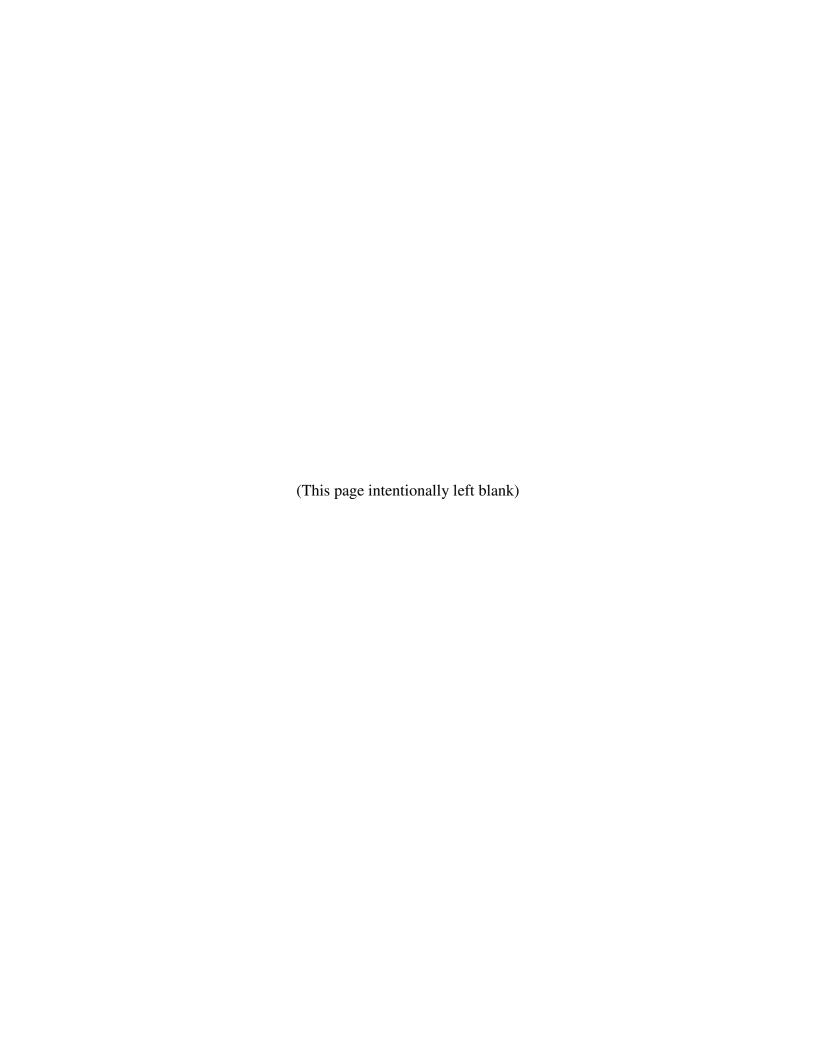
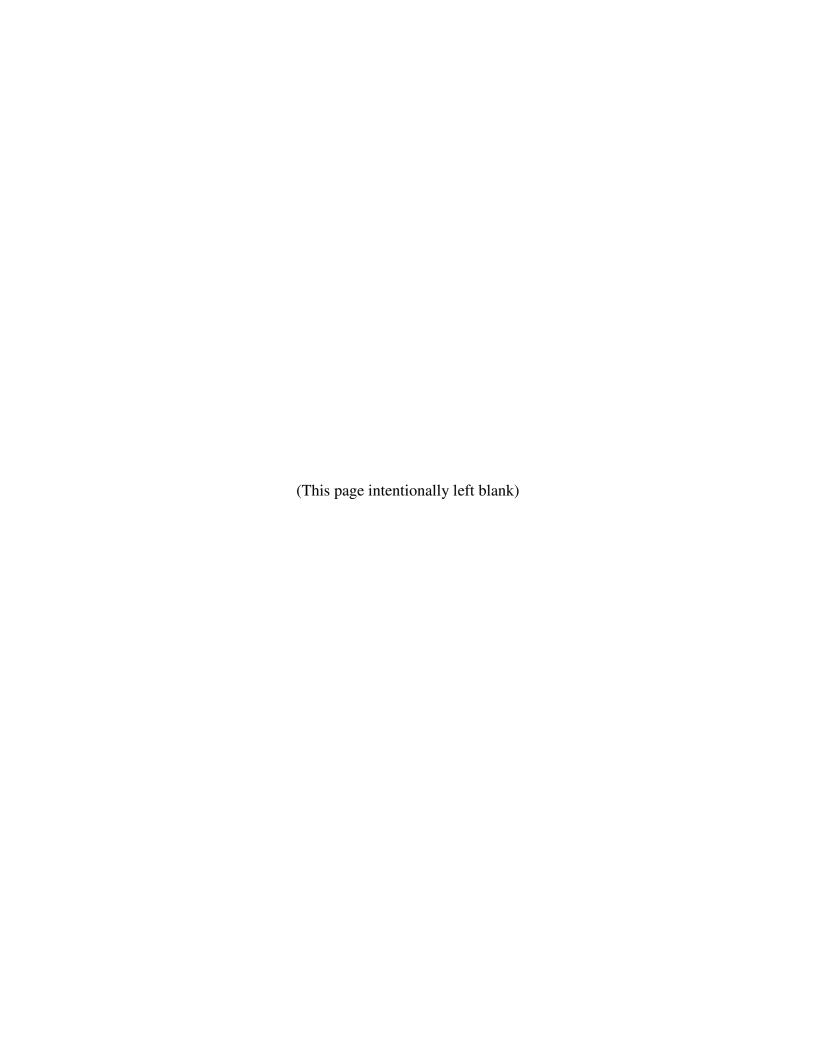
Basic Financial Statements and Supplemental Information

Year ended September 30, 2010





Basic Financial Statements and Supplemental Information

Year ended September 30, 2010

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Honorable Mayor and City Council City of Inglewood Inglewood, California

# **INDEPENDENT AUDITORS' REPORT**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Inglewood, California, as of and for the year ended September 30, 2010, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the management of the City of Inglewood. Our responsibility is to express opinions on these financial statements based on our audit. The prior year partial comparative information has been derived from the financial statements of the City of Inglewood for the year ended September 30, 2009, and in our report dated March 24, 2010, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Inglewood, California, as of September 30, 2010, and the respective changes in financial position and cash flows, where applicable, of the City of Inglewood, California for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the City will continue as a going concern. As discussed in note 19, the City has suffered substantial recurring losses in its General Fund, has a deficiency of unrestricted fund balance in its General Fund, a deficit in unrestricted net assets of the governmental funds and those funds have a lack of liquidity to liquidate obligations as they become due from unrestricted funds that raise substantial doubt about the City's ability to continue as a going concern. Management's plans in regards to these matters are also described in note 19. The financial statements do not include any adjustments relating to recoverability and classification of asset carrying amounts or the amount and classification of liabilities should the City be unable to continue as a going concern.

The City has not presented a *Management's Discussion and Analysis* that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

Honorable Mayor and City Council City of Inglewood Inglewood, California Page Two

The information identified in the accompanying table of contents as *required supplementary information* is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. 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 opinions on the financial statements that collectively comprise the City of Inglewood's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual major and nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued a report dated May 17, 2011 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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.

Mayer Hoffman McCann P.C.

Irvine, California May 17, 2011 **BASIC FINANCIAL STATEMENTS** 

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# CITY OF INGLEWOOD Statement of Net Assets September 30, 2010

	Primary Go	overnment			
	Governmental	Sovernmental Business-Type		Totals	
	Activities	Activities	2010	2009	
Assets:					
Cash and investments (note 2)	\$ 208,476,628	12,288,705	220,765,333	252,973,397	
Cash and investments with fiscal agent (note 2)	17,400,264	-	17,400,264	17,412,502	
Receivables, net allowances:	, ,				
Accounts	2,204,976	1,453,292	3,658,268	5,566,041	
Taxes	3,763,086	-	3,763,086	3,536,245	
Interest	213,516	19,323	232,839	341,750	
Notes	1,376,876	-	1,376,876	1,625,558	
Loans (note 4)	13,926,915	-	13,926,915	7,086,736	
Due from other governments (note 3)	6,378,686	-	6,378,686	10,013,624	
Inventories	91,090	-	91,090	73,617	
Deposits and prepaid items	3,101,561	-	3,101,561	7,714,610	
Land held for resale (note 7)	48,808,832	-	48,808,832	38,450,379	
Net pension asset	47,951,531	-	47,951,531	48,592,334	
Deferred charges	7,413,334	-	7,413,334	7,731,754	
Capital assets (note 6):					
Capital assets, not depreciated	93,097,050	90,598	93,187,648	94,814,041	
Capital assets, depreciated, net	76,623,006	27,876,705	104,499,711	101,199,787	
Total assets	530,827,351	41,728,623	572,555,974	597,132,375	
Liabilities:					
Accounts payable	10,931,333	777,424	11,708,757	13,369,029	
Accrued wages and benefits	2,865,012	-	2,865,012	1,832,722	
Accrued interest	17,475,240	_	17,475,240	15,120,068	
Customer deposits and funds held for others	782,642	2,015,641	2,798,283	3,018,314	
Unearned revenue	14,030,514	-	14,030,514	15,047,548	
Long-term liabilities (note 8):	, ,		, ,	, ,	
Due within one year	15,989,955	140,000	16,129,955	10,051,831	
Due within more than one year	285,264,015	493,771	285,757,786	289,240,227	
Total liabilities	347,338,711	3,426,836	350,765,547	347,679,739	
N					
Net assets:	151 506 022	27.067.202	170 562 225	107.260.776	
Invested in capital assets, net of related debt	151,596,032	27,967,303	179,563,335	187,260,776	
Restricted for:	0.42.000		0.42.000	1 001 442	
Public safety	842,098	-	842,098	1,001,443	
Transportation	8,130,861	-	8,130,861	9,932,524	
Health	2,689,226	-	2,689,226	3,474,630	
Culture and leisure	557,752	-	557,752	381,423	
Community development	57,467,124	-	57,467,124	72,253,974	
Low and moderate housing	40,086,983	10 224 404	40,086,983	39,325,363	
Unrestricted	(77,881,436)	10,334,484	(67,546,952)	(64,177,497)	
Total net assets	\$ 183,488,640	38,301,787	221,790,427	249,452,636	

See accompanying notes to basic financial statements.

#### Statement of Activities

# Year Ended September 30, 2010

	<u>-</u>	Flogram Revenues		
		Charges for	Operating Contributions	Capital Contributions
	Expenses	Services	and Grants	and Grants
Governmental activities:				
General government	\$ 21,844,021	5,795,172	-	-
Public safety	63,753,453	2,649,361	4,981,205	146,531
Transportation	19,659,361	227,045	5,877,550	25,000
Health	14,865,868	14,592,151	14,755	-
Culture and leisure	14,185,265	591,941	4,052,883	-
Community development	32,068,748	324,959	18,924,088	5,230,000
Interest expense and other charges	13,504,114			
Total governmental activities	179,880,830	24,180,629	33,850,481	5,401,531
Business-type activities:				
Water utility	17,268,111	13,602,014		
Total business-type activities	17,268,111	13,602,014		
Total primary government	\$ 197,148,941	37,782,643	33,850,481	5,401,531

# General revenues:

Taxes:

Property taxes

Sales taxes

Utility users taxes

Transient occupancy taxes

Franchise taxes

Business license taxes

Casino taxes

Other taxes

Motor vehicle in lieu, (unrestricted)

Program Revenues

Use of money and property

Other

Total general revenues

Change in net assets

Net assets at beginning of year

Net assets at end of year

# Net (Expenses) Revenues and Changes in Net Assets

Primary G		_	
Governmental	Business-type	Totals	
Activities	Activities	2010	2009
(16,048,849)	-	(16,048,849)	(15,531,644)
(55,976,356)	-	(55,976,356)	(51,024,512)
(13,529,766)	-	(13,529,766)	(11,340,983)
(258,962)	-	(258,962)	1,236,823
(9,540,441)	-	(9,540,441)	(11,189,037)
(7,589,701)	-	(7,589,701)	(9,440,473)
(13,504,114)		(13,504,114)	(13,652,280)
(116,448,189)	<del>-</del>	(116,448,189)	(110,942,106)
-	(3,666,097)	(3,666,097)	(181,812)
	(3,666,097)	(3,666,097)	(181,812)
(116,448,189)	(3,666,097)	(120,114,286)	(111,123,918)
26.420.764		26.420.764	
36,430,764	-	36,430,764	32,816,199
10,108,351	-	10,108,351	10,911,985
16,020,454	-	16,020,454	17,294,773
2,517,047	-	2,517,047	2,501,609
1,903,219	-	1,903,219	2,087,765
4,475,029	-	4,475,029	3,966,114
4,226,560	-	4,226,560	4,858,557
2,323,902	-	2,323,902	2,673,697
9,963,270	162.722	9,963,270	9,965,148
2,203,599	163,733	2,367,332	6,935,530
2,116,149	- 162 522	2,116,149	2,897,217
92,288,344	163,733	92,452,077	96,908,594
(24,159,845)	(3,502,364)	(27,662,209)	(14,215,324)
207,648,485	41,804,151	249,452,636	263,667,960
\$ 183,488,640	38,301,787	221,790,427	249,452,636

#### Governmental Funds Balance Sheet

September 30, 2010

Special Revenue Capital Project  Low	//Moderate
Fund Housing Mitigation Redevelopment I	Income Housing
Assets Assets	0.055.054
	0,055,954
Cash and investments with fiscal agent	-
Receivables, net allowances:  Accounts 380,525 - 67,040 17,994	
Taxes 2,978,726	-
Interest 46,440 - 21,581 21,211	65,477
Notes 372,986	-
2,2,00	2,225,465
Due from other governments (note 3)  - 2,389,729 -	-,,
Due from other funds (note 5) 5,067,666	_
Advances to other funds	-
Inventories 91,090	-
Deposits and prepaid items 2,126,753 974,808	-
Land held for resale (note 7)	3,070,906
Total assets \$ 25,039,562 974,808 16,556,867 41,140,370 4	5,417,802
Liabilities and Fund Balances	
Liabilities: 114 280 768 080 77 67 67 67 67 67 67 67 67 67 67 67 67	
Accounts payable \$ 5,103,507 114,289 768,080 67,661  Accrued wages and benefits 2,865,012	-
	-
Due to other funds (note 5)  Advances from other funds  - 5,049,068	-
Customer deposits and funds held for others 191,241 76,968 9,600 336,000	20,000
Deferred revenue - 14,990,791 9,000	5,310,819
	5,330,819
Fund balances:	
Reserved:	
Encumbrances 3,130,026 - 9,155,589 686,896	-
Deposits and prepaid items 2,126,753 974,808	-
Debt service	-
Inventories 91,090	-
Land held for resale 26,749,826	3,070,906
e e e e e e e e e e e e e e e e e e e	0,101,431
	6,914,646
Unreserved:	
Designated for:	
Equipment Replacement 830,389	-
Contingencies 6,428,913	-
Self-insurance - general liability 7,290,361	-
Self-insurance - worker's compensation       3,575,510       -       -       -         Accrued vacation       4,927,675       -       -       -	-
Accrued vacation 4,927,073	-
Debt service	_
Undesignated, reported in:	
General fund (16,819,641)	_
Special revenue funds - (5,240,325) (8,367,193) -	_
Capital projects funds 13,290,987	-
	0,086,983
Total liabilities and fund balances \$ 25,039,562 974,808 16,556,867 41,140,370 4	5,417,802

See accompanying notes to basic financial statements.

