, 2012

	Special Revenue				
	Hawthorne Boulevard Maintenance	Department of Conservation Grant	Low - Moderate Income Housing	State of California Bond Act of 2000/2002	Justice Assisted Grant
REVENUES:					
Sales and use taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	394,422	-	-
Subventions and grants	-	9,116	-	-	6,910
Use of money and property	1,163	-	-	-	-
Charges for services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	1,163	9,116	394,422	-	6,910
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	16,804
Municipal services	190,677	-	-	-	-
Planning and community development	-	-	-	-	-
Recreation and community services	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	190,677	-	-	-	16,804
REVENUES OVER (UNDER) EXPENDITURES	(189,514)	9,116	394,422	-	(9,894)
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	-	-	(394,422)	-	(12,923)
Total other financing sources (uses)	-	-	(394,422)	-	(12,923)
Change in Fund Balance Before					
Extraordinary Item	(189,514)	9,116	-	-	(22,817)
Extraordinary Item (Note 7)	-	-	-	-	-
Net change in fund balances	(189,514)	9,116	-	-	(22,817)
FUND BALANCES:					
Beginning of year	478,460	49,943	-	(3,531)	19,832
End of year	\$ 288,946	\$ 59,059	\$ -	\$ (3,531)	\$ (2,985)

Special Revenue

Park Development	Robert Zberg Harris	Prop 1 B	Safetea-Lu	Prop A Grant	Metro STP-L	Measure R	ARRA
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	313,510	-
20	-	133	19	-	169	835	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
20	-	133	19	-	169	314,345	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	4,604	-	-	127,476	264,920	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	4,604	-	-	127,476	264,920	-
20	-	(4,471)	19	-	(127,307)	49,425	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
20	-	(4,471)	19	-	(127,307)	49,425	-
-	-	-	-	-	-	-	-
20	-	(4,471)	19	-	(127,307)	49,425	-
6,863	-	63,745	9,456	(32,205)	190,950	429,729	(34,779)
\$ 6,883	\$ -	\$ 59,274	\$ 9,475	\$ (32,205)	\$ 63,643	\$ 479,154	\$ (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, 2012

	Special Revenue				
	Highway Safety Improvement	Prop C25 Grant	Appropriations Act	1996 LA County Specified	Energy Efficiency Conservation Grant
REVENUES:					
Sales and use taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-	-
Subventions and grants	-	31,606	-	360,000	175,818
Use of money and property	-	-	-	-	-
Charges for services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	-	31,606	-	360,000	175,818
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Municipal services	-	-	5,448	-	-
Planning and community development	-	-	-	-	-
Recreation and community services	-	-	-	-	-
Capital outlay	-	22,435	-	-	188,068
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	-	22,435	5,448	-	188,068
REVENUES OVER (UNDER) EXPENDITURES	-	9,171	(5,448)	360,000	(12,250)
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	(3,462)	-	-	-	-
Total other financing sources (uses)	(3,462)	-	-	-	-
Change in Fund Balance Before Extraordinary Item					
	(3,462)	9,171	(5,448)	360,000	(12,250)
Extraordinary Item (Note 7)	-	-	-	-	-
Net change in fund balances	(3,462)	9,171	(5,448)	360,000	(12,250)
FUND BALANCES:					
Beginning of year	(41,705)	(42,589)	(175,219)	(400,000)	(4,395)
End of year	\$ (45,167)	\$ (33,418)	\$ (180,667)	\$ (40,000)	\$ (16,645)

Special Revenue		Debt Service	
2009	ARRA	Redevelopment	
JAG	JAG	Agency	Total
		Debt Service	
\$ -	\$ -	\$ -	\$ 1,830,811
-	-	1,577,688	1,972,110
-	-	-	2,347,135
-	27	77,719	89,584
-	-	-	32,870
-	-	-	30,780
-	27	1,655,407	6,303,290
-	-	-	44,212
-	12,714	-	138,160
-	-	-	1,287,410
-	-	219,302	302,307
-	-	-	500,566
-	-	-	2,315,037
-	-	294,277	294,277
-	-	1,129,621	1,129,621
-	12,714	1,643,200	6,011,590
-	(12,687)	12,207	291,700
9	12,914	-	12,923
(2,386)	-	(3,392,200)	(3,805,393)
(2,377)	12,914	(3,392,200)	(3,792,470)
(2,377)	227	(3,379,993)	(3,500,770)
-	-	(8,759,293)	(8,759,293)
(2,377)	227	(12,139,286)	(12,260,063)
-	-	12,139,286	15,644,575
\$ (2,377)	\$ 227	\$ -	\$ 3,384,512

(Concluded)

City of Lawndale

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

For the year ended June 30, 2012

	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
REVENUES:			
Sales and use taxes	\$ 992,000	\$ 940,481	\$ (51,519)
Use of money and property	200	-	(200)
Total revenues	<u>992,200</u>	<u>940,481</u>	<u>(51,719)</u>
EXPENDITURES:			
Current:			
Municipal services	975,110	839,951	135,159
Capital outlay	<u>357,504</u>	<u>161,222</u>	<u>196,282</u>
Total expenditures	<u>1,332,614</u>	<u>1,001,173</u>	<u>331,441</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(340,414)</u>	<u>(60,692)</u>	<u>279,722</u>
Net change in fund balance	<u>(340,414)</u>	<u>(60,692)</u>	<u>279,722</u>
FUND BALANCES:			
Beginning of year	<u>(251,627)</u>	<u>(251,627)</u>	<u>-</u>
End of year	<u>\$ (592,041)</u>	<u>\$ (312,319)</u>	<u>\$ 279,722</u>

