

**Comprehensive Annual Financial Report  
City of Cudahy, California  
Year ended June 30, 2011  
with Report of Independent Auditors**

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## Report of Independent Auditors

### The Honorable City Council of the City of Cudahy, California

We were engaged to audit the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Cudahy, California as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Cudahy's management.

During the course of our audit we were informed that, according to information available to the general public, certain officials of the City of Cudahy's management and governing body have entered into publicly filed plea agreements stipulating as to facts that constitute criminal acts including bribery, kickbacks and misuse of public funds. The extent to which these acts affect the City's basic financial statements for the year ended June 30, 2011 has not been determined and the City has refused to authorize us to perform further audit procedures which are required in order for us to make such a determination. The attached basic financial statements do not reflect adjustments that may have come to our attention had we performed all our audit procedures. We were therefore unable to satisfy ourselves about the fairness of the basic financial statements.

The City has not provided a representation letter acknowledging its responsibilities in connection with our audit of the basic financial statements for the year ended June 30, 2011, which is required by generally accepted auditing standards.

The City has stated that it may initiate litigation against Vasquez & Company LLP which renders Vasquez & Company LLP to be no longer independent with respect to the City of Cudahy.

Because of the significance of the matters discussed in the three preceding paragraphs, we do not express an opinion on the basic financial statements referred to in the first paragraph.

*Vasquez + Company LLP*

Los Angeles, California  
November 27, 2012

This section of the City's Annual Financial Report provides a narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2011. We encourage readers to consider the information presented here in conjunction with the City's financial statements beginning on page 12.

### Financial Highlights

The following are some key financial highlights for the fiscal year:

- ❖ The City's assets exceeded its liabilities at the close of the most recent fiscal year by \$7,714,909 (net assets). Unrestricted net assets (deficit) amounted to (\$14,704,313), at June 30, 2011.
- ❖ As of June 30, 2011, the City's governmental funds reported combined fund balances of \$12,903,189.
- ❖ At the end of the current fiscal year, unassigned fund balance for the General Fund was \$6,707,195 or 103% of total General Fund expenditures.
- ❖ In the General Fund, expenditures exceeded revenues by \$582,500 before other financing uses. The actual excess of expenditures over revenues was less than indicated in the budget.
- ❖ The City's total long-term liabilities increased by \$10.52 million, or 73%, during the fiscal year ended June 30, 2011, to a level of \$24.89 million.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components:

1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic financial statements. This report also contains supplementary information in addition to the basic financial statements.

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

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

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

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues. The *governmental activities* of the City include general government, public safety, community services, public services, community development, and debt service.

The government-wide financial statements include not only the City itself (known as the primary government), but also the Cudahy Development Commission and the Cudahy Financing Authority. The City is financially accountable for these entities and financial information for these blended component units is reported within the financial information presented for the primary government itself. The Cudahy Development Commission was dissolved on February 1, 2012, see note 16.

The government-wide financial statements can be found beginning on page 12 of this report.

**Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the City's funds can be divided into two categories: governmental funds and fiduciary funds.

*Governmental Funds.* Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financial requirements.

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

The City maintains 35 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Debt Service Fund, Capital Projects Fund and Low/Moderate Housing Fund, each of which are considered to be major funds. Data from the other 29 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* in the *non-major governmental funds supplementary information* section of this report.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate its compliance with this budget.

The governmental fund financial statements can be found beginning on page 15 of this report.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs.

The fiduciary fund financial statements can be found on page 23 of this report.

**Notes to the Basic Financial Statements.** The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found beginning on page 24 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's progress in funding its obligation to provide pension benefits to its employees and a comparison of budgeted to actual results for the general fund. *Required supplementary information* can be found beginning on page 53 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following *the required supplementary information*. Combining and individual fund statements and schedules can be found beginning on page 57 of this report.

**Government-wide Financial Analysis**

A comparative analysis of government-wide data has been established and is being included in this report.

City of Cudahy  
Statement of Net Assets  
June 30, 2011 and 2010

	Governmental Activities	
	2011	2010
<b>Assets:</b>		
Current and other assets	\$ 16,347,172	26,070,349
Capital assets	18,011,629	17,695,528
<b>Total assets</b>	<b>34,358,801</b>	<b>43,765,877</b>
<b>Liabilities:</b>		
Current and other assets	1,753,241	983,994
Long-term liabilities	24,890,651	14,367,068
<b>Total liabilities</b>	<b>26,643,892</b>	<b>15,351,062</b>
<b>Net Assets:</b>		
Invested in capital assets	18,011,629	17,695,528
Restricted	4,407,593	8,486,635
Unrestricted	(14,704,313)	2,232,652
<b>Total net assets</b>	<b>\$ 7,714,909</b>	<b>28,414,815</b>

**City of Cudahy  
Management's Discussion and Analysis  
Year ended June 30, 2011**

As noted earlier, net assets may serve over time as a useful indicator of the City's financial position. In the case of the City of Cudahy, assets exceeded liabilities by \$7,714,909 at June 30, 2011.

There was a decrease in assets between 2010 and 2011 due to the funding by the Agency under the Project Funding Agreement dated as of March 1, 2011, between the Agency and the Cudahy Economic Development Corporation (the "Corporation"), a California non-profit public benefit corporation (the "Agreement"). The Agreement relates to the construction and funding of development projects within the City.

The largest portion of the City's net assets (\$18,011,629) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery and equipment, etc.). The City uses these capital assets to provide services to citizens, consequently, these assets are not available for future spending. As of June 30, 2011, the City has already paid the related debt used to acquire these assets.

A portion of the City's net assets (\$4,407,593) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, if any, may be used to meet the government's ongoing obligations to citizens and creditors.

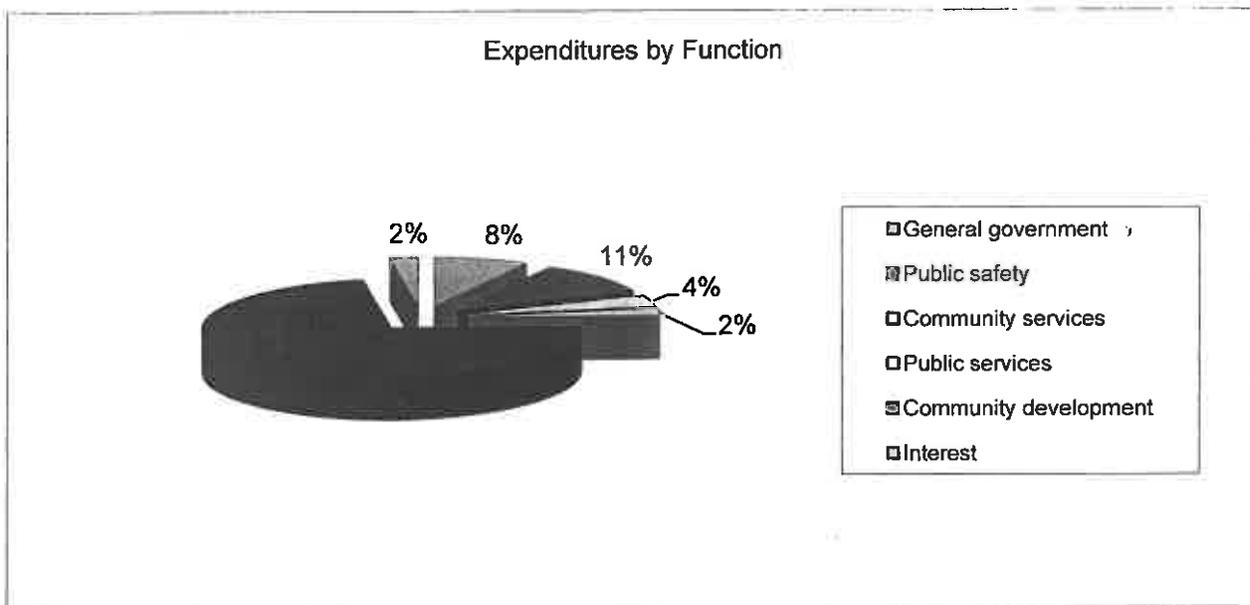
**Governmental Activities.** Governmental activities decreased the City's net assets by \$20,699,906 (72.8%) for fiscal year 2010/2011 and decreased the City's net assets by \$1,006,132 (3.42%) for fiscal year 2009/2010.