	Debt Service				
	Subordinate	Subordinate	Non-Major	_	
Merged	Lien 2007	Lien	Governmental	Tot	
Redevelopment	A-1, A-T	2007 A-H	Funds	2010	2009
9,669,246	67,579,006	32,452,649	25,779,561	207,941,648	235,620,291
5,896,617	6,393,109	2,362,550	2,747,988	17,400,264	17,412,502
, ,	, ,	, ,	, ,	, ,	, ,
-	-	-	1,520,624	1,986,183	3,688,197
-	-	-	784,360	3,763,086	3,536,245
22,990	1,378	648	32,274	211,999	310,539
-	-	-	1,003,890	1,376,876	1,625,558
-	-	-	1,701,450	13,926,915	7,086,736
-	-	-	3,988,957	6,378,686	10,013,624
-	-	-	-	5,067,666	5,218,105
-	-	-	-	01.000	251,894
-	-	-	-	91,090 3,101,561	73,617 7,714,126
-	-	-	-	29,820,732	27,641,399
15 500 053	73,973,493	3/1 8/15 8/17	37 550 104	291,066,706	320,192,833
15,588,853	13,913,493	34,815,847	37,559,104	291,000,700	320,192,633
731,117	_	-	3,464,273	10,248,927	10,987,746
-	-	-	-	2,865,012	1,856,141
-	-	-	18,598	5,067,666	5,218,105
-	-	-	-	-	251,894
-	-	-	148,833	782,642	1,013,358
			6,910,762	27,221,372	24,093,404
731,117			10,542,466	46,185,619	43,420,648
17,000	-	-	4,376,713	17,366,224	16,152,772
-	-	-	-	3,101,561	7,714,126
5,896,617	6,393,109	2,362,550	2,736,610	17,388,886	17,401,722
-	-	-	-	91,090	73,617
-	-	-	-	29,820,732	27,641,399
-	-	-	-	30,101,431	36,254,457
-	-	-	2,705,340	9,992,972	3,379,405
				020 200	020 200
-	-	-	-	830,389	830,389
-	-	-	-	6,428,913	7,052,956
-	-	-	-	7,290,361 3,575,510	7,115,155
-	-	-	-	4,927,675	3,673,066 4,683,239
_	_	_	_	4,925,740	4,665,744
8,944,119	67,580,384	32,453,297	190,036	109,167,836	110,096,916
_	_	_	_	(16,819,641)	814,860
-	-	_	17,007,939	3,400,421	10,343,035
-	-	-	-	13,290,987	18,879,327
14,857,736	73,973,493	34,815,847	27,016,638	244,881,087	276,772,185
15,588,853	73,973,493	34,815,847	37,559,104	291,066,706	320,192,833

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# Governmental Funds

# Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets September 30, 2010

Fund balances of governmental funds	\$ 244,881,087
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets have not been included as financial resources in governmental fund activity:	
Capital assets Accumulated depreciation	267,522,753 (98,223,806)
Long-term debt and compensated absences that have not been included in governmental fund activity:	
Bonds payable Notes payable Capital lease obligations	(238,972,226) (1,500,000) (87,604)
Net pension liability Claims payable Compensated absences Unamortized bond issuance costs	(202,000) (23,174,140) (13,003,507) 7,413,334
Accrued interest payable for the current portion of interest due on bonds payable has not been reported in the governmental funds.	(17,475,240)
Deferred revenue balances relating to certain receivables are not reported as liabilities in the Statement of Net Assets since revenue recognition is not based upon measurable and available criteria.	13,190,858
Land purchases from grant funding recorded as expenditures in the governmental funds are reported on the statement of net assets as land held for resale	18,988,100
Internal service funds are used by management to charge the costs of certain activities, such as information technology services, to individual funds. The assets and liabilities of the internal service fund is included in governmental activities in the statement of net assets:	493,993
Pension benefit contributions funded by the 2005 Taxable Pension Obligation Bonds recorded as expenditures in governmental funds are reported on the statement of net assets as prepaid assets.	47,951,531
In accordance with GASB 45, a net OPEB liability has been established for the government wide statements, as these liabilities do not impact current financial resources and are therefore not reported in governmental funds.	(24,314,493)
Net assets of governmental activities	\$ 183,488,640

See accompanying notes to basic financial statements.

# Governmental Funds

# Statement of Revenues, Expenditures and Changes in Fund Balances

# Year Ended September 30, 2010

		Special Revenue		Capital Projects	
	General Fund	Housing	Noise Mitigation	Merged Redevelopment	Low/Moderate Income Housing
Revenues:					
Taxes	\$ 56,888,790	-	-	-	-
Special assessments	=	-	-	-	-
Licenses and permits	1,043,526	-	-	-	-
Fines and forfeitures	4,096,571	-	-	-	-
Uses of money and property	808,295	-	294,396	229,513	394,610
Intergovernmental	10,318,997	8,345,693	13,159,832	-	-
Charges for services	1,636,425	-	-	324,959	-
Other revenues	461,161	425,815	240,983	64,394	97,244
Total revenues	75,253,765	8,771,508	13,695,211	618,866	491,854
Expenditures:					
General government	19,476,365	-	_	_	-
Public safety	58,951,323	-	_	_	-
Transportation	2,795,574	-	_	_	-
Health	-	-	-	-	-
Culture and leisure	10,308,162	-	-	-	-
Community development	959,746	10,495,348	21,275,630	9,943,201	582,377
Capital outlay	563,026	-	2,411	4,644	-
Debt service:	,		,	,	
Principal	-	-	-	-	-
Interest and fiscal charges	2,875				
Total expenditures	93,057,071	10,495,348	21,278,041	9,947,845	582,377
Excess (deficiency) of revenues over (under) expenditures	(17,803,306)	(1,723,840)	(7,582,830)	(9,328,979)	(90,523)
Other financing sources (uses): Transfers in (note 16)	6,036,290	442,200	-	5,000,000	4,223,307
Transfers out (note 16)	(6,547,974)	<u> </u>		(361,000)	(3,371,164)
Total other financing sources (uses)	(511,684)	442,200		4,639,000	852,143
Net change in fund balance	(18,314,990)	(1,281,640)	(7,582,830)	(4,689,979)	761,620
Fund balances (deficits) at beginning	. , , ,	, ,	. , , , ,	. , , , , ,	, -
of year	35,194,792	(2,983,877)	8,371,226	45,417,688	39,325,363
Fund balances (deficits) at end of year	\$ 16,879,802	(4,265,517)	788,396	40,727,709	40,086,983

	Debt Service				
	Subordinate	Subordinate	Non-Major		
Merged	Lien 2007	Lien	Governmental	Tot	als
Redevelopment	A-1, A-T	2007 A-H	Funds	2010	2009
21,116,535	-	-	4,636,938	82,642,263	84,585,592
-	-	-	2,848,661	2,848,661	2,830,615
-	-	-	57,831	1,101,357	1,615,821
-	-	-	259,152	4,355,723	4,257,606
141,996	13,009	17,866	324,166	2,223,851	6,480,582
-	-	-	13,999,247	45,823,769	49,100,626
-	-	-	14,609,745	16,571,129	18,831,904
			6,581	1,296,178	2,072,708
21,258,531	13,009	17,866	36,742,321	156,862,931	169,775,454
-	-	_	-	19,476,365	21,006,722
-	-	-	914,556	59,865,879	56,840,130
-	-	-	10,239,429	13,035,003	11,081,978
-	-	-	14,541,850	14,541,850	12,951,935
-	-	-	2,017,674	12,325,836	13,976,499
4,373,240	-	-	2,190,160	49,819,702	42,477,118
-	-	-	1,021,371	1,591,452	3,421,921
1,500,000	1,600,000	790,000	2,920,000	6,810,000	6,186,042
2,002,554	3,523,136	2,138,964	3,481,413	11,148,942	11,420,186
7,875,794	5,123,136	2,928,964	37,326,453	188,615,029	179,362,531
13,382,737	(5,110,127)	(2,911,098)	(584,132)	(31,752,098)	(9,587,077)
23,554	5,123,944	2,928,964	11,798,346	35,576,605	30,927,953
(14,760,177)			(10,675,290)	(35,715,605)	(30,927,953)
(14,736,623)	5,123,944	2,928,964	1,123,056	(139,000)	
(1,353,886)	13,817	17,866	538,924	(31,891,098)	(9,587,077)
16,211,622	73,959,676	34,797,981	26,477,714	276,772,185	286,359,262
14,857,736	73,973,493	34,815,847	27,016,638	244,881,087	276,772,185

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# Governmental Funds

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement Activities

Year Ended September 30, 2010

Changes in fund balances of governmental funds	\$ (31,891,098)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount by	
which capital outlay exceeded depreciation in the current period.  Expenditures for capital assets  Depreciation expense	9,837,158 (7,844,527)
Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	C 010 000
Principal payments Amortization of bond issuance costs	6,810,000 (548,135)
Accrued interest expense related to the long-term liabilities. This amount is the difference between the amount of interest paid and the amount of interest	
incurred on long-term liabilities.	(2,345,714)
To record as a revenue the net change in compensated absences in the statement of activities.	397,640
Revenues that are measurable but not available are recorded as deferred revenue under the modified accrual basis of accounting.	4,145,002
Governmental funds report land purchases from grant funds as expenditures	8,179,120
Pension benefit contributions funded by the 2005 Taxable Pension  Obligation Bonds are recorded as expenditures in the government wide statements as the principal on the liability becomes due.	(640,803)
In accordance with GASB 45, a net OPEB liability has been established for the government wide statements, as these liabilities do not impact current financial resources and are therefore not reported in governmental funds.	(9,649,179)
Internal service funds are used by management to charge the costs of certain activities, such as information technology services, to individual funds. The net revenues (expenses) of the internal services funds is reported with	(600.200)
governmental activities.	(609,309)
Changes in net assets of governmental activities	\$ (24,159,845)

See accompanying notes to basic financial statements.

# CITY OF INGLEWOOD Proprietary Funds Statement of Net Assets September 30, 2010

	Business-Type Activities Water Utility	Governmental Activities Internal Service	Tot	als
	Fund	Fund	2010	2009
Assets: Current assets:				
Cash and investments Accounts receivable	\$ 12,288,705 1,453,292	534,980 218,793	12,823,685 1,672,085	17,353,106 1,877,844
Interest receivable Prepaid items	19,323	1,517	20,840	31,211
Total current assets	13,761,320	755,290	14,516,610	19,262,645
Noncurrent assets: Capital assets (note 6): Land	90,598	-	90,598	90,598
Buildings and improvements	17,323,868	-	17,323,868	16,389,242
Machinery and equipment	2,575,668	2,322,252	4,897,920	4,897,920
Vehicles Water system	62,613 33,518,328	-	62,613 33,518,328	62,613 33,518,328
Accumulated depreciation	(25,603,772)	(1,901,143)	(27,504,915)	(26,251,189)
Total capital assets (net of				
accumulated depreciation)	27,967,303	421,109	28,388,412	28,707,512
Total noncurrent assets	27,967,303	421,109	28,388,412	28,707,512
Total assets	41,728,623	1,176,399	42,905,022	47,970,157
Liabilities: Current liabilities: Accounts payable	777,424	682,406	1,459,830	2,357,864
Deposits	2,015,641	-	2,015,641	2,004,956
Long-term liabilities, portion due within one year (note 8)	140,000		140,000	140,000
Total current liabilities	2,933,065	682,406	3,615,471	4,502,820
Noncurrent liabilities: Long-term liabilities, portion due beyond				
one year (note 8)	493,771		493,771	559,884
Total liabilities	3,426,836	682,406	4,109,242	5,062,704
Net assets: Invested in capital assets,	27.07.202	421 100	20 200 412	20 707 512
net of related debt Unrestricted	27,967,303 10,334,484	421,109 72,884	28,388,412 10,407,368	28,707,512
				14,199,941
Total net assets	\$ 38,301,787	493,993	38,795,780	42,907,453

See accompanying notes to basic financial statements.

# CITY OF INGLEWOOD Proprietary Funds

# Statement of Revenues, Expenses and Changes in Fund Net Assets

# Year Ended September 30, 2010

	Business-Type	Governmental		
	Activities	Activities		
	Water	Internal		
	Utility	Service	Tota	als
	Fund	Fund	2010	2009
Operating revenues:				
Charges for services	\$ 13,542,170	4,602,768	18,144,938	19,645,981
Other revenues	59,844		59,844	21,596
Total operating revenues	13,602,014	4,602,768	18,204,782	19,667,577
Operating expenses:				
Personnel services	3,753,023	3,338,712	7,091,735	6,957,968
Maintenance and operations	12,439,375	1,842,622	14,281,997	12,045,413
Depreciation	1,075,713	178,013	1,253,726	1,323,943
Total operating expenses	17,268,111	5,359,347	22,627,458	20,327,324
Operating income (loss)	(3,666,097)	(756,579)	(4,422,676)	(659,747)
Nonoperating revenues				
(expenses): Investment income	163,733	8,270	172,003	443,146
Income (loss) before				
transfers	(3,502,364)	(748,309)	(4,250,673)	-
Interfund transfers				
Transfers in	<del>-</del>	139,000	139,000	
Changes in net assets	(3,502,364)	(609,309)	(4,111,673)	(216,601)
Net assets at beginning of year	41,804,151	1,103,302	42,907,453	43,124,054
Net assets at end of year	\$ 38,301,787	493,993	38,795,780	42,907,453

# Proprietary Funds

# Statement of Cash Flows

# Year Ended September 30, 2010

	Business-Type Activities Water Utility	Governmental Activities Internal Service	Tot	ole.
	Fund	Fund	2010	2009
Cash flows from operating activities: Cash received from customers				
and users  Cash payments to employees for services  Cash payments to suppliers for	\$ 14,031,875 (3,819,136)	4,353,962 (3,338,712)	18,385,837 (7,157,848)	19,860,446 (5,514,393)
goods and services	(12,624,093)	(2,520,065)	(15,144,158)	(13,529,137)
Net cash provided by (used for) operating activities	(2,411,354)	(1,504,815)	(3,916,169)	816,916
Cash flows from non-capital and related financing activities:		120,000	120,000	
Cash received from other funds	<del>-</del>	139,000	139,000	
Net cash provided by (used for) non- capital and related financing activities		139,000	139,000	
Cash flows from capital and related activities:				
Acquisition of capital assets Principal payments on capital debt	(934,626)	- -	(934,626)	(757,122) (2,956)
Net cash provided by (used for) capital and related financing activities	(934,626)		(934,626)	(760,078)
Cash flows from investing activities: Interest received on investments	172,268	10,106	182,374	509,238
Net cash provided by (used for) investing activities	172,268	10,106	182,374	509,238
Net increase (decrease) in cash and cash equivalents	(3,173,712)	(1,355,709)	(4,529,421)	566,076
Cash and cash equivalents at beginning of year	15,462,417	1,890,689	17,353,106	16,787,030
Cash and cash equivalents at end of year	\$ 12,288,705	534,980	12,823,685	17,353,106

**Proprietary Funds** 

# Statement of Cash Flows

(Continued)

	Вı	Activities Water Utility Fund	Governmental Activities Internal Service Fund	Tota 2010	ls 2009
Reconciliation of operating income to net					
cash provided by operating activities: Operating income (loss) Adjustments to reconcile operating income (loss) to net cash provided by	\$	(3,666,097)	(756,579)	(4,422,676)	(659,747)
operating activities: Depreciation and amortization		1,075,713	178,013	1,253,726	1,323,943
(Increase) decrease in accounts receivable		422,159	(217,650)	204,509	123,107
(Increase) decrease in prepaid items		-	484	484	(484)
Increase (decrease) in accounts payable		(188,951)	(709,083)	(898,034)	(125,129)
Increase (decrease) in deposits		11,935	-	11,935	69,762
Increase (decrease) in compensated absences	_	(66,113)		(66,113)	85,464
Net cash provided by (used for)					
operating activities	\$	(2,411,354)	(1,504,815)	(3,916,169)	816,916

Non-cash investing, capital and related financing activities:

There were no significant noncash capital, financing, or investing activities for the year ended September 30, 2010.

# Fiduciary Funds

# Statement of Assets and Liabilities

# September 30, 2010

	Trust and Ag	gency Fund	Pension Trust Fund	
	2010	2009	2010	2009
<u>Assets</u>				
Cash and investments (note 2)	\$ 1,443,585	1,734,299	408,575	404,898
Accounts receivable			552	739
Total assets	1,443,585	1,734,299	409,127	405,637
<u>Liabilities</u>				
Accounts payable	\$ 168,110	725,936	-	-
Funds held for others	1,275,475	1,008,363		
Total liabilities	1,443,585	1,734,299		
Total Haomities	1,443,363	1,734,299		
Net Assets				
Held in trust for pension benefits	\$ -		409,127	405,637

# CITY OF INGLEWOOD

# Fiduciary Funds

# Statement of Changes in Fiduciary Net Assets

# Year Ended September 30, 2010

	Pension Trust Fund		
	2010	2009	
Additions:			
Interest	<u>\$ 3,490</u>	5,822	
Total additions	3,490	5,822	
Deductions:			
Benefits			
Total deductions			
Change in net assets	3,490	5,822	
Net assets - beginning of the year	405,637	399,815	
Net assets - end of the year	\$ 409,127	405,637	

See accompanying notes to basic financial statements.

#### Notes to Basic Financial Statements

Year ended September 30, 2010

#### (1) Summary of Significant Accounting Policies

The financial statements of the City of Inglewood, California (City) have been prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

# (a) Reporting Entity

The City is a municipal corporation governed by an elected mayor and a four-member council. As required by generally accepted accounting principles, the accompanying basic financial statements present the City of Inglewood (primary government) and its component units, entities for which the primary government is considered to be financially accountable. In accordance with GASB Statement No. 14, all of the City's component units are considered blended component units. Although legally separate entities, they are, in substance, part of the City's operations, and therefore, data from these units are combined with data of the primary government.

#### Blended Component Units

<u>Inglewood Redevelopment Agency (RDA)</u> The governing body of the RDA is comprised of members of the City Council and the Mayor. Among its duties, it approves the RDA's budget and appoints the management. The financial activities of the RDA are included within the capital projects and debt service funds.