City of Lawndale

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

Air Quality

For the year ended June 30, 2012

	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
REVENUES:			
Subventions and grants	\$ 38,000	\$ 41,217	\$ 3,217
Use of money and property	450	226	(224)
Total revenues	<u>38,450</u>	<u>41,443</u>	<u>2,993</u>
Net change in fund balance	38,450	41,443	2,993
FUND BALANCE:			
Beginning of year	<u>69,511</u>	<u>69,511</u>	<u>-</u>
End of year	<u>\$ 107,961</u>	<u>\$ 110,954</u>	<u>\$ 2,993</u>

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, 2012

	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
REVENUES:			
Use of money and property	\$ -	\$ 5	\$ 5
Total revenues	<u>-</u>	<u>5</u>	<u>5</u>
EXPENDITURES:			
Capital outlay	60,200	-	60,200
Total expenditures	<u>60,200</u>	<u>-</u>	<u>60,200</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(60,200)</u>	<u>5</u>	<u>60,205</u>
Net change in fund balance	(60,200)	5	60,205
FUND BALANCE:			
Beginning of year	48	48	-
End of year	<u>\$ (60,152)</u>	<u>\$ 53</u>	<u>\$ 60,205</u>

City of Lawndale

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

Sewer Reconstruction

For the year ended June 30, 2012

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive/ (Negative)
EXPENDITURES:			
Current:			
Municipal services	\$ 42,286	\$ 33,718	\$ 8,568
Total expenditures	<u>42,286</u>	<u>33,718</u>	<u>8,568</u>
Net change in fund balance	(42,286)	(33,718)	8,568
FUND BALANCE:			
Beginning of year	<u>86,487</u>	<u>86,487</u>	<u>-</u>
End of year	<u>\$ 44,201</u>	<u>\$ 52,769</u>	<u>\$ 8,568</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, 2012

	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
REVENUES:			
Sales and use taxes	\$ 463,035	\$ 491,595	\$ 28,560
Use of money and property	6,000	2,425	(3,575)
Charges for services	-	312	312
Total revenues	469,035	494,332	25,297
EXPENDITURES:			
Current:			
Recreation and community services	576,568	500,566	76,002
Total expenditures	576,568	500,566	76,002
REVENUES OVER (UNDER) EXPENDITURES	(107,533)	(6,234)	101,299
Net change in fund balance	(107,533)	(6,234)	101,299
FUND BALANCE:			
Beginning of year	794,000	794,000	-
End of year	\$ 686,467	\$ 787,766	\$ 101,299

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, 2012

	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
REVENUES:			
Sales and use taxes	\$ 384,076	\$ 398,735	\$ 14,659
Use of money and property	10,000	6,519	(3,481)
Total revenues	394,076	405,254	11,178
EXPENDITURES:			
Current:			
Municipal services	282,203	199,997	82,206
Capital outlay	1,649,627	278,274	1,371,353
Total expenditures	1,931,830	478,271	1,453,559
REVENUES OVER (UNDER) EXPENDITURES	(1,537,754)	(73,017)	1,464,737
Net change in fund balance	(1,537,754)	(73,017)	1,464,737
FUND BALANCE:			
Beginning of year	2,170,626	2,170,626	-
End of year	\$ 632,872	\$ 2,097,609	\$ 1,464,737

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, 2012

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive/ (Negative)
REVENUES:			
Use of money and property	\$ -	\$ 32	\$ 32
Total revenues	<u>-</u>	<u>32</u>	<u>32</u>
Net change in fund balance	-	32	32
FUND BALANCE:			
Beginning of year	<u>11,118</u>	<u>11,118</u>	-
End of year	<u>\$ 11,118</u>	<u>\$ 11,150</u>	<u>\$ 32</u>

City of Lawndale

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

Narcotics Forfeiture

For the year ended June 30, 2012

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive/ (Negative)
REVENUES:			
Use of money and property	\$ 120	\$ 107	\$ (13)
Other	<u>500</u>	<u>30,528</u>	<u>30,028</u>
Total revenues	<u>620</u>	<u>30,635</u>	<u>30,015</u>
Net change in fund balance	620	30,635	30,015
FUND BALANCE:			
Beginning of year	<u>25,162</u>	<u>25,162</u>	<u>-</u>
End of year	<u>\$ 25,782</u>	<u>\$ 55,797</u>	<u>\$ 30,015</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, 2012

	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
REVENUES:			
Subventions and grants	\$ 100,000	\$ 57,915	\$ (42,085)
Use of money and property	500	185	(315)
Total revenues	100,500	58,100	(42,400)
EXPENDITURES:			
Current:			
Public safety	111,316	108,000	3,316
Municipal services	4,453	-	4,453
Total expenditures	115,769	108,000	7,769
REVENUES OVER (UNDER) EXPENDITURES	(15,269)	(49,900)	(34,631)
Net change in fund balance	(15,269)	(49,900)	(34,631)
FUND BALANCE:			
Beginning of year	74,638	74,638	-
End of year	\$ 59,369	\$ 24,738	\$ (34,631)

