



City of Lawndale Comprehensive Annual Financial Report Fiscal Year Ending June 30, 2010

City of Lawndale
Basic Financial Statements
For the year ended June 30, 2010

Table of Contents

	<u>Page</u>
 <u>INTRODUCTORY SECTION</u>	
Letter of Transmittal	i
Organization Chart	v
City Officials.....	vi
 <u>FINANCIAL SECTION</u>	
Independent Auditors' Report.....	1
Management's Discussion and Analysis (Required Supplementary Information, Unaudited).....	3
 Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets.....	14
Statement of Activities and Changes in Net Assets	15
Fund Financial Statements:	
<i>Government Fund Financial Statements:</i>	
Balance Sheet	20
Reconciliation of the Governmental Funds Balance Sheet	
to the Government-Wide Statement of Net Assets.....	23
Statement of Revenues, Expenditures and Changes in Fund Balances	24
Reconciliation of the Governmental Funds Statement of Revenues,	
Expenditures and Changes in Fund Balances to the Government-Wide	
Statement of Activities and Changes in Net Assets	26
<i>Fiduciary Fund Financial Statements:</i>	
Statement of Fiduciary Net Assets	28
Note to Basic Financial Statements.....	29
 Required Supplementary Information (Unaudited):	
Budgetary Information	54
General Fund	55
Restricted Urban Development – Special Revenue Fund	56
Schedule of Funding Progress:	
Defined Benefit Pension Plan	57
Other Post Employment Benefit Liability	57

City of Lawndale
Basic Financial Statements
For the year ended June 30, 2010

Table of Contents, Continued

Page

SUPPLEMENTARY INFORMATION

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

Redevelopment Agency Capital Projects Fund	61
Redevelopment Agency Debt Service Fund	62
Description of Nonmajor Governmental Funds.....	63
Combining Balance Sheet - Nonmajor Governmental Funds.....	66
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	72

Schedule of Revenues, Expenditures and

Changes in Fund Balances - Budget and Actual:

Gas Tax Special Revenue Fund	78
Air Quality Special Revenue Fund	79
TDA Article 3 Local Transportation Special Revenue Fund	80
Traffic Congestion Relief AB2928 Special Revenue Fund	81
Sewer Reconstruction Special Revenue Fund	82
Proposition A - Local Assistance Special Revenue Fund.....	83
Proposition C - Local Assistance Special Revenue Fund	84
State Transit Program (Local) Special Revenue Fund.....	85
Narcotics Forfeiture Special Revenue Fund	86
State COPS Grant Special Revenue Fund	87
California Law Enforcement Equipment Program Special Revenue Fund	88
Community Development Grant Block Special Revenue Fund	89
Used Oil Recycling Grant Special Revenue Fund.....	90
Lawndale Cable Usage Corporation Special Revenue Fund	91
Hawthorne Boulevard Maintenance Special Revenue Fund	92
Urban Parks Grant Special Revenue Fund	93
Office of Traffic and Safety Grant Special Revenue Fund	94
Department of Conversation Grant Special Revenue Fund.....	95
Low-Moderate Income Housing Special Revenue Fund.....	96
State of California Bond Act 2000 / 2002 Special Revenue Fund.....	97
Justice Assisted Grant Special Revenue Fund.....	98
Park Development Special Revenue Fund	99
Cons Appr Act of 05 Grant Special Revenue Fund	100
Robert Zberg Harris Special Revenue Fund	101
Prop 1B Special Revenue Fund.....	102

City of Lawndale
Basic Financial Statements
For the year ended June 30, 2010

Table of Contents

	<u>Page</u>
 <u>SUPPLEMENTARY INFORMATION, Continued</u>	
Prop A Grant Special Revenue Fund.....	103
Metro STP-L Special Revenue Fund	104
Measure R Special Revenue Fund.....	105
ARRA Special Revenue Fund	106
Highway Safety Improvement Program Special Revenue Fund.....	107
CDBG-R Special Revenue Fund	108
2010 HUD EDI Special Revenue Fund	109
 Fiduciary Funds:	
Description of Fiduciary Net Assets	111
Combining Statement of Changes in Assets and Liabilities.....	112
 <u>STATISTICAL SECTION (UNAUDITED)</u>	
Statistical Section Table of Contents	113
Net Assets by Component.....	114
Changes in Net Assets	115
Fund Balances of Governmental Funds	116
Changes in Fund Balances of Governmental Funds	117
Assessed Value and Estimated Actual Value of Taxable Property	118
Direct and Overlapping Property Tax Rates	119
Principal Property Tax Payers	120
Property Tax Levies and Collections	121
Ratios of Outstanding Debt by Type	122
Direct and Overlapping Debt	123
Legal Debt Margin Information	124
Pledged - Revenue Coverage	126
Demographic and Economic Statistics	127
Principal Employers	128
Full-Time and Part-Time City Employees by Function	129
Operating Indicators by Function	130
Capital Asset Statistics by Function.....	131
 Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance With <i>Government Audit Standards</i>	
	133



CITY OF LAWDALE

February 28, 2011

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, 2010 (FY10) 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 have collectively stagnated due to the national economic recession. Led by Motor Vehicle In-Lieu of \$2.9 million, Utility User's Tax of \$2.1 million and Sales Tax of \$2 million this balanced trio enabled the General Fund to finish with a negative change to fund balance of only \$737,064. The negative outflow was due largely to three factors. First and foremost, the decline of interest rates over the last few years has reduced interest earnings by greater than \$500,000 annually. Secondly, the commitment to the Capital Improvement Program (CIP) creates an annual non-operational outflow from the General Fund. Finally, the end of the fiscal year saw a change in the City Manager position which resulted in a considerable unscheduled payout. With the nation in economic downturn, we consider ourselves fortunate to have achieved stable General Fund revenues through the close of the fiscal year as many other cities are experiencing much greater effects of the recession.

Fiscal year 2010 was the third full year of implementation of our 5-Year CIP. The original \$34 million plan was approved as part of the normal budget process and represented a culmination of revenues and resources from not only the General Fund, but a multitude of special funds and grant funds. Such funds have now gone toward the construction of a new park, park improvements, street and sidewalk improvements and traffic signal improvements. In April of 2008, the voters resoundingly approved the expenditure of funds for a new community center. This vote was required because the City has an ordinance which states that any expenditure in excess of \$1 million for a capital project requires the vote of the people. In November 2009, the Lawndale Redevelopment Agency issued a Tax Allocation Bond in the amount of \$20,545,000 for the main purpose of building the new community center as well as other improvements.

Despite the gloomy national economic conditions, there is a positive feeling around the City as the new County Library has been completed. A true showpiece, this 17,500 square foot building along with the recently completed, equally stylish, Lucille J. Smith Elementary School, has transformed the look of the civic center. The new library is the second of three icons as the City begins planning for the new Community Center, which is projected to open in 2011.

Though the feeling is growth and productivity, the City will continue to possess a "guarded optimism" as external factors could always impair the City's current progress. Some of those external factors include:

- Volatile fuel and utility costs
- Future increases in the Los Angeles Sheriff's Contract
- Long-term economic downturn
- Legislative enactments that could reduce/eliminate revenue
- State budget shortfalls which could redirect local revenue

External factors are always of concern as they are not within the control of management or the City Council. Management must remain diligent and foresee potential upcoming situations that could adversely affect the organization.

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, 2010 totaled \$398,631.

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 64.9% 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.

Effective July 1, 2007, the City enrolled the City Manager in a 3% at 65 plan and the Central Management Team in a 3% at 55 plan through the Public Agency Retirement System (PARS). This will serve as a retirement supplement to the current PERS system and in like-fashion the City will make contributions on behalf of its members.

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,



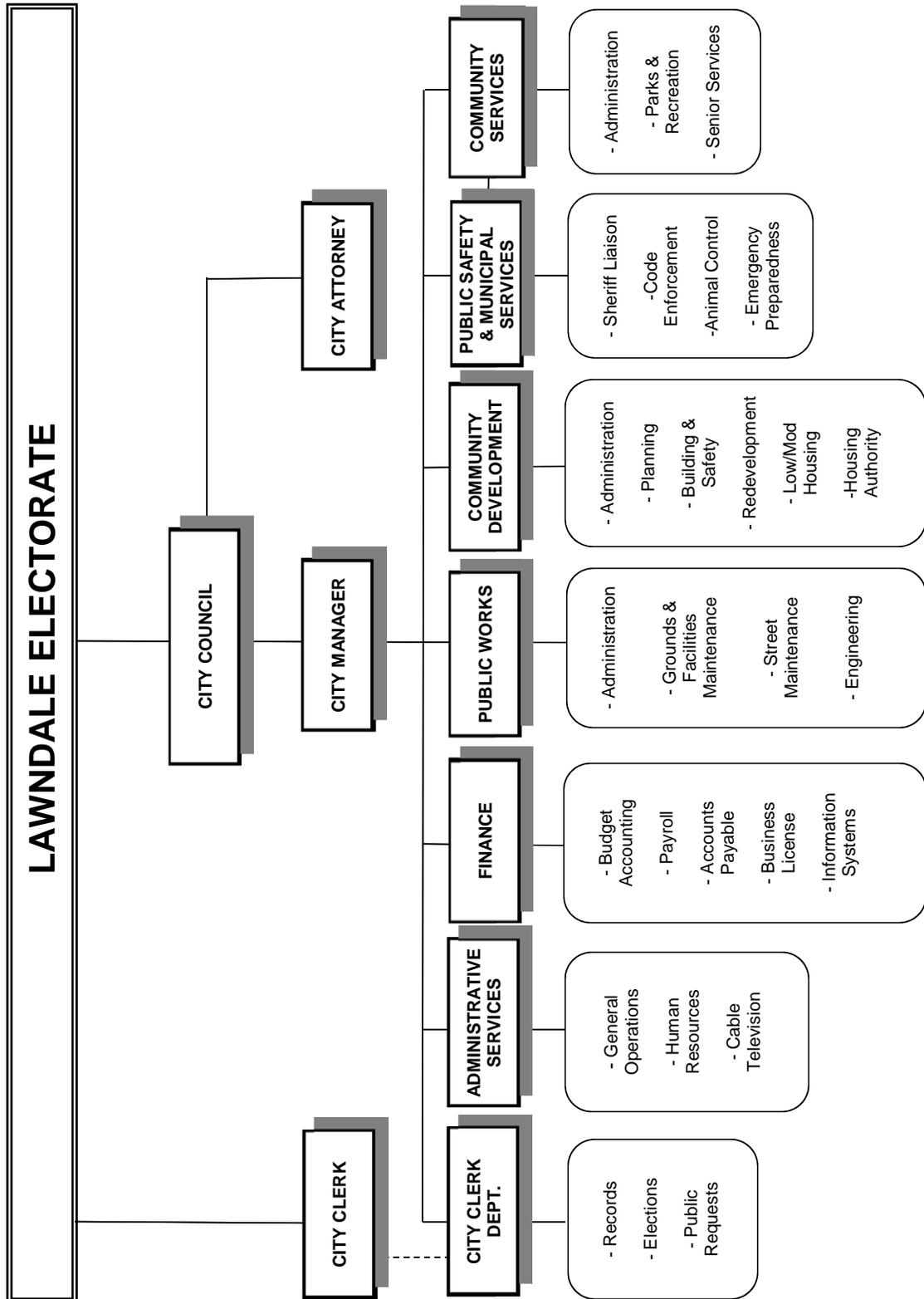
Dayle Keller
Interim City Manager



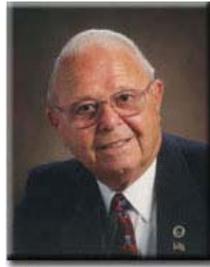
Ken Louie
Finance Director/City Treasurer

CITY OF LAWNDALE

City-Wide Organizational Chart



■ CITY ELECTED OFFICIALS



**Mayor
Harold Hofmann**

Elected: April 2010



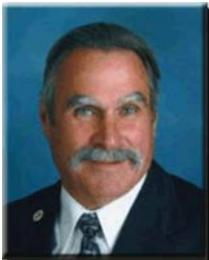
**Mayor Pro Tem
Robert Pullen-Miles**

Elected: April 2008



**Councilmember
Larry Rudolph**

Elected: April 2010



**Councilmember
Pat Kearney**

Elected: April 2010



**Councilmember
Jim Osborne**

Elected: April 2008

City Clerk Paula Hartwill
Elected: April 2010

■ CENTRAL MANAGEMENT TEAM

Interim City Manager: Dayle Keller
Director of Finance/City Treasurer: Ken Louie
Director of Public Works: Marlene Miyoshi
Assistant City Clerk: Pam Giamario
Deputy City Manager: Otis Ginoza
Director of Community Services: Vacant

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the 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, 2010, 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 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 also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, 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 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, 2010, and the respective changes in financial position, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2011 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

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

The accompanying Required Supplementary Information, including Management's Discussion and Analysis and other information as listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the Required Supplementary Information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The accompanying supplementary information, as listed in the table of contents, is presented for purpose of additional analysis and is not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken 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.

Caporicci & Larson, Inc.

Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants
Irvine, California
February 28, 2011

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, 2010. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

- The assets of the City of Lawndale exceed its liabilities, at the close of the fiscal year ended June 30, 2010, by \$52,877,922 (*total net assets*). Of this amount, \$19,468,984 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets decreased by \$2,248,493. The main increase is attributable to the increase in capital assets & governmental funds fund balances.
- As of June 30, 2010, the City's governmental funds reported combined ending fund balances of \$49,934,726 an increase of \$15,885,618 in comparison with the prior year. The increase 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 \$26,692,608 (*unreserved fund balance*) is available for spending at the government's discretion.
- As of June 30, 2010, unreserved fund balance for the General Fund was \$10,966,192 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.

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).

CITY OF LAWNSDALE, CALIFORNIA

Management's Discussion and Analysis

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.

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 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 30 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 Community Development Block Grant Special Revenue Fund, the Redevelopment Agency Capital Projects Fund and the Redevelopment Agency Debt Service Fund, all of which are considered to be major funds. Data from the other 25 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.