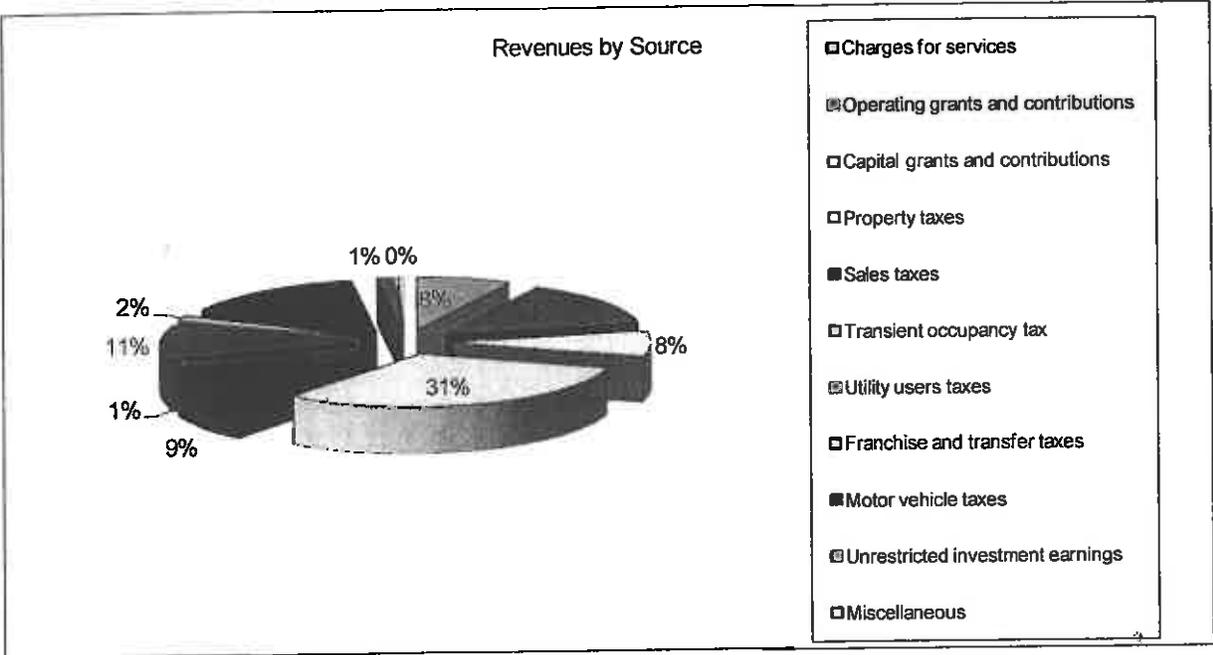
City of Cudahy  
Statement of Activities  
Fiscal Year ended June 30, 2011

	Governmental Activities	
	2011	2010
<b>Revenues</b>		
Program revenues		
Charges for services	\$ 990,564	1,156,943
Operating contributions and grants	1,840,440	2,166,086
Capital contributions and grants	990,157	239,304
General revenues		
Property taxes	3,968,143	3,798,711
Sales taxes	1,139,437	883,678
Franchise and transfer taxes	191,348	250,128
Transient occupancy taxes	65,868	43,849
Motor vehicle taxes	1,966,387	2,158,838
Utility users taxes	1,354,108	1,052,284
Unrestricted investment income	189,909	124,280
Miscellaneous	62,936	10,557
Total revenues	<u>12,759,297</u>	<u>11,884,658</u>
<b>Expenditures</b>		
General government	2,731,941	2,960,734
Public safety	3,560,143	3,218,365
Community services	1,238,465	1,487,886
Public services	714,451	796,281
Community development	24,404,609	3,682,012
Interest on long-term debt	809,594	745,512
Total expenditures	<u>33,459,203</u>	<u>12,890,790</u>
Decrease in Net assets	(20,699,906)	(1,006,132)
Net assets, Beginning of year	<u>28,414,815</u>	<u>29,420,947</u>
Net assets, End of year	<u>\$ 7,714,909</u>	<u>28,414,815</u>

Key elements of the decrease in net assets for fiscal year 2010/2011 are as follows:

- ❖ Operating grants and contributions decreased by about \$0.32 million.
- ❖ Charges for services decreased by \$0.17 million
- ❖ Capital grants and contributions increased by \$.75 million
- ❖ Sales taxes increased by \$ 0.25 million
  
- ❖ Total overall expenditures were also higher this year by \$20.56 million.





### Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information may be useful in assessing the City's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$12,903,189. The City's governmental funds have \$7,635,241 in their unassigned fund balance. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed to pay debt service.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$6,707,195. As a measure of General Fund liquidity, it may be useful to compare the total fund balance to total fund expenditures. General fund balance represents 103% of total general fund expenditures of \$6,513,443.

The fund balance of the City's General Fund decreased by \$1,399,898 during the current fiscal year. Actual revenues exceeded budgeted revenues by \$0.3 million mainly because of favorable variance for taxes, grants and fees, and services as the City becomes more aggressive in collecting these revenues.

### Capital Asset and Debt Administration

**Capital Assets.** The City's investment in capital assets for its governmental activities amounts to \$18,011,629 (net of accumulated depreciation of \$42,525,134) as of June 30, 2011. This investment in capital assets includes land, buildings, improvements other than building, infrastructure (roads, sidewalks, streetlights, etc.), and machinery and equipment.

**City of Cudahy  
Management's Discussion and Analysis  
Year ended June 30, 2011**

**City of Cudahy  
Capital Assets (Net of Accumulated Depreciation)  
Fiscal Year ended June 30, 2011**

	Governmental Activities	
	2011	2010
Land	\$ 1,429,600	1,429,600
Structures and improvements	10,707,667	10,707,667
Infrastructure	47,358,958	45,763,529
Vehicles, furniture and equipment	969,799	708,640
Construction in progress	70,739	923,018
Total Capital Assets	60,536,763	59,532,454
Less depreciation	(42,525,134)	(41,836,926)
<b>Net Capital Assets</b>	<b>\$ 18,011,629</b>	<b>17,695,528</b>

Additional information on the City's capital assets can be found in Note 7 to the basic financial statements on page 38 of this report.

Major capital asset events during the current fiscal year included the Live Oak Street Overlay.

**Debt Administration.** At the end of the current fiscal year, the City had total bonded debt outstanding of \$23,795,000 representing tax allocation bonds issued for redevelopment projects.

**City of Cudahy  
Outstanding Debt  
Fiscal Year ended June 30, 2011**

	Governmental Activities	
	2011	2010
Bonded Indebtedness		
Tax allocation refunding bonds	\$ 23,795,000	13,010,000
Other long-term debt:		
Compensated absences	167,029	109,865
County deferral	269,945	224,414
Note payable	1,409,928	1,409,928
Deferred amounts:		
For issuance	(682,489)	(309,002)
On refunding	(68,762)	(78,137)
<b>Total indebtedness</b>	<b>\$ 24,890,651</b>	<b>14,367,068</b>

On August 1, 2003, the Cudahy Community Development Commission (CDC or Agency) issued, at discount, \$3,680,000 series 2003A, \$3,255,000 series 2003B, and \$6,680,000 series 2003C Tax Allocation Bonds. Out of the proceeds of approximately \$13,000,000, \$3,100,000 has been used to promote the supply of low and moderate income housing within the Project Area while the remaining proceeds were used to refund the Agency's previously issued Tax Allocation Bonds series 1994A and 1994B.