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, 2012

	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
EXPENDITURES:			
Current:			
Public safety	\$ -	\$ 642	\$ (642)
Total expenditures	-	642	(642)
Net change in fund balance	-	(642)	(642)
FUND BALANCE:			
Beginning of year	16,110	16,110	-
End of year	\$ 16,110	\$ 15,468	\$ (642)

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, 2012

	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
REVENUES:			
Subventions and grants	\$ 385,051	\$ 1,351,043	\$ 965,992
Total revenues	385,051	1,351,043	965,992
EXPENDITURES:			
Current:			
Planning and community development	99,089	83,005	16,084
Capital outlay	2,312,056	1,268,038	1,044,018
Total expenditures	2,411,145	1,351,043	1,060,102
REVENUES OVER (UNDER) EXPENDITURES	(2,026,094)	-	2,026,094
Net change in fund balance	(2,026,094)	-	2,026,094
FUND BALANCE:			
Beginning of year	-	-	-
End of year	\$ (2,026,094)	\$ -	\$ 2,026,094

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, 2012

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive/ (Negative)
FUND BALANCE:			
Beginning of year	<u>(5,339)</u>	<u>(5,339)</u>	<u>-</u>
End of year	<u><u>\$ (5,339)</u></u>	<u><u>\$ (5,339)</u></u>	<u><u>\$ -</u></u>

City of Lawndale

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

Lawndale Cable Usage Corporation

For the year ended June 30, 2012

	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
REVENUES:			
Charges for service	\$ 33,000	\$ 32,558	\$ (442)
Other	500	252	(248)
Total revenues	33,500	32,810	(690)
EXPENDITURES:			
Current:			
General government	12,682	44,212	(31,530)
Municipal services	25,020	17,619	7,401
Total expenditures	37,702	61,831	(24,129)
REVENUES OVER (UNDER) EXPENDITURES	(4,202)	(29,021)	(24,819)
Net change in fund balance	(4,202)	(29,021)	(24,819)
FUND BALANCE:			
Beginning of year	-	-	-
End of year	\$ (4,202)	\$ (29,021)	\$ (24,819)

City of Lawndale

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

Hawthorne Boulevard Maintenance

For the year ended June 30, 2012

	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
REVENUES:			
Use of money and property	\$ 3,000	\$ 1,163	\$ (1,837)
Total revenues	3,000	1,163	(1,837)
EXPENDITURES:			
Current:			
Municipal services	186,000	190,677	(4,677)
Total expenditures	186,000	190,677	(4,677)
REVENUES OVER (UNDER) EXPENDITURES	(183,000)	(189,514)	(6,514)
Net change in fund balance	(183,000)	(189,514)	(6,514)
FUND BALANCE:			
Beginning of year	478,460	478,460	-
End of year	\$ 295,460	\$ 288,946	\$ (6,514)

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, 2012

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive/ (Negative)
REVENUES:			
Subventions and grants	<u>\$ -</u>	<u>\$ 9,116</u>	<u>\$ 9,116</u>
Total revenues	<u>-</u>	<u>9,116</u>	<u>9,116</u>
Net change in fund balance	-	9,116	9,116
FUND BALANCE:			
Beginning of year	<u>49,943</u>	<u>49,943</u>	-
End of year	<u>\$ 49,943</u>	<u>\$ 59,059</u>	<u>\$ 9,116</u>

City of Lawndale

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

Low-Moderate Income Housing

For the year ended June 30, 2012

	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
REVENUES:			
Property taxes	\$ -	\$ 394,422	\$ 394,422
Total revenues	<u>-</u>	<u>394,422</u>	<u>394,422</u>
OTHER FINANCING USES:			
Transfers out	-	(394,422)	(394,422)
Total other financing uses	<u>-</u>	<u>(394,422)</u>	<u>(394,422)</u>
Net change in fund balance	-	-	-
FUND BALANCE:			
Beginning of year	-	-	-
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2012

	<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, 2012

	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
REVENUES:			
Subventions and grants	\$ 19,388	\$ 6,910	\$ (12,478)
Total revenues	<u>19,388</u>	<u>6,910</u>	<u>(12,478)</u>
EXPENDITURES:			
Current:			
Public safety	10,000	16,804	(6,804)
Total expenditures	<u>10,000</u>	<u>16,804</u>	<u>(6,804)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>9,388</u>	<u>(9,894)</u>	<u>(19,282)</u>
OTHER FINANCING USES:			
Transfers out	-	(12,923)	(12,923)
Total other financing uses	<u>-</u>	<u>(12,923)</u>	<u>(12,923)</u>
Net change in fund balance	9,388	(22,817)	(32,205)
FUND BALANCE:			
Beginning of year	19,832	19,832	-
End of year	<u>\$ 29,220</u>	<u>\$ (2,985)</u>	<u>\$ (32,205)</u>

City of Lawndale

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

Park Development

For the year ended June 30, 2012

	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
REVENUES:			
Use of money and property	\$ 50	\$ 20	\$ (30)
Total revenues	<u>50</u>	<u>20</u>	<u>(30)</u>
Net change in fund balance	50	20	(30)
FUND BALANCE:			
Beginning of year	<u>6,863</u>	<u>6,863</u>	<u>-</u>
End of year	<u>\$ 6,913</u>	<u>\$ 6,883</u>	<u>\$ (30)</u>