CITY OF LAWNSDALE, CALIFORNIA

Management's Discussion and Analysis

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.

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.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the financial statements.

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 \$52,877,922 at June 30, 2010. A large portion of the City's total net assets (48 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 (\$19,468,984 or 37 percent) may be used to meet the government's ongoing obligations to citizens and creditors.

City of Lawndale Net Assets Governmental Activities	Fiscal Year 2009-2010	Fiscal Year 2008-2009	Variance Increase (Decrease)	Percentage Increase (Decrease)
Current and other assets	\$50,766,180	\$37,728,455	\$13,037,725	35.56%
Capital assets	29,700,224	22,816,674	6,883,550	30.17%
Total assets	80,466,404	60,545,129	19,921,275	33.90%
Long-term liabilities outstanding	24,301,480	2,527,501	21,773,979	861.48%
Other liabilities	3,287,002	2,891,213	395,789	13.69%
Total liabilities	27,588,482	5,418,714	22,169,768	409.13%
Invested in capital assets, net of related debt	25,536,288	22,816,674	2,719,614	11.92%
Restricted	7,872,650	9,552,507	(1,679,857)	(17.58%)
Unrestricted	19,468,984	22,757,234	(3,288,250)	(14.45%)
Total Net Assets	52,877,922	\$55,126,415	(\$2,248,493)	(4.08%)

CITY OF LAWNDALE, CALIFORNIA

Management's Discussion and Analysis

Governmental activities. Governmental activities decreased the City's net assets by \$2,248,493.

City of Lawndale Changes in Net Assets Governmental Activities	Fiscal Year 2009-2010	Fiscal Year 2008-2009	Variance Increase (Decrease)	Percentage Increase (Decrease)
Program revenues:				
Charges for services	\$1,911,110	\$2,056,391	(\$145,281)	(7.06%)
Operating contributions and grants	137,704	76,807	60,897	79.29%
Capital contributions and grants	2,230,720	3,072,002	(841,282)	(27.39%)
General revenues:				
Property taxes	5,636,709	6,321,565	(684,856)	(10.83%)
Other taxes	9,551,906	10,263,538	(711,632)	(6.93%)
Other general revenues	1,571,797	1,313,795	258,002	19.64%
Total revenues	21,039,946	23,104,098	(2,064,152)	(8.93%)
Expenses:				
General government	3,549,207	3,422,817	126,390	3.69%
Public safety	4,757,922	4,841,606	(83,684)	(1.73%)
Municipal services	5,295,282	5,734,422	(439,140)	(7.66%)
Planning and community development	7,091,597	4,482,731	2,608,866	58.20%
Recreation and community services	1,777,022	1,563,899	213,123	13.63%
Interest and fiscal charges	817,409	362,679	454,730	125.38%
Total expenses	23,288,439	20,408,154	2,880,285	14.11%
Increase (Decrease) in Net Assets	(2,248,493)	2,695,944	(4,944,437)	(183.40%)
Net Assets - Beginning of Year, as Restated	55,126,415	52,430,471	2,695,944	5.14%
Net Assets -End of Year	\$52,877,922	\$55,126,415	(\$2,248,493)	(4.08%)

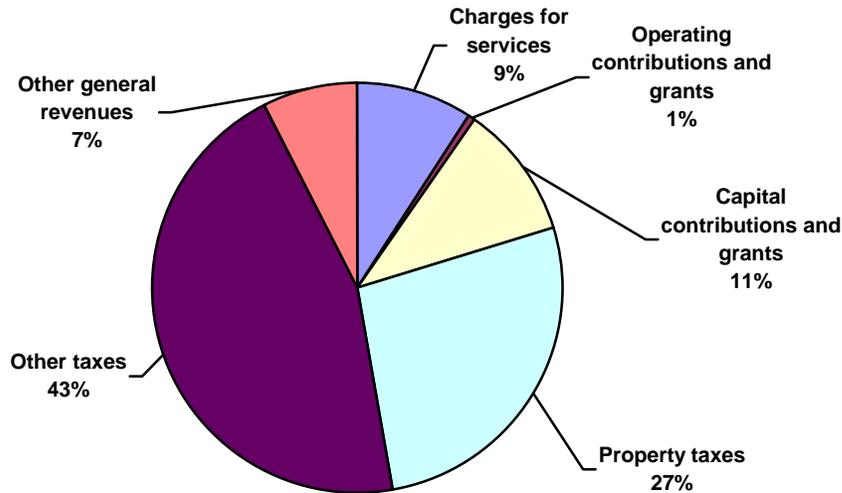
Key elements of this increase in total net assets from all activities are as follows:

- 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.
- General and Capital Projects Fund balances were depleted for additional necessary capital improvements in the current fiscal year, including the construction of Hopper Park and land purchases for the new community center.

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 \$49,934,726 an increase of \$15,885,618 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, unreserved fund balance of the General Fund was \$10,966,192 while total fund balance reached \$16,294,507. As a measure of the fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 83 percent of total General Fund expenditures, while total fund balance represents 123 percent of that same amount.

During the current fiscal year, the fund balance of the City's General fund decreased by \$737,064. The decrease in fund balance is attributable to the national economic recession as well as the City's commitment to assist in the funding of capital improvement projects.

The Debt Service Fund has a fund balance of \$20,394,395. Although the Redevelopment Agency is currently experiencing a positive cash flow scenario, it still bears a deficit Fund Balance (equity) as it has three sizable long-term debt instruments outstanding. Two of the instruments are intra-City and can be discretionarily paid and the third is to the California Infrastructure Economic Bank (CIEDB). The Agency has been making debt service payments to the CIEDB and in fiscal year 2005-06, began paying-down its internal loans.

It is important to note that the Agency issued \$20,545,000 in Tax Allocation Bonds in November 2009. The proceeds will be primarily used for the design and construction of the new Community Center as well as other CIP projects. The debt will be paid from tax increment revenue received in the Debt Service Fund.

CITY OF LAWNSDALE, CALIFORNIA

Management’s Discussion and Analysis

Capital Asset and Debt Administration

Capital assets. The City’s investment in capital assets for its governmental activities as of June 30, 2010, amounts to \$26,057,678 (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 the fiscal year 2008-09 amount of \$3,241,004.

City of Lawndale Capital Assets (Net of Depreciation) Governmental Activities	Fiscal Year 2009-2010	Fiscal Year 2008-2009	Variance Increase (Decrease)	Percentage Increase (Decrease)
Land	\$1,879,011	\$1,879,011		
Buildings and structures	4,999,787	4,522,293	477,494	10.56%
Machinery and equipment	677,590	736,708	(59,028)	(8.01%)
Improvements other than buildings	235,888	249,571	(13,683)	(5.48%)
Infrastructure	16,933,790	13,847,265	3,086,525	22.29%
Construction in progress	1,331,522	1,581,826	(250,304)	(15.82)
<i>Total</i>	26,057,678	\$22,816,674	\$3,241,004	14.20%

Long-term debt. At the end of the current fiscal year, the City of Lawndale had total debt outstanding of \$23,712,847. The City has no bonded debt or certificates of participation debt.

City of Lawndale Outstanding Debt Governmental Activities	Fiscal Year 2009-2010	Fiscal Year 2008-2009	Variance Increase (Decrease)	Percentage Increase (Decrease)
2009 Tax Allocation Bonds	\$20,545,000		\$20,545,000	
Notes Payable	2,552,438	\$1,772,859	779,579	43.97%
Compensated absences	615,409	577,813	37,596	6.51%
Total	\$23,712,847	\$2,350,672	\$21,362,175	908.77%

The City’s total debt increased by \$21,362,175 (908.77 percent) during the current fiscal year, due to Notes Payable and Compensated Absences.

State statutes limit the amount of general obligation debt a governmental entity may issue to 15 percent of its total assessed valuation. The current debt limitation for the City of Lawndale is \$274,744,551. With no general obligation debt, the City operates well within the legal limit imposed by the State.

CITY OF LAWNSDALE, CALIFORNIA

Management's Discussion and Analysis

Current Economic Factors and Future Outlook

The General Fund's main revenue sources although basically steady, have begun to stagnate due to the national economic recession. Led by Motor Vehicle In-Lieu of \$2.9 million, Sales Tax of \$2.0 million, and Utility User's Tax of \$2.1 million, this balanced trio continues to be the lion's share of the revenue.

Fiscal year 2010 was the second full year of implementation of our 5-Year Capital Improvement Plan (CIP). The \$34 million plan was approved as part of the normal budget process and represented a culmination of revenues and resources from not only the General Fund, but a multitude of special funds and grant funds. Such funds will go toward the construction of a new park, park improvements, street and sidewalk improvements and traffic signal improvements. In April of 2010, the voters resoundingly approved the expenditure of funds for a new community center. This vote was required because the City has an ordinance which states that any expenditure in excess of \$1 million for a capital project requires the vote of the people. In an effort to fund this celebrated venture, in November 2009, the Lawndale Redevelopment Agency issued tax allocation bonds (as mentioned above).

With the national and local economy in apparent disarray, Lawndale will exercise a greater level of caution as it seeks to continue carrying out the CIP. The City will further continue to seek grant funding for new projects in the interest of protecting its General Fund reserves.

Despite the gloomy national economic conditions, there is a positive feeling around the City as the mid-century modern County Library was recently completed. A true showpiece, this building has transformed the look of the civic center and will be the second of three City icons as the City begins planning for the new Community Center which will sit adjacent to the new Library and new Lucille Smith elementary school.

Though we seek growth in lean times, the City will continue to plan for adverse conditions as there are many external factors that could impair our status. Some of those external factors include:

- Volatile fuel and utility costs
- Future increases in the Los Angeles Sheriff's contract
- Continued economic downturn
- Legislative enactments that could reduce/eliminate revenue
- State budget shortfalls which could redirect local revenue

External factors are always of concern as they are not within the control of management or the City Council. Management must remain diligent and foresee potential upcoming situations that could adversely affect the organization.

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.

This page intentionally left blank.

BASIC FINANCIAL STATEMENTS

This page intentionally left blank.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

City of Lawndale
Statement of Net Assets
June 30, 2010

ASSETS	Governmental Activities
Current assets:	
Cash and investments	\$ 28,241,932
Restricted assets:	
Cash and investments	1,429,722
Cash and investments with fiscal agents	17,203,152
Receivables:	
Accounts, net	2,334,721
Interest	38,471
Loans	1,111,746
Prepaid items	406,436
Total current assets	50,766,180
Noncurrent assets:	
Land held for development	2,883,552
Deferred bond issuance costs	758,994
Capital assets:	
Nondepreciable assets	3,210,533
Depreciable assets, net	22,847,145
Total capital assets	26,057,678
Total noncurrent assets	29,700,224
Total assets	80,466,404
LIABILITIES	
Current liabilities:	
Accounts payable and accrued expenses	2,608,789
Interest payable	483,419
Deposits	194,794
Total current liabilities:	3,287,002
Noncurrent liabilities:	
Due within one year	158,138
Due in more than one year	23,217,136
Liability insurance payable	567,729
Postemployment benefit liability	358,477
Total noncurrent liabilities	24,301,480
Total liabilities	27,588,482
NET ASSETS	
Investments in capital assets, net of related debt	25,536,288
Restricted:	
Community development	3,805,441
Municipal services	3,895,282
Other purposes	171,927
Unrestricted	19,468,984
Total net assets	\$ 52,877,922

See accompanying Notes to Basic Financial Statements.

City of Lawndale
Statement of Activities and Changes in Net Assets
For the year ended June 30, 2010

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	\$ 3,549,207	\$ 839,116	\$ -	\$ -	\$ 839,116	\$ (2,710,091)
Public safety	4,757,922	577,193	137,704	93,937	808,834	(3,949,088)
Municipal services	5,295,282	123,134	-	2,025,813	2,148,947	(3,146,335)
Planning and community development	7,091,597	292,793	-	105,970	398,763	(6,692,834)
Recreation and community services	1,777,022	78,874	-	5,000	83,874	(1,693,148)
Interest and fiscal charges	817,409	-	-	-	-	(817,409)
Total governmental activities	\$ 23,288,439	\$ 1,911,110	\$ 137,704	\$ 2,230,720	\$ 4,279,534	(19,008,905)
General revenues:						
Taxes:						
Property tax - City						553,060
Property tax - Redevelopment Agency						5,083,649
Transient occupancy tax						374,111
Franchise tax						478,764
Sales tax						3,697,884
Motor vehicle in-lieu tax						2,909,581
Utility users tax						2,091,566
Investment income						399,901
Other						1,171,896
Total general revenues						16,760,412
Change in net assets						(2,248,493)
Net assets - beginning of year						55,126,415
Net assets - end of year						\$ 52,877,922

This page intentionally left blank.

FUND FINANCIAL STATEMENTS

Governmental Fund Financial Statements
Fiduciary Fund Financial Statements

This page intentionally left blank.

**GOVERNMENTAL FUND
FINANCIAL STATEMENTS**

City of Lawndale
Balance Sheet
Governmental Funds
June 30, 2010

	General Fund	Special Revenue Fund Restricted Urban Development	Capital Projects Redevelopment Agency	Debt Service Redevelopment Agency
ASSETS				
Cash and investments	\$ 12,622,434	\$ 810,116	\$ -	\$ 6,578,428
Restricted assets:				
Cash and investments	-	-	-	1,429,722
Cash and investments with fiscal agents	-	-	-	17,203,152
Receivables:				
Accounts, net	936,160	-	-	272,803
Interest	19,031	1,068	-	7,543
Loans	-	-	200,323	-
Prepaid items	406,436	-	-	-
Due from other funds	2,007,538	-	-	8,701,900
Advance to other funds	2,081,879	11,717,274	-	-
Land held for development	-	-	2,391,469	-
Total assets	\$ 18,073,478	\$ 12,528,458	\$ 2,591,792	\$ 34,193,548
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,251,330	\$ -	\$ 380,182	\$ -
Accrued wages	276,916	-	30,448	-
Due to other funds	58,124	-	8,701,900	-
Retentions payable	12,807	-	98,156	-
Deferred revenue	-	-	-	-
Deposits	179,794	-	15,000	-
Advances from other funds	-	-	-	13,799,153
Total liabilities	1,778,971	-	9,225,686	13,799,153
Fund Balances:				
Reserved for:				
UDAG unrestricted principal	2,840,000	-	-	-
Prepaid items	406,436	-	-	-
Advances to other funds	2,081,879	11,717,274	-	-
Loan receivables	-	-	200,323	-
Land held for development	-	-	2,391,469	-
Low-mod income housing	-	-	-	-
Unreserved, undesignated, reported in:				
General fund	10,966,192	-	-	-
Special revenue funds	-	811,184	-	-
Capital projects fund	-	-	(9,225,686)	-
Debt service fund	-	-	-	20,394,395
Total fund balances	16,294,507	12,528,458	(6,633,894)	20,394,395
Total liabilities and fund balances	\$ 18,073,478	\$ 12,528,458	\$ 2,591,792	\$ 34,193,548

See accompanying Notes to Basic Financial Statements.