On April 13, 2011, the Agency issued, at a discount of \$404,854, Tax Allocation Refunding Bonds Series 2011A (Housing Projects) and 2011B (Redevelopment Projects) amounting to \$2,285,000, and \$8,920,000 respectively. The 2011A Bonds were issued to finance various housing projects to the Agency to promote the supply of low and moderate income housing within the Project Area. The 2011B Bonds were issued to finance various infrastructure improvements within the Project Area.

### **Economic Factors and Next Year's Budget**

The City of Cudahy has set the stage to be a model for urban revival and is currently undergoing an urban renaissance, attracting developers and businesses seeking to make a long term investment in the City. The City has acquired several parcels of land along the commercial corridor to develop them into revenue generating projects, create new jobs and attract reputable retailers while fostering affordable housing opportunities.

### **Request for Information**

This financial report is designed to provide a general overview of the City's finances for readers of the financial statements. Questions concerning any of the information in this report or request for additional financial information should be addressed to the Director of Finance, City of Cudahy, CA.

City of Cudahy  
Statement of Net Assets  
June 30, 2011

		<u>Governmental Activities</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$	10,296,580
Receivables, net		1,444,173
Restricted cash and investments		2,729,492
Long-term receivables		1,876,927
Capital assets, net		18,011,629
<b>Total assets</b>		<u>34,358,801</u>
<b>LIABILITIES</b>		
Accounts payable and other current liabilities		709,663
Accrued interest payable		195,208
Due to other governments		801,740
Unearned revenue		46,630
Noncurrent liabilities:		
Due within one year		1,065,000
Due in more than one year		23,825,651
<b>Total liabilities</b>		<u>26,643,892</u>
<b>NET ASSETS</b>		
Invested in capital assets		18,011,629
Restricted		4,407,593
Unrestricted		(14,704,313)
<b>Total net assets \$</b>		<u><u>7,714,909</u></u>

*See notes to financial statements.*

**City of Cudahy  
Statement of Activities  
Year ended June 30, 2011**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>			<b>Net (Expense) Revenue and Changes in Net Assets</b>
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	
<b>Governmental activities:</b>					<b>Governmental Activities</b>
General government	\$ 2,731,941	296,771	-	-	(2,435,170)
Public safety	3,560,143	380,943	107,992	11,551	(3,059,657)
Community services	1,238,465	25,969	-	6,884	(1,205,612)
Public services	714,451	78,678	1,282,011	971,722	1,617,960
Community development	24,404,609	208,203	450,437	-	(23,745,969)
Interest	809,594	-	-	-	(809,594)
<b>Total governmental activities</b>	<b>\$ 33,459,203</b>	<b>990,564</b>	<b>1,840,440</b>	<b>990,157</b>	<b>(29,638,042)</b>
<b>General revenues:</b>					
Property taxes					3,968,143
Sales taxes					1,139,437
Franchise and transfer taxes					191,348
Transient occupancy tax					65,868
Motor vehicle taxes					1,966,387
Utility user's tax					1,354,108
Unrestricted investment earnings					189,909
Miscellaneous					62,936
<b>Total general revenues</b>					<b>8,938,136</b>
Change in net assets					(20,699,906)
<b>Net assets, beginning of year</b>					<b>28,414,815</b>
<b>Net assets, end of year</b>					<b>\$ 7,714,909</b>

See notes to financial statements.

**City of Cudahy  
Major Funds  
Fund Description**

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General Fund	Accounts for all the general revenues of the City not specifically levied or collected for other City funds and for expenditures related to the rendering of general services by the City.
Redevelopment Agency Capital Projects	Accounts for the financing and construction activities in the redevelopment project area of Cudahy. Financing is being provided by the Cudahy Redevelopment Agency.
Redevelopment Agency Debt Service	Used to account for the accumulation of resources for, and payment of, interest and principal on redevelopment agency long-term debt, including tax allocation bonds and long-term notes payable.
Redevelopment Agency Low/Moderate Housing	Accounts for the financial transactions of low/moderate income housing within the redevelopment project area. Twenty percent of all taxes which are allocated to the Redevelopment Agency pursuant to Section 33670 are recorded here.

	General	Redevelopment Agency	
		Capital Projects	Debt Service
<b>ASSETS</b>			
Cash and cash equivalents	\$ 6,427,193	1,351,809	315,432
Receivables:			
Accounts	331,742	-	-
Taxes	-	-	258,692
Grants	-	-	-
Interest	3,697	2,647	1,724
Due from other funds	1,310,733	163,301	-
Restricted cash and investments	-	-	2,461,722
Long-term receivables	-	-	-
<b>Total assets</b>	<b>\$ 8,073,365</b>	<b>1,517,757</b>	<b>3,037,570</b>
<b>LIABILITIES AND FUND BALANCES (DEFICIT)</b>			
<b>Liabilities</b>			
Accounts payable	\$ 505,815	28,899	28,248
Due to governments	-	-	626,754
Due to other funds	-	524,916	-
Unearned revenue	-	-	-
<b>Total liabilities</b>	<b>505,815</b>	<b>553,815</b>	<b>655,002</b>
<b>Fund balances</b>			
Nonspendable	860,355	-	-
Restricted	-	-	2,418,364
Unassigned	6,707,195	963,942	(35,796)
<b>Total fund balances (deficit)</b>	<b>7,567,550</b>	<b>963,942</b>	<b>2,382,568</b>
<b>Total liabilities and fund balances (deficit) \$</b>	<b>8,073,365</b>	<b>1,517,757</b>	<b>3,037,570</b>

See notes to financial statements.

City of Cudahy  
Balance Sheet  
Governmental Funds  
June 30, 2011

<u>Redevelopment Agency Low/Moderate Housing</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
-	2,221,781	10,316,215
-	449,390	781,132
52,654	-	311,346
-	286,755	286,755
355	56,517	64,940
-	-	1,474,034
-	248,135	2,709,857
1,876,927	-	1,876,927
<u>1,929,936</u>	<u>3,262,578</u>	<u>17,821,206</u>
-	146,701	709,663
-	174,986	801,740
163,301	785,817	1,474,034
1,876,927	55,653	1,932,580
<u>2,040,228</u>	<u>1,163,157</u>	<u>4,918,017</u>
-	-	860,355
(110,292)	2,099,521	4,407,593
-	(100)	7,635,241
<u>(110,292)</u>	<u>2,099,421</u>	<u>12,903,189</u>
<u>1,929,936</u>	<u>3,262,578</u>	<u>17,821,206</u>

See notes to financial statements.

City of Cudahy  
 Reconciliation of the Balance Sheet  
 of Governmental Funds to the Statement of Net Assets  
 June 30, 2011

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Amounts reported for governmental activities in the statement of net assets are different because:

Total fund balances	\$	12,903,189
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Governmental capital assets	\$	60,536,762
Less accumulated depreciation	<u>(42,525,133)</u>	18,011,629
Notes receivable, including accrued interest, are not expected to be collected in the current period and therefore are not reported as revenues in the funds but are offset by unearned revenues.		
		1,876,927
Other long-term assets that are not available to pay for current period expenditures and, therefore, are deferred in the funds.		
		9,023
Interest on long-term debt, not due and payable in the current period, is not reported in the funds.		
		(195,208)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds:		
Compensated absences	(167,029)	
Tax allocation bonds	(23,795,000)	
Unamortized bond issuance cost and discount	751,251	
County deferral	(269,945)	
Note payable	<u>(1,409,928)</u>	<u>(24,890,651)</u>
Net assets of governmental activities	\$	<u>7,714,909</u>