City of Lawndale

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

Robert Zberg Harris

For the year ended June 30, 2012

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

City of Lawndale

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

Prop 1 B

For the year ended June 30, 2012

	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
REVENUES:			
Use of money and property	\$ 400	\$ 133	\$ (267)
Total revenues	400	133	(267)
EXPENDITURES:			
Capital outlay	-	4,604	(4,604)
Total expenditures	-	4,604	(4,604)
REVENUES OVER (UNDER) EXPENDITURES	400	(4,471)	(4,871)
Net change in fund balance	400	(4,471)	(4,871)
FUND BALANCE:			
Beginning of year	63,745	63,745	-
End of year	\$ 64,145	\$ 59,274	\$ (4,871)

City of Lawndale

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

Safetea-Lu

For the year ended June 30, 2012

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive/ (Negative)
REVENUES:			
Use of money and property	\$ -	\$ 19	\$ 19
Total revenues	<u>-</u>	<u>19</u>	<u>19</u>
 Net change in fund balance	 -	 19	 19
 FUND BALANCE:			
Beginning of year	<u>9,456</u>	<u>9,456</u>	<u>-</u>
End of year	<u>\$ 9,456</u>	<u>\$ 9,475</u>	<u>\$ 19</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, 2012

	<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, 2012

	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
REVENUES:			
Use of money and property	\$ 800	\$ 169	\$ (631)
Total revenues	800	169	(631)
EXPENDITURES:			
Capital outlay	122,808	127,476	(4,668)
Total expenditures	122,808	127,476	(4,668)
REVENUES OVER (UNDER) EXPENDITURES	(122,008)	(127,307)	(5,299)
Net change in fund balance	(122,008)	(127,307)	(5,299)
FUND BALANCE:			
Beginning of year	190,950	190,950	-
End of year	\$ 68,942	\$ 63,643	\$ (5,299)

City of Lawndale

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

Measure R

For the year ended June 30, 2012

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive/ (Negative)</u>
REVENUES:			
Subventions and grants	\$ 288,060	\$ 313,510	\$ 25,450
Use of money and property	700	835	135
Total revenues	<u>288,760</u>	<u>314,345</u>	<u>25,585</u>
EXPENDITURES:			
Current:			
Capital outlay	<u>691,733</u>	<u>264,920</u>	<u>426,813</u>
Total expenditures	<u>691,733</u>	<u>264,920</u>	<u>426,813</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(402,973)</u>	<u>49,425</u>	<u>452,398</u>
Net change in fund balance	<u>(402,973)</u>	<u>49,425</u>	<u>452,398</u>
FUND BALANCE:			
Beginning of year	<u>429,729</u>	<u>429,729</u>	<u>-</u>
End of year	<u>\$ 26,756</u>	<u>\$ 479,154</u>	<u>\$ 452,398</u>

City of Lawndale

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

ARRA

For the year ended June 30, 2012

	<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, 2012

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive/ (Negative)</u>
OTHER FINANCING USES:			
Transfers out	\$ -	\$ (3,462)	\$ (3,462)
Total other financing uses	<u>-</u>	<u>(3,462)</u>	<u>(3,462)</u>
Net change in fund balance	-	(3,462)	(3,462)
FUND BALANCE:			
Beginning of year	<u>(41,705)</u>	<u>(41,705)</u>	<u>-</u>
End of year	<u>\$ (41,705)</u>	<u>\$ (45,167)</u>	<u>\$ (3,462)</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, 2012

	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
REVENUES:			
Subventions and grants	\$ -	\$ 31,606	\$ 31,606
Total revenues	-	31,606	31,606
EXPENDITURES:			
Capital outlay	393,775	22,435	371,340
Total expenditures	393,775	22,435	371,340
REVENUES OVER (UNDER) EXPENDITURES	(393,775)	9,171	402,946
Net change in fund balance	(393,775)	9,171	402,946
FUND BALANCE:			
Beginning of year	(42,589)	(42,589)	-
End of year	\$ (436,364)	\$ (33,418)	\$ 402,946

City of Lawndale

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

Appropriations Act

For the year ended June 30, 2012

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive/ (Negative)
EXPENDITURES:			
Current:			
Municipal services	-	5,448	(5,448)
Total expenditures	<u>-</u>	<u>5,448</u>	<u>(5,448)</u>
REVENUES OVER (UNDER) EXPENDITURES			
	<u>-</u>	<u>(5,448)</u>	<u>(5,448)</u>
Net change in fund balance	-	(5,448)	(5,448)
FUND BALANCE:			
Beginning of year	<u>(175,219)</u>	<u>(175,219)</u>	<u>-</u>
End of year	<u>\$ (175,219)</u>	<u>\$ (180,667)</u>	<u>\$ (5,448)</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, 2012

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive/ (Negative)</u>
REVENUES:			
Subventions and grants	\$ 400,000	\$ 360,000	\$ (40,000)
Total revenues	<u>\$ 400,000</u>	<u>\$ 360,000</u>	<u>\$ (40,000)</u>
Net change in fund balance	400,000	360,000	(40,000)
FUND BALANCE:			
Beginning of year	(400,000)	(400,000)	-
End of year	<u>\$ -</u>	<u>\$ (40,000)</u>	<u>\$ (40,000)</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, 2012