Non-major Governmental Funds		Total
\$ 8,230,954	\$ 28,241,932	
-	1,429,722	
-	17,203,152	
	-	
1,125,758	2,334,721	
10,829	38,471	
911,423	1,111,746	
-	406,436	
-	10,709,438	
-	13,799,153	
492,083	2,883,552	
<u>\$ 10,771,047</u>	<u>\$ 78,158,323</u>	

\$ 521,128	\$ 2,152,640
28,872	336,236
1,949,414	10,709,438
8,950	119,913
911,423	911,423
-	194,794
-	13,799,153
<u>3,419,787</u>	<u>28,223,597</u>

-	2,840,000
-	406,436
-	13,799,153
-	200,323
492,083	2,883,552
3,112,654	3,112,654
-	10,966,192
3,746,523	4,557,707
-	(9,225,686)
-	20,394,395
<u>7,351,260</u>	<u>49,934,726</u>
<u>\$ 10,771,047</u>	<u>\$ 78,158,323</u>

This page intentionally left blank.

City of Lawndale
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Assets
June 30, 2010

Total Fund Balances - Total Governmental Funds \$ 49,934,726

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	32,378,831
Accumulated depreciation	(6,321,153)

Long-term notes receivable are not current financial resources and, therefore, are reported as deferred revenue in the governmental funds.	911,423
--	---------

Interest expenditures are recognized when due and, therefore, interest payable is not recorded in the governmental funds.	(483,419)
---	-----------

Liability insurance payable is not due and payable in the current period and therefore is not reported in the funds.	(567,729)
--	-----------

Postemployment benefit liability other than pensions is not due and payable in the current period and therefore is not reported in the funds.	(358,477)
---	-----------

Deferred bond issuance costs are not due and payable in the current period, and therefore, are not reported in the funds.	758,994
---	---------

Long-term liabilities, including notes, are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds payable	(20,545,000)
Bonds discount	327,573
Notes payable	(2,542,438)
Compensated absences	(615,409)

Net Assets of Governmental Activities \$ 52,877,922

City of Lawndale
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2010

	General Fund	Special Revenue Fund Restricted Urban Development	Capital Projects Redevelopment Agency	Debt Service Redevelopment Agency
REVENUES:				
Sales and use taxes	\$ 2,049,356	\$ -	\$ -	\$ -
Property tax	553,060	-	-	5,083,649
Utility user tax	2,091,566	-	-	-
Other taxes	852,875	-	-	-
Motor vehicle in-lieu tax	2,909,581	-	-	-
Licenses and permits	579,518	-	-	-
Fines and forfeitures	577,193	-	-	-
Subventions and grants	-	-	1,088	-
Use of money and property	166,990	141,365	40	52,900
Charges for services	669,110	-	-	-
Other	1,174,586	-	20,670	-
Total revenues	11,623,835	141,365	21,798	5,136,549
EXPENDITURES:				
Current:				
General government	3,228,115	-	36,485	-
Public safety	4,459,242	-	-	-
Municipal Services	2,916,807	-	-	-
Planning and community development	798,941	-	2,231,498	2,720,926
Recreation and community services	1,210,534	-	-	-
Capital outlay	592,933	-	1,286,835	-
Debt service:				
Principal retirement	-	-	-	50,521
Interest and fiscal charges	-	-	-	328,994
Cost of bond issuance	-	-	-	781,317
Total expenditures	13,206,572	-	3,554,818	3,881,758
REVENUES OVER (UNDER) EXPENDITURES	(1,582,737)	141,365	(3,533,020)	1,254,791
OTHER FINANCING SOURCES (USES):				
Transfers in	50,000	-	2,725,889	-
Transfers out	(24,427)	(50,000)	(12,091)	(2,725,889)
Long term debt issuance	820,100	-	-	20,207,792
Total other financing sources (uses)	845,673	(50,000)	2,713,798	17,481,903
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(737,064)	91,365	(819,222)	18,736,694
FUND BALANCES:				
Beginning of year	17,031,571	12,437,093	(5,814,672)	1,657,701
End of year	\$ 16,294,507	\$ 12,528,458	\$ (6,633,894)	\$ 20,394,395

See accompanying Notes to Basic Financial Statements.



Non-major Governmental	
Funds	Total
\$ 1,344,623.00	\$ 3,393,979
-	5,636,709
-	2,091,566
-	852,875
-	2,909,581
-	579,518
-	577,193
2,684,065	2,685,153
52,541	413,836
33,265	702,375
1,905	1,197,161
<u>4,116,399</u>	<u>21,039,946</u>

52,337	3,316,937
181,818	4,641,060
1,293,803	4,210,610
435,366	6,186,731
487,589	1,698,123
3,088,159	4,967,927
-	50,521
-	328,994
-	781,317
<u>5,539,072</u>	<u>26,182,220</u>

<u>(1,422,673)</u>	<u>(5,142,274)</u>
--------------------	--------------------

36,518	2,812,407
-	(2,812,407)
-	21,027,892
<u>36,518</u>	<u>21,027,892</u>

(1,386,155)	15,885,618
-------------	------------

8,737,415	34,049,108
<u>\$ 7,351,260</u>	<u>\$ 49,934,726</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, 2010

Net Change in Fund Balances - Total Governmental Funds \$ 15,885,618

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	\$ 4,967,927	
Less: Capital outlays related to repair and maintenance	<u>(817,047)</u>	
		4,150,880
Depreciation		(909,876)

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		(19,191)
New loans funded		115,518

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.

Issuance of long term debt		(21,027,892)
Deferred issuance costs		781,317
Principal repayment		50,521

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		(22,323)
Amortization of bond discount		(9,635)

Interest on long-term debt is not due and payable in the current period and, therefore, it is not reported in the funds. (456,457)

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. (37,596)

Change in liability insurance payable. (567,729)

Change in postemployment benefits liability. (181,648)

Change in Net Assets of Governmental Activities \$ (2,248,493)

FIDUCIARY FUND FINANCIAL STATEMENTS

City of Lawndale
Statement of Fiduciary Net Assets
Agency Funds
June 30, 2010

	Agency Fund
ASSETS	
Cash and investments	\$ 761,437
Accounts receivable, net	12,843
Total assets	\$ 774,280
LIABILITIES	
Due to other governments	\$ 774,280
Total liabilities	\$ 774,280

See accompanying Notes to Basic Financial Statements.

NOTES TO BASIC FINANCIAL STATEMENTS

City of Lawndale
Notes to Basic Financial Statements
For the year ended June 30, 2010

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. GASB Statement No. 14, *The Financial Reporting Entity*, defines component units as 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.

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 only activities of the Housing Authority are related to Section 8 Rental Assistance Program which is reported as an Agency Fund.

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.

City of Lawndale
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Government-Wide and Fund Financial Statements, Continued

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.

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.

City of Lawndale
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

The City reports the following major governmental funds:

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

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

The 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.

The Redevelopment Agency Debt Service Fund is used 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.

Additionally, the City reports the following fund types:

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

Fiduciary Fund - The City reports the following fiduciary fund which is excluded from the government-wide financial statements:

The Section 8 Rental Assistance Program Fund is used to account for the deposit of monies from the U.S. Department of Housing and Urban Development for the City's Housing Assistance Payment Program. The Program is administered by the Housing Authority of the County of Los Angeles, California.

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, 2010

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, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

Land Held for Development

The Lawndale Redevelopment Agency has 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.

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.

Fund Balances

Reserved fund balances generally represent those portions of fund balances that are associated with non-current or restricted assets and are not available for future appropriations. Designations of fund balance represent tentative management plans that are subject to change.

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, which are received from the county within sixty days after year-end.

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

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

City of Lawndale
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

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). Supplementary budget appropriations for all the funds aggregated \$28,513,160 (Adopted) \$48,553,947 and (Amended) for fiscal year 2009-2010.

B. Deficit Fund Balance

The following funds had deficit fund balances at June 30, 2010:

	Deficit Balance
Redevelopment Agency Capital Projects Fund	\$ (6,633,894)
Non-major Special Revenue Funds:	
Gas Tax	(228,707)
Used Oil Recycling Grant	(5,339)
Urban Parks Grant	(30,678)
State of California Bond Act of 2000 / 2002	(3,500)
Prop A Grant	(32,205)
ARRA	(348,513)
Highway Safety Improvement	(66,865)
2010 HUD EDI	(300,000)

The deficits in the capital projects and 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, 2010

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, 2010:

Fund	Amount Over Budget
Non-major Special Revenue Funds:	
Hawthorne Boulevard Maintenance	\$ 10,461
Office of Traffic and Safety Grant	14,801
Prop A Grant	32,205

3. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

Cash and investments as of June 30, 2010 are classified in the accompanying financial statements as follows:

Cash and investments:	
Governmental funds	\$ 28,241,932
Restricted cash and investments	18,632,874
Fiduciary fund	761,437
Total cash and investments	<u>\$ 47,636,243</u>

Cash and investments as of June 30, 2010 consist of the following:

Cash on hand	\$ 1,150
Cash held by County of Los Angeles	761,437
Deposits with financial institutions	922,154
Investments (Local Agency Investment Fund)	<u>27,318,628</u>
Restricted cash and investments	1,429,722
Cash and investments with fiscal agents	<u>17,203,152</u>
Total cash and investments	<u>\$ 47,636,243</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:

City of Lawndale
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

3. DETAILED NOTES ON ALL FUNDS, Continued

A. Cash and Investments, Continued

Authorized Investment Type	Maximum Maturity	Maximum Percentage or Amount of Portfolio *	Maximum Investment in One Issuer
U.S. Treasury Bills	1 year	None	None
U.S. Treasury Notes	10 years	None	None
Federal Agency Issues	N/A	None	None
Certificates of Deposit	5 years	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

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 203 days at June 30, 2010.

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.

City of Lawndale
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

3. DETAILED NOTES ON ALL FUNDS, Continued

A. Cash and Investments, Continued

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).

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.

The total amount invested by all public agencies in LAIF as of June 30, 2010, was \$23.3 billion. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2010, had a balance of \$69.4 billion. Of that amount, 5.42% was invested in medium-term and short-term structured notes and asset-backed securities. The average maturity of PMIA investments was 203 days as of June 30, 2010.

Investments in County of Los Angeles Pool

The City's investment in the County of Los Angeles Pool is stated at fair value. The method used to determine the value of participant's equity withdrawn is based on the book value which is amortized cost of the participant's percentage participation on the date of such withdrawals. The investments are managed by the County Treasury who reports investment activity to the Board on a monthly basis.

City of Lawndale
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

3. DETAILED NOTES ON ALL FUNDS, Continued

B. Long-Term Loans Receivable

The Low/Moderate Income Housing and Community Development Block Grant Special Revenue Funds, and Redevelopment Agency Capital Projects Fund 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, 2010, \$22,191 of loan repayments were received, and the City funded 10 new loans totaling \$163,614. The balance of the loans receivable outstanding at June 30, 2010 was \$1,111,746.

C. Interfund Receivables, Payables and Transfers

Individual interfund balances were as follows at June 30, 2010:

	Due From Other Funds	Due to Other Funds
General Fund	\$ 2,007,538	\$ 58,124
Redevelopment Agency Debt Service Fund	8,701,900	-
Redevelopment Agency Capital Projects Fund	-	8,701,900
Nonmajor Special Revenue Funds	-	1,949,414
Total	<u>\$ 10,709,438</u>	<u>\$ 10,709,438</u>

The balances owed to the General Fund and Redevelopment Agency Debt Service Fund are related to deficit cash balances of the Redevelopment Agency Capital Projects Fund and each of the Nonmajor Special Revenue Funds at June 30, 2010. Each fund will repay the balances in fiscal year 2010-11 when revenues are received by the funds, or through transfers from other funds.

Interfund Transfers

Transfer Out	Transfer In			Total
	General Fund	Redevelopment Agency Capital Projects Fund	Nonmajor Special Revenue Funds	
General Fund	\$ -	\$ -	\$ 24,427	\$ 24,427
Restricted Urban Development Special Revenue Fund	50,000	-	-	50,000
Redevelopment Agency Capital Projects Fund	-	-	12,091	12,091
Redevelopment Agency Debt Service Fund	-	2,725,889	-	2,725,889
Total	<u>\$ 50,000</u>	<u>\$ 2,725,889</u>	<u>\$ 36,518</u>	<u>\$ 2,812,407</u>

City of Lawndale
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

3. DETAILED NOTES ON ALL FUNDS, Continued

C. Interfund Receivables, Payables and Transfers, Continued

- (1) General fund reimbursements to nonmajor Special Revenue Grant Funds to cover negative fund deficits.
- (2) Payment of Redevelopment Agency advance to the City.
- (3) Redevelopment Agency reimbursement to nonmajor Special Revenue Grant Fund for correction of expenditures.
- (4) Redevelopment Agency purchase of property for new Community Center from the City.