<u>Inglewood Housing Authority (Housing Authority)</u> The governing body of the Housing Authority is comprised of members of the City Council and the Mayor. Among its duties, it approves the Housing Authority's budget, determines the rates and charges for the use of facilities and appoints the management The financial activities of the Housing Authority are reported as a special revenue fund.

<u>Inglewood Public Financing Authority (Public Financing Authority)</u> The governing body of the Public Financing Authority is comprised of members of the City Council and the Mayor. The Public Financing Authority was formed for the public purpose of assisting in financing public improvements of the City, the RDA and other local agencies. The financial activities of the Public Financing Authority are included within the debt service funds.

<u>Inglewood Development Corporation (Development Corporation)</u> The governing body is a board appointed by the Mayor and members of the City Council, and is included as part of the City's Grants Special Revenue Fund. The Development Corporation administers federally funded small business loans for the City, who is the grantee.

#### Notes to Basic Financial Statements

(Continued)

# (1) Summary of Significant Accounting Policies, (Continued)

# (a) Reporting Entity, (Continued)

Separately issued financial statements for the RDA and Housing Authority may be obtained through the City of Inglewood, Finance Department, One Manchester Blvd., Inglewood, California 90301. There are no separately issued financial statements for the other component units.

# (b) Basis of Presentation

#### Government-wide Financial Statements

The statement of net assets and statement of activities display information about the primary government (the City) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. It is the City's policy to make eliminations to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and; therefore, are clearly identifiable to a particular function. The City has included indirect expenses within direct expenses. Expenses by function have been adjusted for any internal service profit/loss existing at fiscal year-end. Program revenues include (1) charges paid by the recipients of goods or services offered by the programs and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

#### **Fund Financial Statements**

The fund financial statements provide information about the City's funds, including fiduciary funds and blended component units. Separate statements for each fund category - *governmental*, *proprietary and fiduciary* — are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are separately aggregated and reported as nonmajor funds.

#### Notes to Basic Financial Statements

(Continued)

#### (1) Summary of Significant Accounting Policies, (Continued)

# Fund Financial Statements, (Continued)

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Proprietary fund *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Nonoperating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities. *Operating* expenses include the cost of sales and services, administrative expenses and depreciation on capital assets. All expenses not meeting this definition are reported as nonoperating expenses.

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the City that are not accounted for through other funds. For the City, the General Fund includes such activities as general government, public safety, transportation, culture and leisure, and community development

The *Housing Fund* receives, disburses, and accounts for monies accruing to the City for use in subsidized housing programs.

The *Noise Mitigation Fund* accounts for revenues and expenditures from the Federal Department of Transportation (FAA) and the Los Angeles World Airport (LAWA) to pay for noise abatement programs for those properties under the flightpath and in the noise corridor.

The Merged Redevelopment and Low/Moderate Income Housing Capital Projects Funds account for redevelopment activity in their respective project areas.

The Merged Redevelopment and Subordinate Lien 2007 A-1,A-T Debt Service Funds account for the accumulation of resources for, and the payment of, RDA general long-term debt principal and interest.

The Merged Redevelopment and Subordinate Lien 2007 A-H Debt Service Funds account for the accumulation of resources for, and the payment of, RDA general long-term debt principal and interest.

The City reports the following major enterprise fund:

• The *Water Utility Fund* accounts for the maintenance and operations of the City's water system. Revenue for this fund is primarily from charges for services.

#### Notes to Basic Financial Statements

(Continued)

# (1) Summary of Significant Accounting Policies, (Continued)

The City reports the following additional fund types:

- The City's Internal Service Fund is used to account for services provided by the City's Information Technology and Communications Department. The Internal Service Fund is presented in summary form as part of the proprietary fund financial statements. In the government-wide financial statements, the changes in net assets at the end of the fiscal year, as presented in the statements of activities, were allocated to the user functions of the governmental activities, to reflect the entire activity for the year. Since the predominant users of the internal services are the City's governmental activities, the asset and liability balances of the Internal Service Funds are consolidated into the governmental activities column at the government- wide level.
- A *Pension Trust Fund* is used to account for resources held in trust for the members and beneficiaries of a single employer defined benefit pension plan established for part-time City or seasonal employees not eligible for social security or California Public Employees' Retirement System (PERS) participation.
- An *Agency Fund* accounts for funds due to other cities as part of the City's parking ticket collection services. The fund only involves the receipts, temporary investments, and eventual remittances to others.

The government-wide, proprietary, and fiduciary fund 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 at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales 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. Revenues from sales taxes are recognized when the underlying transactions take place. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligible requirements have been satisfied.

Governmental fund type financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting Under this method, revenues and other governmental fund type financial resources (i.e., bond issuance proceeds) are recognized when they become susceptible to accrual - that is, when they become 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. Property, sales, and transient occupancy taxes are considered available and are accrued when received within sixty days after fiscal year-end. All other revenue sources are considered available and are accrued when received within 12

#### Notes to Basic Financial Statements

(Continued)

# (1) Summary of Significant Accounting Policies, (Continued)

months of year-end. General capital assets acquisitions are reported as expenditures in governmental fund statements. Proceeds of general long-term debt and capital leases are reported as other financing sources.

For business-type activities reported on the government-wide financial statements and proprietary fund financial statements, the City has elected under GASB Statement No 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting, to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board, the Accounting Principles Board or any Accounting Research Bulletins issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements.

Because the governmental fund financial statements *are* presented on a different measurement focus and basis of accounting than the government-wide financial statements for governmental activities, a reconciliation is presented which briefly explains the adjustments necessary to reconcile the fund financial statements to the governmental-wide statements.

#### (c) Cash Deposits and Investments

The City follows the practice of pooling cash and investments of all funds to maximize returns for all funds, except for funds required to be held by trustees or fiscal agents. Interest income earned on pooled cash and investments is allocated to the various funds based on their monthly average cash balances.

For purposes of the statement of cash flows, the City considers all highly liquid investments (including restricted cash and investments) with an original maturity of three months or less when purchased to be cash equivalents.

Investment transactions are recorded on the trade date. Investments in nonparticipating interest-earning investment contracts are reported at cost, and all other investments are at fair value. Fair value is defined as the amount that the City could reasonably expect to receive for an investment in a current sale between a willing buyer and seller and is generally measured by quoted market prices.

#### (d) Interfund Receivables/Payables

Short-term interfund receivables and payables are classified as "due from other funds" and "due to other funds" respectively on the balance sheet. Long-term interfund receivables and payables are classified as "advances to/from other funds," respectively, on the balance sheet.

#### Notes to Basic Financial Statements

(Continued)

# (1) Summary of Significant Accounting Policies, (Continued)

#### (e) Inventories

Inventories are valued at cost, which approximates market, using the average cost method. The costs of governmental fund-type inventories are recorded as expenditures when consumed (i.e. consumption method).

# (f) Capital Assets

Capital assets (including infrastructure) are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. Capital assets include public domain (infrastructure) general capital assets consisting of certain improvements including roads, sewer system, landscaping and improvements. The capitalization threshold for all capital assets is \$5,000 with a useful life of greater than one year. Capital assets used in operations are depreciated or amortized (assets under capital leases) using the straight-line method over the lesser of the capital lease period or their estimated useful lives in the government-wide statements and proprietary funds. Proprietary fund capital assets are recorded in the Water Enterprise Fund or Internal Service Fund. The estimated useful lives are as follows:

# Infrastructure Roads Sewer system Water System Landscaping and improvements Vehicles Suildings and improvements Machinery and equipment 20 years 20 years 20 years 20 years 20 years 5 years 5 years

Maintenance and repairs are charged to operations when incurred. Betterments and major improvements, which significantly increase values, change capacities or extend useful lives, are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the changes in financial position.

# (g) Land Held for Resale

The balance sheet caption, "land held for resale", within the governmental funds represents land purchased by the RDA and grant funds and is held for resale. Such amount is valued at the lower of cost or net realizable value once the RDA has entered into an agreement for sale and an amount can be determined. The amount is offset by a reservation of fund balance to indicate that the assets do not constitute available expendable resources. Land held for resale purchased with grant funds has been expensed in the governmental fund financial statements and has been capitalized as land for resale on the statement of net assets.

#### Notes to Basic Financial Statements

(Continued)

#### Summary of Significant Accounting Policies, (Continued) (1)

#### (h) Advances to Other Funds

Noncurrent portions of long-term interfund loan receivables are reported as advances and are offset equally by a fund balance reserve account in fund financial statements which indicates that they do not constitute expendable available financial resources and therefore are not available for appropriation.

#### (i) **Property Taxes**

Under California law, property taxes are assessed and collected by the counties up to 1% 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 of Inglewood accrues only those taxes which are received within 60 days after year end.

The property tax calendar is as follows:

Lien Date: January 1 Levy Date: July 1

Due Date: First Installment - November 1 Second Installment - February 1

First Installment - December 11

Delinquent Date: Second Installment - April 11

Taxes are collected by Los Angeles County and are remitted to the City periodically. Dates and percentages are as follows:

40% Advance December 20 January 20 10% Advance February 20 Collection No. 1 April 20 35% Advance May 20 Collection No. 2 July 20 Collection No. 3

#### (j) Compensated Absences

Accumulated vacation and sick leave is accrued when incurred in the governmentwide financial statements. Accrued vacation and sick leave is recorded in the governmental funds only to the extent that such amounts have matured (i.e., as a result of employee resignations and retirements).

Upon termination of employment, the City will pay the employee all accumulated vacation leave at 100% of the employee's base hourly rate. Upon retirement, termination after ten years of service, or death, the City will pay the employee all accumulated sick leave at 50% of the employee's base hourly rate.

#### Notes to Basic Financial Statements

(Continued)

# (1) Summary of Significant Accounting Policies, (Continued)

## (k) Deferred Revenue

Deferred revenue arises when a potential revenue transaction does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenue also arises when resources are received before the City has a legal claim to them, as when grant monies are received in advance of incurring qualified expenditures.

# (l) Claims and Judgments

The City records a liability for litigation, judgments, and claims when it is probable that an asset has been impaired or a liability (including claims incurred but not reported) has been incurred prior to year end and the probable amount of loss (net of any insurance coverage) can be reasonably estimated. This liability is recorded in the internal service fund that accounts for the City's self insurance activities.

#### (m) Long-term Obligations

The City reports long-term debt of governmental funds in the government-wide statement of net assets. Certain other governmental fund obligations not currently due and payable at year end are also reported in the government-wide statement of net assets. Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary fund and government-wide statement of net assets.

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets.

Bond discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond discount.

In the fund financial statements, governmental funds recognize bond discounts during the current period. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

#### Notes to Basic Financial Statements

(Continued)

# (1) Summary of Significant Accounting Policies, (Continued)

#### (n) Net Assets

The government-wide financial statements and business-type activities fund financial statements utilize a net assets presentation. Net assets are categorized as invested in capital assets (net of related debt), restricted and unrestricted.

- Invested In Capital Assets, Net of Related Debt This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- Restricted Net Assets This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. The City exhausts all restricted resources before use of unrestricted resources.
- Unrestricted Net Assets This category represents net assets of the City, not restricted for any project or other purpose.

#### (o) Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are legally restricted for a specific purpose or not appropriable. Designations of fund balance represent tentative management plans that are subject to change.

# (p) <u>Use of Estimates</u>

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

# (q) Prior Year Data

Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's prior year financial statements, from which this selected financial data was derived.

#### Notes to Basic Financial Statements

(Continued)

#### (2) Cash and Investments

The City follows the practice of pooling cash and investments of all funds to maximize returns for all funds, except for funds required to be held by trustees or fiscal agents. Interest income earned on pooled cash and investments is allocated to the various funds based on their monthly average cash balances. Cash and investments as of September 30, 2010 are as classified in the accompanying financial statements as follows:

Cash and investments	\$ 220,765,333
Cash and investments with fiscal agent	17,400,264

#### Fiduciary Funds:

Statement of Assets and Liabilities:

Cash and investments Pension Trust Fund

Total cash and investments

 Pension Trust Fund
 408,575

 Agency Fund
 1,443,585

Total cash and investments \$240,017,757

Cash and investments as of September 30, 2010 consists of the following:

Cash on hand	\$ 15,820
Deposits with financial institutions	39,780,660
Investments	 200,221,277

\$ 240,017,757

# <u>Investments Authorized by the California Government Code and the Entity's Investment Policy</u>

The adjacent table identifies the investment types that are authorized for the City by the California Government Code and the City's investment policy. The table also identifies certain provisions of the California Government Code (or the City's investment policy, if more restrictive) that addresses interest rate risk and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

### Notes to Basic Financial Statements

(Continued)

## (2) Cash and Investments, (Continued)

Investment Types Authorized by State Law	Authorized By Investment Policy	*Maximum <u>Maturity</u>	*Maximum Percentage Of Portfolio	*Maximum Investment In One Issuer
U.S. Treasury Obligations	Yes	5 years	None	None
U.S. Agency Securities	Yes	5 years	None	None
Banker's Acceptances	Yes	180 days	40%	30%
Commercial Paper	Yes	270 days	30%	10%
Negotiable Certificates of Deposit	Yes	5 years	30%	None
Repurchase Agreements	Yes	100 days	20%	None
Reverse Repurchase Agreements	No	92 days	20%	None
Medium-Term Notes	Yes	5 years	30%	None
Mutual Funds	No	N/A	15%	None
Time Certificates of Deposit	Yes	5 years	25%	None
Money Market Mutual Funds	Yes	N/A	15%	10%
Mortgage Pass-Through Securities	Yes	5 years	20%	None
County Pooled Investment Funds	No	N/A	None	None
Local Agency Investment Fund	Yes	N/A	None	None

<sup>\*</sup> Based on state law requirements or investment policy requirements, whichever is more restrictive.

### Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy.

### Interest Rate Risk

Interest rate risk is the risk that the fair value of an investment will fall due to increasing market interest rates. Investments with longer maturities are usually more sensitive to interest rate changes. The City mitigates its exposure to interest rate risk by:

- Investing primarily in shorter term securities.
- Structuring its investment portfolio so that securities mature to meet the City's cash demands for ongoing operations.

### Notes to Basic Financial Statements

(Continued)

## (2) Cash and Investments, (Continued)

The following table shows the distribution of the City's investments by maturity, including investments held by bond trustees or fiscal agents:

	 Remaining Maturity (in Months)				
	12 Months	13 to 24	25 to 36	More than	
	or Less	<u>Months</u>	<u>Months</u>	36 Months	<u>Total</u>
Federal Agency					
Securities	\$ -	-	10,005,400	8,999,500	19,004,900
Local Agency Investment					
Fund	64,614,381	-	-	-	64,614,381
Certificates of deposit	618,513	-	-	-	618,513
Money Market funds	97,583,220	-	_	_	97,583,220
Medium term notes	-	-	_	1,000,000	1,000,000
Held by fiscal agents:					
Money market treasury					
obligations	 17,400,263	-	_	_	17,400,263
Total	\$ 180,216,377		10,005,400	9,999,500	200,221,277

## Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The City mitigates its exposure to credit risk by:

- Limiting investments to the types of securities authorized by the investment policy.
- Using only financial institutions which have been pre-qualified.
- Diversifying the investment portfolio.

The following table presents the credit quality of investments as of the end of the fiscal year.

	Rating as of Year End				
<u>Investment</u>	AAA	<u>Unrated</u>	<u>Total</u>		
Federal agency securities	\$ 19,004,900	-	19,004,900		
Local Agency Investment Fund	-	64,614,381	64,614,381		
Certificates of deposit	-	618,513	618,513		
Money Market funds	97,583,220	-	97,583,220		
Medium term notes	1,000,000	-	1,000,000		
Held by fiscal agents:					
Money market treasury obligations	17,400,263		17,400,263		
Total	<u>\$134,988,383</u>	65,232,894	<u>200,221,277</u>		

#### Notes to Basic Financial Statements

(Continued)

## (2) Cash and Investments, (Continued)

### Concentration of Credit Risk

The City's investment policy allows no more than 50% of the City's total investment portfolio to be invested in a single security type or with a single financial institution, with the exception of U.S. Treasury securities and investments in authorized pools. Investments in any one issuer that represent 5% or more of total City investments are as follows:

<u>Issuer</u>	<u>Investment Type</u>	Reported Amount
FHLB FHLMC FNMA FFCB	Federal agency callable bonds Federal agency callable bonds Federal agency callable bonds Federal agency callable bonds Total	\$ 8,006,400 3,000,000 3,999,500 3,999,000 \$ 19,004,900
	10001	<u>Ψ 12,001,200</u>

#### 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 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 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 California Government Code and the City's investment policy do not contain any other legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments.

As of September 30, 2010, the carrying amount of the City's deposits was \$39,780,660 and the corresponding bank balance was \$45,520,150. The difference of \$5,739,490 was principally due to outstanding checks and deposits in transit.