*See notes to financial statements.*

Revenues	General	Redevelopment Agency	
		Capital Projects	Debt Service
Taxes	\$ 2,884,201	-	3,067,762
Licenses and permits	333,932	-	-
Intergovernmental	1,966,387	-	-
Charges for services	29,513	-	-
Fines, forfeitures and penalties	276,276	-	-
Use of money and property	30,299	9,191	20,990
Miscellaneous	410,335	-	-
<b>Total revenues</b>	<b>5,930,943</b>	<b>9,191</b>	<b>3,088,752</b>
<b>Expenditures</b>			
Current:			
General government	2,139,787	-	-
Public safety	3,334,682	-	-
Community services	656,316	-	-
Public services	-	-	-
Community development	382,658	2,970,105	12,605,738
Debt service:			
Bond issue costs	-	-	487,890
Principal payments	-	-	420,000
Interest and fiscal charges	-	-	774,645
<b>Total expenditures</b>	<b>6,513,443</b>	<b>2,970,105</b>	<b>14,288,273</b>
Excess (deficiency) of revenues over expenditures	(582,500)	(2,960,914)	(11,199,521)
<b>Other financing sources (uses)</b>			
Transfers in	-	1,441,795	-
Transfers out	(817,398)	-	(1,441,795)
Issuance of bonds	-	-	8,920,000
<b>Net other financing sources (uses)</b>	<b>(817,398)</b>	<b>1,441,795</b>	<b>7,478,205</b>
Net change in fund balances	(1,399,898)	(1,519,119)	(3,721,316)
<b>Fund balances, Beginning</b>	<b>8,967,448</b>	<b>2,483,061</b>	<b>6,103,884</b>
<b>Fund balances (deficit), Ending</b>	<b>\$ 7,567,550</b>	<b>963,942</b>	<b>2,382,568</b>

See notes to financial statements.

City of Cudahy  
Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Governmental Funds  
Year ended June 30, 2011

Redevelopment Agency Low/Moderate Housing	Other Governmental Funds	Totals
766,941	929,854	7,648,758
-	-	333,932
-	1,914,073	3,880,460
-	-	29,513
-	-	276,276
83,560	7,776	151,816
-	35,648	445,983
850,501	2,887,351	12,766,738
-	-	2,139,787
-	225,461	3,560,143
-	843,308	1,499,624
-	310,979	310,979
5,537,495	3,651,763	25,147,759
-	167,218	655,108
-	-	420,000
-	-	774,645
5,537,495	5,198,729	34,508,045
(4,686,994)	(2,311,378)	(21,741,307)
-	979,600	2,421,395
-	(162,202)	(2,421,395)
-	2,285,000	11,205,000
-	3,102,398	11,205,000
(4,686,994)	791,020	(10,536,307)
4,576,702	1,308,401	23,439,496
(110,292)	2,099,421	12,903,189

See notes to financial statements.

**City of Cudahy**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes**  
**in Fund Balances of Governmental Funds to the Statement of Activities**  
**Year ended June 30, 2011**

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Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balance- governmental funds	\$	(10,536,307)
<p>Governmental funds report capital asset acquisitions as expenditures. In the statement of activities, however, the cost of those assets is allocated over their estimated useful lives as depreciation expense.</p>		
Capital asset acquisitions	\$ 1,004,309	
Depreciation expense	<u>(688,208)</u>	316,101
<p>County deferral is reported as revenue in governmental funds and contributes to the change in fund balance. In the government-wide financial statements, obtaining debt increases long-term liabilities in the statement of net assets and does not affect the statement of activities</p>		
		(45,531)
<p>Long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Costs associated with the issuance of long-term debt are reported as expenditures in the governmental funds, but deferred and amortized throughout the period during which the related debt is outstanding in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but repayment reduces the long-term liabilities in the statement of net assets.</p>		
Issuance of bonds		(11,205,000)
Principal payment		420,000
Increase in compensated absences		(57,164)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.</p>		
Interest income on advances for administrative expenses		38,090
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Accrued interest on long-term debt	5,793	
Amortization of bond discount and issuance cost	<u>364,112</u>	<u>369,905</u>
Change in net assets of governmental activities	\$	<u>(20,699,906)</u>

*See notes to financial statements.*

**Agency Funds**

Account for the assets held by the City as an agent for individuals, private organizations or other government units and/or other funds.

City of Cudahy  
Agency Funds  
Balance Sheet  
June 30, 2011

	Cudahy Youth Foundation	HUD Loans	Refuse Assessment	Totals
<b>Assets</b>				
Cash and cash equivalents	\$ -	-	22,205	22,205
Receivables	-	361,600	-	361,600
Total assets	\$ -	361,600	22,205	383,805
<b>Liabilities</b>				
Accounts payable	\$ -	361,600	22,205	383,805
Total liabilities	\$ -	361,600	22,205	383,805

*See notes to financial statements.*

**NOTE 1      REPORTING ENTITY**

The City is a municipal corporation governed by an elected five-member council. As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. In accordance with GASB Statement No. 39, 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. Each blended component unit has a June 30 year-end.

**Blended component units**

Blended component units are the Cudahy Community Development Commission, formerly known as Cudahy Redevelopment Agency (Agency), and the Cudahy Financing Authority. They are governed by a board comprised of the City Council and are reported as governmental funds. Separate audited financial statements of the Agency may be obtained through the City of Cudahy, Finance Department, 5220 Santa Ana Street, Cudahy, California 90201. (See note 16)

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

*Government-wide and fund financial statements*

The statement of net assets and statement of activities (i.e., the government-wide financial statements) display information on all of the non-fiduciary activities of the primary government (the City) and its blended component units. Eliminations have been made to minimize the effect of interfund activity.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and are clearly identifiable to a particular function. 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 as general revenues.

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Government-wide and fund financial statements (continued)*

When both restricted and unrestricted net assets are available for use, the City's policy is to use restricted resources first, then the unrestricted resources as they are needed.

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity with a self-balancing set of accounts established for the purpose of carrying out specific activities or attaining certain objectives in accordance with applicable regulations, restrictions or limitations. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter is excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are separately aggregated and reported as nonmajor funds.

*Measurement focus, basis of accounting, and financial statement presentation*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recognized when the liabilities are incurred regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers taxes and assessments associated with the current fiscal period to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

**The City reports the following major governmental funds:**

The *General Fund* accounts for all the general revenue of the City not specifically levied or collected for other City funds and for expenditures related to the rendering of general services by the City.

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Measurement focus, basis of accounting, and financial statement presentation (continued)*

The *Capital Projects Fund accounts* for the financing and construction activities in the redevelopment project area of Cudahy. Financing is being provided by the Cudahy Redevelopment Agency.

The *Debt Service Fund accounts* for the accumulation of resources for, and payment of, interest and principal on redevelopment agency long-term debt, including tax allocation bonds and long-term notes payable.

The *Low/Moderate Housing Fund accounts* for the financial transactions of low/moderate income housing within the redevelopment project area. Twenty percent of all taxes, which are allocated to the Agency pursuant to Section 33670, are recorded here.

**Additionally, the City reports the following nonmajor fund types:**

**Other governmental funds**

Special revenue funds account for proceeds of specific revenue sources that are legally restricted or otherwise designated for specific purposes.

RDA Bond Issue 2011 accounts for the accumulation of resources for, and payment of, interest and principal on redevelopment agency long-term debt, including tax allocation bonds and long-term notes payable.

**Fiduciary funds**

Agency funds are used to account for the assets held by the City as an agent for individuals, private organizations or other government units and/or other funds.

*Budgetary control and accounting*

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) as changes in net assets.

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Budgetary control and accounting (continued)*

All governmental fund types and agency funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers property taxes and sales taxes to be available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest on general long-term debt which is recognized when due.

Revenues considered susceptible to accrual are property taxes, sales taxes, utility taxes, admission tax, interest revenue and grant revenues. All other revenues are not considered susceptible to accrual by the City.

The City at times reports unearned revenue in its financial statements. Unearned revenues arise when potential revenue does not meet the "available" criterion for recognition in the current period. Unearned revenues also arise when the City receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures.