Advances To/From Other Funds

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, not to exceed \$500,000. 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. The loan was renewed April 1, 1996, with deferred interest on the principal of 7% compounded quarterly. The Agency repaid the principal amount of \$500,000 on July 1, 2006. For the current year the total interest paid was \$50,000 and tax increment revenues were \$5,083,649. At June 30, 2010, the balance of \$983,165 represents 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 return that the City would have received on its investment if the City had not invested its monies in the Redevelopment Agency. The interest rate on the loan is subject to change on a quarterly basis based on changes of interest rate fluctuations per the Local Agency Investment Fund, which is the City's only investment. The effective rate at June 30, 2010 was 0.53%. 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, 2010, the outstanding balance was \$10,734,109 of which \$3,734,109 represents accrued interest.

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

In December 2009, the City entered into an agreement with the Lawndale Redevelopment Agency to fund \$980,000 for the purchase of a mobile home on Manhattan Beach Boulevard. The annual interest rate on the interagency loan is 5%. At June 30, 2010, the outstanding balance was \$1,008,583 of which \$28,583 represents accrued interest.

City of Lawndale
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

3. DETAILED NOTES ON ALL FUNDS, Continued

C. Interfund Receivables, Payables and Transfers, Continued

On December 7, 2009, the Lawndale Redevelopment 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 approximates 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 will be repaid by the Agency out of excess tax increment funds. At June 30, 2010, the outstanding balance was \$942,058 of which \$30,058 represents accrued interest.

The total advances outstanding at June 30, 2010 was \$13,799,153.

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
Long-term advances	\$ 11,762,219	\$ 2,086,934	\$ (50,000)	\$ 13,799,153

The following schedule summarizes the balance of advances by fund at June 30, 2010:

	Advances to Other Funds	Advances From Other Funds
General Fund	\$ 2,081,879	\$ -
Restricted Urban Development Special Revenue Fund	11,717,274	-
Redevelopment Agency Debt Service Fund	-	13,779,153
Total	13,799,153	13,779,153

City of Lawndale
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

3. DETAILED NOTES ON ALL FUNDS, Continued

D. Capital Assets

A summary of changes in the capital assets activity for the year ended June 30, 2010 is as follows:

	Governmental Activities				Balance June 30, 2010
	Balance July 1, 2009	Additions	Deletions	Transfers	
Capital assets, not being depreciated:					
Land	\$ 1,879,011	\$ -	\$ -	\$ -	\$ 1,879,011
Construction-in-progress	1,581,826	1,167,427	-	(1,417,731)	1,331,522
Total capital assets, not being depreciated	<u>3,460,837</u>	<u>1,167,427</u>	<u>-</u>	<u>(1,417,731)</u>	<u>3,210,533</u>
Capital assets, being depreciated:					
Buildings and structures	5,702,848	618,943	-	-	6,321,791
Improvements other than buildings	437,904	-	-	-	437,904
Vehicles, machinery and equipment	1,765,115	80,736	(37,500)	-	1,808,351
Infrastructure	16,898,747	2,283,774	-	1,417,731	20,600,252
Total capital assets, being depreciated	<u>24,804,614</u>	<u>2,983,453</u>	<u>(37,500)</u>	<u>1,417,731</u>	<u>29,168,298</u>
Less accumulated depreciation for:					
Buildings and structures	(1,180,555)	(141,449)	-	-	(1,322,004)
Improvements other than buildings	(188,333)	(13,683)	-	-	(202,016)
Vehicles, machinery and equipment	(1,028,407)	(139,764)	37,500	-	(1,130,671)
Infrastructure	(3,051,482)	(614,980)	-	-	(3,666,462)
Total accumulated depreciation	<u>(5,448,777)</u>	<u>(909,876)</u>	<u>37,500</u>	<u>-</u>	<u>(6,321,153)</u>
Total depreciable assets, net	<u>19,355,837</u>	<u>2,073,577</u>	<u>-</u>	<u>-</u>	<u>22,847,145</u>
Governmental activities capital assets, net	<u>\$ 22,816,674</u>	<u>\$ 3,241,004</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,057,678</u>

Depreciation expense was charged to functions/programs of governmental activities for the fiscal year ended June 30, 2010 as follows:

Governmental Activities	
General government	\$ 52,447
Public safety	13,429
Municipal services	668,132
Planning and community development	168,506
Recreation and community services	7,362
Total depreciation expense - governmental activities	<u>\$ 909,876</u>

City of Lawndale
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

3. DETAILED NOTES ON ALL FUNDS, Continued

E. Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2010:

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010	Classification	
					Due Within One Year	Due More Than One Year
Governmental Activities:						
2009 Tax allocation bonds	\$ -	\$ 20,545,000	\$ -	\$ 20,545,000	\$ -	\$ 20,545,000
Bond discount	-	(337,208)	9,635	(327,573)	(9,635)	(317,938)
Notes payable	1,772,859	830,100	(50,521)	2,552,438	82,173	2,470,265
Compensated absences	577,813	377,533	(339,937)	615,409	85,600	529,809
Total	\$ 2,350,672	\$ 21,415,425	\$ (380,823)	\$ 23,385,274	\$ 158,138	\$ 23,227,136

F. Bonds Payable

On November 1, 2009, the Lawndale Redevelopment 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. The loan is secured solely by future tax increment revenues allocated to the Agency. As of June 30, 2010, principal and interest remaining was \$46,476,125. For the current year, principal and interest paid and total tax increment revenue were \$0 and \$0, 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, 2010, interest rate range from 2% to 5.6%, is as follows:

Year Ending June 30,	Principal	Interest	Total
2011	\$ -	\$ 1,064,550	\$ 1,064,550
2012	240,000	1,062,150	1,302,150
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
2016-2020	1,430,000	5,064,819	6,494,819
2021-2025	1,760,000	4,722,725	6,482,725
2026-2030	2,275,000	4,201,312	6,476,312
2031-2035	3,350,000	3,452,350	6,802,350
3036-2040	4,655,000	2,340,388	6,995,388
2041-2045	6,085,000	872,437	6,957,437
Total	\$ 20,545,000	\$ 25,931,125	\$ 46,476,125

City of Lawndale
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

3. DETAILED NOTES ON ALL FUNDS, Continued

G. 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. 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, 2010, principal and interest remaining was \$2,503,641 . For the current year, principal and interest paid and total tax increment revenue were \$114,309 and \$5,083,649, respectively. The debt service schedule for the notes payable, assuming the June 30, 2010, interest rate of 3.65%, is as follows:

Year Ending June 30,	Principal	Interest	Total
2011	\$ 52,365	\$ 61,910	\$ 114,275
2012	54,277	59,964	114,241
2013	56,258	57,946	114,204
2014	58,311	55,855	114,166
2015	60,439	53,688	114,127
2016-2020	336,943	233,061	570,004
2021-2025	403,091	165,706	568,797
2026-2030	482,224	85,128	567,352
2031-2032	218,431	8,044	226,475
Total	\$ 1,722,339	\$ 781,302	\$ 2,503,641

Facility Lease and Site Lease Note

On February 1, 2010, the City of Lawndale entered into a Facility and Site Lease Agreement with the California Infrastructure and Economic Development Bank (CIEDB). The CIEDB agreed to loan the Agency an amount, \$830,100, to be used by the City for the lease of the maintenance office building and a portion of the land located at 4722 Manhattan Beach Blvd., Lawndale, California. As of June 30, 2010, principal and interest remaining was \$1,138,432 . For the current year, principal and interest paid and total tax increment revenue were \$0 and \$5,083,649, respectively. The debt service schedule for the note payable, assuming the June 30, 2010, interest rate of 3.35%, is as follows:

Year Ending June 30,	Principal	Interest	Total
2011	\$ 29,808	\$ 27,310	\$ 57,118
2012	30,807	26,294	57,101
2013	31,839	25,244	57,083
2014	32,906	24,159	57,065
2015	34,008	23,039	57,047
2016-2020	187,912	97,026	284,938
2021-2025	221,568	62,805	284,373
2026-2030	261,252	22,455	283,707
Total	\$ 830,100	\$ 308,332	\$ 1,138,432

City of Lawndale
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

3. DETAILED NOTES ON ALL FUNDS, Continued

H. *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, 2010, the outstanding balance is \$615,409.

I. *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 2009-2010 was 10.76% 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, 2010

3. DETAILED NOTES ON ALL FUNDS, Continued

I. City Employees Retirement Plan, Continued

Annual Pension Cost

For Fiscal Year 2009-2010, the City's annual pension cost was \$398,066 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
6/30/2008	\$ 355,378	100%	\$ -
6/30/2009	409,102	100%	-
6/30/2010	398,066	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 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.

J. 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 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.

City of Lawndale
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

3. DETAILED NOTES ON ALL FUNDS, Continued

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

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 2009-2010, the City's annual pension cost (APC) of \$60,371, 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, 2010 was \$695,477. The required contribution was determined as part of the July 1, 2007, 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 3.25%. Currently, five 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
6/30/2009	\$ 57,712	100%	\$ -
6/30/2010	60,371	100%	-

The funded status based on the July 1, 2010 actuarial valuation is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	Unfunded Actuarial Liability as a % of Payroll
6/30/2010	\$ 123,476	\$ 220,468	\$ (96,992)	56.0%	\$ 695,477	-13.9%

City of Lawndale
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

3. DETAILED NOTES ON ALL FUNDS, Continued

K. 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 59 eligible active employees and 16 enrolled eligible retirees at June 30, 2010. 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, 2009, the City's contribution rate was \$4,561 (100%) per each retiree. For the year ended June 30, 2010, the City contributed \$68,157 to the plan.

Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) not to exceed thirty years.

The Annual Required Contribution (ARC) as of June 30, 2010, was \$249,805. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

	<u>June 30, 2010</u>
Annual required contribution	\$ 249,805
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	<u>249,805</u>
Contributions made	<u>(68,157)</u>
Increase in net OPEB obligation	181,648
Net OPEB obligation - beginning of year	176,829
Net OPEB obligation - end of year	<u>\$ 358,477</u>

City of Lawndale
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

3. DETAILED NOTES ON ALL FUNDS, Continued

K. Other Post-Retirement Health Care Benefits, Continued

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of the year ended June 30, 2010, as follows:

Fiscal Year Ended	Annual OPEB Costs	Annual Contribution	% of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2009	\$ 249,805	\$ 72,976	29%	\$ 176,829
6/30/2010	249,805	68,157	27%	358,477

Funding Status and Progress

As of June 1, 2008, the most recent valuation date, the actuarial accrued liability for benefits was \$2.13 million, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$2.13 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.

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.

City of Lawndale
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

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 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.

City of Lawndale
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

4. RISK MANAGEMENT, Continued

B. Self-Insurance Programs of the Authority, Continued

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.

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.

City of Lawndale
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2010

5. PROPOSITION 1A BORROWING BY THE STATE OF CALIFORNIA

Under the provisions of Proposition 1A and as part of the 2009-10 budget package passed by the California state legislature on July 28, 2009, the State of California borrowed 8% of the amount of property tax revenue, including those property taxes associated with the in-lieu motor vehicle license fee, the triple flip in lieu sales tax, and supplemental property tax, apportioned to cities, counties and special districts (excluding redevelopment agencies). The state is required to repay this borrowing plus interest by June 30, 2013. After repayment of this initial borrowing, the California legislature may consider only one additional borrowing within a ten-year period. The amount of this borrowing pertaining to the City was \$364,002.

Authorized with the 2009-10 State budget package, the Proposition 1A Securitization Program was instituted by the California Statewide Communities Development Authority ("California Communities"), a joint powers authority sponsored by the California State Association of Counties and the League of California Cities, to enable local governments to sell their Proposition 1A receivables to California Communities. Under the Securitization Program, California Communities simultaneously purchased the Proposition 1A receivables and issued bonds ("Prop 1A Bonds") to provide local agencies with cash proceeds in two equal installments, on January 15, 2010 and May 3, 2010. The purchase price paid to the local agencies equaled 100% of the amount of the property tax reduction. All transaction costs of issuance and interest were paid by the State of California. Participating local agencies have no obligation on the bonds and no credit exposure to the State. The City participated in the securitization program and accordingly property taxes have been recorded in the same manner as if the State had not exercised its rights under Proposition 1A. The receivable sale proceeds were equal to the book value and, as a result, no gain or loss was recorded.

6. 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. Construction began in July 2010.

As of June 30, 2010, 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.

7. SUBSEQUENT EVENTS

Redevelopment Agency funds have been estimated for a takeaway by the State of California. This decision was litigated by the California Redevelopment Association and other parties with the hope that this would be considered unconstitutional. The court's decision is currently being appealed and the results have not yet been determined. The 2009 -10 payment was \$1,460,413 and it is anticipated another \$300,385 will need to be submitted if the ruling is not overturned.

**REQUIRED SUPPLEMENTARY
INFORMATION (Unaudited)**

City of Lawndale
Required Supplementary Information (Unaudited)
For the year ended June 30, 2010

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). Supplementary budget appropriations for all the funds aggregated \$28,513,160 (Adopted) \$48,553,947 (Amended) for fiscal year 2009-2010.