### Notes to Basic Financial Statements

(Continued)

## (2) Cash and Investments, (Continued)

### Investment in State Investment Pool

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

<u>(3)</u>	Due From Other Governments	Outstanding Balance at September 30, 2010
	The City submitted reimbursement requests to the U.S. Department of Housing and Urban Development for expenditures incurred for the CDBG, HOME, and Emergency Shelter programs.	\$ 75,172
	The City incurred expenditures for repairs and purchased parcels of land as part of the Residential Sound Insulation program and has submitted reimbursement requests to the Federal Aviation Agency.	2,389,729
	The City incurred costs for certain transportation projects reimbursed by CalTrans.	2,254,929
	The City incurred costs for certain transportation projects reimbursed by the County of Los Angeles.	3,091
	The City submitted reimbursement requests to the County of Los Angeles for expenditures related to the Real Estate Fraud Prosecution, Older Americans Act, Care Management, and State Homeland Security grants.	1,619,993
	The City submitted reimbursement requests for expenditures allowable under AB2766 to reduce air pollution from mobile sources such as cars, trucks and buses.	35,772
	Total due from other governments	\$ 6,378,686

### Notes to Basic Financial Statements

(Continued)

### (4) Loans Receivable

The City provided financial assistance to qualifying low and moderate income households in connection with the first time home buyers and home rehabilitation loan programs. In addition, the City provided a loan for the development of real property. Due to the long-term nature of the loans, the City, on the governmental fund financial statements, has deferred recognition of revenues until receipt. As of September 30, 2010, the balance of loans receivable was as follows:

	Low/Moderate Income Housing Capital Projects Fund	Non-Major Governmental <u>Funds</u>	<u>Total</u>
First time home buyer and rehabilitation loans	\$ 3,824,421	2,121,286	5,945,707
Development loan	8,401,044	-	8,401,044
Allowance for doubtful accounts	<del>-</del>	(419,836)	(419,836)
Total loans	\$ 12,225,465	1,701,450	13,926,915

## (5) Due From and To Other Funds

Interfund receivable and payable balances at September 30, 2010 are as follows:

Due from Other Funds	<u>Due to Other Funds</u>	<u>Amount</u>
General Fund	Housing Fund Non-Major Governmental Funds	\$ 5,049,068

(a) These interfund balances are a result of short-term borrowings to cover deficit cash and interest receivable balances in the TDA, Article 3, County of Los Angeles Fund, Housing Fund, and the Civic Center Debt Service Fund of the City at September 30, 2010.

## Notes to Basic Financial Statements

(Continued)

# (6) Capital Assets

Capital asset activity for the year ended September 30, 2010 was as follows:

Governmental Activities:	Balance October 1, 2009	Additions	<u>Deletions</u>	Balance September 30, 2010
Capital assets, not being depreciated:				
Land	\$ 84,491,750	5,230,000	-	89,721,750
Construction in progress	10,231,692	1,696,257	(8,552,649)	3,375,300
Total capital assets, not being depreciated	94,723,442	6,926,257	(8,552,649)	93,097,050
Capital assets, being depreciated: Buildings and				
improvements	50,992,324	-	-	50,992,324
Vehicles	6,532,666	1,195,758	(440,826)	7,287,598
Equipment	4,252,939	9,468	(1,666,177)	2,596,230
Road network	100,115,703	10,258,321	-	110,374,024
Sewer network	4,573,030	-	-	4,573,030
Landscaping	924,749			924,749
Total capital assets, being depreciated	167,391,411	11,463,547	(2,107,003)	176,747,955
Less accumulated depreciation for: Buildings and				
improvements	(41,255,765)	(574,769)	-	(41,830,534)
Vehicles	(3,268,714)	(1,247,895)	440,826	(4,075,783)
Equipment	(2,943,248)	(498,598)	1,666,177	(1,775,669)
Road network	(45,120,580)	(5,333,455)	-	(50,454,035)
Sewer network	(1,257,193)	(321,723)	-	(1,578,916)
Landscaping	(363,913)	(46,099)		(410,012)
Total accumulated depreciation	(94,209,413)	(8,022,539)	2,107,003	(100,124,949)
Total capital assets, being depreciated, net	73,181,998	3,441,008		76,623,006
Governmental activities capital assets, net	<u>\$ 167,905,440</u>	10,367,265	(8,552,649)	<u>169,720,056</u>

## Notes to Basic Financial Statements

## (Continued)

# (6) Capital Assets, (Continued)

Business-type Activities:	Balance October 1, 2009	Additions	<u>Deletions</u>	Balance September 30, 2010
Capital assets, not being depreciated:				
Land	\$ 90,598			90,598
Total capital assets, not	00.500			00.500
being depreciated	90,598			90,598
Capital assets, being depreciated:				
Buildings and improvements	16,389,242	934,626	-	17,323,868
Vehicles	62,613	-	-	62,613
Machinery and equipment	2,575,668	-	-	2,575,668
Water system	33,518,328			33,518,328
Total capital assets, being depreciated	52,545,851	934,626		_53,480,477
Less accumulated depreciation for:				
Buildings and improvements	(8,431,935)	(604,473)	-	(9,036,408)
Vehicles	(37,665)	(10,797)	-	(48,462)
Machinery and equipment	(2,005,828)	(28,915)	-	(2,034,743)
Water system	(14,052,631)	(431,528)		(14,484,159)
Total accumulated	( <b>-</b>			
depreciation	(24,528,059)	(1,075,713)		(25,603,772)
Total capital assets, being depreciated, net	28,017,792	(141,087)		27,876,705
Business-type activities capital assets, net	<u>\$ 28,108,390</u>	(141,087)		27,967,303

## Notes to Basic Financial Statements

(Continued)

## (6) Capital Assets, (Continued)

## **Depreciation**

Depreciation expense was charged to governmental functions as follows:

General government	\$ 572,644
Public safety	178,799
Transportation	6,162,353
Community development	394,085
Health	326,579
Culture & Leisure	210,067
Depreciation on capital assets held by the City's internal service funds is charged to the various	
functions based on their usage of the assets	178,012
Total depreciation expenses - governmental	
functions	\$8,022,539

Depreciation expense was charged to the business-type functions as follows:

Water Utility Fund \$1,075,713

Total depreciation expense — business-type functions \$1,075,713

## (7) Land Held for Resale

Land held for resale is comprised of the following at September 30, 2010:

		Low/Moder- ate Income			
	Merged	Housing			
	Redevelopment	Capital	<b>Total Fund</b>		Total
	Capital	Projects	Financial	Noise	Statement of
	Projects Fund	<u>Fund</u>	<u>Statements</u>	<u>Mitigation</u>	Net Assets
Merged					
Redevelopment	\$ 2,179,333	-	2,179,333	_	2,179,333
In-Town	4,253,351	-	4,253,351	-	4,253,351
Century	13,042,021	-	13,042,021	-	13,042,021
La Cienega	6,499,826	-	6,499,826	-	6,499,826
Imperial	775,295	-	775,295	-	775,295
Low and Moderate	-	3,070,906	3,070,906	-	3,070,906
Noise Mitigation				18,988,100	18,988,100
Total land					
held for resale	<u>\$ 26,749,826</u>	<u>3,070,906</u>	29,820,732	<u>18,988,100</u>	48,808,832

#### Notes to Basic Financial Statements

(Continued)

## (8) Long-Term Obligations

## Capital Leases

The City has entered into lease agreements for office copiers and vehicles that meet the criteria for capitalization. The City reserves the right to purchase these items on any lease payment date. Capital leases for governmental funds are recorded both as capital expenditures and as other financing sources at inception in the fund financial statements, with the liability and the asset recorded in the government-wide statement of net assets. Capital leases are secured by a pledge of the leased equipment.

The following is a schedule by year of future lease payment requirements:

F. 177 F. 1	Governmental Activities		
Fiscal Year Ending September 30	<u>Principal</u>	Interest	
2011	\$ 87,604	9,983	

The pledged capital assets under these capital leases as of September 30, 2010 are:

	Governmental <u>Activities</u>
Vehicles	\$ 397,807
Machinery and equipment	127,020
Less accumulated depreciation	_(444,347)
Capital assets, net	\$ 80,480

## Notes to Basic Financial Statements

(Continued)

## (8) Long-Term Obligations, (Continued)

A summary of long-term debt obligations for governmental activities is as follows:

· ·	•	•			
Type of Indebtedness (purpose)	<u>Maturity</u>	Interest Rates	Annual Principal <u>Installments</u>	Original Issue <u>Amount</u>	Outstanding at September 30, 2010
Tax Allocation Bonds:					
Merged Redevelopment Project Tax					
Allocation Refunding Bonds	05/01/23	4.00%-5.25%	\$ 465,000 -		
Series 1998A			2,305,000	\$ 38,960,000	24,160,000
Merged Redevelopment Project Tax					
Allocation Refunding Bonds	05/01/31	4.30%-4.71%	\$ 630,000 -		
Series 2003A			1,555,000	16,157,175	16,157,175
Merged Redevelopment Project	05/01/21	5 000 6 500	<b>#</b> 00 000		
Subordinate Lien Tax Allocation	05/01/31	5.00%-6.50%	\$ 88,000 -	10 002 740	10 002 740
Bonds Series 2003 Merged Redevelopment Project			1,390,000	10,993,749	10,993,749
Subordinate Lien Tax Allocation	05/01/38	3.25%-5.00%	\$ 445,000 -		
Bonds series 2007A-1	03/01/30	3.23 /0-3.00 /0	4,890,000	67,230,000	64,545,000
Merged Redevelopment Project			1,000,000	07,230,000	01,515,000
Subordinate Lien Tax Allocation	05/01/38	6.315%	\$ 90,000 -		
Bonds series 2007A-T			530,000	7,535,000	7,350,000
Merged Redevelopment Project					
Subordinate Lien Tax Allocation	05/01/38	5.75%-6.315%	\$ 375,000 -		
Bonds series 2007A-H			1,865,000	35,315,000	33,775,000
Total tax allocation bonds				176,190,924	156,980,924
Lease revenue bonds:	00/01/21	5 22501	¢ 205 000		
Public financing authority 1999 series A	08/01/21	5.335%	\$ 305,000 -	27.075.000	20.570.000
Total lease revenue bonds			2,405,000	<u>27,075,000</u> <u>27,075,000</u>	20,570,000 20,570,000
Total lease revenue bolius				27,073,000	20,370,000
Pension Obligation Bonds:					
Taxable pension obligation bonds	09/01/25	4.60%-5.105%	\$ 1,190,000 -		
2005 series A			21,655,000	41,620,000	39,095,000
Taxable pension obligation bonds					
2005 series B Capital	09/01/35	5.28%	\$1,348,000 -		
Appreciation Bonds			2,154,000	17,231,302	17,231,302
Taxable pension obligation bonds	09/01/25	4.37%-4.95%	\$ 195,000		
2005 series C			470,000	6,135,000	5,095,000
Total pension obligation bonds				64,986,302	61,421,302
Notes payable:					
Vons Company, Inc.	06/01/13	7.50%	\$0 - 2,757,000	2,000,000	1,500,000
· one company, mo.	00,01,13	7.2070	Ψ0 <b>2</b> ,757,000	2,000,000	1,500,000
Total Governmental Activities				<u>\$ 270,252,226</u>	240,472,226

### Notes to Basic Financial Statements

(Continued)

## (8) Long-Term Obligations, (Continued)

## Bonds, Notes, and Loans Payable

Long-term obligations of the City consist of lease revenue bonds, tax allocation bonds, taxable pension obligation bonds, notes payable, installment loans payable, compensated absences and claims liabilities which are payable from the General, Debt Service and Enterprise Funds. The calculated legal debt limit for the City is approximately \$872.1 million, while outstanding bonded indebtedness at September 30, 2010 is approximately \$251.9 million.

## **Debt Service Requirements**

As of September 30, 2010, annual debt service requirements of governmental activities to maturity are as follows:

	Tax Allocation Bonds		Lease Reve	enue Bonds
Fiscal Year Ending September 30	<u>Principal</u>	Interest	Principal	<u>Interest</u>
2011	\$ 4,345,000	7,462,234	1,420,000	1,105,288
2012	4,343,656	7,756,972	1,495,000	1,034,288
2013	4,741,674	7,632,958	1,570,000	959,538
2014	4,690,288	7,943,294	1,650,000	879,075
2015	5,054,202	7,842,877	1,740,000	786,263
2016-2020	30,748,486	37,933,802	10,290,000	2,354,325
2021-2025	42,266,955	26,238,875	2,405,000	126,263
2026-2030	28,332,556	15,139,743	_	-
2031-2035	26,138,107	5,993,111	_	-
2036-2038	6,320,000	701,969	-	-
Total	\$156,980,924	124,645,835	20,570,000	7,245,040

_	Pension Obligation Bonds		Notes P	ayable
Fiscal Year Ending September 30	<u>Principal</u>	Interest	Principal	<u>Interest</u>
2011	\$ 1,635,000	2,220,445	-	112,500
2012	1,710,000	2,143,109	-	112,500
2013	1,790,000	2,061,855	1,500,000	112,500
2014	1,880,000	1,975,369	-	-
2015	1,975,000	1,883,781	-	-
2016-2020	11,415,000	7,848,548	-	-
2021-2025	23,785,000	4,031,655	-	-
2026-2030	9,731,283	22,447,961	-	-
2031-2035	7,500,019	24,682,453		
Total	\$61,421,302	69,295,176	1,500,000	337,500

### Notes to Basic Financial Statements

(Continued)

## (8) Long-Term Obligations, (Continued)

## Defeasance of Debt

The City has defeased certain tax allocation, lease/revenue bonds and certificates of participation in prior years. Proceeds of new bonds have been placed in an irrevocable trust to provide for all future debt service payments on the old debt. Accordingly, the trust account assets and liability for defeased bonds are not included in the City's financial statements.

## Changes in Long-term Liabilities

The following is a summary of long-term liabilities transactions for the year ended September 30, 2010:

Governmental Activities:	Balance October 1, 2009	Additions	Reductions	Balance September 30, 2010	Amounts Due Within One Year
Debt long-term liabilities:					
Tax allocation bonds payable	\$ 160,870,924	-	(3,890,000)	156,980,924	4,345,000
Pension obligation bonds					
payable	62,981,302	-	(1,560,000)	61,421,302	1,635,000
Lease revenue bonds payable	21,930,000	-	(1,360,000)	20,570,000	1,420,000
Notes payable	1,500,000			1,500,000	
Total debt long-term liabilities	247,282,226		(6,810,000)	240,472,226	7,400,000
04 1 2 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1					
Other long-term liabilities:	166.247		(70.642)	07.604	07.604
Lease obligations	166,247	-	(78,643)	87,604	87,604
Compensated absences	13,401,147	4,336,886	(4,734,526)	13,003,507	1,300,351
Estimated claims liability	22,875,240	8,164,931	(7,866,031)	23,174,140	7,000,000
Net pension liability	202,000	-	-	202,000	202,000
Net OPEB obligation	14,665,314	13,288,000	(3,638,821)	24,314,493	
Total other long-term liabilities	51,309,948	25,789,817	(16,318,021)	60,781,744	8,589,955
Total governmental activities					
<ul><li>long-term liabilities</li></ul>	\$ 298,592,174	25,789,817	(23,128,021)	301,253,970	15,989,955
long term naomites	<u>Ψ 270,372,174</u>	23,707,017	(23,120,021)	301,233,710	13,707,733
	Balance			Balance	Amounts
	October 1,			September 30,	Due Within
Business-Type Activities:	<u>2009</u>	<u>Additions</u>	Reductions	<u>2010</u>	One Year
Other long-term liabilities:					
Compensated absences	\$ 699,884	223,963	(290,076)	633,771	140,000

#### Notes to Basic Financial Statements

(Continued)

#### (9) Risk Management

## **Insurance Joint Powers Authority**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is a member of the Independent Cities Risk Management Authority (ICRMA), a joint powers authority formed to provide liability insurance coverage for cities at an affordable cost.

ICRMA has 26 member cities and each city appoints one member to the ICRMA Governing Board. Under the terms of the agreement with the ICRMA, the City is insured for losses above \$1,000,000 retention, with a liability limit of \$20,000,000 per occurrence. The City is insured for workers' compensation losses above \$1,000,000 retention, with a liability limit of \$95,000,000.

The City's estimated liability for workers' compensation and general liability claims as of September 30, 2010 is based on the independent claim managers' estimate of probable losses including allocated expenses, as well as an adjustment for incurred but not reported (IBNR) losses based on an independent actuarial analysis.

There have been no claims that have exceeded insured coverage during the last three fiscal years or changes in coverage from the prior year.