	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
REVENUES:			
Subventions and grants	\$ 175,000	175,818	818
Total revenues	175,000	175,818	818
EXPENDITURES:			
Current:			
Capital outlay	350,000	188,068	161,932
Total expenditures	350,000	188,068	161,932
REVENUES OVER (UNDER) EXPENDITURES	(175,000)	(12,250)	162,750
Net change in fund balance	(175,000)	(12,250)	162,750
FUND BALANCE:			
Beginning of year	(4,395)	(4,395)	-
End of year	\$ (179,395)	\$ (16,645)	\$ 162,750

City of Lawndale

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

2009 JAG Grant

For the year ended June 30, 2012

	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
OTHER FINANCING SOURCES (USES):			
Transfers in	\$ -	\$ 9	\$ 9
Transfers out	-	(2,386)	(2,386)
Total other financing sources (uses)	-	(2,377)	(2,377)
Net change in fund balance	-	(2,377)	(2,377)
FUND BALANCE:			
Beginning of year	-	-	-
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, 2012

	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
REVENUES:			
Use of money and property	\$ -	\$ 27	\$ 27
Total revenues	<u>-</u>	<u>27</u>	<u>27</u>
EXPENDITURES:			
Current:			
Public safety	12,720	12,714	6
Total expenditures	<u>12,720</u>	<u>12,714</u>	<u>6</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(12,720)</u>	<u>(12,687)</u>	<u>33</u>
OTHER FINANCING SOURCES:			
Transfers in	-	12,914	12,914
Total other financing sources	<u>-</u>	<u>12,914</u>	<u>12,914</u>
Net change in fund balance	(12,720)	227	12,947
FUND BALANCE:			
Beginning of year	-	-	-
End of year	<u>\$ (12,720)</u>	<u>\$ 227</u>	<u>\$ 12,947</u>

City of Lawndale

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Redevelopment Agency Debt Service Fund For the year ended June 30, 2012

	Final	Actual	Variance with Final Budget Positive/ (Negative)
REVENUES:			
Property taxes	\$ 3,509,775	\$ 1,577,688	\$ (1,932,087)
Use of money and property	-	77,719	77,719
Total revenues	<u>3,509,775</u>	<u>1,655,407</u>	<u>(1,854,368)</u>
EXPENDITURES:			
Current:			
Planning and community development	1,197,607	219,302	978,305
Debt service:			
Principal retirement	1,020,769	294,277	726,492
Interest and fiscal charges	1,239,920	1,129,621	110,299
Total expenditures	<u>3,458,296</u>	<u>1,643,200</u>	<u>1,815,096</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>51,479</u>	<u>12,207</u>	<u>(39,272)</u>
OTHER FINANCING USES:			
Transfers out	(7,000,000)	(3,392,200)	3,607,800
Total other financing uses	<u>(7,000,000)</u>	<u>(3,392,200)</u>	<u>3,607,800</u>
Change in Fund Balance Before Extraordinary Item	<u>(6,948,521)</u>	<u>(3,379,993)</u>	<u>3,568,528</u>
Extraordinary Item (Note 7)	<u>-</u>	<u>(8,759,293)</u>	<u>(8,759,293)</u>
Net change in fund balances	<u>(6,948,521)</u>	<u>(12,139,286)</u>	<u>(5,190,765)</u>
FUND BALANCE:			
Beginning of year	12,139,286	12,139,286	-
End of year	<u>\$ 5,190,765</u>	<u>\$ -</u>	<u>\$ (5,190,765)</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
Successor Agency Debt Service Fund - To account for the outstanding debt of the Successor

The Successor Agency to the Lawndale Redevelopment Agency
Combining Statement of Fiduciary Net Assets
Private Purpose Trust Funds
June 30, 2012

	Successor Agency Projects Fund	Successor Agency Debt Service Fund	Successor Agency Disbursement Fund	Total
ASSETS				
Current assets:				
Cash and investments	\$ -	\$ -	\$ 1,428,866	\$ 1,428,866
Restricted assets:				
Cash and investments	-	1,498,206	-	1,498,206
Cash and investments with fiscal agents	-	7,828,361	-	7,828,361
Due from other fiduciary fund	-	17,626,876	-	17,626,876
Due from City of Lawndale	-	6,000,000	-	6,000,000
Total current assets:	-	32,953,443	1,428,866	34,382,309
Noncurrent assets:				
Deferred bond issuance costs	-	714,347	-	714,347
Total noncurrent assets:	-	714,347	-	714,347
Total assets	\$ -	\$ 33,667,790	\$ 1,428,866	\$ 35,096,656
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 78,017	\$ -	\$ -	\$ 78,017
Accrued wages	26,520	-	-	26,520
Retention payable	192,465	-	-	192,465
Due to other fiduciary funds	17,626,876	-	-	17,626,876
Due to City of Lawndale	-	2,172,620	-	2,172,620
Interest payable	-	466,135	-	466,135
Total current liabilities	17,923,878	2,638,755	-	20,562,633
Noncurrent liabilities:				
Due within one year	-	291,623	-	291,623
Due in more than one year	-	21,320,770	-	21,320,770
Advances from the City of Lawndale	-	22,014,191	-	22,014,191
Total noncurrent liabilities	-	43,626,584	-	43,626,584
Total liabilities	17,923,878	46,265,339	-	64,189,217
Fiduciary Deficiency in Net Assets	\$ (17,923,878)	\$ (12,597,549)	\$ 1,428,866	\$ (29,092,561)