In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

Budgets are adopted on a basis consistent with GAAP. The City Council approves the budget submitted each year by the City Manager prior to the beginning of the new fiscal year. Supplemental appropriations are approved by the Council and City Manager when required during the period. Annual budget amendments are approved by Council. In most cases, expenditures may not exceed appropriations at the department level, which is the legal level of control. Annual appropriated budgets are adopted for the general and special revenue funds. Budgets are adopted for debt service funds relating to redevelopment project areas when required by State law. All unencumbered appropriations lapse at fiscal year-end. Encumbered appropriations are carried forward to the following fiscal year.

Capital projects are budgeted through the capital projects fund. Appropriations for capital projects are long-term in nature and budget comparisons on an annual basis would not be meaningful.

*Financial statement elements*

**Investments**

Investments are recorded at fair value. The estimated fair value of all investments is the quoted market price. Interest income earned on pooled cash and investments is allocated to the various funds based on their monthly average cash balances.

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Financial statement elements (continued)*

**Property taxes**

Assessed values are levied on an annual basis by the Los Angeles County Assessor as of July 1. Taxes become a lien on real property on January 1 and are payable in two installments on November 1 and February 1. They become delinquent if not paid by December 10 and April 10, respectively.

**Receivables and payables**

Property, sales, use, and utility user taxes related to the current fiscal year are accrued as revenue and accounts receivable and considered available if received within 60 days of year-end. Federal and State grants are considered receivable and accrued as revenue when reimbursable costs are incurred under the accrual basis of accounting. The amount recognized as revenue under the modified accrual basis of accounting is limited to the amount that is deemed measurable and available.

**Interfund transactions**

Interfund transactions are reflected as loans, reimbursements for services provided or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). Any residual balance outstanding is reported in the government-wide financial statements as "internal balance". Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources.

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

**Restricted assets**

Certain proceeds of debt issues, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

**Capital assets**

Capital assets, which include lands, buildings, improvements, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental activities column in the government-wide financial statements. Capital assets are recorded at the lower of actual historical cost or fair value (as of the date donated for contributed assets).

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Financial statement elements (continued)*

**Capital assets (continued)**

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	40 years
Parks and park improvements	40 years
Infrastructure	10 to 40 years
Vehicles, furniture and equipments	3 to 5 years

It is the City's policy to capitalize all land, buildings, improvements, equipment and infrastructure assets, except assets costing less than \$5,000, and to capitalize infrastructure assets costing \$50,000 or more. In the government-wide financial statements, costs of assets sold or retired (and related amounts of accumulated depreciation) are eliminated from the accounts in the year of sale or retirement and the resulting gain or loss is included in the statement of activities. In governmental funds, the sale of general capital assets is included in the statement of revenues, expenditures and changes in fund balances as proceeds from sale.

**Compensated absences**

City employees receive from ten to twenty days vacation each year, depending upon their length of service.

In the fund financial statements, the City accounts for compensated absences (unpaid vacation and sick leave) as expenditures in the year paid, as it is the City's policy to liquidate any unpaid vacation or compensatory pay from future resources, rather than from currently available expendable resources.

All unpaid vacation pay is accrued when earned in the government-wide and fiduciary fund financial statements.

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Financial statement elements (continued)*

**Unearned revenues**

Unearned revenues in governmental funds arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when the City receives resources before it has a legal claim to them (e.g., when grant monies are received prior to the incurrence of qualifying expenditures).

**Long-term obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the life of the related debt using the straight-line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts' on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Use of estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**Fund Balances**

In fiscal year ended June 30, 2011, the City implemented Government Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Government Fund-type Definitions*. This statement defines fund balance as the difference between the assets and liabilities reported in the City's governmental funds. There are generally limitations on the purpose for which all or a portion of the resources of a governmental fund may be used. The force behind these limitations can vary significantly, depending upon their source. Consequently, the fund balance reported in the annual financial statements is categorized into five components whereby each component identifies the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the fund can be spent.

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Financial statement elements (continued)*

The five components of fund balance are as follows:

- **Nonspendable:** Resources that are 1) not in spendable form, such as inventories, prepaid expenses and long-term advances to other funds.
- **Restricted:** Resources that are subject to externally enforceable legal restrictions; these restrictions would be either 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or 2) imposed by law through constitutional provisions or enabling legislation.
- **Committed:** Resources that are constrained to specific purposes by a formal action of the City Council such as an ordinance or resolution. The constraint remains binding unless removed in the same formal manner by the City Council. Council action to commit fund balance must occur within the fiscal reporting period while the amount committed may be determined subsequently.
- **Assigned:** Resources that are constrained by the City's intent to be used for specific purposes, but that are neither restricted nor committed.
- **Unassigned:** Within the General Fund, the residual resources, either positive or negative, in excess of what can be properly classified in one of the other four fund balance categories. Within all other governmental funds, the negative residual resources in excess of what can be properly classified as nonspendable, restricted, or committed.

**NOTE 3      NET ASSETS/ FUND BALANCES**

The government-wide 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 of this category.
- *Restricted net assets* – This category presents external restrictions imposed by creditors, grantors, contributors, laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted net assets* – This category represents the City's net assets, which are not restricted for any project or other purpose.

**NOTE 4      STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

*Reservations and designations of fund balances*

As of June 30, 2011, the debt service fund has a restricted fund balance of \$2,418,364. The debt service fund is used to account for the accumulation of resources for, and payment of, interest and principal on tax allocation refunding bonds.

Fund balances at June 30, 2011 consisted of the following:

Major funds:			
Nonspendable	\$	860,355	
Designated for special purposes		2,308,072	
Undesignated		7,635,341	
	Total major	<u>10,803,768</u>	
Nonmajor funds:			
Designated for special purpose		2,099,521	
Undesignated		(100)	
	Total nonmajor	<u>2,099,421</u>	
	Total \$	<u>12,903,189</u>	

*Deficit fund balance*

The following funds have deficit unreserved fund balances at June 30, 2011. Management expects to eliminate the deficits with subsequent revenue in the funds or transfers from the General Fund:

		Deficit at June 30, 2011
Nonmajor funds:		
Emergency Preparedness	\$	<u>100</u>

**NOTE 4      STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

*Expenditures in excess of appropriations*

Expenditures for the year ended June 30, 2011 exceeded the appropriations by the following amounts in the following funds:

Nonmajor funds:

COPS	\$	2,301
State Park		2,214

**NOTE 5      CASH AND INVESTMENTS**

To maximize returns, the City follows the practice of pooling cash and investments of all its funds, except for cash and investments required to be held by a trustee or fiscal agents. Interest income earned on pooled cash and investments is allocated to the various funds based on their monthly average cash balances. The carrying amount of deposits and investments as of June 30, 2011 is summarized, as follows:

Cash on hand	\$	111
Deposits with financial institutions		1,282,097
Investments		11,766,069
Total	\$	<u>13,048,277</u>

Statement of net assets classification:

Cash and Investments	\$	10,338,420
Cash and investment with fiscal agents		2,709,857
Total	\$	<u>13,048,277</u>

**Investments Authorized by the California Government Code and the City's Investment Policy**

Under the provision of the City's investment policy, and in accordance with Section 53600 of the California Code, the following investments are authorized:

- United States Government Obligations
- United States Government Securities
- Certificates of Deposits
- Banker's Acceptances Notes
- Repurchase Agreements
- Local Agency Investment Fund (LAIF)

**NOTE 5 CASH AND INVESTMENTS (CONTINUED)**

**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. Investments authorized for funds held by bond trustee include U.S. Treasury Obligations, U.S. Government Sponsored Enterprise Securities, Certificates of Deposits, Commercial Paper, Local Agency Bonds, Banker's Acceptance, Money Market Mutual Funds, Investment Contracts and Repurchase Agreements. There are no limitations on the maximum amount that can be invested in one issuer, maximum percentage allowed or the maximum maturity of an investment, except for the maturity of Banker's Acceptance which is limited to one year.