Changes in the claims and judgments payable amounts in fiscal years 2009 and 2010 are as follows:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim <u>Payments</u>	Balance at Fiscal Year End
2008-09	\$23,546,970	7,715,224	(8,386,954)	22,875,240
2009-10	22,875,240	8,164,931	(7,866,031)	23,174,140

### (10) Retirement Plan

All permanent employees and those part-time employees with a minimum of 1,000 hours worked in a fiscal year are eligible to participate in the California Public Employees Retirement Fund (the Fund) of PERS. The Fund is an agent multiple-employer defined benefit plan that acts as a common investment and administrative agent for various local and state governmental agencies within the State of California. The Fund provides retirement, disability benefits, and death benefits based on the employees' years of service, age and final compensation. Employees vest after five years of service and may receive retirement benefits at age fifty. These benefit provisions and all other requirements are established by State statue and City ordinance. Copies of the Fund's annual financial report may be obtained from PERS executive office at 400 "P" Street, Sacramento, California 95814. A separate report for the City's plan is not available.

#### Notes to Basic Financial Statements

(Continued)

#### (10) Retirement Plan, (Continued)

## Contributions and Funding Policy

Miscellaneous and safety participants are required to contribute 8% and 9%, respectively, of their annual covered salary. The City is required to contribute at an actuarially determined rate. The rate for the year ended June 30, 2010 is 10.019% for miscellaneous participants and 18.883% for safety participants, percent of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by City Council in conjunction with applicable labor contracts. The City's contributions to the miscellaneous plan for the years ending September 30, 2008, 2009, and 2010 were \$3,034,424, \$3,494,582, and \$3,328,329, respectively, and were equal to the required contributions for each year. The City's contributions to the safety plan for the years ending September 30, 2008, 2009, and 2010 were \$3,387,836, \$3,782,540, and \$3,886,888, respectively, and were equal to the required contributions for each year.

### (11) Part Time Retirement Plan

Effective January 1, 2005, the City implemented a new Public Agency Retirement System (PARS) plan for those part-time or seasonal employees who are not covered by PERS. Under the PARS plan, covered employees will contribute 7.5% of wages and will become fully vested immediately. The City is not required to contribute to the plan. The PARS plan replaced the City's prior plan that had been in existence from January 1, 1992 through December 31, 2004. Assets of the prior plan are pending distribution to former participants based on the value of their individual plan assets. The City is currently determining final distribution amounts.

#### (12) Other Post-Employment Benefits Other than Pensions

Plan Description: The City administers a single-employer defined benefit plan which provides medical insurance benefits to eligible retirees and one additional dependent in accordance with various labor agreements. The City has not established a trust that is administered by the City for the purpose of holding assets accumulated for plan benefits. At age 65, Medicare automatically becomes the primary provider of health coverage and the City's defined benefit plan becomes the secondary provider. Eligible retirees will have no noticeable change in health benefits or plan administration; however, there is a reduction in the City's cost of health coverage as the secondary provider. The City's defined benefit plan administrator establishes the cost of secondary provider rates annually.

Eligibility: Employees are eligible for retiree health benefits if they retire from the City on or after age 50 and are eligible for a PERS pension benefit provided they elect to exchange sick and/or vacation hours as outlined in their specific labor agreement. Hours to exchange range from 400 to 1,000 depending on the percentage of cost of health care coverage elected and years of service as provided in the respective labor agreement. Membership of the plan consisted of the following at June 30, 2009, the date of the latest actuarial valuation:

#### Notes to Basic Financial Statements

(Continued)

## (12) Other Post-Employment Benefits Other than Pensions, (Continued)

Retirees and beneficiaries receiving benefits	713
Active plan members	<u>356</u>
Total	1069

City's Funding Policy: The contribution requirements of plan members and the City are established and may be amended by City Council. The contribution required to be made under City Council and labor agreement requirements is based on a pay-as-you-go basis (i.e., as medical insurance premiums become due). For fiscal year 2009-10, the City contributed \$3,638,821 to the plan for current premiums.

Annual OPEB Cost and Net OPEB Obligation. The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation for these benefits:

Annual required contribution	\$13,288,000
Interest on net OPEB obligation	697,000
Adjustments to annual required contributions	(697,000)
Annual OPEB cost (expense)	13,288,000
Contributions made (including premiums paid)	(3,638,821)
Increase in net OPEB obligation	9,649,179
Net OPEB obligation-beginning of year	14,665,314
Net OPEB obligation-end of year	<u>\$24,314,493</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 and the two preceding years were as follows:

#### Notes to Basic Financial Statements

(Continued)

## (12) Other Post-Employment Benefits Other than Pensions, (Continued)

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
<u>1 Cai</u>	Of ED Cost	Continuted	Obligation
9/30/08	\$10,628,000	30%	\$ 7,402,148
9/30/09	\$10,628,000	32%	\$ 14,665,314
9/30/10	\$13,288,000	27%	\$ 24,314,493

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for the benefits.

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 Frozen Entry Age Actuarial Cost Method. The actuarial assumptions included a 4.75 percent investment rate of return, which is the assumed rate of the expected long-term investment returns on plan assets calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 3.4 percent initially, reduced by decrements of 0.5 per year to an ultimate rate of 2 percent after the third year. The UAAL is being amortized as a level percentage of projected payroll over 30 years. It is assumed the City's payroll will increase 3.25% per year.

### Notes to Basic Financial Statements

(Continued)

## (12) Other Post-Employment Benefits Other than Pensions, (Continued)

Schedule of Funding Progress.

	A 1	Actuarial Accrued	II C 1 1			UAAL as a
Actuarial Valuation	Actuarial Value of Assets	Liability (AAL) – Entry Age	Unfunded AAL (UAAL)	Funded ratio	Covered Payroll	Percentage of covered payroll
Date	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
6/30/07 6/30/09	\$0 \$0	\$140,990,000 \$166,770,000	\$140,990,000 \$166,770,000	0%	\$38,302,000 \$33,721,000	368.1% 494.6%

## (13) Pledged Revenue

The City and its component units have debt issuances outstanding that are collateralized by the pledging of certain revenues. The amount and term of the remainder of these commitments are indicated in the debt service to maturity tables presented in the accompanying notes. The purposes for which the proceeds of the related debt issuances were utilized are disclosed in the debt descriptions in the accompanying notes. For the current year, debt service payments as a percentage of the pledged gross revenue (or net of certain expenses where so required by the debt agreement) are indicated in the table below. These percentages also approximate the relationship of debt service to pledged revenue for the remainder of the term of the commitment:

Description of Pledged Revenue	Annual Amount of Revenue	Annual Debt Service Payments (of all debt secured by this revenue)	Debt Service as a Percentage of Pledged Revenue
Pension tax override revenues – Merged Redevelopment Project Area (2005 bonds)	8,390,242	3,855,030	45.9%
Tax increment – Merged Redevelopment Project Area	16,893,228	8,640,485	51.0%
Tax increment – Merged Redevelopment Project Area Low and Moderate Income Housing	4,223,307	2,928,964	69.0%

#### Notes to Basic Financial Statements

(Continued)

#### (14) Related Party Transactions

The City provides housing assistance through the Residency Incentive Loan Program for executive employees to help cope with the high cost of housing and to achieve additional objectives. On March 28, 2003, a former employee, Lawrence Kirkley, entered into the Residency Incentive Loan Program and was provided a home loan for \$361,723 which accrues interest at a rate of 2.603% per annum. At September 30, 2010 the outstanding balance of the loan was \$372,986, contained within the General Fund receivables. The interest rate for these loans is adjusted annually based upon the City's rate of investment earning plus one half percent.

### (15) Commitments and Contingencies

The Health and Safety Code Section 33334.2 requires a redevelopment agency to use at least 20% of tax increment revenues generated by a redevelopment project area to increase and improve the supply of low and moderate income housing in the community. State Assembly Bill 2080, enacted in September 1989, requires that for pre-1977 project areas all housing set-aside deferrals beginning with 1985/86 shall be considered deficits to the Low/Moderate Income Housing Fund, which the RDA is required to eliminate in subsequent years in accordance with a plan to be determined by the RDA.

For fiscal years 1986 through 2010, the RDA's commitment for its low and moderate income housing program amounted to \$40,086,983, which is fully funded and reflected as a reservation of fund balance for Low/Moderate Income Housing and Land Held for Resale in the Low/Moderate Income Housing Fund.

The Health and Safety Code Section 33334.12(g)(1) defines Excess/Surplus applicable to the Low and Moderate Income Housing Fund. This section allows redevelopment agencies to maintain only a certain amount of monies within these funds without incurring penalties. The amount which can be retained is specified by this section as "any unexpended and unencumbered amount in an Agency's Low and Moderate Income Housing Fund that exceeds the greater of one million dollars (\$1,000,000) or the aggregate amount deposited into the Low and Moderate Income Housing Fund pursuant to Sections 33334.3 and 33334.6 during the Agency's preceding four fiscal years."

A computation of the requirements of this section of the code has indicated that as of September 30, 2010, there is an excess/surplus of \$7,902,330.

### Notes to Basic Financial Statements

(Continued)

### (16) Transfers In/Transfers Out

The following schedule summarizes the City's transfer activity:

Transfers In	<b>Transfers Out</b>	<u>Amount</u>	
Merged Redevelopment Capital Projects Fund	Non-Major Governmental Funds	\$ 5,000,000	(a)
Low/Moderate Income Housing Capital Projects Fund	Merged Redevelopment Debt Service Fund	4,223,307	(b)
Subordinate Lien 2007 A-1,A-T Debt Service Fund	Merged Redevelopment Debt Service Fund	5,123,944	(c)
Subordinate Lien 2007 A-H	Low/Moderate Income Housing Capital Projects Fund	2,928,964	(d)
Housing Special Revenue Fund	Low/Moderate Income Housing Capital Projects Fund	442,200	(e)
General Fund	Merged Redevelopment Capital Projects Fund	361,000	(f)
	Non-Major Governmental Funds	5,675,290 6,036,290	(g)
Internal Service Funds	General Fund	139,000	(h)
Merged Redevelopment Debt Service Fund	General Fund	23,554	
Non-Major Governmental Funds	General Fund	6,385,420	(i)
	Merged Redevelopment Debt Service Fund	5,412,926 11,798,346	(c)
Total Transfers		<u>\$ 35,715,605</u>	

- (a) The Merged Redevelopment Revenue Debt Service fund transferred \$5,000,000 to the Merged Redevelopment Capital Projects Fund for on-going capital project developments.
- (b) The Merged Redevelopment Debt Service Fund transferred \$4,223,307 to the Low/Moderate Income Housing Capital Projects Fund to allocate 20% tax increment for Housing Set Aside received by the Redevelopment Agency.

#### Notes to Basic Financial Statements

(Continued)

## (16) Transfers In/Transfers Out, (Continued)

- (c) The Merged Redevelopment Debt Service Fund transferred excess tax increment revenues in the amounts of \$5,123,944 and \$5,412,926 to the Subordinate Lien 2007 A-1,A-T Debt Service Fund and Merged Redevelopment Revenue Debt Service
- (d) The Low/Moderate Income Housing Capital Projects Fund transferred \$2,928,964 to the Subordinate Lien 2007 A-H Debt Service Fund to fund debt service payments for the Merged Redevelopment Project Subordinate Lien Tax Allocation Bonds series 2007 A-H.
- (e) The Low/Moderate Income Housing Capital Projects Fund transferred \$442,200 to the Housing Special Revenue Fund to provide assistance to the Section 8 Voucher Program for the purpose of preferring affordable housing.
- (f) The Merged Redevelopment Capital Projects Fund transferred \$361,000 to the General Fund as reimbursement for code enforcement and graffiti abatement projects.
- (g) The Measure IT Fund and Proposition A Fund transferred \$4,639,000 and \$1,036,290, respectively, to the General Fund for public safety reimbursements.
- (h) The General Fund transferred \$139,000 to the Information Technology and Communications Internal Service Fund for Police/ITC reimbursement.
- (i) The General Fund transferred \$2,530,390 and \$3,855,029 to the Civic Center Debt Service Fund and Pension Obligation Bonds Debt Service Fund, respectively, to fund debt service payments for the 1999 Series A Lease Revenue Bonds and the 2005 Series A, B, and C Taxable Pension Obligation Bonds.

#### (17) Accumulated Fund Deficits

The following funds reported deficits in fund balances/net assets as of September 30, 2010:

**Deficit Balance** 

Special Revenue Funds:
TDA, Article 3, County of Los Angeles
Housing

\$ 7,172
4,265,517

Management's explanations for the resolution of significant accumulated fund deficits are summarized as follows:

#### Housing Fund:

The deficit fund balance of \$4,265,517 is primarily a result of the City incurring expenditures in prior years that were not reimbursed by HUD.

#### Notes to Basic Financial Statements

(Continued)

## (18) Expenditures in Excess of Appropriations

Expenditures for the year ended September 30, 2010 exceeded the appropriations of the following funds:

	Budget	Actual	Variance
Special Revenue Funds:	<del></del>		
Sanitation Fund	\$ 12,090,499	12,903,061	(812,562)
Housing Fund	8,540,233	10,495,348	(1,955,115)
Debt Service Funds:			
Merged Redevelopment Revenue	-	14,794	(14,794)
Civic Center	-	2,531,589	(2,531,589)
Pension Obligation Bonds	-	3,855,030	(3,855,030)
Subordinate Lien 2007 A-H	-	2,928,964	(2,928,964)
Capital Projects Funds:			
Merged Redevelopment Revenue	7,877,705	9,947,845	(2,070,140)

### (19) Cities Financial Condition and Management Plans

## General Fund of the City of Inglewood

The General Fund is typically the focal point in analyzing the financial health of the City because the General Fund is expected to able to cover both its costs and to act as a financial backstop for other funds in the event of an insufficiency with respect to the other funds. During the fiscal year ended September 30, 2010, the City had a decrease in general fund balance of \$18,314,990. While the ending general fund balance was \$16,879,802, unreserved general fund balance was a deficiency of \$16,819,641. Further, the Housing Special Revenue Fund had a deficit of \$4,265,517. The General Fund is largely responsible for the foregoing deficits and will be required to cover them with future charges to the General Fund.

## Governmental Funds Net Deficit

At the Government-Wide level, the accompanying financial statements reflect that unrestricted net assets of the governmental funds were a deficit of \$77,881,436 further indicating that the City has exhausted its unrestricted net assets.

## Management's Plans to Improve Operations and Limit City Obligations

The following are management's plans to reduce expenditures and increase revenue in future period relating to the City's General Fund:

On September 28, 2010, the Mayor and City Council adopted the FY2010-2011 consolidated Annual Operating Budget with a message that provided a Framework for recovery to identify core services and to formulate a workforce reduction plan. New or enhanced revenues would be vigorously explored, as would private-public partnerships, to look for increased revenues to avoid drawing on General Fund reserves. The framework for recovery included deeper cuts to maintenance and operations expense and contract services, notably the closure of one of the City's four fire stations. The plan also

#### Notes to Basic Financial Statements

(Continued)

#### (19) Cities Financial Condition and Management Plans, (continued)

included the elimination of special district and Redevelopment General Fund subsidies, updating the City's cost allocation plan, auditing existing revenue streams, and ensuring that developer fees and other fees for services captured actual costs borne by the General Fund.

On May 3, 2011, the Mayor and Council members took action and approved a budget amendment to reduce expenditures and increase revenue in the future related to the General Fund as follows:

A Workforce Reduction Plan (WRP) was approved on October 12, 2010 that included the elimination of vacant positions, layoffs, and an offer of an early retirement incentive. To date, 67 fulltime and 10 fulltime-equivalent positions have been eliminated. This includes a total of 51 fulltime positions in the General Fund. This represents a savings of \$5M total for the City and \$4.1M for the General Fund in the current year and \$4.5M for FY2011-2012.

The City successfully negotiated and implemented two-year labor agreements containing savings resulting largely from non-paid furloughs, with an estimated \$2.2M in savings for the current year, and \$3.2M in FY 2011-2012 when the furloughs are in place for the full twelve months. This amount includes a 10% voluntary donation given back to the City from the Mayor, Council Members, City Clerk and City Treasurer as well.

Costs charged to the General Fund for personnel providing services to the Redevelopment Agency, were transferred to the Agency via a cooperative agreement approved by Council and the Agency (12/10/2010). These costs will now be paid for with tax increment as is provided for under law, total \$900K for the current year and are expected to save \$1.2M in FY2011-2012.

In addition to Personnel savings, the City's deficit reduction strategy also included the closure of a fire station in North Inglewood for a 36 month period that will produce \$1.8M in savings this fiscal year, followed by \$2.5M in savings during each of the next two years.

City staff called upon vendors who do business in Inglewood to collectively reduce their contracts by 10% where possible. To date, many vendors have complied with this request.

Three months into the current fiscal year, the City Manager met with Departments to discuss current operations and additional ways of cutting expenditures. A thorough review of spending history yielded additional savings in overtime of \$374K and maintenance and operations of over \$1.2M.

Council provided direction to eliminate General Fund subsidies of the City's four assessment districts. These subsidies are expected to result in partial savings of \$700K in the current fiscal year and \$1.1M in FY2011-2012.

#### Notes to Basic Financial Statements

(Continued)

#### (19) Cities Financial Condition and Management Plans, (continued)

Another component of the Deficit Reduction Plan includes maximizing existing revenues and exploring new revenue opportunities. On November 16, 2010, the Mayor and Council approved an ordinance requiring the registration, inspection and maintenance of vacant property in distress. This new ordinance is expected to add \$100K in the current year and \$400K in subsequent years.