The Successor Agency to the Lawndale Redevelopment Agency
Combining Statement of Changes in Fiduciary Net Assets
Private Purpose Trust Funds
For the Five Months Ended June 30, 2012

	Successor Agency Projects Fund	Successor Agency Debt Service Fund	Successor Agency Disbursement Fund	Total
REVENUES:				
RPTTF distributions	\$ -	\$ -	\$ 1,973,364	\$ 1,973,364
Uses of money and property	-	9,088	-	9,088
Other income	3,000	-	-	3,000
Total Revenues	3,000	9,088	1,973,364	1,985,452
EXPENDITURES:				
Administration	419,521	1,750	-	421,271
Community development	362,522	-	-	362,522
Payments to other agencies	-	544,498	-	544,498
Debt service:				
Interest and fiscal charges	-	466,134	-	466,134
Total Expenditures	782,043	1,012,382	-	1,794,425
REVENUES OVER (UNDER)				
EXPENDITURES	(779,043)	(1,003,294)	1,973,364	191,027
OTHER FINANCING SOURCES (USES):				
Transfers in	196,726	544,498	-	741,224
Transfers out	(656,949)	-	(544,498)	(1,201,447)
Total other financing sources (uses)	(460,223)	544,498	(544,498)	(460,223)
EXTRAORDINARY ITEM (Note 7)	(16,684,612)	(12,138,753)	-	(28,823,365)
Net Increase (Decrease) in Fiduciary Net Assets	(17,923,878)	(12,597,549)	1,428,866	(29,092,561)
Fiduciary Net Assets - beginning of year	-	-	-	-
Fiduciary Net Assets - end of year	\$ (17,923,878)	\$ (12,597,549)	\$ 1,428,866	\$ (29,092,561)

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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.

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These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.	136
These schedules contain information to help the reader assess the city's most significant local revenue source, the property tax.	140
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.	144
These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place.	149
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CITY OF LAWNSDALE
Net Assets by Component
Last Three Fiscal Years
(accrual basis of accounting)

	<u>2010</u>	<u>2011</u>	<u>2012</u>
Governmental activities:			
Invested in capital assets, net of related debt	\$ 26,057,678	\$ 30,670,978	\$ 40,567,520
Restricted	7,351,260	12,139,977	4,180,641
Unrestricted	<u>19,468,984</u>	<u>10,343,999</u>	<u>36,617,212</u>
Total primary government net assets	<u>\$ 52,877,922</u>	<u>\$ 53,154,954</u>	<u>\$ 81,365,373</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 Assets
Last Three Fiscal Years
(accrual basis of accounting)

	<u>2010</u>	<u>2011</u>	<u>2012</u>
Expenses:			
Governmental activities:			
General government	\$ 3,549,207	\$ 3,204,153	\$ 3,277,266
Public safety	4,757,922	4,567,840	4,567,440
Municipal services	5,295,282	5,121,295	5,086,433
Community development	7,091,597	4,666,135	3,568,319
Recreation and community services	1,777,022	1,642,338	1,712,014
Interest and fiscal charges	817,409	1,517,463	447,168
Total Primary Government Expenses	<u>23,288,439</u>	<u>20,719,224</u>	<u>18,658,640</u>
Program Revenues:			
Governmental activities:			
Charges for services:			
General government	839,116	836,409	593,495
Public safety	577,193	562,262	582,465
Planning and community development	292,793	354,930	240,298
Other activities	202,008	204,520	244,957
Operating grants and contributions	137,704	100,000	64,825
Capital grants and contributions	<u>2,230,720</u>	<u>2,692,869</u>	<u>1,968,800</u>
Total Primary Government Program Revenues	<u>4,279,534</u>	<u>4,750,990</u>	<u>3,694,840</u>
Total net revenues (expenses)	(19,008,905)	(15,968,234)	(14,963,800)
General Revenues and Other Changes in Net Assets:			
Governmental activities:			
Taxes:			
Property tax, levied for general purpose	553,060	860,017	890,896
Property tax, Redevelopment			
Agency tax increment	5,083,649	4,812,576	1,972,109
Transient occupancy taxes	374,111	407,273	452,648
Franchise tax	478,764	504,479	427,277
Sales tax	3,697,884	3,905,301	4,673,172
Motor vehicle in lieu tax	2,909,581	2,892,525	2,772,165
Utility users tax	2,091,566	2,107,158	2,191,320
Other taxes			
Investment income	399,901	333,253	135,534
Other	<u>1,171,896</u>	<u>432,684</u>	<u>375,510</u>
Total Primary Government	<u>16,760,412</u>	<u>16,255,266</u>	<u>13,890,631</u>
Transfer in	-	-	460,223
Extraordinary Item	-	-	28,823,365
Primary Government Changes in Net Assets	<u>\$ (2,248,493)</u>	<u>\$ 287,032</u>	<u>\$ 28,210,419</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>2010</u>	<u>2011</u>	<u>2012</u>
General fund:			
Nonspendable	N/A	\$ 7,303,787	\$ 6,904,925
Restricted		6,746	7,016
Comminted		4,012,785	3,043,980
Assigned		391,868	195,104
Unassigned		11,560,364	11,221,961
Total General Fund		<u>\$ 23,275,550</u>	<u>\$ 21,372,986</u>
All other governmental funds:			
Special revenue funds			
Restricted	N/A	\$ 9,014,063	\$ 8,629,477
Comminted		12,316,681	12,319,580
Unassigned		(991,389)	(738,453)
Capital projects funds			
Unassigned		(14,042,465)	-
Debt Services			
Restricted		12,139,286	-
Total All Other Governmental Funds	<u>N/A</u>	<u>\$ 18,436,176</u>	<u>\$ 20,210,604</u>