City of Lawndale
Required Supplementary Information (Unaudited), Continued
For the year ended June 30, 2010

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	\$ 2,348,000	\$ 2,073,000	\$ 2,049,356	\$ (23,644)
Property tax	945,000	545,000	553,060	8,060
Utility user tax	2,040,000	2,040,000	2,091,566	51,566
Other taxes	1,000,000	1,000,000	852,875	(147,125)
Motor vehicle in-lieu tax	2,872,880	2,785,430	2,909,581	124,151
Licenses and permits	641,080	595,500	579,518	(15,982)
Fines and forfeitures	697,000	697,000	577,193	(119,807)
Use of money and property	514,000	239,000	166,990	(72,010)
Charges for services	775,665	745,665	669,110	(76,555)
Other	643,900	1,555,220	1,174,586	(380,634)
Total revenues	12,477,525	12,275,815	11,623,835	(651,980)
EXPENDITURES:				
Current:				
General government	2,812,524	2,923,589	3,228,115	(304,526)
Public safety	4,548,270	4,548,270	4,459,242	89,028
Municipal services	3,010,361	3,195,909	2,916,807	279,102
Planning and community development	800,218	925,087	798,941	126,146
Recreation and community services	1,218,362	1,197,462	1,210,534	(13,072)
Capital outlay	570,000	2,421,007	592,933	1,828,074
Total expenditures	12,959,735	15,211,324	13,206,572	2,004,752
REVENUES OVER UNDER EXPENDITURES	(482,210)	(2,935,509)	(1,582,737)	1,352,772
OTHER FINANCING SOURCES:				
Transfer in	-	-	50,000	50,000
Transfer out	-	-	(24,427)	(24,427)
Long term debt issuance	-	-	820,100	820,100
Total other financing sources	-	-	845,673	845,673
Net change in fund balance	(482,210)	(2,935,509)	(737,064)	2,198,445
FUND BALANCE				
Beginning of year	17,031,571	17,031,571	17,031,571	-
End of year	\$ 16,549,361	\$ 14,096,062	\$ 16,294,507	\$ 2,198,445

City of Lawndale
Required Supplementary Information (Unaudited), Continued
For the year ended June 30, 2010

1. BUDGETARY INFORMATION, Continued

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	\$ 340,000	\$ 340,000	\$ 141,365	\$ (198,635)
Total revenues	340,000	340,000	141,365	(198,635)
OTHER FINANCING SOURCES:				
Transfer out	-	-	(50,000)	(50,000)
Total other financing sources	-	-	(50,000)	(50,000)
Net change in fund balance	340,000	340,000	91,365	(248,635)
FUND BALANCE				
Beginning of year	12,437,093	12,437,093	12,437,093	-
End of year	\$ 12,777,093	\$ 12,777,093	\$ 12,528,458	\$ (248,635)

City of Lawndale
Required Supplementary Information (Unaudited), Continued
For the year ended June 30, 2010

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	Actuarial Accrued Liability	Unfunded AAL	Funded Ratio	Annual Covered Payroll	(Unfunded) Actuarial Liability as Percentage of Covered Payroll
6/30/2010	\$ 123,476	\$ 220,468	\$ (96,992)	56.0%	\$ 695,477	(13.9)%
6/30/2009	-	62,593	(62,593)	0.0%	695,477	(9.0)%
6/30/2008	-	88,452	(88,452)	0.0%	542,747	(16.3)%

3. OTHER POST EMPLOYMENT BENEFITS

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date*	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded UAAL	Funded Ratio	Annual Covered Payroll	(Unfunded) Actuarial Liability as Percentage of Covered Payroll
6/30/2009	\$ 358,477	\$ 2,126,923	\$ (1,768,446)	16.9%	\$ 834,758	(211.9)%

* Only plan year information available

This page intentionally left blank.

SUPPLEMENTARY INFORMATION

This page intentionally left blank.

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, 2010

	Final	Actual	Variance with Final Budget Positive/ (Negative)
REVENUES:			
Subventions and grants	\$ -	\$ 1,088	\$ 1,088
Use of money and property	10,800	40	(10,760)
Other	-	20,670	20,670
Total revenues	10,800	21,798	10,998
EXPENDITURES:			
Current:			
General government	40,000	36,485	3,515
Planning and community development	4,906,801	2,231,498	2,675,303
Capital outlay	6,607,598	1,286,835	5,320,763
Total expenditures	11,554,399	3,554,818	7,999,581
REVENUES OVER (UNDER) EXPENDITURES	(11,543,599)	(3,533,020)	8,010,579
OTHER FINANCING SOURCES:			
Transfers in	-	2,725,889	2,725,889
Transfers out	(10,356)	(12,091)	(1,735)
Total other financing sources	(10,356)	2,713,798	2,724,154
Net change in fund balances	(11,553,955)	(819,222)	10,734,733
FUND BALANCE:			
Beginning of year	(5,814,672)	(5,814,672)	-
End of year	\$ (17,368,627)	\$ (6,633,894)	\$ 10,734,733

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, 2010

	Final	Actual	Variance with Final Budget Positive/ (Negative)
REVENUES:			
Property taxes	\$ 4,021,663	\$ 5,083,649	\$ 1,061,986
Use of money and property	200,000	52,900	(147,100)
Total revenues	4,221,663	5,136,549	914,886
EXPENDITURES:			
Current:			
Planning and community development	2,462,410	2,720,926	(258,516)
Debt service:			
Principal retirement	50,530	50,521	9
Interest and fiscal charges	119,110	328,994	(209,884)
Cost of bond issuance	1,094,820	781,317	313,503
Total expenditures	3,726,870	3,881,758	(154,888)
REVENUES OVER (UNDER) EXPENDITURES	494,793	1,254,791	759,998
OTHER FINANCING SOURCES:			
Transfers out	(833,890)	(2,725,889)	(1,891,999)
Long term debt issuance	20,540,000	20,207,792	(332,208)
Total other financing sources	19,706,110	17,481,903	(2,224,207)
Net change in fund balances	20,200,903	18,736,694	(1,464,209)
FUND BALANCE:			
Beginning of year	1,657,701	1,657,701	-
End of year	\$ 21,858,604	\$ 20,394,395	\$ (1,464,209)

NON-MAJOR GOVERNMENTAL FUNDS

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

Gas Tax Fund

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

Air Quality Fund

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

TDA Article 3 Local Transportation Fund

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

Traffic Congestion Relief AB2928 Fund

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

Sewer Reconstruction Fund

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

Proposition A & C Local Transit Assistance Funds

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

State Transit Program (Local) Fund

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

Narcotics Forfeiture Fund

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

State COPS Grant Fund

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

NON-MAJOR GOVERNMENTAL FUNDS

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

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.

Urban Parks Grant Fund

To account for the resources generated by a fee imposed on new dwelling construction and certain remodeling of dwellings.

Office of Traffic and Safety Grant Fund

To account for funds received in connection with conducting DUI checkpoints to reduce hit and run fatalities and injury collisions.

Department of Conservation Grant Fund

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

County Specified Grant Fund

remodeling of dwellings.

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.

NON-MAJOR GOVERNMENTAL FUNDS

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.

Economic Development Initiative Fund

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

Cons Appr Act of 05 Grant Fund

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

Roberti 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.

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

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

ARRA

To account for funds for road and street infrastructure improvements.

Highway Safety Improvement Program

To account for funds for road and street infrastructure improvements.

CDBG-R

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

2010 HUD EDI

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

City of Lawndale
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2010

	Gas Tax	Air Quality	TDA Article 3 Local Transportation	Traffic Congestion Relief AB2928	Sewer Reconstruction
ASSETS					
Cash and investments	\$ -	\$ 22,210	\$ -	\$ 259,358	\$ 125,012
Receivables:					
Accounts, net	25,683	10,215	46,122	84,247	-
Interest	-	21	-	271	-
Loans receivable	-	-	-	-	-
Land held for development	-	-	-	-	-
Total assets	\$ 25,683	\$ 32,446	\$ 46,122	\$ 343,876	\$ 125,012
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 64,511	\$ -	\$ -	\$ 7,284	\$ -
Accrued wages	16,166	-	-	-	696
Due to other funds	171,213	-	41,510	-	-
Retentions payable	2,500	-	4,612	3,396	-
Deferred revenue	-	-	-	-	-
Total liabilities	254,390	-	46,122	10,680	696
Fund Balances:					
Reserved for:					
Land held for development	-	-	-	-	-
Low-mod income housing	-	-	-	-	-
Unreserved:					
Undesignated	(228,707)	32,446	-	333,196	124,316
Total fund balances	(228,707)	32,446	-	333,196	124,316
Total liabilities and fund balances	\$ 25,683	\$ 32,446	\$ 46,122	\$ 343,876	\$ 125,012

Proposition A Local Transit Assistance	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
\$ 903,102	\$ 1,978,953	\$ 11,054	\$ 25,017	\$ 96,869	\$ 16,110	\$ -	\$ -
-	-	-	-	7,548	-	36,203	-
1,210	2,624	15	33	137	-	-	-
-	-	-	-	-	-	317,397	-
-	-	-	-	-	-	-	-
<u>\$ 904,312</u>	<u>\$ 1,981,577</u>	<u>\$ 11,069</u>	<u>\$ 25,050</u>	<u>\$ 104,554</u>	<u>\$ 16,110</u>	<u>\$ 353,600</u>	<u>\$ -</u>
\$ 59,680	\$ 95	\$ -	\$ -	\$ 18,000	\$ -	\$ 5,490	\$ -
3,633	5,108	-	-	-	-	1,346	-
-	-	-	-	-	-	26,387	5,339
-	-	-	-	-	-	2,980	-
-	-	-	-	-	-	317,397	-
<u>63,313</u>	<u>5,203</u>	<u>-</u>	<u>-</u>	<u>18,000</u>	<u>-</u>	<u>353,600</u>	<u>5,339</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
840,999	1,976,374	11,069	25,050	86,554	16,110	-	(5,339)
<u>840,999</u>	<u>1,976,374</u>	<u>11,069</u>	<u>25,050</u>	<u>86,554</u>	<u>16,110</u>	<u>-</u>	<u>(5,339)</u>
<u>\$ 904,312</u>	<u>\$ 1,981,577</u>	<u>\$ 11,069</u>	<u>\$ 25,050</u>	<u>\$ 104,554</u>	<u>\$ 16,110</u>	<u>\$ 353,600</u>	<u>\$ -</u>

(Continued)

City of Lawndale
Combining Balance Sheet
Non-Major Governmental Funds, Continued
June 30, 2010

	Lawndale Cable Usage Corporation	Hawthorne Boulevard Maintenance	Urban Parks Grant	Office of Traffic and Safety Grant	Department of Conversation Grant
ASSETS					
Cash and investments	\$ -	\$ 703,571	\$ -	\$ -	\$ 35,860
Receivables:					
Accounts, net	8,467	-	-	-	5,000
Interest	-	945	-	-	-
Loans receivable	-	-	-	-	-
Land held for development	-	-	-	-	-
Total assets	\$ 8,467	\$ 704,516	\$ -	\$ -	\$ 40,860
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 90	\$ 35,543	\$ -	\$ -	\$ -
Accrued wages	1,923	-	-	-	-
Due to other funds	6,454	-	30,678	-	-
Retentions payable	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Total liabilities	8,467	35,543	30,678	-	-
Fund Balances:					
Reserved for:					
Land held for development	-	-	-	-	-
Low-mod income housing	-	-	-	-	-
Unreserved:					
Undesignated	-	668,973	(30,678)	-	40,860
Total fund balances	-	668,973	(30,678)	-	40,860
Total liabilities and fund balances	\$ 8,467	\$ 704,516	\$ -	\$ -	\$ 40,860

County Specified Grant	Low - Moderate Income Housing	State of California Bond Act of 2000/2002	Justice Assisted Grant	Park Development	Economic Development Initiative	Cons Appr Act of 05 Grant	Robert Zberg Harris
\$ -	\$ 3,164,146	\$ -	\$ 67,500	\$ 4,831	\$ -	\$ -	\$ 1,176
-	-	-	-	-	-	-	-
-	4,776	-	105	6	-	-	-
-	594,026	-	-	-	-	-	-
-	492,083	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 4,255,031</u>	<u>\$ -</u>	<u>\$ 67,605</u>	<u>\$ 4,837</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,176</u>
\$ -	\$ 50,050	\$ 3,500	\$ 23,392	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	4,972	-	-	-	10,120	-
-	6,218	(4,972)	-	-	-	(10,120)	1,176
-	594,026	-	-	-	-	-	-
-	650,294	3,500	23,392	-	-	-	1,176
-	492,083	-	-	-	-	-	-
-	3,112,654	-	-	-	-	-	-
-	-	(3,500)	44,213	4,837	-	-	-
-	3,604,737	(3,500)	44,213	4,837	-	-	-
<u>\$ -</u>	<u>\$ 4,255,031</u>	<u>\$ -</u>	<u>\$ 67,605</u>	<u>\$ 4,837</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,176</u>

(Continued)

City of Lawndale
Combining Balance Sheet
Non-Major Governmental Funds, Continued
June 30, 2010

	Prop 1 B	Prop A Grant	Metro STP-L	Measure R	ARRA
ASSETS					
Cash and investments	\$ 115,969	\$ -	\$ 487,065	\$ 213,151	\$ -
Receivables:					
Accounts, net	-	100,000	-	-	638,487
Interest	102	-	428	156	-
Loans receivable	-	-	-	-	-
Land held for development	-	-	-	-	-
Total assets	\$ 116,071	\$ 100,000	\$ 487,493	\$ 213,307	\$ 638,487
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 253,493	\$ -	\$ -
Accrued wages	-	-	-	-	-
Due to other funds	-	131,628	-	-	987,000
Retentions payable	6,045	577	-	-	-
Deferred revenue	-	-	-	-	-
Total liabilities	6,045	132,205	253,493	-	987,000
Fund Balances:					
Reserved for:					
Land held for development	-	-	-	-	-
Low-mod income housing	-	-	-	-	-
Unreserved:					
Undesignated	110,026	(32,205)	234,000	213,307	(348,513)
Total fund balances	110,026	(32,205)	234,000	213,307	(348,513)
Total liabilities and fund balances	\$ 116,071	\$ 100,000	\$ 487,493	\$ 213,307	\$ 638,487



Highway Safety Improvement	CDBG - R	2010 HUD EDI	Total
\$ -	\$ -	\$ -	\$ 8,230,954
68,984	94,802	-	1,125,758
-	-	-	10,829
-	-	-	911,423
-	-	-	492,083
<u>\$ 68,984</u>	<u>\$ 94,802</u>	<u>\$ -</u>	<u>\$ 10,771,047</u>

\$ -	\$ -	\$ -	\$ 521,128
-	-	-	28,872
139,311	94,802	300,000	1,949,414
(3,462)	-	-	8,950
-	-	-	911,423
<u>135,849</u>	<u>94,802</u>	<u>300,000</u>	<u>3,419,787</u>

-	-	-	492,083
-	-	-	3,112,654
(66,865)	-	(300,000)	3,746,523
<u>(66,865)</u>	<u>-</u>	<u>(300,000)</u>	<u>7,351,260</u>
<u>\$ 68,984</u>	<u>\$ 94,802</u>	<u>\$ -</u>	<u>\$ 10,771,047</u>