An employee benefits audit designed to ensure proper premiums are being paid for eligible employees and covered benefits is underway. This recovery-based commission fee model is expected to provide modest to moderate annual operating savings. Likewise, Council approved a comprehensive fee study to enable the City of calculate and recover the actual costs for providing user-specific services to residents, businesses, developers, and others using City services. Council also approved staff's request to raise parking meter rates and parking violation fines that are expected to increase revenues by \$500K this fiscal year and upwards of \$760K annually thereafter. City Council also approved Ordinance No. 10-06 that establishes Super Graphic Wall Sign standards, which is expected to increase General Fund revenues annually by \$1M.

Overall, the Council-approved Deficit Reduction Plan which sought to erase an anticipated \$17.6M General Fund operating deficit will successfully save \$13.8M in recurring expenditures this year. When supplemented by \$2M in one-time revenues, the \$15.8M projected operating deficit should effectively be erased. Recurring General Fund operating savings during FY2011-2012 should total \$16.5M, and new and enhanced General Fund revenues enacted this year are expected to climb to \$1.17M. These expenditure savings coupled with revenue increases could bring us into structural balance in FY2011-2012 if expenses outside our control such as benefit costs and State actions have little adverse impact.

In conclusion, the City has made notable progress in addressing the City's financial condition. A Deficit Reduction Plan approved by the Mayor and Council has largely been successful in curbing expenditures and enhancing revenues. The FY2010-2011 mid-year budget amendment reflects measures taken to reduce the workforce, trim labor agreement costs, cut operating expenses, and boost revenues. The result is a projected FY2010-2011 General Fund budget that is balanced with the aid of a modest one-time revenue source, and a FY2011-2012 General Fund budget that may well be structurally balanced. However, notwithstanding this notable progress, the City must continue to achieve personnel-related savings, pursue long-term wage and benefit reforms, find new and diverse sources of revenue, vigorously explore public-private partnerships, and put in place, plans to finance deferred costs and unfunded liabilities.

## General Fund

## Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Year Ended September 30, 2010

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Taxes	\$ 59,299,000	56,888,790	(2,410,210)	59,748,757
Licenses and permits	1,240,000	1,043,526	(196,474)	1,497,420
Fines and forfeitures	3,927,100	4,096,571	169,471	3,978,628
Uses of money and property	1,330,100	808,295	(521,805)	1,258,134
Intergovernmental	10,341,000	10,318,997	(22,003)	10,544,913
Charges for services	2,739,059	1,636,425	(1,102,634)	3,803,581
Other revenues	711,500	461,161	(250,339)	1,286,518
Total revenues	79,587,759	75,253,765	(4,333,994)	82,117,951
Expenditures:				
Personnel services	61,275,011	63,298,741	(2,023,730)	63,557,631
Maintenance and operations	34,612,156	29,192,429	5,419,727	23,073,974
Capital outlay	1,106,225	563,026	543,199	2,561,519
Debt service:				
Principal retirement	1,560,000	-	1,560,000	-
Interest and fiscal charges	5,000	2,875	2,125	2,875
Total expenditures	98,558,392	93,057,071	5,501,321	89,195,999
Excess (deficiency) of revenues				
over (under) expenditures	(18,970,633)	(17,803,306)	1,167,327	(7,078,048)
Other financing sources (uses):				
Transfers in	6,680,000	6,036,290	(643,710)	_
Transfers out	(4,999,145)	(6,547,974)	(1,548,829)	(6,275,866)
Total other financing				
sources (uses)	1,680,855	(511,684)	(2,192,539)	(6,275,866)
Net change in fund balance	(17,289,778)	(18,314,990)	(1,025,212)	(13,353,914)
Fund balances at beginning of year	35,194,792	35,194,792		48,548,706
Fund balances at end of year	\$ 17,905,014	16,879,802	(1,025,212)	35,194,792

## Housing Special Revenue Fund Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Year Ended September 30, 2010

			Variance with	Duion
	Final		Final Budget Positive	Prior Year
	Budget	Actual	(Negative)	Actual
			(1 (oguil (o)	
Revenues:				
Intergovernmental	\$ 6,782,100	8,345,693	1,563,593	6,144,243
Other revenues	1,454,352	425,815	(1,028,537)	520,865
Total revenues	8,236,452	8,771,508	535,056	6,665,108
Expenditures:				
Personnel services	1,227,930	1,211,916	16,014	1,168,095
Maintenance and operations	7,312,303	9,283,432	(1,971,129)	7,731,880
Total expenditures	8,540,233	10,495,348	(1,955,115)	8,899,975
Excess (deficiency) of revenues				
over (under) expenditures	(303,781)	(1,723,840)	(1,420,059)	(2,234,867)
Other financing sources (uses): Transfers in	442,200	442,200		
Total other financing				
sources (uses)	442,200	442,200		
Net change in fund balance	138,419	(1,281,640)	(1,420,059)	(2,234,867)
Fund balances (deficits) at beginning of year	(2,983,877)	(2,983,877)		(749,010)
Fund balances (deficits) at end of year	\$ (2,845,458)	(4,265,517)	(1,420,059)	(2,983,877)

## Noise Mitigation Special Revenue Fund Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Year Ended September 30, 2010

			Variance with	
			Final Budget	Prior
	Final		Positive	Year
	Budget	Actual	(Negative)	Actual
Davanuasi				
Revenues:	ф	204.206	204.206	475 724
Uses of money and property	\$ -	294,396	294,396	475,724
Intergovernmental	36,215,527	13,159,832	(23,055,695)	18,295,596
Other revenues	<del></del>	240,983	240,983	
Total revenues	36,215,527	13,695,211	(22,520,316)	18,771,320
Expenditures:				
Personnel services	2,646,155	2,191,280	454,875	2,218,870
Maintenance and operations	45,838,730	19,084,350	26,754,380	20,405,404
Capital outlay	82,411	2,411	80,000	13,298
Total expenditures	48,567,296	21,278,041	27,289,255	22,637,572
Net change in fund balance	(12,351,769)	(7,582,830)	4,768,939	(3,866,252)
Fund balances at beginning of year	8,371,226	8,371,226		12,237,478
Fund balances at end of year	\$ (3,980,543)	788,396	4,768,939	8,371,226

### Notes to Required Supplementary Information

September 30, 2010

## (1) Budgets and Budgetary Data

The City Council makes appropriations annually by budget resolution. The City Administrator is responsible for the preparation and recommendation of the annual budget and for its administration after adoption by City Council. The Council may amend the budget by resolution during the fiscal year. The City Administrator has the authority to transfer monies between line items and between and within organizational division and section activity and program budgets without restriction as to an amount. The City Administrator may transfer monies between personnel services, maintenance and operations, and capital outlay and improvement accounts up to the amount of \$5,000 without approval of the Mayor and City Council; however, the Mayor and City Council shall have exclusive authority to approve any such transfer exceeding that amount.

Annual budgets are adopted for all funds except for the Civic Center Debt Service Fund, Pension Obligation Bond Debt Service Fund, Subordinate Lien 2007A-1 Debt Service Fund and the Subordinate Lien 2007A-H Debt Service Fund because effective control is alternatively achieved through the provisions of the respective bond indentures and City ordinances.

Budgets are adopted on a basis consistent with generally accepted accounting principles.

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SUPPLEMENTARY SCHEDULES

# Combining Balance Sheet

# Non-Major Governmental Funds

## September 30, 2010

	Special Revenue		Debt Service	Totals	
		Funds	Funds	2010	2009
Assets	_	Tunus	1 unus	2010	2007
<u> 1155015</u>					
Cash and investments	\$	25,589,527	190,034	25,779,561	21,770,001
Cash and investments with fiscal agent		-	2,747,988	2,747,988	2,748,235
Receivables, net allowances:					
Accounts		1,520,624	-	1,520,624	1,363,215
Taxes		784,360	-	784,360	1,002,585
Interest		32,224	50	32,274	45,024
Notes		1,003,890	-	1,003,890	1,015,379
Loans		1,701,450	_	1,701,450	1,753,847
Due from other governments		3,988,957		3,988,957	4,019,555
Total assets	\$	34,621,032	2,938,072	37,559,104	33,717,841
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$	3,464,273	-	3,464,273	2,394,375
Due to other funds		7,172	11,426	18,598	959,708
Customer deposits and funds held for others		148,833	-	148,833	148,833
Deferred revenue		6,910,762		6,910,762	3,737,211
Total liabilities	_	10,531,040	11,426	10,542,466	7,240,127
Fund balances:					
Reserved:					
Encumbrances		4,376,713	-	4,376,713	5,895,031
Debt service		-	2,736,610	2,736,610	2,737,455
Long-term receivables		2,705,340	-	2,705,340	2,769,226
Unreserved:					
Designated, reported in:					
Debt service funds		-	190,036	190,036	(208,096)
Undesignated, reported in:					
Special revenue funds		17,007,939		17,007,939	15,284,098
Total fund balances	_	24,089,992	2,926,646	27,016,638	26,477,714
Total liabilities and fund balances	\$	34,621,032	2,938,072	37,559,104	33,717,841

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

## Non-Major Governmental Funds

Year Ended September 30, 2010

	Special Revenue	Debt Service	Totals		
	Funds	Funds	2010	2009	
Revenues:					
Taxes	\$ 4,636,938	-	4,636,938	4,927,570	
Special assessments	2,848,661	_	2,848,661	2,830,615	
Licenses and permits	57,831	-	57,831	118,401	
Fines and forfeitures	259,152	-	259,152	278,978	
Uses of money and property	323,812	354	324,166	394,991	
Intergovernmental	13,999,247	-	13,999,247	14,115,874	
Charges for services	14,609,745	-	14,609,745	14,713,020	
Other revenues	6,581		6,581	7,972	
Total revenues	36,741,967	354	36,742,321	37,387,421	
Expenditures:					
Public safety	914,556	-	914,556	6,141,308	
Transportation	10,239,429	-	10,239,429	8,322,444	
Health	14,541,850	-	14,541,850	12,951,935	
Culture and leisure	2,017,674	-	2,017,674	2,572,015	
Community development	2,190,160	-	2,190,160	3,013,844	
Capital outlay	1,021,371	-	1,021,371	845,791	
Debt service:					
Principal retirement	-	2,920,000	2,920,000	2,700,000	
Interest and fiscal charges		3,481,413	3,481,413	3,624,227	
Total expenditures	30,925,040	6,401,413	37,326,453	40,171,564	
Excess (deficiency) of revenues					
over (under) expenditures	5,816,927	(6,401,059)	(584,132)	(2,784,143)	
Other financing sources (uses):					
Transfers in	-	11,798,346	11,798,346	11,121,586	
Transfers out	(5,675,290)	(5,000,000)	(10,675,290)	(5,125,000)	
Total other financing	(5 (75 200)	6.700.246	1 122 056	5 006 506	
sources (uses)	(5,675,290)	6,798,346	1,123,056	5,996,586	
Net change in fund balances	141,637	397,287	538,924	3,212,443	
Fund balances at beginning of year	23,948,355	2,529,359	26,477,714	23,265,271	
Fund balances at end of year	\$ 24,089,992	2,926,646	27,016,638	26,477,714	

### NON-MAJOR SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

The City of Inglewood has the following Non-Major Special Revenue Funds:

<u>Measure IT Fund</u> – In 2006 the voters of Inglewood approved a special one-half cent use tax on sales within Inglewood. Most of the activities to be funded are anticipated to relate to public safety and critical community services.

<u>Traffic Offender Fund</u> – This fund is derived from revenues received from administrative fees for vehicles impounded for vehicle code violations. The revenues are used for traffic safety and enforcement purposes.

<u>Arts Fund</u> – This fund is derived from a fee imposed on certain new development for public art.

<u>Gas Tax Fund</u> – This fund receives grants and subventions of revenues from the Federal, State and County governments. Revenue allocated to this fund is used for street and signal construction and maintenance.

<u>Proposition A Fund</u> – One revenue stream the City uses for transportation related purposes are proceeds from a special use tax on sales within the County of Los Angeles.

<u>Prop C, Federal, State Transportation Fund</u> – The City receives transportation related revenues from the Federal government, State government and County government under a variety of programs. This fund receives those proceeds from programs such as the Federal Transportation Equity Act, Prop. 42 State traffic mitigation revenues, and the County of Los Angeles Measure C revenues.

<u>TDA</u>, <u>Article 3</u>, <u>County of Los Angeles Fund</u> – This fund is a special dedicated revenue source for bicycle and pedestrian projects.

<u>AB2766 (AQMD) Fund</u> – This fund is a special revenue source of transportation projects designed to reduce air pollution emissions.

<u>Sanitation Fund</u> – This fund receives, disburses, and accounts for all fees, charges and monies accruing to the City by virtue of its operations of the City's refuse collection and disposal system.

<u>Sewer Fund</u> – This fund receives, disburses and accounts for all fees, charges and monies accruing to the City by virtue of owning and operating its sanitary sewer system.

<u>Special Assessment Fund</u> – This fund receives, disburses, and accounts for monies accruing to the City as a result of the annual levy of assessments for special services within the boundaries of the various districts.

## NON-MAJOR SPECIAL REVENUE FUNDS, (CONTINUED)

<u>HUD (CDBG) Fund</u> – This fund accounts for all HUD (Housing and Urban Development) and CDBG (Community Development Block Grant) related revenues and expenses from Federal grant programs.

<u>Grants Fund</u> – This fund receives, disburses, and accounts for monies accruing to the City from Federal, State, and County grant programs except for those in the Transportation fund, the Noise Mitigation Fund, and the HUD (CDBG) Fund.

<u>Measure R Fund</u> – This fund accounts for a county-wide one half percent sales tax to fund transportation projects. Receipts can be used to synchronize traffic signals, repair potholes, keep senior, student and disabled bus fares low and provide community traffic relief. The tax receipts will be used primarily to improve public transit and street maintenance projects.

## Combining Balance Sheet Non-Major Special Revenue Funds

September 30, 2010

	Measure IT		Traffic Offender	Arts	Gas Tax	
Assets			Official		<u> </u>	
Cash and investments	\$	329,304	192,711	535,946	415,272	
Receivables, net allowances:						
Accounts		-	-	-	-	
Taxes		319,400	-	-	330,221	
Interest		314	369	711	-	
Notes		-	-	-	-	
Loans		-	-	-	-	
Due from other governments		-		<del>-</del>	-	
Total assets	\$	649,018	193,080	536,657	745,493	
<u>Liabilities and Fund Balances</u>						
Liabilities:						
Accounts payable	\$	-	-	-	22,304	
Due to other funds		-	-	-	-	
Customer deposits and funds held for others		-	-	-	-	
Deferred revenue			<del></del>	<del>-</del>		
Total liabilities				<u> </u>	22,304	
Fund balances:						
Reserved:						
Encumbrances		-	_	-	-	
Long-term receivables		-	_	-	-	
Unreserved:						
Undesignated, reported in:						
Special revenue funds		649,018	193,080	536,657	723,189	
Total fund balances (deficits)		649,018	193,080	536,657	723,189	
Total liabilities and fund balances	\$	649,018	193,080	536,657	745,493	

Proposition A	Prop C, Federal, State Transportation	TDA, Article 3, County of Los Angeles	AB2766 (AQMD)	Sanitation	Sewer	Special Assessment
1,341,845	4,997,009	-	202,731	966,104	1,949,951	1,092,218
-	-	_	-	1,252,480	268,000	_
-	-	_	-	- -	-	134,739
1,034	9,035	-	529	1,883	2,437	1,905
-	-	-	-	-	-	-
-	- 2,254,929	3,091	- 35,772	-	-	-
	2,234,727	3,071	33,112			
1,342,879	7,260,973	3,091	239,032	2,220,467	2,220,388	1,228,862
				· · · · · · · · · · · · · · · · · · ·		
-	675,608	_	33,613	1,598,776	4,020	113,358
-	-	7,172	-	-	-	-
-	-	-	-	148,833	-	-
	2,254,929	3,091	35,772		<del>-</del>	
_	2,930,537	10,263	69,385	1,747,609	4,020	113,358
	<u> </u>					
-	144,298	-	-	110,441	13,598	36,552
-	-	-	-	-	-	-
1,342,879	4,186,138	(7,172)	169,647	362,417	2,202,770	1,078,952
1,342,879	4,330,436	(7,172)	169,647	472,858	2,216,368	1,115,504
1,342,879	7,260,973	3,091	239,032	2,220,467	2,220,388	1,228,862
						(Continued)

## Combining Balance Sheet

# Non-Major Special Revenue Funds

(Continued)