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>
Revenues:			
Sales and use taxes	\$ 3,393,979	\$ 3,905,301	\$ 4,359,663
Utility user tax	2,091,566	2,107,158	2,191,320
Other taxes	6,489,584	6,584,345	3,742,937
Motor vehicle in-lieu	2,909,581	2,892,525	2,772,165
Licenses and permits	579,518	573,811	518,753
Fines and forfeitures	577,193	562,262	582,465
Subventions and grants	2,685,153	2,772,006	2,347,135
Use of money and property	413,836	427,299	191,785
Charges for services	702,375	713,020	539,429
Miscellaneous	1,197,161	468,529	339,819
Total revenues	<u>21,039,946</u>	<u>21,006,256</u>	<u>17,585,471</u>
Expenditures			
Current:			
General government	3,316,937	3,111,050	3,188,630
Public safety	4,641,060	4,606,123	4,558,008
Municipal services	4,210,610	3,843,973	3,971,644
Planning and community development	6,186,731	4,553,060	3,268,188
Recreation and community services	1,698,123	1,613,711	1,684,520
Capital outlay	4,967,927	10,217,921	7,944,759
Debt service:			
Principal retirement	50,521	80,173	325,084
Interest and fiscal charges	328,994	1,203,245	1,158,316
Cost of bond issuance	781,317		
Total expenditures	<u>26,182,220</u>	<u>29,229,256</u>	<u>26,099,149</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,142,274)</u>	<u>(8,223,000)</u>	<u>(8,513,678)</u>
Other financing sources (uses):			
Proceeds from long-term debt	21,027,892		
Transfers in	2,812,407	8,842,940	4,855,794
Transfers out	<u>(2,812,407)</u>	<u>(8,842,940)</u>	<u>(4,395,571)</u>
Total other financing sources (uses)	<u>21,027,892</u>	<u>-</u>	<u>460,223</u>
Extraordinary Item	-	-	7,925,319
Net change in fund balances	<u>\$ 15,885,618</u>	<u>\$ (8,223,000)</u>	<u>\$ (128,136)</u>
Debt service as a percentage of noncapital expenditures	4.4%	7.2%	8.9%

The City of Lawnsdale 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: Exemptions		
2003	\$ 1,076,186,143	\$ 22,682,702	\$ 18,286,289	\$ 1,117,155,134	1.000%
2004	1,162,128,846	22,827,872	18,674,620	1,203,631,338	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	1,654,248,614	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	1,831,630,337	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	1,869,710,053	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%

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

	2011	2012
City direct rates:		
City basic rate:	1.00000	1.00000
Overlapping rates:		
Elementary Schools	0.05429	0.04363
High Schools	0.12555	0.14238
Community College	0.01614	0.01688
Metro Water District	0.00370	0.00370
Total Direct Rate	1.19968	1.20659

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>2012</u>		<u>2003</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%	\$ 7,343,986	0.67%
SCP Limited Partnership	8,365,997	0.46%		
Lawndale LLC	7,181,176	0.39%		
Baytower Corporate Center	6,745,346	0.37%	5,703,303	0.52%
Rich Lawndale LLC	6,397,337	0.35%		
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>\$ 45,374,468</u>	<u>4.13%</u>

The amounts shown above include assessed value data for both the City and the Redevelopment 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	Percent of Levy		Amount	Percent of Levy
2003	\$ 671,960	\$ 688,525	102.47%	\$ 16,565	\$ 649,620	96.68%
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

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			Total Governmental Activities	Percentage of Personal Income	Debt Per Capita¹
	Notes Payable	Capital Leases				
2008	\$ 1,821,601	\$ -	-	\$ 1,821,601	N/A	55
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	684
2012	769,485	-	-	769,485	N/A	41

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 LAWNSDALE
Direct and Overlapping Debt
June 30, 2012