(Concluded)

City of Lawndale
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the year ended June 30, 2010

	Gas Tax	Air Quality	TDA Article 3 Local Transportation	Traffic Congestion Relief AB2928	Sewer Reconstruction
REVENUES:					
Sales and use taxes	\$ 563,922	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-	-
Subventions and grants	-	38,036	46,123	303,905	-
Use of money and property	199	34	-	1,092	-
Charges for services	-	-	-	-	-
Miscellaneous	1,360	-	-	-	-
Total revenues	565,481	38,070	46,123	304,997	-
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Municipal services	868,601	2,038	-	-	34,571
Planning and community development	-	-	-	-	-
Recreation and community services	-	-	-	-	-
Capital outlay	34,558	-	46,123	134,375	-
Total expenditures	903,159	2,038	46,123	134,375	34,571
REVENUES OVER (UNDER) EXPENDITURES	(337,678)	36,032	-	170,622	(34,571)
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(337,678)	36,032	-	170,622	(34,571)
FUND BALANCES:					
Beginning of year	108,971	(3,586)	-	162,574	158,887
End of year	\$ (228,707)	\$ 32,446	\$ -	\$ 333,196	\$ 124,316

Proposition A Local Transit Assistance	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
\$ 426,719	\$ 353,982	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	123,192	-	456,658	8,410
5,925	12,513	69	156	598	-	-	-
276	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
432,920	366,495	69	156	123,790	-	456,658	8,410
-	-	-	-	-	-	-	-
-	-	-	-	108,000	-	-	-
-	177,310	-	-	3,240	-	-	640
-	-	-	-	-	-	108,697	-
487,589	-	-	-	-	-	-	-
-	146,407	-	-	-	-	347,961	-
487,589	323,717	-	-	111,240	-	456,658	640
(54,669)	42,778	69	156	12,550	-	-	7,770
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(54,669)	42,778	69	156	12,550	-	-	7,770
895,668	1,933,596	11,000	24,894	74,004	16,110	-	(13,109)
\$ 840,999	\$ 1,976,374	\$ 11,069	\$ 25,050	\$ 86,554	\$ 16,110	\$ -	\$ (5,339)

(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, 2010

	Lawndale Cable Usage Corporation	Hawthorne Boulevard Maintenance	Urban Parks Grant	Office of Traffic and Safety Grant	Department of Conversation Grant
REVENUES:					
Sales and use taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-	-
Subventions and grants	-	-	-	14,512	5,000
Use of money and property	-	4,986	-	-	-
Charges for services	32,989	-	-	-	-
Miscellaneous	545	-	-	-	-
Total revenues	33,534	4,986	-	14,512	5,000
EXPENDITURES:					
Current:					
General government	52,337	-	-	-	-
Public safety	-	-	-	14,801	-
Municipal services	9,442	197,961	-	-	-
Planning and community development	-	-	-	-	-
Recreation and community services	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	61,779	197,961	-	14,801	-
REVENUES OVER (UNDER) EXPENDITURES	(28,245)	(192,975)	-	(289)	5,000
OTHER FINANCING SOURCES (USES):					
Transfers in	24,138	-	-	289	-
Total other financing sources (uses)	24,138	-	-	289	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(4,107)	(192,975)	-	-	5,000
FUND BALANCES:					
Beginning of year	4,107	861,948	(30,678)	-	35,860
End of year	\$ -	\$ 668,973	\$ (30,678)	\$ -	\$ 40,860

County Specified Grant	Low - Moderate Income Housing	State of California Bond Act of 2000/2002	Justice Assisted Grant	Park Development	Economic Development Initiative	Cons Appr Act of 05 Grant	Robert Zberg Harris
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	11,735	-	93,937	-	-	111,331	105,971
-	23,059	-	144	56	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	34,794	-	94,081	56	-	111,331	105,971
-	-	-	-	-	-	-	-
-	-	-	59,017	-	-	-	-
-	-	-	-	-	-	-	-
-	326,669	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	3,500	-	-	-	-	-
-	326,669	3,500	59,017	-	-	-	-
-	(291,875)	(3,500)	35,064	56	-	111,331	105,971
-	12,091	-	-	-	-	-	-
-	12,091	-	-	-	-	-	-
-	(279,784)	(3,500)	35,064	56	-	111,331	105,971
-	3,884,521	-	9,149	4,781	-	(111,331)	(105,971)
\$ -	\$ 3,604,737	\$ (3,500)	\$ 44,213	\$ 4,837	\$ -	\$ -	\$ -

(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, 2010

	Prop 1 B	Prop A Grant	Metro STP-L	Measure R	ARRA
REVENUES:					
Sales and use taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-	-
Subventions and grants	-	350,000	-	212,983	638,487
Use of money and property	1,351	-	2,035	324	-
Charges for services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	1,351	350,000	2,035	213,307	638,487
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Municipal services	-	-	-	-	-
Planning and community development	-	-	-	-	-
Recreation and community services	-	-	-	-	-
Capital outlay	477,051	127,040	253,494	-	987,000
Total expenditures	477,051	127,040	253,494	-	987,000
REVENUES OVER (UNDER) EXPENDITURES	(475,700)	222,960	(251,459)	213,307	(348,513)
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(475,700)	222,960	(251,459)	213,307	(348,513)
FUND BALANCES:					
Beginning of year	585,726	(255,165)	485,459	-	-
End of year	\$ 110,026	\$ (32,205)	\$ 234,000	\$ 213,307	\$ (348,513)

Highway Safety Improvement	CDBG-R	2010 HUD EDI	Total
\$ -	\$ -	\$ -	\$ 1,344,623
-	-	-	-
68,984	94,801	-	2,684,065
-	-	-	52,541
-	-	-	33,265
-	-	-	1,905
68,984	94,801	-	4,116,399
-	-	-	52,337
-	-	-	181,818
-	-	-	1,293,803
-	-	-	435,366
-	-	-	487,589
135,849	94,801	300,000	3,088,159
135,849	94,801	300,000	5,539,072
(66,865)	-	(300,000)	(1,422,673)
-	-	-	36,518
-	-	-	36,518
(66,865)	-	(300,000)	(1,386,155)
-	-	-	8,737,415
\$ (66,865)	\$ -	\$ (300,000)	\$ 7,351,260

(Concluded)

City of Lawndale

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

Gas Tax

For the year ended June 30, 2010

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive/ (Negative)
REVENUES:			
Sales and use taxes	\$ 566,000	\$ 563,922	\$ (2,078)
Use of money and property	4,250	199	(4,051)
Other	-	1,360	1,360
Total revenues	<u>570,250</u>	<u>565,481</u>	<u>(4,769)</u>
EXPENDITURES:			
Current:			
Municipal services	1,035,257	868,601	166,656
Capital outlay	255,415	34,558	220,857
Total expenditures	<u>1,290,672</u>	<u>903,159</u>	<u>387,513</u>
Net change in fund balance	(720,422)	(337,678)	382,744
FUND BALANCES:			
Beginning of year	108,971	108,971	-
End of year	<u>\$ (611,451)</u>	<u>\$ (228,707)</u>	<u>\$ 382,744</u>

City of Lawndale

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

Air Quality

For the year ended June 30, 2010

	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
REVENUES:			
Subventions and grants	\$ 65,200	\$ 38,036	\$ (27,164)
Use of money and property	-	34	34
Total revenues	65,200	38,070	(27,130)
EXPENDITURES:			
Current:			
Municipal services	60,900	2,038	58,862
Capital outlay	2,104	-	2,104
Total expenditures	63,004	2,038	60,966
Net change in fund balance	2,196	36,032	33,836
FUND BALANCE:			
Beginning of year	(3,586)	(3,586)	-
End of year	\$ (1,390)	\$ 32,446	\$ 33,836

City of Lawndale

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

TDA Article 3 Local Transportation

For the year ended June 30, 2010

	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
REVENUES:			
Subventions and grants	\$ 66,216	\$ 46,123	\$ (20,093)
Total revenues	<u>66,216</u>	<u>46,123</u>	<u>(20,093)</u>
EXPENDITURES:			
Capital outlay	67,144	46,123	21,021
Total expenditures	<u>67,144</u>	<u>46,123</u>	<u>21,021</u>
Net change in fund balance	(928)	-	928
FUND BALANCE:			
Beginning of year	-	-	-
End of year	<u>\$ (928)</u>	<u>\$ -</u>	<u>\$ 928</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, 2010

	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
REVENUES:			
Subventions and grants	\$ 296,400	\$ 303,905	\$ 7,505
Use of money and property	3,600	1,092	(2,508)
Total revenues	300,000	304,997	4,997
EXPENDITURES:			
Capital outlay	646,527	134,375	512,152
Total expenditures	646,527	134,375	512,152
Net change in fund balance	(346,527)	170,622	517,149
FUND BALANCE:			
Beginning of year	162,574	162,574	-
End of year	\$ (183,953)	\$ 333,196	\$ 517,149

City of Lawndale

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

Sewer Reconstruction

For the year ended June 30, 2010

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive/ (Negative)
EXPENDITURES:			
Current:			
Municipal services	\$ 42,188	\$ 34,571	\$ 7,617
Total expenditures	<u>42,188</u>	<u>34,571</u>	<u>7,617</u>
Net change in fund balance	(42,188)	(34,571)	7,617
FUND BALANCE:			
Beginning of year	<u>158,887</u>	<u>158,887</u>	<u>-</u>
End of year	<u>\$ 116,699</u>	<u>\$ 124,316</u>	<u>\$ 7,617</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, 2010

	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
REVENUES:			
Sales and use taxes	\$ 545,617	\$ 426,719	\$ (118,898)
Use of money and property	23,000	5,925	(17,075)
Charges for services	300	276	(24)
Total revenues	568,917	432,920	(135,997)
EXPENDITURES:			
Current:			
Recreation and community services	588,493	487,589	100,904
Capital outlay	4,401	-	4,401
Total expenditures	592,894	487,589	105,305
Net change in fund balance	(23,977)	(54,669)	(30,692)
FUND BALANCE:			
Beginning of year	895,668	895,668	-
End of year	\$ 871,691	\$ 840,999	\$ (30,692)

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, 2010

	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
REVENUES:			
Sales and use taxes	\$ 445,272	\$ 353,982	\$ (91,290)
Use of money and property	45,850	12,513	(33,337)
Total revenues	491,122	366,495	(124,627)
EXPENDITURES:			
Current:			
Municipal services	249,912	177,310	72,602
Capital outlay	2,176,419	146,407	2,030,012
Total expenditures	2,426,331	323,717	2,102,614
Net change in fund balance	(1,935,209)	42,778	1,977,987
FUND BALANCE:			
Beginning of year	1,933,596	1,933,596	-
End of year	\$ (1,613)	\$ 1,976,374	\$ 1,977,987

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, 2010

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive/ (Negative)
REVENUES:			
Use of money and property	\$ -	\$ 69	\$ 69
Total revenues	<u>-</u>	<u>69</u>	<u>69</u>
Net change in fund balance	-	69	69
FUND BALANCE:			
Beginning of year	<u>11,000</u>	<u>11,000</u>	-
End of year	<u>\$ 11,000</u>	<u>\$ 11,069</u>	<u>\$ 69</u>

City of Lawndale

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

Narcotics Forfeiture

For the year ended June 30, 2010

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive/ (Negative)
REVENUES:			
Use of money and property	\$ 610	\$ 156	\$ (454)
Other	<u>2,000</u>	<u>-</u>	<u>(2,000)</u>
Total revenues	<u>2,610</u>	<u>156</u>	<u>(2,454)</u>
Net change in fund balance	2,610	156	(2,454)
FUND BALANCE:			
Beginning of year	<u>24,894</u>	<u>24,894</u>	<u>-</u>
End of year	<u>\$ 27,504</u>	<u>\$ 25,050</u>	<u>\$ (2,454)</u>

City of Lawndale

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

COPS Grant

For the year ended June 30, 2010

	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
REVENUES:			
Subventions and grants	\$ 100,000	\$ 123,192	\$ 23,192
Use of money and property	2,000	598	(1,402)
Total revenues	102,000	123,790	21,790
EXPENDITURES:			
Current:			
Public safety	184,240	108,000	76,240
Municipal services	11,760	3,240	8,520
Total expenditures	196,000	111,240	84,760
Net change in fund balance	(94,000)	12,550	106,550
FUND BALANCE:			
Beginning of year	74,004	74,004	-
End of year	\$ (19,996)	\$ 86,554	\$ 106,550

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, 2010

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

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, 2010

	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
REVENUES:			
Subventions and grants	\$ 601,098	\$ 456,658	\$ (144,440)
Total revenues	601,098	456,658	(144,440)
EXPENDITURES:			
Current:			
Planning and community development	226,098	108,697	117,401
Capital outlay	920,829	347,961	572,868
Total expenditures	1,146,927	456,658	690,269
Net change in fund balance	(545,829)	-	545,829
FUND BALANCE:			
Beginning of year	-	-	-
End of year	\$ (545,829)	\$ -	\$ 545,829

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, 2010

	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
REVENUES:			
Subventions and grants	\$ 8,000	\$ 8,410	\$ 410
Total revenues	8,000	8,410	410
EXPENDITURES:			
Current:			
Municipal Services	8,000	640	7,360
Total expenditures	8,000	640	7,360
Net change in fund balance	-	7,770	7,770
FUND BALANCE:			
Beginning of year	(13,109)	(13,109)	-
End of year	\$ (13,109)	\$ (5,339)	\$ 7,770

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, 2010

	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
REVENUES:			
Charges for service	\$ 66,254	\$ 32,989	\$ (33,265)
Other	1,000	545	(455)
Total revenues	67,254	33,534	(33,720)
EXPENDITURES:			
Current:			
General government	48,665	52,337	(3,672)
Municipal services	21,400	9,442	11,958
Total expenditures	70,065	61,779	8,286
REVENUES OVER (UNDER) EXPENDITURES	(2,811)	(28,245)	(25,434)
OTHER FINANCING SOURCES:			
Transfers in	-	24,138	24,138
Total other financing sources	-	24,138	24,138
Net change in fund balance	(2,811)	(4,107)	(1,296)
FUND BALANCE:			
Beginning of year	4,107	4,107	-
End of year	\$ 1,296	\$ -	\$ (1,296)