	HUD			To	tals
	(CDBG)	Grants	Measure R	2010	2009
<u>Assets</u>					
Cash and investments	10,993,861	1,566,145	1,006,430	25,589,527	21,770,001
Receivables, net allowances:					
Accounts	-	144	-	1,520,624	1,363,215
Taxes	-	-	-	784,360	1,002,585
Interest	12,618	860	529	32,224	44,978
Notes	1,003,890	-	-	1,003,890	1,015,379
Loans	1,701,450	-	-	1,701,450	1,753,847
Due from other governments	75,172	1,619,993		3,988,957	4,019,555
Total assets	13,786,991	3,187,142	1,006,959	34,621,032	30,969,560
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable	175,439	841,155	-	3,464,273	2,389,549
Due to other funds	-	-	-	7,172	745,612
Customer deposits and funds held for others	-	-	-	148,833	148,833
Deferred revenue	2,705,340	1,911,630		6,910,762	3,737,211
Total liabilities	2,880,779	2,752,785		10,531,040	7,021,205
Fund balances:					
Reserved:					
Encumbrances	3,220,125	817,699	34,000	4,376,713	5,895,031
Long-term receivables	2,705,340	-	-	2,705,340	2,769,226
Unreserved:					
Undesignated, reported in:					
Special revenue funds	4,980,747	(383,342)	972,959	17,007,939	15,284,098
Total fund balances (deficits)	10,906,212	434,357	1,006,959	24,089,992	23,948,355
Total liabilities and fund balances	13,786,991	3,187,142	1,006,959	34,621,032	30,969,560

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

## Non-Major Special Revenue Funds

## Year Ended September 30, 2010

	Measure	Traffic		Gas
	IT	Offender	Arts	Tax
Revenues:				
Taxes	\$ 4,636,938	-	-	-
Special assessments	-	-	-	-
Licenses and permits	-	-	40,039	-
Fines and forfeitures	-	86,556	-	-
Uses of money and property	1,476	1,974	4,614	-
Intergovernmental	-	-	-	2,859,307
Charges for services	-	-	-	-
Other revenues			<u>-</u>	
Total revenues	4,638,414	88,530	44,653	2,859,307
Expenditures:				
Public safety	-	247,289	-	-
Transportation	-	- -	-	2,324,298
Health	-	-	-	-
Culture and leisure	-	-	2,690	-
Community development	-	-	-	-
Capital outlay				5,339
Total expenditures		247,289	2,690	2,329,637
Excess (deficiency) of revenues				
over (under) expenditures	4,638,414	(158,759)	41,963	529,670
Other financing sources (uses):				
Transfers out	(4,639,000)			
Total other financing sources (uses)	(4,639,000)			
Net change in fund balance	(586)	(158,759)	41,963	529,670
Fund balances (deficits) at				
beginning of year	649,604	351,839	494,694	193,519
Fund balances (deficits) at end of year	\$ 649,018	193,080	536,657	723,189

Proposition A	Prop C, Federal, State Transportation	TDA, Article 3, County of Los Angeles	AB2766 (AQMD)	Sanitation	Sewer	Special Assessment
				-		
-	-	-	-	-	-	
-	-	-	-	-	-	2,848,661
-	-	-	-	-	17,792	-
_	-	-	-	-	-	-
6,373	79,541	-	2,524	10,398	25,533	12,431
1,527,366	2,525,595	-	100,018	14,755	-	-
-	72,871 -	-	-	11,561,647	2,882,797	-
			·			
1,533,739	2,678,007		102,542	11,586,800	2,926,122	2,861,092
_	_	_	_	_	_	_
_	4,414,756	3,092	280,156	-	708,693	2,508,434
-	-	-	-	12,903,061	1,638,789	-
-	1,241,433	-	-	-	-	-
-	-	-	-	-	-	-
	344,069		512,204		47,783	
	6,000,258	3,092	792,360	12,903,061	2,395,265	2,508,434
1,533,739	(3,322,251)	(3,092)	(689,818)	(1,316,261)	530,857	352,658
(1,036,290)						
(1,036,290)	-	-	-	-	-	-
497,449	(3,322,251)	(3,092)	(689,818)	(1,316,261)	530,857	352,658
.,,,,,,	(3,522,251)	(3,072)	(00),010)	(1,010,201)	220,027	22,030
845,430	7,652,687	(4,080)	859,465	1,789,119	1,685,511	762,846
1,342,879	4,330,436	(7,172)	169,647	472,858	2,216,368	1,115,504
		/	<del></del>	<del></del>		(Continued)

(Continued)

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

## Non-Major Special Revenue Funds

(Continued)

	HUD			Tota	als
	(CDBG)	Grants	Measure R	2010	2009
Revenues:					
Taxes	\$ -	-	-	4,636,938	4,927,570
Special assessments	-	-	-	2,848,661	2,830,615
Licenses and permits	-	-	-	57,831	118,401
Fines and forfeitures	-	172,596	-	259,152	278,978
Uses of money and property	145,399	20,424	13,125	323,812	375,623
Intergovernmental	3,560,287	2,418,085	993,834	13,999,247	14,115,874
Charges for services	-	92,430	-	14,609,745	14,713,020
Other revenues		6,581		6,581	7,972
Total revenues	3,705,686	2,710,116	1,006,959	36,741,967	37,368,053
Expenditures:					
Public safety	_	667,267	_	914,556	6,141,308
Transportation	-	-	_	10,239,429	8,322,444
Health	-	_	_	14,541,850	12,951,935
Culture and leisure	135,273	638,278	-	2,017,674	2,572,015
Community development	1,921,983	268,177	-	2,190,160	3,013,844
Capital outlay	20,572	91,404		1,021,371	845,791
Total expenditures	2,077,828	1,665,126		30,925,040	33,847,337
Excess (deficiency) of revenues					
over (under) expenditures	1,627,858	1,044,990	1,006,959	5,816,927	3,520,716
Other financing sources (uses):					
Transfers out				(5,675,290)	
Total other financing sources (uses)				(5,675,290)	
Net change in fund balance	1,627,858	1,044,990	1,006,959	141,637	3,520,716
Fund balances (deficits) at					
beginning of year	9,278,354	(610,633)		23,948,355	20,427,639
Fund balances (deficits) at end of year	\$ 10,906,212	434,357	1,006,959	24,089,992	23,948,355

## Measure IT Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Year Ended September 30, 2010

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
	Budget	Actual	(Negative)	Actual
Revenues:				
Taxes	\$ 4,639,000	4,636,938	(2,062)	4,927,570
Uses of money and property	<del>-</del>	1,476	1,476	6,955
Total revenues	4,639,000	4,638,414	(586)	4,934,525
Expenditures:				
Personnel services	-	-	-	2,683
Maintenance and operations	<del>-</del>	<del>-</del>	<del></del>	5,299,992
Total expenditures	<del>-</del> _		<u> </u>	5,302,675
Excess (deficiency) of revenue	es			
over (under) expenditures	4,639,000	4,638,414	(586)	(368,150)
Other financing sources (uses): Transfers out	(4,639,000)	(4,639,000)	<u> </u>	
Total other financing				
sources (uses)	(4,639,000)	(4,639,000)		
Net change in fund balance	-	(586)	(586)	(368,150)
Fund balances at beginning of year	649,604	649,604		1,017,754
Fund balances at end of year	\$ 649,604	649,018	(586)	649,604

## Traffic Offender Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Year Ended September 30, 2010

				Variance with	
				Final Budget	Prior
		Final		Positive	Year
		Budget	Actual	(Negative)	Actual
D					
Revenues:	Ф	1.50,000	06.556	((0, 4,4,4)	05.525
Fines and forfeitures	\$	150,000	86,556	(63,444)	95,535
Uses of money and property		4,000	1,974	(2,026)	6,156
Total revenues		154,000	88,530	(65,470)	101,691
Expenditures:					
Personnel services		311,225	186,351	124,874	214,251
Maintenance and operations		137,917	60,938	76,979	84,126
Total expenditures		449,142	247,289	201,853	298,377
Net change in fund balance		(295,142)	(158,759)	136,383	(196,686)
Fund balances at beginning of year		351,839	351,839		548,525
Fund balances at end of year	\$	56,697	193,080	136,383	351,839

## Arts Special Revenue Fund

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

Year Ended September 30, 2010

				Variance with	
				Final Budget	Prior
		Final		Positive	Year
	]	Budget	Actual	(Negative)	Actual
Revenues:					
Licenses and permits	\$	100,000	40,039	(59,961)	107,745
Uses of money and property		3,000	4,614	1,614	6,897
Total revenues	_	103,000	44,653	(58,347)	114,642
Expenditures:					
Maintenance and operations		64,225	2,690	61,535	15,775
Total expenditures		64,225	2,690	61,535	15,775
Net change in fund balance		38,775	41,963	3,188	98,867
Fund balances at beginning of year		494,694	494,694		395,827
Fund balances at end of year	\$	533,469	536,657	3,188	494,694

## Gas Tax Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Year Ended September 30, 2010

			Variance with Final Budget	Prior
	Final		Positive	Year
	Budget	Actual	(Negative)	Actual
D.				
Revenues:	Φ			4.700
Uses of money and property	\$ -	-	-	4,728
Intergovernmental	1,906,935	2,859,307	952,372	1,918,594
Total revenues	1,906,935	2,859,307	952,372	1,923,322
Expenditures:				
Personnel services	179,895	108,773	71,122	42,473
Maintenance and operations	2,388,878	2,215,525	173,353	2,813,847
Capital outlay		5,339	(5,339)	11,343
Total expenditures	2,568,773	2,329,637	239,136	2,867,663
Net change in fund balance	(661,838)	529,670	1,191,508	(944,341)
Fund balances at beginning of year	193,519	193,519	=	1,137,860
Fund balances (deficit) at end of year	\$ (468,319)	723,189	1,191,508	193,519

## Proposition A Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Year Ended September 30, 2010

			Variance with Final Budget	Prior
	Final		Positive	Year
	Budget	Actual	(Negative)	Actual
Revenues:				
Uses of money and property	\$ -	6,373	6,373	12,836
Intergovernmental	1,680,102	1,527,366	(152,736)	1,621,434
Total revenues	1,680,102	1,533,739	(146,363)	1,634,270
Expenditures:				
Maintenance and operations				1,580,004
70 . 1 . 1's				1 500 004
Total expenditures	<del>-</del>			1,580,004
Excess (deficiency) of revenues				
over (under) expenditures	1,680,102	1,533,739	(146,363)	54,266
Other financing sources (uses):				
Transfers out	(1,680,000)	(1,036,290)	643,710	
Total other financing				
sources (uses)	(1,680,000)	(1,036,290)	643,710	
N 1	100	407.440	407.247	54066
Net change in fund balance	102	497,449	497,347	54,266
Fund balances at beginning of year	845,430	845,430		791,164
	_			
Fund balances at end of year	\$ 845,532	1,342,879	497,347	845,430

## Prop C, Federal, State Transportation Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Year Ended September 30, 2010

			Variance with Final Budget	Prior
	Final		Positive	Year
	Budget	Actual	(Negative)	Actual
Revenues:				
Uses of money and property	\$ -	79,541	79,541	109,320
Intergovernmental	17,002,741	2,525,595	(14,477,146)	5,095,026
Charges for services	85,000	72,871	(12,129)	81,670
Total revenues	17,087,741	2,678,007	(14,409,734)	5,286,016
Expenditures:				
Personnel services	858,223	978,634	(120,411)	767,994
Maintenance and operations	16,654,401	4,677,555	11,976,846	1,035,946
Capital outlay	390,122	344,069	46,053	184,995
Total expenditures	17,902,746	6,000,258	11,902,488	1,988,935
•				
Net change in fund balance	(815,005)	(3,322,251)	(2,507,246)	3,297,081
C	, ,	, , , , ,	, , , ,	
Fund balances at beginning of year	7,652,687	7,652,687	_	4,355,606
Fund balances at end of year	\$ 6,837,682	4,330,436	(2,507,246)	7,652,687
	, ,	,,	( ) )	, , , -

## TDA, Article 3, County of Los Angeles Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Year Ended September 30, 2010

				Variance with	
				Final Budget	Prior
		Final		Positive	Year
	I	Budget	Actual	(Negative)	Actual
Revenues:					
Uses of money and property	\$	-	-	-	1,172
Intergovernmental		56,181		(56,181)	68,768
Total revenues		56,181		(56,181)	69,940
Expenditures:					
Personnel services		-	3,092	(3,092)	-
Maintenance and operations		78,120		78,120	68,000
Total expenditures		78,120	3,092	75,028	68,000
Net change in fund balance		(21,939)	(3,092)	18,847	1,940
Fund balances (deficits) at beginning of year		(4,080)	(4,080)		(6,020)
Fund balances (deficits) at end of year	\$	(26,019)	(7,172)	18,847	(4,080)

## AB2766 (AQMD) Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Year Ended September 30, 2010

			Variance with	
			Final Budget	Prior
	Final		Positive	Year
	Budget	Actual	(Negative)	Actual
Revenues:				
Uses of money and property	\$ -	2,524	2,524	12,092
Intergovernmental	130,000	100,018	(29,982)	136,492
Total revenues	130,000	102,542	(27,458)	148,584
Expenditures:				
Personnel services	-	7,075	(7,075)	-
Maintenance and operations	539,297	273,081	266,216	73,513
Capital outlay	512,204	512,204		
Total expenditures	1,051,501	792,360	259,141	73,513
Excess (deficiency) of revenues				
over (under) expenditures	(921,501)	(689,818)	231,683	75,071
N. 1	(021 501)	(600.010)	221 (02	75.071
Net change in fund balance	(921,501)	(689,818)	231,683	75,071
Fund balances at beginning of year	859,465	859,465	_	784,394
i and balances at beginning of year	037,703	037,703	<del></del>	107,334
Fund balances at end of year	\$ (62,036)	169,647	231,683	859,465
· · · · · · · · · · · · · · · · · · ·	. (- , )	,-	- ,	

## Sanitation Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Year Ended September 30, 2010

			Variance with	
			Final Budget	Prior
	Final		Positive	Year
	Budget	Actual	(Negative)	Actual
Revenues:				
	\$ 75,000	10.200	(64.602)	29.205
Uses of money and property	' '	10,398	(64,602)	28,305
Intergovernmental	137,700	14,755	(122,945)	5,575
Charges for services	11,157,800	11,561,647	403,847	11,655,949
Total revenues	11,370,500	11,586,800	216,300	11,689,829
Expenditures:				
Personnel services	366,527	342,353	24,174	370,051
Maintenance and operations	11,723,972	12,560,708	(836,736)	11,050,822
	· · · · · · · · · · · · · · · · · · ·			
Total expenditures	12,090,499	12,903,061	(812,562)	11,420,873
Net change in fund balance	(719,999)	(1,316,261)	(596,262)	268,956
Fund balances at beginning of year	1,789,119	1,789,119	_	1,520,163
Tana balances at beginning of year	1,707,117	1,707,117		1,520,103
Fund balances at end of year	\$ 1,069,120	472,858	(596,262)	1,789,119
•				

## Sewer Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Year Ended September 30, 2010

			Variance with	
			Final Budget	Prior
	Final		Positive	Year
	Budget	Actual	(Negative)	Actual
Revenues:				
Licenses and permits	\$ 7,500	17,792	10,292	10,656
Uses of money and property	30,000	25,533	(4,467)	23,329
Charges for services	2,740,000	2,882,797	142,797	2,890,356
Total revenues	2,777,500	2,926,122	148,622	2,924,341
Expenditures:				
Personnel services	1,368,314	1,479,266	(110,952)	1,443,673
Maintenance and operations	900,248	868,216	32,032	822,527
Capital outlay	820,000	47,783	772,217	94,267
Total expenditures	3,088,562	2,395,265	693,297	2,360,467
Net change in fund balance	(311,062)	530,857	841,919	563,874
Fund balances at beginning of year	1,685,511	1,685,511		1,121,637
Fund balances at end of year	\$ 1,374,449	2,216,368	841,919	1,685,511

## Special Assessment Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Year Ended September 30, 2010

			Variance with	
			Final Budget	Prior
	Final		Positive	Year
	Budget	Actual	(Negative)	Actual
Revenues:				
Special assessments	\$ 2,624,117	2,848,661	224,544	2,830,615
Uses of money and property	1,000	12,431	11,431	19,353
Total revenues	2,625,117	2,861,092	235,975	2,849,968
English Manager				
Expenditures:	1 0 11 60 5	1 771 007	400 700	1 505 000
Personnel services	1,941,627	1,751,095	190,532	1,735,382
Maintenance and operations	636,404	757,339	(120,935)	742,910
	2.550.024	2 500 121	60 <b>5</b> 0 <b>5</b>	2 470 202
Total expenditures	2,578,031	2,508,434	69,597	2,478,292
Net change in fund balance	47,086	352,658	305,572	371,676
Net change in fund barance	47,000	332,038	303,372	371,070
Fund balances at beginning of year	762,846	762,846	<del>-</del>	391,170
Fund balances at end of year	\$ 809,932	1,115,504	305,572	762,846