City Assessed Valuation \$ 1,357,207,519

	<u>Percentage Applicable</u> ¹	<u>Outstanding Debt 6/30/11</u>	<u>Estimated Share of Overlapping Debt</u>
<u>Direct² and Overlapping Tax and Assessment Debt:</u>			
CIEDB LOAN	100.000%	\$ 769,484	\$ 769,484
Centinela Vly Union HS Dist 2002 Ref Bd Ser A	12.855%	15,215,000	1,955,916
Centinela Vly Union HS Dist 2004 Ref Ser A	12.855%	32,095,000	4,125,870
Centinela Vly Union HS Dist DS 2012	12.855%	72,000,324	9,255,772
Centinela Vly Union HSD DS 2008, Series A	12.855%	22,389,703	2,878,237
Centinela Vly Union HS Dist 2010,11 Series A	12.855%	25,999,344	3,342,263
El Camino Com Col Dist 2002 S-2003A	2.274%	3,495,000	79,463
El Camino Com Col Dist 2005 Ref Bonds	2.274%	28,128,953	639,547
El Camino Com Col Dist 2002 Ser 2006B	2.274%	135,100,000	3,072,670
Hawthorne USD DS 1997 2005 Series E	0.617%	6,890,000	42,513
Hawthorne S.D. DS 1997 Series B	0.617%	4,012,372	24,757
Hawthorne SD DS 1997 Series C	0.617%	3,019,844	18,633
Hawthorne Elem Sch Dist 1997 Ser D 2004 D DS	0.617%	1,177,115	7,263
Hawthorne SD 2004/2005 Series A	0.617%	7,075,061	43,655
Hawthorne S.D DS 2004 Series 2005B	0.617%	4,589,623	28,319
Hawthorne S.D 2004 Series C 2008	0.617%	8,901,899	54,927
Hawthorne S.D DS 2008, 2009 Series A	0.617%	19,847,746	122,465
Lawndale Elem Sch Dist 2010 Refunding Bonds	59.747%	12,660,000	7,563,930
Lawndale Elem Sch Dist 1998 Ser C Debt Svc	59.747%	3,000,000	1,792,401
Lawndale Elem Sch Dist 1998 Ser B Debt Svc	59.747%	5,205,000	3,109,815
Metropolitan Water District	0.157%	94,031,705	147,835
Total Overlapping Debt		<u>\$ 505,603,173</u>	<u>\$ 39,075,736</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 LAWNDALE
Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year					Fiscal Year					
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	
Assessed valuation	\$ 1,117,155,134	\$ 1,203,631,338	\$ 1,332,506,808	\$ 1,654,248,614	\$ 1,812,400,505	\$ 1,831,630,337	\$ 1,922,071,982	1,869,710,053	1,869,710,053	1,812,536,865	1,823,727,384
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	167,573,270	180,544,701	199,876,021	248,137,292	271,860,076	274,744,551	288,310,797	280,456,508	280,456,508	271,880,530	273,559,108
Total net debt applicable to limit: General obligation bonds											
Legal debt margin	<u>\$ 167,573,270</u>	<u>\$ 180,544,701</u>	<u>\$ 199,876,021</u>	<u>\$ 248,137,292</u>	<u>\$ 271,860,076</u>	<u>\$ 274,744,551</u>	<u>\$ 288,310,797</u>	<u>280,456,508</u>	<u>280,456,508</u>	<u>271,880,530</u>	<u>273,559,108</u>
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)
2002	32,461	\$ 451,281	\$ 13,902	6.7%
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%

Sources:

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

CITY OF LAWNSDALE
Principal Employers
Current Year and Nine Years Ago

<u>Employer</u>	<u>2012</u>		<u>2003</u>	
	<u>Number of Employees</u>	<u>Percent of Total Employment</u>	<u>Number of Employees</u>	<u>Percent of Total Employment</u>
City of Lawndale	100	3.42%	N/A	N/A
American Drilling Company	86	2.94%	N/A	N/A
El Super # 3	70	2.39%	N/A	N/A
McDonalds of California	60	2.05%	N/A	N/A
Advanced Veterinary Care Cent	60	2.05%	N/A	N/A
Property Prep Inc.	51	1.74%	N/A	N/A
Carbro Corporation	50	1.71%	N/A	N/A
Big Saver Foods	47	1.61%	N/A	N/A
Smart & Fianal	46	1.57%	N/A	N/A
Wems Inc.	40	1.37%	N/A	N/A
Boston Market Corporation	39	1.33%	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 2003.

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>2003</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>
General government	34	26	34	34	37	38	41	41	41	38
Public safety	13	11	12	14	12	14	14	13	13	12
Community development	6	5	5	6	6	7	7	7	7	6
Culture and leisure	36	18	29	31	42	43	43	44	44	44
Total	<u>89</u>	<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>

Source: City Budget Office

CITY OF LAWNSDALE
Operating Indicators
by Function
Last Ten Fiscal Years

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Police:										
Arrests	158	895	840	748	751	749	790	1,166	1,373	1,270
Parking citations issued	N/A	N/A	14,046	16,627	16,378	19,190	19,190	15,432	13,661	13,784
Parks and recreation:										
Number of recreation classes	8	8	8	8	15	15	15	15	15	15
Number of facility rentals	4	4	4	4	4	4	4	4	4	4

Source: City of Lawndale

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Public works:										
Streets (miles)	67	67	67	67	67	67	67	67	67	67
Parks and recreation:										
Parks	4	4	4	4	4	4	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 the financial statements of the governmental activities, the business-type 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, 2012, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 16, 2013. 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.

Internal Control over Financial Reporting

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously.

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

As part of obtaining reasonable assurance about whether the City's financial statements are free of 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 basic 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 test disclosed n instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the City Council, others within the City, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Marcum LLP". The signature is written in a cursive, flowing style.

Marcum LLP
Irvine, California
May 16, 2013