**Disclosures Relating to Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter-term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

Investment Type	Remaining Maturity in Months <u>12 months or less</u>
Local Agency Investment Fund	\$ 9,056,212
Held by Bond Trustee:	
Money Market Mutual Funds	2,709,857
Total	\$ <u>11,766,069</u>

**Disclosures Relating to Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating, as reported by Standard & Poor's, as of year end for each investment type:

**NOTE 5 CASH AND INVESTMENTS (CONTINUED)**

Investment Type	Total as of June 30, 2011	Minimum Legal Rating	AAA	Not rated
Local Agency Investment Fund	\$ 9,056,212	N/A	-	9,056,212
Held by Bond Trustee:				
Money Market Mutual Funds	2,709,857	A	2,709,857	-
<b>Total</b>	<b>\$ 11,766,069</b>		<b>2,709,857</b>	<b>9,056,212</b>

N/A - Not applicable

**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 and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

On July 21, 2010, the Dodd-Frank financial regulatory reform legislation was signed into law making all noninterest-bearing transaction accounts fully insured without limit effective December 31, 2011 until January 1, 2013 and made the standard maximum deposit insurance amount of \$250,000 permanent. The \$250,000 per depositor is in addition to the full insurance on noninterest-bearing transaction accounts.

GASB Statement No. 40 requires that the following disclosure be made with respect to custodial credit risks relating to deposits and investments. As of June 30, 2011, the City's deposits with financial institutions in excess of Federal Depository insurance limits amounted to \$851,078, which are held in collateralized accounts.

**NOTE 5            CASH AND INVESTMENTS (CONTINUED)**

**Investment in Local Agency Investment Fund**

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 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.

As of June 30, 2011, the City's investments in the State Treasurer's Investment Pool (LAIF) were approximately \$9 million. The management of LAIF has indicated that as of June 30, 2011, the estimated fair value of the pool, including accrued interest, was approximately \$66.5 billion. LAIF's (and the City's) exposure to risk (credit, market, or legal) is not currently available.

**NOTE 6            RECEIVABLES**

*Notes Receivable*

Notes receivable as of June 30, 2011 are as follows:

CRA Housing Fund – Low/Moderate Income Housing	\$	1,876,927
Agency Fund – HUD Loans		361,600

**CRA Housing Fund - Low/Moderate Income Housing**

Notes receivable represents loans made for assistance in rehabilitating property for affordable housing, plus accrued interest.

**NOTE 6      RECEIVABLES (CONTINUED)**

	Balance
a) In November 1995 and May 1997, the Agency loaned \$220,000 and \$60,000, respectively, to Elizabeth West & East L.P. The note is collateralized by a deed of trust on 5225-27 Elizabeth Street. The note bears interest at 6.55% and all principal and accrued interest is due in November 2025.	\$      561,432
b) In June 1998, February 2000, and September 2000, the Agency loaned \$150,000, \$140,000 and \$210,000, respectively, to 5159 Clara Street LLP for a total loan of \$500,000. The note is collateralized by a deed of trust on 5159 Clara Street. The note bears interest at 1% and all principal and accrued interest are due in May 2026.	558,233
c) During the year ended June 30, 2000, the Agency agreed to loan \$650,000 to Live Oak LLP, of which \$590,000 had been advanced through June 30, 2011. The note is collateralized by a deed of trust on 5203 Live Oak. The note bears interest at 2.5% and all unpaid principal and interest are due in August 2029.	757,262
Total	\$ <u>1,876,927</u>

**Agency Fund – HUD Loans**

The City acts as custodian for the U.S. Department of Housing and Urban Development relative to its low and moderate-income housing improvement program. This program lends monies from the City's Community Development Block Grant for housing improvements. The notes are collateralized by deeds of trust in favor of the City. Total Agency notes receivable, including accrued interest at June 30, 2011, amounted to \$361,600.

**NOTE 7 CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2011 was as follows:

**Governmental activities:**

	Balance June 30, 2010	Increases	Decreases	Balance June 30, 2011
Capital assets, not being depreciated				
Land	\$ 1,429,600	-	-	1,429,600
Construction-in-progress	923,018	743,150	1,595,429	70,739
	<u>2,352,618</u>	<u>743,150</u>	<u>1,595,429</u>	<u>1,500,339</u>
Capital assets, being depreciated				
Structures and improvements	\$ 10,707,667	-	-	10,707,667
Infrastructure	45,763,529	1,595,429	-	47,358,958
Vehicles, furniture and equipment	708,640	283,874	22,715	969,799
Total capital assets being depreciated	<u>57,179,836</u>	<u>1,879,303</u>	<u>22,715</u>	<u>59,036,424</u>
Less accumulated depreciation :				
Structures and improvements	3,520,544	214,153	-	3,734,697
Infrastructure	37,831,947	403,472	-	38,235,419
Vehicles, furniture and equipment	484,435	80,215	9,632	555,018
Total accumulated depreciation	<u>41,836,926</u>	<u>697,840</u>	<u>9,632</u>	<u>42,525,134</u>
Total capital assets being depreciated, net	<u>15,342,910</u>	<u>1,181,463</u>	<u>13,083.00</u>	<u>16,511,290</u>
Governmental activities capital assets, net	<u>\$ 17,695,528</u>	<u>1,924,613</u>	<u>1,608,512</u>	<u>18,011,629</u>

**NOTE 7 CAPITAL ASSETS (Continued)**

Depreciation expense (net) was charged to functions of the governmental activities as follows:

General government	\$	284,736
Public services		403,472
Total depreciation expense-governmental activities	\$	<u>688,208</u>

**NOTE 8 LONG-TERM DEBT**

*Changes in long-term liabilities*

Long-term liability activity for the year ended June 30, 2011 follows:

	Balance July 1, 2010	Additions	Reductions	Balance June 30, 2011	Due Within One Year
Note payable	\$ 1,409,928	-	-	1,409,928	-
Compensated absences	109,865	127,667	(70,503)	167,029	-
Tax allocation refunding bonds	13,010,000	11,205,000	(420,000)	23,795,000	1,065,000
Less deferred amounts:					
For issuance discount	(309,002)	(404,854)	31,367	(682,489)	-
On refunding	(78,137)	-	9,375	(68,762)	-
County deferral	224,414	45,531	-	269,945	-
Total	<u>\$ 14,367,068</u>	<u>10,973,344</u>	<u>(449,761)</u>	<u>24,890,651</u>	<u>1,065,000</u>

**Note Payable**

In 1986-1987, the Agency borrowed a total of \$1,000,000 from a financial institution for costs associated with a development project (Parcel A). Payments are due in annual installments equal to the incremental difference between sales tax revenue from Parcel A as of the 1984-1985 tax year and sales tax revenues for each subsequent fiscal year. Sales tax incremental revenue from Parcel A is insufficient to make loan payments. The note is carried at \$1,409,928.

On August 1, 2003, the City issued, at a discount of \$480,116, Tax Allocation Refunding Bonds series 2003A, 2003B, and 2003C amounting to \$3,680,000, \$3,255,000, and \$6,680,000, respectively. The 2003A Bonds were issued to provide funds to the City to promote the supply of low and moderate income housing within the Project Area. The 2003B and 2003C Bonds were issued for the purpose of refunding the City's previously issued \$7,245,000 Cudahy Redevelopment Project Tax Allocation Refunding Bonds, Series 1994A and Series 1994B. The 2003A and 2003B Bonds are secured on a parity basis with the City's outstanding \$1,425,000 Tax Allocation Refunding Bonds Series 1999. The 2003C Bonds are secured on a basis subordinate to the 1999 Bonds, 2003A and 2003B Bonds. The Bonds are payable from and secured by tax revenues to be derived from the Project Area.