## HUD (CDBG) Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Year Ended September 30, 2010

			Variance with	
			Final Budget	Prior
	Final		Positive	Year
	Budget	Actual	(Negative)	Actual
Revenues:				
Uses of money and property	\$ -	145,399	145,399	141,649
Intergovernmental	8,016,033	3,560,287	(4,455,746)	3,500,467
Total revenues	8,016,033	3,705,686	(4,310,347)	3,642,116
Expenditures:				
Personnel services	2,059,417	1,567,050	492,367	819,538
Maintenance and operations	6,263,860	490,206	5,773,654	2,228,776
Capital outlay	45,927,332	20,572	45,906,760	555,186
Total expenditures	54,250,609	2,077,828	52,172,781	3,603,500
Total expenditures	34,230,007	2,077,020	32,172,701	3,003,300
Net change in fund balance	(46,234,576)	1,627,858	47,862,434	38,616
Fund balances at beginning of year	9,278,354	9,278,354		9,239,738
Fund balances at end of year	\$ (36,956,222)	10,906,212	47,862,434	9,278,354

## Grants Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Year Ended September 30, 2010

			Variance with	
			Final Budget	Prior
	Final		Positive	Year
	Budget	Actual	(Negative)	Actual
Revenues:			(10.5.00.1)	
Fines and forfeitures	\$ 369,500	172,596	(196,904)	183,443
Uses of money and property	-	20,424	20,424	2,831
Intergovernmental	4,446,322	2,418,085	(2,028,237)	1,769,518
Charges for services	28,102	92,430	64,328	85,045
Other revenues	<del>-</del>	6,581	6,581	7,972
Total revenues	4,843,924	2,710,116	(2,133,808)	2,048,809
Expenditures:				
Personnel services	2,039,602	1,573,722	465,880	1,385,505
Maintenance and operations	4,074,553	-	4,074,553	403,758
Capital outlay	184,039	91,404	92,635	
Total expenditures	6,298,194	1,665,126	4,633,068	1,789,263
Net change in fund balance	(1,454,270)	1,044,990	2,499,260	259,546
Fund balances (deficits) at beginning of year	(610,633)	(610,633)		(870,179)
Fund balances (deficits) at end of year	\$ (2,064,903)	434,357	2,499,260	(610,633)

## Measure R Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Year Ended September 30, 2010

	1	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:					
Uses of money and property	\$	-	13,125	13,125	-
Intergovernmental			993,834	993,834	
Total revenues		_	1,006,959	1,006,959	
Net change in fund balance		-	1,006,959	1,006,959	-
Fund balances at beginning of year					
Fund balances at end of year	\$		1,006,959	1,006,959	

#### MAJOR AND NON-MAJOR DEBT SERVICE FUNDS

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, governmental long-term debt principal and interest. Budgets are adopted for debt service funds relating to the redevelopment projects as required by State law, but are not employed for other debt service funds (Civic Center, Pension Obligation Bonds, Subordinate Lien 2007A-1, A-T and Subordinate Lien 2007A-H) because effective control is alternatively achieved through the provisions of the respective bond indentures.

The City of Inglewood has the following Major Debt Service Funds:

Merged Redevelopment Project Area Debt Service Fund Subordinate Lien 2007 A-1, A-T Debt Service Fund Subordinate Lien 2007 A-H Debt Service Fund

City of Inglewood has the following Non-Major Debt Service Funds:

Merged Redevelopment Revenue Debt Service Fund Civic Center Debt Service Fund Pension Obligation Bonds Debt Service Fund

## CITY OF INGLEWOOD Combining Balance Sheet

## Non-Major Debt Service Funds

September 30, 2010

	Merged evelopment		Pension Obligation	Totals	
	Revenue	Civic Center	Bond	2010	2009
<u>Assets</u>	 <u>kevenue</u>	Civic Center	Bond	2010	2007
1155015					
Cash and investments Cash and investments with	\$ 190,034	-	-	190,034	-
fiscal agent Receivables, net allowances:	-	2,533,580	214,408	2,747,988	2,748,235
Interest	 	48	2	50	46
Total assets	\$ 190,034	2,533,628	214,410	2,938,072	2,748,281
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ -	-	-	-	4,826
Due to other funds	 	11,426		11,426	214,096
Total liabilities	 	11,426		11,426	218,922
Fund balances:					
Reserved:					
Debt service	-	2,522,202	214,408	2,736,610	2,737,455
Unreserved:					
Designated for:  Debt service	190,034	_	2	190,036	(208,096)
Debt service	 170,034			170,030	(200,070)
Total fund balances	 190,034	2,522,202	214,410	2,926,646	2,529,359
Total liabilities and					
fund balances	\$ 190,034	2,533,628	214,410	2,938,072	2,748,281

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

## Non-Major Debt Service Funds

## Year Ended September 30, 2010

	Red	Merged development		Pension Obligation	Totals	
		Revenue	Civic Center	Bond	2010	2009
Revenues:						
Uses of money and property	\$		1	353	354	19,368
Total revenues			1	353	354	19,368
Expenditures:						
Debt service:						
Principal		-	1,360,000	1,560,000	2,920,000	2,700,000
Interest and other charges		14,794	1,171,589	2,295,030	3,481,413	3,624,227
Total expenditures		14,794	2,531,589	3,855,030	6,401,413	6,324,227
Excess (deficiency) of revenues over (under) expenditures		(14,794)	(2,531,588)	(3,854,677)	(6,401,059)	(6,304,859)
Other financing sources (uses):						
Transfers in		5,412,926	2,530,390	3,855,030	11,798,346	11,121,586
Transfers out		(5,000,000)			(5,000,000)	(5,125,000)
Total other financing						
sources (uses)		412,926	2,530,390	3,855,030	6,798,346	5,996,586
Net change in fund balance		398,132	(1,198)	353	397,287	(308,273)
Fund balances (deficits) at						
beginning of year		(208,098)	2,523,400	214,057	2,529,359	2,837,632
Fund balances at end of year	\$	190,034	2,522,202	214,410	2,926,646	2,529,359

## Merged Redevelopment Debt Service Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Year Ended September 30, 2010

			Variance with	
			Final Budget	Prior
	Final		Positive	Year
	Budget	Actual	(Negative)	Actual
Revenues:				
Taxes	\$ 17,902,000	21,116,535	3,214,535	19,909,265
Uses of money and property	400,000	141,996	(258,004)	330,625
Total revenues	18,302,000	21,258,531	2,956,531	20,239,890
Expenditures:				
Maintenance and operations Debt service:	7,590,839	4,373,240	3,217,599	1,438,860
Principal retirement	1,325,000	1,500,000	(175,000)	1,466,042
Interest and fiscal charges	2,157,738	2,002,554	155,184	2,043,017
Total expenditures	11,073,577	7,875,794	3,197,783	4,947,919
Excess (deficiency) of revenues				
over (under) expenditures	7,228,423	13,382,737	6,154,314	15,291,971
Other financing sources (uses):				
Transfers in	40,000	23,554	(16,446)	26,042
Transfers out	(23,340,894)	(14,760,177)	8,580,717	(15,758,531)
Total other financing				
sources (uses)	(23,300,894)	(14,736,623)	8,564,271	(15,732,489)
Net change in fund balance	(16,072,471)	(1,353,886)	14,718,585	(440,518)
Fund balances at beginning of year	16,211,622	16,211,622		16,652,140
Fund balances at end of year	\$ 139,151	14,857,736	14,718,585	16,211,622

## Subordinate Lien 2007 A-1, A-T Debt Service Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Year Ended September 30, 2010

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
	Buaget	<u> </u>	(Tregutive)	7 Ictuar
Revenues:				
Uses of money and property	\$ -	13,009	13,009	636,076
Total revenues		13,009	13,009	636,076
Expenditures:				
Debt service:				
Principal retirement	5,592,000	1,600,000	3,992,000	1,270,000
Interest and fiscal charges		3,523,136	(3,523,136)	3,567,978
Total expenditures	5,592,000	5,123,136	468,864	4,837,978
Excess (deficiency) of revenues over (under) expenditures	(5,592,000)	(5,110,127)	481,873	(4,201,902)
Other financing sources (uses): Transfers in	<u> </u>	5,123,944	5,123,944	6,205,703
Total other financing		•		•
sources (uses)		5,123,944	5,123,944	6,205,703
Net change in fund balance	(5,592,000)	13,817	5,605,817	2,003,801
Fund balances at beginning of year	73,959,676	73,959,676		71,955,875
Fund balances at end of year	\$ 68,367,676	73,973,493	5,605,817	73,959,676

## Subordinate Lien 2007 A-H Debt Service Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Year Ended September 30, 2010

			Variance with	
	T7: 1		Final Budget	Prior
	Final	A , 1	Positive	Year
	Budget	Actual	(Negative)	Actual
Revenues:				
Uses of money and property	\$ -	17,866	17,866	300,104
Total revenues		17,866	17,866	300,104
Expenditures:				
Debt service:				
Principal retirement	-	790,000	(790,000)	750,000
Interest and fiscal charges		2,138,964	(2,138,964)	2,182,089
Total expenditures		2,928,964	(2,928,964)	2,932,089
Excess (deficiency) of revenues over (under) expenditures		(2,911,098)	(2,911,098)	(2,631,985)
Other financing sources (uses): Transfers in		2,928,964	2,928,964	3,768,556
Total other financing				
sources (uses)		2,928,964	2,928,964	3,768,556
Net change in fund balance	-	17,866	17,866	1,136,571
Fund balances at beginning of year	34,797,981	34,797,981		33,661,410
Fund balances at end of year	\$ 34,797,981	34,815,847	17,866	34,797,981

## Merged Redevelopment Revenue Debt Service Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Year Ended September 30, 2010

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Uses of money and property	\$ 120,000		(120,000)	
Total revenues	120,000		(120,000)	
Expenditures:				
Interest and fiscal charges		14,794	(14,794)	30,712
Total expenditures		14,794	(14,794)	30,712
Excess (deficiency) of revenues				
over (under) expenditures	120,000	(14,794)	(134,794)	(30,712)
Other financing sources (uses):				
Transfers in	8,000,000	5,412,926	(2,587,074)	4,871,762
Transfers out	(8,000,000)	(5,000,000)	3,000,000	(5,125,000)
Total other financing				
sources (uses)		412,926	412,926	(253,238)
Net change in fund balance	120,000	398,132	278,132	(283,950)
Fund balances (deficit) at beginning of year	(208,098)	(208,098)		75,852
Fund balances (deficits) at end of year	\$ (88,098)	190,034	278,132	(208,098)

## Civic Center Debt Service Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Year Ended September 30, 2010

		Final		Variance with Final Budget Positive	Prior Year
		Budget	Actual	(Negative)	Actual
Revenues:					
Uses of money and property	\$		1	1	17,424
Oses of money and property	Ψ	<u>-</u>	1	1	17,424
Total revenues		<u>-</u>	1	1	17,424
Expenditures:					
Debt service:					
Principal retirement		-	1,360,000	(1,360,000)	1,295,000
Interest and fiscal charges			1,171,589	(1,171,589)	1,233,748
Total expenditures			2,531,589	(2,531,589)	2,528,748
Excess (deficiency) of revenues					
over (under) expenditures			(2,531,588)	(2,531,588)	(2,511,324)
Other financing sources (uses):					
Transfers in			2,530,390	2,530,390	2,485,057
Total other financing					
sources (uses)			2,530,390	2,530,390	2,485,057
Net change in fund balance		-	(1,198)	(1,198)	(26,267)
Fund balances at beginning of year		2,523,400	2,523,400	<u> </u>	2,549,667
Fund balances at end of year	\$	2,523,400	2,522,202	(1,198)	2,523,400
Fund balances at end of year	\$	2,523,400	2,522,202	(1,198)	2,523,400

## Pension Obligation Bond Debt Service Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Year Ended September 30, 2010

			Variance with Final Budget	Prior
	Final		Positive	Year
	Budget	Actual	(Negative)	Actual
Revenues:				
Uses of money and property	\$ -	353	353	1,944
Total revenues		353	353	1,944
Expenditures:				
Debt service:				
Principal retirement	-	1,560,000	(1,560,000)	1,405,000
Interest and fiscal charges		2,295,030	(2,295,030)	2,359,767
Total expenditures	<u> </u>	3,855,030	(3,855,030)	3,764,767
Excess (deficiency) of revenues		(2.074.677)	(2.074.677)	(2.5(2.022)
over (under) expenditures	<del></del>	(3,854,677)	(3,854,677)	(3,762,823)
Other financing sources (uses):				
Transfers in	<del>-</del>	3,855,030	3,855,030	3,764,767
Total other financing				
sources (uses)		3,855,030	3,855,030	3,764,767
Net change in fund balance	-	353	353	1,944
Fund balances at beginning of year	214,057	214,057		212,113
Fund balances at end of year	\$ 214,057	214,410	353	214,057

### MAJOR CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for the purchase or construction of major capital facilities which are not financed by Proprietary Funds. Capital Projects Funds are ordinarily not used to account for the acquisition of furniture, fixtures, machinery, equipment and other relatively minor or comparatively short-lived capital assets.

The City of Inglewood has the following Major Capital Projects Funds:

Merged Redevelopment Capital Projects Fund Low/Moderate Income Housing Capital Projects Fund

## Merged Redevelopment Capital Projects Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Year Ended September 30, 2010

			Variance with	
			Final Budget	Prior
	Final		Positive	Year
	Budget	Actual	(Negative)	Actual
Revenues:				
Uses of money and property	\$ -	229,513	229,513	2,459,064
Charges for services	440,000	324,959	(115,041)	315,303
Other revenues	50,000	64,394	14,394	44,485
Total revenues	490,000	618,866	128,866	2,818,852
Expenditures:				
Personnel services	1,579,799	857,999	721,800	1,545,952
Maintenance and operations	5,496,906	9,085,202	(3,588,296)	2,885,248
Capital outlay	801,000	4,644	796,356	1,312
Total expenditures	7,877,705	9,947,845	(2,070,140)	4,432,512
Excess (deficiency) of revenues				
over (under) expenditures	(7,387,705)	(9,328,979)	(1,941,274)	(1,613,660)
Other financial account (cons)				
Other financing sources (uses): Transfers in	8,000,000	5,000,000	(3,000,000)	£ 125 000
Transfers in Transfers out	(361,000)	(361,000)	(3,000,000)	5,125,000
Transfers out	(301,000)	(301,000)		<u> </u>
Total other financing				
sources (uses)	7,639,000	4,639,000	(3,000,000)	5,125,000
sources (uses)	7,037,000	1,037,000	(3,000,000)	3,123,000
Net change in fund balance	251,295	(4,689,979)	(4,941,274)	3,511,340
Fund balances at beginning of year	45,417,688	45,417,688		41,906,348
Fund balances at end of year	\$ 45,668,983	40,727,709	(4,941,274)	45,417,688

## Low/Moderate Income Housing Capital Projects Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Year Ended September 30, 2010

			Variance with	
			Final Budget	Prior
	Final		Positive	Year
	Budget	Actual	(Negative)	Actual
Revenues:				
Uses of money and property	\$ 800,000	394,610	(405,390)	625,864
Other revenues	163,000	97,244	(65,756)	212,868
Total revenues	963,000	491,854	(471,146)	838,732
Expenditures:				
Personnel services	364,796	454,366	(89,570)	410,293
Maintenance and operations	13,110,251	128,011	12,982,240	896,630
Total expenditures	13,475,047	582,377	12,892,670	1,306,923
Excess (deficiency) of revenues				
over (under) expenditures	(12,512,047)	(90,523)	12,421,524	(468,191)
Other financing sources (uses):				
Transfers in	4,200,000	4,223,307	23,307	4,681,066
Transfers out	(12,557,800)	(3,371,164)	9,186,636	(3,768,556)
Total other financing				
sources (uses)	(8,357,800)	852,143	9,209,943	912,510
Net change in fund balance	(20,869,847)	761,620	21,631,467	444,319
Fund balances at beginning of year	39,325,363	39,325,363		38,881,044
Fund balances at end of year	\$ 18,455,516	40,086,983	21,631,467	39,325,363

## AGENCY FUNDS

Agency Funds account for monies held by the City in a trustee capacity as an agent for individuals, private organizations and other governmental units. The City's Agency Funds are as follows:

<u>Trust and Agency Fund</u> – This fund primarily accounts for funds due to other cities as part of the City's parking ticket collection services. The fund only involves the receipts, temporary investments, and eventual remittances to others.

## Agency Funds

## Combining Statement of Changes in Assets and Liabilities

## September 30, 2010

	Balance at September 30, 2009		Additions	Deletions	Balance at September 30, 2010	
Assets: Cash and investments Total assets	<u>\$</u> \$	1,734,299 1,734,299	6,610,886 6,610,886	(6,901,600) (6,901,600)	1,443,585 1,443,585	
Liabilities: Accounts payable Funds held for others	\$	725,936 1,008,363	6,318,019 6,590,724	(6,875,845) (6,323,612)	168,110 1,275,475	
Total liabilities	\$	1,734,299	12,908,743	(13,199,457)	1,443,585	