City of Lawndale

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

Hawthorne Boulevard Maintenance

For the year ended June 30, 2010

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive/ (Negative)
REVENUES:			
Use of money and property	<u>\$ 21,250</u>	<u>\$ 4,986</u>	<u>\$ (16,264)</u>
Total revenues	<u>21,250</u>	<u>4,986</u>	<u>(16,264)</u>
EXPENDITURES:			
Current:			
Municipal services	<u>187,500</u>	<u>197,961</u>	<u>(10,461)</u>
Total expenditures	<u>187,500</u>	<u>197,961</u>	<u>(10,461)</u>
Net change in fund balance	(166,250)	(192,975)	(26,725)
FUND BALANCE:			
Beginning of year	<u>861,948</u>	<u>861,948</u>	<u>-</u>
End of year	<u>\$ 695,698</u>	<u>\$ 668,973</u>	<u>\$ (26,725)</u>

City of Lawndale

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

Urban Parks Grant

For the year ended June 30, 2010

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive/ (Negative)
FUND BALANCE:			
Beginning of year	<u>\$ (30,678)</u>	<u>\$ (30,678)</u>	<u>\$ -</u>
End of year	<u><u>\$ (30,678)</u></u>	<u><u>\$ (30,678)</u></u>	<u><u>\$ -</u></u>

City of Lawndale

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

Office of Traffic and Safety Grant

For the year ended June 30, 2010

	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
REVENUES:			
Subventions and grants	\$ -	\$ 14,512	\$ 14,512
Total revenues	-	14,512	14,512
EXPENDITURES:			
Current:			
Public safety	-	14,801	(14,801)
Total expenditures	-	14,801	(14,801)
REVENUES OVER (UNDER) EXPENDITURES	-	(289)	(289)
OTHER FINANCING SOURCES:			
Transfers in	-	289	289
Total other financing sources	-	289	289
Net change in fund balance	-	-	-
FUND BALANCE:			
Beginning of year	-	-	-
End of year	\$ -	\$ -	\$ -

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, 2010

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive/ (Negative)
REVENUES:			
Subventions and grants	\$ -	\$ 5,000	\$ 5,000
Total revenues	<u>-</u>	<u>5,000</u>	<u>5,000</u>
Net change in fund balance	-	5,000	5,000
FUND BALANCE:			
Beginning of year	35,860	35,860	-
End of year	<u>\$ 35,860</u>	<u>\$ 40,860</u>	<u>\$ 5,000</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, 2010

	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
REVENUES:			
Property taxes	\$ 1,005,415.00	\$ -	\$ (1,005,415)
Subventions and grants	-	11,735	11,735
Use of money and property	90,800.00	23,059	(67,741)
Total revenues	1,096,215	34,794	(1,061,421)
EXPENDITURES:			
Current:			
Planning and community development	3,350,480	326,669	3,023,811
Total expenditures	3,350,480	326,669	3,023,811
REVENUES OVER (UNDER) EXPENDITURES	(2,254,265)	(291,875)	1,962,390
OTHER FINANCING SOURCES:			
Transfers in	-	12,091	12,091
Total other financing sources	-	12,091	12,091
Net change in fund balance	(2,254,265)	(279,784)	1,974,481
FUND BALANCE:			
Beginning of year	3,884,521	3,884,521	-
End of year	\$ 1,630,256	\$ 3,604,737	\$ 1,974,481

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, 2010

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive/ (Negative)
EXPENDITURES:			
Capital outlay	\$ 13,616	\$ 3,500	\$ 10,116
Total expenditures	<u>13,616</u>	<u>3,500</u>	<u>10,116</u>
Net change in fund balance	(13,616)	(3,500)	10,116
FUND BALANCE:			
Beginning of year	-	-	-
End of year	<u>\$ (13,616)</u>	<u>\$ (3,500)</u>	<u>\$ 10,116</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, 2010

	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
REVENUES:			
Subventions and grants	\$ 117,802	\$ 93,937	\$ (23,865)
Use of money and property	300	144	(156)
Total revenues	118,102	94,081	(24,021)
EXPENDITURES:			
Current:			
Public safety	104,124	59,017	45,107
Total expenditures	104,124	59,017	45,107
Net change in fund balance	13,978	35,064	21,086
FUND BALANCE:			
Beginning of year	9,149	9,149	-
End of year	\$ 23,127	\$ 44,213	\$ 21,086

City of Lawndale

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

Park Development

For the year ended June 30, 2010

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive/ (Negative)
REVENUES:			
Use of money and property	\$ 1,500	\$ 56	\$ (1,444)
Charges for services	<u>1,500</u>	<u>-</u>	<u>(1,500)</u>
Total revenues	<u>3,000</u>	<u>56</u>	<u>(2,944)</u>
Net change in fund balance	3,000	56	(2,944)
FUND BALANCE:			
Beginning of year	<u>4,781</u>	<u>4,781</u>	<u>-</u>
End of year	<u>\$ 7,781</u>	<u>\$ 4,837</u>	<u>\$ (2,944)</u>

City of Lawndale

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

Cons Appr Act of 05 Grant

For the year ended June 30, 2010

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive/ (Negative)
REVENUES:			
Subventions and grants	\$ -	\$ 111,331	\$ 111,331
Total revenues	<u>-</u>	<u>111,331</u>	<u>111,331</u>
Net change in fund balance	-	111,331	111,331
FUND BALANCE:			
Beginning of year	(111,331)	(111,331)	-
End of year	<u>\$ (111,331)</u>	<u>\$ -</u>	<u>\$ 111,331</u>

City of Lawndale

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

Roberti Zberg Harris

For the year ended June 30, 2010

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive/ (Negative)
REVENUES:			
Subventions and grants	\$ -	\$ 105,971	\$ 105,971
Total revenues	<u>-</u>	<u>105,971</u>	<u>105,971</u>
Net change in fund balance	-	105,971	105,971
FUND BALANCE:			
Beginning of year	(105,971)	(105,971)	-
End of year	<u>\$ (105,971)</u>	<u>\$ -</u>	<u>\$ 105,971</u>

City of Lawndale

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

Prop 1 B

For the year ended June 30, 2010

	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
REVENUES:			
Use of money and property	\$ 12,800	\$ 1,351	\$ (11,449)
Total revenues	<u>12,800</u>	<u>1,351</u>	<u>(11,449)</u>
EXPENDITURES:			
Capital outlay	575,594	477,051	98,543
Total expenditures	<u>575,594</u>	<u>477,051</u>	<u>98,543</u>
Net change in fund balance	(562,794)	(475,700)	87,094
FUND BALANCE:			
Beginning of year	585,726	585,726	-
End of year	<u>\$ 22,932</u>	<u>\$ 110,026</u>	<u>\$ 87,094</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, 2010

	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
REVENUES:			
Subventions and grants	\$ -	\$ 350,000	\$ 350,000
Total revenues	-	350,000	350,000
EXPENDITURES:			
Capital outlay	94,835	127,040	(32,205)
Total expenditures	94,835	127,040	(32,205)
Net change in fund balance	(94,835)	222,960	317,795
FUND BALANCE:			
Beginning of year	(255,165)	(255,165)	-
End of year	<u>\$ (350,000)</u>	<u>\$ (32,205)</u>	<u>\$ 317,795</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, 2010

	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
REVENUES:			
Subventions and grants	\$ 420,000	\$ -	\$ (420,000)
Use of money and property	-	2,035	2,035
Total revenues	420,000	2,035	(417,965)
EXPENDITURES:			
Capital outlay	420,000	253,494	166,506
Total expenditures	420,000	253,494	166,506
Net change in fund balance	-	(251,459)	(251,459)
FUND BALANCE:			
Beginning of year	485,459	485,459	-
End of year	\$ 485,459	\$ 234,000	\$ (251,459)

City of Lawndale

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

Measure R

For the year ended June 30, 2010

	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
REVENUES:			
Subventions and grants	\$ 168,733	\$ 212,983	\$ 44,250
Use of money and property	-	324	324
Total revenues	168,733	213,307	44,574
EXPENDITURES:			
Current:			
Planning and community development	61,000	-	61,000
Capital outlay	107,733	-	107,733
Total expenditures	168,733	-	168,733
Net change in fund balance	-	213,307	213,307
FUND BALANCE:			
Beginning of year	-	-	-
End of year	\$ -	\$ 213,307	\$ 213,307

City of Lawndale

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

ARRA

For the year ended June 30, 2010

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive/ (Negative)</u>
REVENUES:			
Subventions and grants	<u>\$ -</u>	<u>\$ 638,487</u>	<u>\$ 638,487</u>
Total revenues	<u>-</u>	<u>638,487</u>	<u>638,487</u>
EXPENDITURES:			
Capital outlay	<u>1,010,000</u>	<u>987,000</u>	<u>23,000</u>
Total expenditures	<u>1,010,000</u>	<u>987,000</u>	<u>23,000</u>
Net change in fund balance	<u>(1,010,000)</u>	<u>(348,513)</u>	<u>661,487</u>
FUND BALANCE:			
Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
End of year	<u>\$ (1,010,000)</u>	<u>\$ (348,513)</u>	<u>\$ 661,487</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, 2010

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive/ (Negative)</u>
REVENUES:			
Subventions and grants	<u>\$ -</u>	<u>\$ 68,984</u>	<u>\$ 68,984</u>
Total revenues	<u>-</u>	<u>68,984</u>	<u>68,984</u>
EXPENDITURES:			
Capital outlay	<u>223,830</u>	<u>135,849</u>	<u>87,981</u>
Total expenditures	<u>223,830</u>	<u>135,849</u>	<u>87,981</u>
Net change in fund balance	<u>(223,830)</u>	<u>(66,865)</u>	<u>156,965</u>
FUND BALANCE:			
Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
End of year	<u>\$ (223,830)</u>	<u>\$ (66,865)</u>	<u>\$ 156,965</u>

City of Lawndale

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

CDBG-R

For the year ended June 30, 2010

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive/ (Negative)</u>
REVENUES:			
Subventions and grants	<u>\$ -</u>	<u>\$ 94,801</u>	<u>\$ 94,801</u>
Total revenues	<u>-</u>	<u>94,801</u>	<u>94,801</u>
EXPENDITURES:			
Capital outlay	<u>132,000</u>	<u>94,801</u>	<u>37,199</u>
Total expenditures	<u>132,000</u>	<u>94,801</u>	<u>37,199</u>
Net change in fund balance	<u>(132,000)</u>	<u>-</u>	<u>132,000</u>
FUND BALANCE:			
Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
End of year	<u>\$ (132,000)</u>	<u>\$ -</u>	<u>\$ 132,000</u>

City of Lawndale

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

2010 HUD EDI

For the year ended June 30, 2010

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive/ (Negative)</u>
EXPENDITURES:			
Capital outlay	300,000	300,000	-
Total expenditures	<u>300,000</u>	<u>300,000</u>	<u>-</u>
Net change in fund balance	(300,000)	(300,000)	-
FUND BALANCE:			
Beginning of year	-	-	-
End of year	<u>\$ (300,000)</u>	<u>\$ (300,000)</u>	<u>\$ -</u>

This page intentionally left blank.

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.

AGENCY FUNDS

Section 8 Rental Assistance Program Fund

This fund is used to account for the deposit of monies from the Federal Department of Housing and Urban Development for the City's Housing Assistance Payment Program authorized under the United States Housing Act of 1937, with the objective of providing decent, safe, and sanitary housing for eligible families pursuant to Section 8 of the Act. The Program is administered by the Housing Authority of the County of Los Angeles, California.

City of Lawndale
Statement of Changes in Assets and Liabilities - Agency Funds
June 30, 2010

	Balance July 1, 2009	Addition	Deductions	Balance June 30, 2010
Assets:				
Cash and investments	\$ 598,287	\$ 1,778,053	\$ (1,614,903)	\$ 761,437
Accounts receivable, net	7,651	12,843	(7,651)	12,843
Total assets	\$ 605,938	\$ 1,790,896	\$ (1,622,554)	\$ 774,280
Liabilities:				
Due to other governments	\$ 605,938	\$ 774,280	\$ (605,938)	\$ 774,280
Total liabilities	\$ 605,938	\$ 774,280	\$ (605,938)	\$ 774,280

STATISTICAL SECTION

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

Table of Contents

	<u>Page</u>
These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.	114
These schedules contain information to help the reader assess the city's most significant local revenue source, the property tax.	118
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.	122
These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place.	127
These schedules contain service and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it performs.	129

City of Lawndale
Net Assets by Component
Last Three Fiscal Years
(accrual basis of accounting)

	2008	2009	2010
Governmental activities:			
Invested in capital assets, net of related debt	\$ 20,933,963	\$ 22,816,674	\$ 26,057,678
Restricted	7,856,975	9,552,507	7,351,260
Unrestricted	23,639,533	22,757,234	19,468,984
Total primary government net assets	<u>\$ 52,430,471</u>	<u>\$ 55,126,415</u>	<u>\$ 52,877,922</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 Lawndale
Changes in Net Assets
Last Three Fiscal Years
(accrual basis of accounting)