**NOTE 8      LONG-TERM DEBT (CONTINUED)**

On April 13, 2011, the Agency issued, at a discount of \$404,854, Tax Allocation Refunding Bonds Series 2011A (Housing Projects) and 2011B (Redevelopment Projects) amounting to \$2,285,000, and \$8,920,000 respectively. The 2011A Bonds were issued to finance various housing projects to the Agency to promote the supply of low and moderate income housing within the Project Area. The 2011B Bonds were issued to finance various infrastructure improvements within the Project Area. The 2011A Bonds are payable from and secured by the housing revenues and 2011B Bonds are payable from and secured by the pledged tax revenues on parity with the Cudahy Community Development Commission, City-Wide Redevelopment Project, Tax Allocation Refunding Bonds, and Series 2003C outstanding in the amount of \$6,595,000. The 2011A Bonds is subordinate to the lien of the owners of the Cudahy Community Development Commission, City-Wide Redevelopment Project, Tax Allocation Refunding Bonds, Series 2003A, outstanding principal amount of \$3,385,000. The 2011B Bonds is subordinate to the lien of the owners of the Cudahy Redevelopment Agency City-Wide Redevelopment Project Tax Allocation Refunding Bonds Series 1999, outstanding in the amount of \$1,425,000 and the Cudahy Community Development Commission, City-Wide Redevelopment Project, Tax Allocation Refunding Bonds, Series 2003B, outstanding in the principal amount of \$1,185,000.

**Tax Allocation Refunding Bonds**

At June 30, 2011, bonded indebtedness consisted of the following Tax Allocation Refunding Bonds:

	Date <u>Issued</u>	Final <u>Maturity</u>	Interest Rate	Amount <u>Issued</u>	<u>Outstanding</u>
Series 2011 A	04/13/11	10/01/27	5%-7.75%	\$ 2,285,000	2,285,000
Series 2011 B	04/13/11	10/01/27	5%-7.75%	8,920,000	8,920,000
Series 2003 A	08/01/03	10/01/27	5.70%-5.75%	3,680,000	3,385,000
Series 2003 B (Taxable)	08/01/03	10/01/13	5.05%-6.40%	3,255,000	1,185,000
Series 2003 C	08/01/03	10/01/27	6.50%	6,680,000	6,595,000
Series 1999 (Taxable)	10/15/99	10/01/26	8.95%	1,425,000	1,425,000
				<u>\$ 26,245,000</u>	<u>23,795,000</u>

Interest is payable semi-annually. Principal redemptions begin October 2005, October 2008, October 2009, and October 2021 for the Series 2003 A, Series 2003 B, Series 2003 C and the Series 1999, respectively.

**NOTE 8 LONG-TERM DEBT (CONTINUED)**

Annual requirements to amortize outstanding bonded debt, including interest payments, are as follows:

Year ending June 30	Principal	Interest	Total
2012	\$ 645,000	1,500,916	2,145,916
2013	650,000	1,480,220	2,130,220
2014	685,000	1,440,865	2,125,865
2015	1,625,000	1,388,010	3,013,010
2016	1,170,000	1,327,360	2,497,360
2017-2021	3,925,000	5,839,798	9,764,798
2022-2026	5,545,000	4,409,286	9,954,286
2027-2029	9,550,000	1,217,781	10,767,781
Total	\$ <u>23,795,000</u>	<u>18,604,236</u>	<u>42,399,236</u>

**County Deferral**

The City, Agency and County entered into an agreement whereby the County will defer tax increment generated within the project area to meet the Agency's debt service obligations. The outstanding balance accrues interest of five percent (5%) compounded annually and shall be repaid with the property tax revenues received by the Agency in excess of its debt service payment requirements. The County Deferral is recorded as governmental fund tax revenue when received and converted to debt in the government-wide financial statements. At June 30, 2011, the balance including interest amounted to \$269,945.

**NOTE 9 INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivables and payables balances are as follows:

	Due from Other Funds	Due to Other Funds
Major funds:		
General Fund	\$ 1,310,733	-
Low Moderate Housing Fund	-	163,301
Capital Projects Fund	163,301	524,916
Nonmajor funds	-	785,817
	\$ <u>1,474,034</u>	<u>1,474,034</u>

As of June 30, 2011, the Capital projects fund and nonmajor funds owed \$524,916 and \$786,117, respectively to the General fund. Also, the Low Moderate Housing Fund owed the Capital Projects Fund \$163,301.

**NOTE 10 INTERFUND TRANSFERS**

Interfund transfers for the year ended June 30, 2011 are as follows:

Transfers In	Transfers Out			Total
	General Fund	Debt Service Fund	Nonmajor Governmental Funds	
General Fund	\$ -	-	162,202	162,202
Capital Projects Fund	-	1,441,795	-	1,441,795
Nonmajor Governmental Funds	817,398	-	-	817,398
Total	\$ 817,398	1,441,795	162,202	2,421,395

Interfund transfers were principally used to cover excess cost of park projects and provide capital projects fund with the funding necessary to accomplish those projects approved by City Council.

**NOTE 11 COMMITMENTS AND CONTINGENCIES**

**Lawsuits**

Legal claims and lawsuits arise from time to time in the normal course of business, which, in the opinion of management, will have no material effect on the City's financial position.

**Grant Audit Contingencies**

Under the terms of federal and state grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures. Such audits could lead to reimbursement to the grantor agencies. City management believes disallowances, if any, would be immaterial.

**NOTE 12 RETIREMENT PLAN**

**Plan Description**

The City of Cudahy's defined benefit pension plan, Miscellaneous Plan of the City of Cudahy, provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Miscellaneous Plan of the City of Cudahy is part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating public entities within the State of California. These benefit provisions and all other requirements are established by State statutes within the Public Employees' Retirement Law. The City of Cudahy selects optional benefit provisions from the benefits available by contract with CalPERS and adopts those benefits through ordinance. CalPERS issues a separate comprehensive annual financial report. Copies of CalPERS' annual financial report may be obtained from its executive office: 400 P Street, Sacramento, CA 95814.

**NOTE 12 RETIREMENT PLAN (CONTINUED)**

**Funding Policy**

Active plan members in the Miscellaneous Plan of the City of Cudahy are required to contribute 8% of their annual covered salary. The City makes the contributions required of City personnel on their behalf and for their account. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for the 2010/11 fiscal year is 16.607% of annual covered payroll. The contribution rate is established, and may be amended, by CalPERS.

**Annual Pension Contribution**

For fiscal year 2010-2011, the City's annual pension cost of \$328,479 was equal to the City's required and actual contributions.

The Miscellaneous Plan of the City of Cudahy's excess assets is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2011 was 20 years.

*Three-Year Trend Information For PERS*

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/09	\$ 305,488	100%	\$ -
6/30/10	340,637	100%	-
6/30/11	328,479	100%	-

**NOTE 13 POST EMPLOYMENT BENEFITS**

**Plan Description**

The City participates in the CalPERS medical program in which the City provides other post-employment benefits (OPEB) through a single-employer defined benefit healthcare plan. The plan provides health care benefits employees in accordance with City MOU's. To be eligible, the employee must be at avail himself of the benefits within ninety days after retirement from employment with the City of Cudahy. The City pays for the health premium in existence at the time of retirement.

**Funding**

The City is currently financing its post employment benefit at a pay-as-you-go basis and has not had an actuarial valuation. Currently there are seven retirees receiving post employment benefits and the City's annual actual OPEB cost plan, for fiscal year 2010-11 and the three preceding years were as follows:

Year Fiscal	Amount
2008-2009	\$ 93,181
2009-2010	73,391
2010-2011	72,730

**NOTE 14      DEFERRED COMPENSATION PLAN**

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salaries until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The plan assets are under the participants control and are principally invested in demand deposits and mutual funds and are held in trust for the exclusive benefit of the participants and their beneficiaries. At June 30, 2011, the amount held by trustee for employees is \$113,018.

**NOTE 15      INSURANCE PROGRAM**

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

The City is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 91 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group-purchased insurance for property and other coverages. The Authority's pool began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

**Self-insurance programs of the Authority**

General Liability - Each member government pays a primary deposit to cover estimated losses for a fiscal year (claims year). Six months after the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Costs are spread to members as follows: the first \$30,000 of each occurrence is charged directly to the member; costs from \$30,001 to \$750,000 are pooled based on a member's share of costs under \$30,000; costs from \$750,001 to \$5,000,000 are pooled based on payroll. Costs of covered claims above \$5,000,000 are currently paid by reinsurance. The protection for each member is \$50,000,000 per occurrence and \$50,000,000 annual aggregate.