	<u>2008</u>	<u>2009</u>	<u>2010</u>
Expenses:			
Governmental activities:			
General government	\$ 3,485,632	\$ 3,422,817	\$ 3,549,207
Public safety	4,765,368	4,841,606	4,757,922
Municipal services	3,865,148	5,734,422	5,295,282
Community development	5,351,549	4,482,731	7,091,597
Recreation and community services	1,635,332	1,563,899	1,777,022
Interest and fiscal charges	589,002	362,679	817,409
Total Primary Government Expenses	<u>19,692,031</u>	<u>20,408,154</u>	<u>23,288,439</u>
Program Revenues:			
Governmental activities:			
Charges for services:			
General government	787,712	800,969	839,116
Public safety	776,842	622,823	577,193
Planning and community development	271,779	494,481	292,793
Other activities	148,256	138,118	202,008
Operating grants and contributions	108,086	76,807	137,704
Capital grants and contributions	2,281,805	3,072,002	2,230,720
Total Primary Government	<u>4,374,480</u>	<u>5,205,200</u>	<u>4,279,534</u>
Program Revenues	<u>4,374,480</u>	<u>5,205,200</u>	<u>4,279,534</u>
Total net revenues (expenses)	(15,317,551)	(15,202,954)	(19,008,905)
General Revenues and Other Changes in Net Assets:			
Governmental activities:			
Taxes:			
Property tax, levied for general purpose	1,040,634	1,052,038	553,060
Property tax, Redevelopment			
Agency tax increment	4,658,285	5,269,527	5,083,649
Transient occupancy taxes	557,274	474,874	374,111
Franchise tax	797,021	513,893	478,764
Sales tax	4,326,972	4,025,805	3,697,884
Motor vehicle in lieu tax	2,887,207	2,988,042	2,909,581
Utility users tax	2,135,388	2,260,924	2,091,566
Other taxes	-		
Investment income	1,746,387	955,121	399,901
Other	169,891	358,674	1,171,896
Total Primary Government	<u>18,319,059</u>	<u>17,898,898</u>	<u>16,760,412</u>
Primary Government Changes in Net Assets	<u>\$ 3,001,508</u>	<u>\$ 2,695,944</u>	<u>\$ (2,248,493)</u>

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

City of Lawndale
Fund Balances of Governmental Funds
Last Three Fiscal Years
(modified accrual basis of accounting)

	<u>2007</u>	<u>2008</u>	<u>2010</u>
General fund:			
Reserved	\$ 3,152,238	\$ 3,471,915	\$ 5,328,315
Unreserved	14,840,892	13,559,656	10,966,192
Total General Fund	<u>\$ 17,993,130</u>	<u>\$ 17,031,571</u>	<u>\$ 16,294,507</u>
All other governmental funds:			
Reserved	\$ 16,446,414	\$ 17,665,317	\$ 17,713,480
Unreserved, undesignated:			
Special revenue funds	4,899,303	5,144,103	4,557,707
Capital projects funds	(4,919,550)	(7,449,584)	(9,025,363)
Debt service	(1,226,749)	1,657,701	20,394,395
Total All Other Governmental Funds	<u>\$ 15,199,418</u>	<u>\$ 17,017,537</u>	<u>\$ 33,640,219</u>

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

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

	2008	2009	2010
Revenues:			
Sales and use taxes	\$ 4,326,972	\$ 4,025,805	\$ 3,393,979
Utility user tax	2,135,388	2,260,924	2,091,566
Other taxes	6,736,622	7,310,332	6,489,584
Motor vehicle in-lieu	2,887,207	2,988,042	2,909,581
Licenses and permits	615,866	632,599	579,518
Fines and forfeitures	776,842	622,823	577,193
Subventions and grants	2,381,805	2,866,737	2,685,153
Use of money and property	1,772,108	955,121	413,836
Charges for services	899,657	800,969	702,375
Miscellaneous	156,752	469,334	1,197,161
Total revenues	<u>22,689,219</u>	<u>22,932,686</u>	<u>21,039,946</u>
Expenditures			
Current:			
General government	3,344,310	3,131,735	3,316,937
Public safety	4,744,132	4,825,791	4,641,060
Municipal services	4,207,438	4,146,429	4,210,610
Planning and community development	5,213,030	3,959,836	6,186,731
Recreation and community services	1,611,861	1,543,562	1,698,123
Capital outlay	1,406	4,056,611	4,967,927
Debt service:			
Principal retirement	79,449	48,742	50,521
Interest and fiscal charges	590,530	363,420	328,994
Cost of bond issuance			781,317
Total expenditures	<u>19,792,156</u>	<u>22,076,126</u>	<u>26,182,220</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,897,063</u>	<u>856,560</u>	<u>(5,142,274)</u>
Other financing sources (uses):			
Proceeds from long-term debt	-		21,027,892
Transfers in	540,166	1,307,887	2,812,407
Transfers out	<u>(540,166)</u>	<u>(1,307,887)</u>	<u>(2,812,407)</u>
Total other financing sources (uses)	-		
Net change in fund balances	<u>\$ 2,897,063</u>	<u>\$ 856,560</u>	<u>\$ 15,885,618</u>
Debt service as a percentage of noncapital expenditures	3.4%	2.0%	4.4%

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

City of Lawndale
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		
2001	970,315,650	21,681,349	16,770,894	1,008,767,893	1.000%
2002	1,024,233,772	23,485,188	16,770,894	1,064,489,854	1.000%
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%

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

	<u>2009</u>	<u>2010</u>
City direct rates:		
City basic rate:	1.00000	1.00000
Overlapping rates:		
Elementary Schools	0.04815	0.04760
High Schools	0.09667	0.10324
Community College	0.01703	0.01487
Metro Water District	<u>0.00430</u>	<u>0.00430</u>
 Total Direct Rate	 <u><u>1.16615</u></u>	 <u><u>1.17001</u></u>

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 Lawndale
Principal Property Tax Payers
Current Year and Nine Years Ago**

Taxpayer	2010		2001	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Lawndale Market Place LLC	\$ 11,471,837	0.62%	N/A	N/A
SCP Limited Partnership	8,323,200	0.45%	N/A	N/A
Lawndale LLC	7,144,445	0.38%	N/A	N/A
Baytower Corporate Center	6,710,840	0.36%	6,067,724	0.62%
Fariba Tabibi	6,462,878	0.35%	N/A	N/A
Rich Lawndale LLC	6,361,611	0.34%	N/A	N/A
Ban Development LLC	6,270,091	0.34%	N/A	N/A
SBP Enterprises	5,907,987	0.32%	N/A	N/A
Satnaam Investments Inc	5,560,537	0.30%	4,567,976	0.46%
Mario and Maria Alvarez	5,517,950	0.30%	N/A	N/A
Totals	\$ 69,731,376	3.75%	42,903,348	N/A

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

Source: HdL Coren & Cone

City of Lawndale
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
2000	\$ 550,891	\$ 580,310	105.34%	\$ 29,419	\$ 533,347	96.82%
2001	577,489	623,165	107.91%	45,676	577,489	100.00%
2002	657,777	659,693	100.29%	1,916	625,833	95.14%
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%	22,386	730,619	103.07%
2006	763,620	733,412	96.04%	N/A	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%	N/A	N/A	N/A

Source: Los Angeles County Auditor Controller's Office

City of Lawndale
Ratios of Outstanding Debt by Type
Last Four Fiscal Years

Fiscal Year Ended June 30	Governmental Activities		Total Governmental Activities	Percentage of Personal Income	Debt Per Capita ¹
	Notes Payable	Bonds Payable			
2006	\$ 1,713,997	\$	\$ 1,713,997	N/A	\$ 52
2007	1,868,627		1,868,627	N/A	56
2008	1,821,601		1,821,601	N/A	55
2009	1,772,859		1,772,859	N/A	53
2010	2,552,439	20,545,000	23,097,439	N/A	687

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

City of Lawndale
Direct and Overlapping Debt
June 30, 2010

City Assessed Valuation \$ 1,869,710,053

	<u>Percentage Applicable ¹</u>	<u>Outstanding Debt 6/30/10</u>	<u>Estimated Share of Overlapping Debt</u>
<u>Direct and Overlapping Tax and Assessment Debt:</u>			
City of Lawndale I-Bank Construction Loan	100.000%	860,000.00	-
Centinela Vly Union HS Dist 2002 Ref Bd Ser A	12.941%	\$ 16,195,000	\$ 2,095,795
Centinela Vly Union HS Dist 2004 Ref Ser A	12.941%	33,770,000	4,370,176
El Camino Com Col Dist 2002 S-2003A	2.314%	6,680,000	154,575
El Camino Com Col Dist 2005 Ref Bonds	2.314%	29,413,943	680,639
El Camino Com Col Dist 2002 Ser 2006B	2.314%	139,150,000	3,219,931
Hawthorne USD DS 1997 Series E	0.631%	7,820,000	49,344
Hawthorne S.D. DS 1997 Series B	0.631%	4,961,382	31,306
Hawthorne SD DS 1997 Series C	0.631%	3,229,844	20,380
Hawthorne Elem Sch Dist 1997 Ser D 2004 D DS	0.631%	1,492,115	9,415
Hawthorne SD 2004/2005 Series A	0.631%	7,710,061	48,650
Hawthorne S.D DS 2004 Series 2005B	0.631%	5,108,625	32,235
Hawthorne S.D DS 2004 Series C 2008	0.631%	9,036,599	57,021
Lawndale Elem Sch Dist 1998 Ser A Debt Svc	60.771%	8,010,000	4,867,757
Lawndale Elem Sch Dist 1998 Ser B Debt Svc	60.771%	11,460,000	6,964,357
Metropolitan Water District	0.159%	121,475,156	193,145
Total Overlapping Debt		<u>\$ 406,372,725</u>	<u>\$ 22,794,728</u>

Notes:

1 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.

Source: HdL Coren & Cone

City of Lawndale
Legal Debt Margin Information
Last Ten Fiscal Years

	2001	2002	2003	2004
Assessed valuation	\$ 1,008,767,893	\$ 1,064,489,854	\$ 1,117,155,134	\$ 1,203,631,338
Debt limit percentage	15%	15%	15%	15%
Debt limit	151,315,184	159,673,478	167,573,270	180,544,701
Total net debt applicable to limit:				
General obligation bonds				
Legal debt margin	\$ 151,315,184	\$ 159,673,478	\$ 167,573,270	\$ 180,544,701
Total debt applicable to the limit as a percentage of debt limit	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

Fiscal Year					
2005	2006	2007	2008	2009	2010
\$ 1,332,506,808	\$ 1,654,248,614	\$ 1,812,400,505	\$ 1,831,630,337	\$ 1,922,071,982	\$ 1,869,710,053
15%	15%	15%	15%	15%	15%
199,876,021	248,137,292	271,860,076	274,744,551	288,310,797	280,456,508
\$ 199,876,021	\$ 248,137,292	\$ 271,860,076	\$ 274,744,551	\$ 288,310,797	\$ 280,456,508
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

City of Lawndale
Pledged-Revenue Coverage
Last Two Fiscal Years

Fiscal Year Ended June 30	Tax Allocation Loan Agreement				Coverage Ratio
	Tax Increment	Debt Service			
		Principal	Interest		
2009	5,269,527	48,742	65,599	46.09	
2010	5,083,649	50,521	69,097	42.50	

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

Source: City Finance Department

City of Lawndale
Demographic and Economic Statistics
Last Ten Fiscal Years

Calendar Year	Population (1)	Personal Income (in thousands) (2)	Per Capita Personal Income (2)	Unemployment Rate (3)
2001	32,076	444,541	13,859	5.6%
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	552,218	16,529	11.5%
2010	33,641	552,218	16,529	12.1%

Sources: (1) State Department of Finance
(2) ESRI
(3) State of California Employment Development Department

**City of Lawndale
Principal Employers
Current Year and Nine Years Ago**

Employer	2010		2001	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
City of Lawndale	105	3.82%	N/A	N/A
Valu Plus Food Warehouse	72	2.62%	N/A	N/A
La Vida Medical Group Inc.	64	2.33%	N/A	N/A
McDonalds of California	54	1.96%	N/A	N/A
Big Saver Foods	53	1.93%	N/A	N/A
American Drilling Company	52	1.89%	N/A	N/A
Property Prep Inc.	50	1.82%	N/A	N/A
Carbro Corporation	49	1.78%	N/A	N/A
Smart & Final	49	1.78%	N/A	N/A
Advanced Veterinary Care Center	45	1.64%	N/A	N/A
Guitar Center Stores, Inc.	41	1.49%	N/A	N/A
El Polla Inka	40	1.45%	N/A	N/A
Spires Restaurant	38	1.38%	N/A	N/A
Wems Inc.	36	1.31%	N/A	N/A
Jenkins Edward Reality Inc.	32	1.16%	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 2001.

Source: State Department of Commerce
City of Lawndale

City of Lawndale
Full-time and Part-time City Employees
by Function
Last Ten Fiscal Years

<u>Function</u>	<u>2001</u>	<u>2002</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>
General government	39	40	34	26	34	34	37	38	41	41
Public safety	11	11	13	11	12	14	12	14	14	14
Community development	6	6	6	5	5	6	6	7	7	7
Culture and leisure	37	34	36	18	29	31	42	43	43	43
Total	<u>93</u>	<u>91</u>	<u>89</u>	<u>60</u>	<u>80</u>	<u>85</u>	<u>97</u>	<u>102</u>	<u>105</u>	<u>105</u>

Source: City Budget Office

City of Lawndale
Operating Indicators
by Function
Last Ten Fiscal Years

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Police:										
Arrests	N/A	723	612	675	716	710	753	751	760	720
Parking citations issued	N/A	N/A	N/A	14,046	16,627	16,378	19,190	19,190	15,432	13,470
Parks and recreation:										
Number of recreation classes	N/A	8	8	8	8	15	15	15	15	15
Number of facility rentals	4	4	4	4	4	4	4	4	4	4

Source: City of Lawndale

City of Lawndale
Capital Asset Statistics
by Function
Last Ten Fiscal Years

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
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	4	4	5	5
Community centers	1	1	1	1	1	1	1	1	1	1

Source: City of Lawndale

This page intentionally left blank.

**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, each major fund, and aggregated remaining fund information of the City of Lawndale (City), as of and for the year ended June 30, 2010, and have issued our report thereon dated February 28, 2011. 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

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion 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 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis.

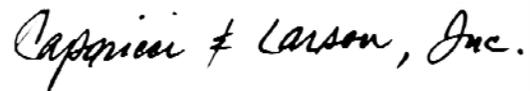
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free 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 financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly we do not express such an opinion. The results of our tests disclosed no 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 the City Council, management, 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.



Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants
Irvine, California
February 28, 2011