Worker's Compensation - The City also participates in the worker's compensation pool administered by the Authority. Pool deposits and retrospective adjustments are valued in a manner similar to the General Liability pool. The City of Cudahy is charged for the first \$25,000 of each claim. Costs are pooled above that level to \$50,000. Costs from \$50,001 to \$100,000 per claim are pooled based on the member's losses under its retention level. Costs between \$100,001 and \$2,000,000 per claim are pooled based on payroll. Costs between \$2,000,000 and \$50,000,000 are paid by excess insurance purchased by the Authority. Costs in excess of \$50,000,000 are pooled by the members based on payroll.

**NOTE 15      INSURANCE PROGRAM (CONTINUED)**

**Purchased insurance**

Property Insurance - The City of Cudahy participates in the all-risk property protection program of the Authority. Several insurance companies underwrite this insurance protection. The City is currently insured according to a schedule of covered property submitted by the City to the Authority. Total all-risk property insurance coverage is \$11.3 million. There is a \$5,000 per loss deductible. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

Fidelity Bonds - The City of Cudahy purchases blanket fidelity bond coverage in the amount of \$1,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the Authority. Premiums are paid annually and are not subject to retroactive adjustments.

Environmental Liability Insurance - The City of Cudahy participates in the pollution legal liability and remediation legal liability insurance, which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Authority has a limit of \$50,000,000 for the 3-year period from July 1, 2008 through July 1, 2011. Each member of the Authority has a \$10,000,000 limit during the 3-year term of the policy.

**Adequacy of protection**

During the past three fiscal years none of the above programs of protection have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability coverage from coverage in the prior year.

**NOTE 16      REDEVELOPMENT AGENCY**

On December 29, 2011, the Supreme Court filed its opinion ruling that Assembly Bill (AB) X1 26 is constitutional and valid and that AB X1 27 is unconstitutional and invalid. Consequently, all redevelopment agencies were dissolved on February 1, 2012 in accordance with that bill. The City of Cudahy currently serves as the successor agency that is responsible for all the remaining obligations of the dissolved Agency.

**NOTE 16 REDEVELOPMENT AGENCY (CONTINUED)**

**Actions Taken by the City and the Agency**

The Agency and the Cudahy Economic Development Corporation (the "Corporation"), a California non-profit public benefit corporation, entered into a Project Funding Agreement dated as of March 1, 2011 (the "Agreement") relating to approximately \$18,000,000 in capital improvement projects set forth in the Agency's 2011-12 budget and implementation plan. On April 13, 2011, the Agency issued the City-Wide Redevelopment Project Tax Allocation Bonds \$2,285,000 Series 2011A (Housing Projects) and \$8,920,000 Series 2011B (Redevelopment Projects) for the funding of various housing and commercial purposes. The proceeds of said bonds were transferred to the Corporation in accordance with the Agreement, and said funds either have been expended, or are expected to be expended, by the Corporation within a three-year period as required by the bond documents.

Under the Agreement, the Agency transferred monies and real property assets to the Corporation for the implementation of various housing and commercial projects within the City. Additionally, the Agency pledged surplus revenues to the Corporation, as necessary, to support the ongoing contractual and budgeted obligations and commitments of the Corporation. On March 1, 2011, the Corporation entered into a Reimbursement Agreement with the City to undertake certain public works projects which may be legally financed by the Corporation.

**NOTE 17 SUBSEQUENT EVENTS**

The City has evaluated events subsequent to June 30, 2011 to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through July 3, 2012, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.

**NOTE 18      NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB)  
PRONOUNCEMENTS**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2011, that have effective dates that may impact future financial presentations.

**GASB No. 60** - GASB has issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. Statement 60 addresses how to account for and report service concession arrangements (SCAs), a type of public-private or public-public partnership that state and local governments are increasingly entering into. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011.

**GASB No. 61** - GASB has issued Statement No. 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34*. This Statement modifies certain requirements for inclusion of component units in the financial reporting entity and amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2012.

**GASB No. 62** - GASB has issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the FASB and AICPA pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. The requirements in this Statement are effective for financial statements for periods beginning after December 15, 2011.

**GASB No. 63** - GASB has issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011.

**GASB No. 64** - GASB has issued Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions—an amendment of GASB Statement No. 53*. The requirements of this Statement enhance comparability and improve financial reporting by clarifying the circumstances in which hedge accounting should continue when a swap counterparty, or a swap counterparty's credit support provider, is replaced. The provisions of Statement 64 are effective for financial statements for periods beginning after June 15, 2011.

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City of Cudahy  
 Budgetary Comparison Schedule  
 General Fund  
 Year ended June 30, 2011

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
<b>REVENUES</b>			
Taxes	\$ 2,465,000	2,884,201	419,201
Licenses and permits	291,500	333,932	42,432
Intergovernmental	1,950,000	1,966,387	16,387
Charges for services	32,625	29,513	(3,112)
Fines, forfeitures and penalties	520,000	276,276	(243,724)
Use of money and property	40,000	30,299	(9,701)
Miscellaneous	360,000	410,335	50,335
<b>Total revenues</b>	<u>5,659,125</u>	<u>5,930,943</u>	<u>271,818</u>
<b>EXPENDITURES</b>			
Current:			
General government	2,347,621	2,139,787	207,834
Public safety	3,463,578	3,334,682	128,896
Community services	776,109	656,316	119,793
Community development	260,099	382,658	(122,559)
<b>Total expenditures</b>	<u>6,847,407</u>	<u>6,513,443</u>	<u>333,964</u>
Excess(deficiency) of revenues over expenditures	(1,188,282)	(582,500)	605,782
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	-	(817,398)	(817,398)
Net change in fund balance	(1,188,282)	(1,399,898)	(211,616)
<b>Fund balances, Beginning</b>	8,967,448	8,967,448	-
<b>Fund balances, Ending</b>	<u>\$ 7,779,166</u>	<u>7,567,550</u>	<u>(211,616)</u>

City of Cudahy  
 Budgetary Comparison Schedule  
 Capital Projects Fund  
 Year ended June 30, 2011

	<u>Capital Projects Fund</u>		
	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
<b>Revenues</b>			
Use of money and property	\$ -	9,191	9,191
<b>Total revenues</b>	<u>-</u>	<u>9,191</u>	<u>9,191</u>
<b>Expenditures</b>			
Current:			
Community development	3,014,812	2,970,105	44,707
<b>Total expenditures</b>	<u>3,014,812</u>	<u>2,970,105</u>	<u>44,707</u>
Excess (deficiency) of revenues over expenditures	<u>(3,014,812)</u>	<u>(2,960,914)</u>	<u>53,898</u>
<b>Other financing sources (uses)</b>			
Transfer in	1,441,795	1,441,795	-
<b>Net other financing sources (uses)</b>	<u>1,441,795</u>	<u>1,441,795</u>	<u>-</u>
Net change in fund balances	(1,573,017)	(1,519,119)	53,898
<b>Fund balances, Beginning</b>	2,483,061	2,483,061	-
<b>Fund balances, Ending</b>	<u>\$ 910,044</u>	<u>963,942</u>	<u>53,898</u>

**City of Cudahy**  
**Budgetary Comparison Schedule**  
**Debt Service and Low Moderate Housing Funds**  
**Year ended June 30, 2011**

	<u>Debt Service</u>			<u>Low/Moderate Housing</u>		
	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
<b>Revenues</b>						
Taxes	\$ 1,629,438	3,067,762	1,438,324	407,359	766,941	359,582
Use of money and property	-	20,990	20,990	-	83,560	83,560
<b>Total revenues</b>	<u>1,629,438</u>	<u>3,088,752</u>	<u>1,459,314</u>	<u>407,359</u>	<u>850,501</u>	<u>443,142</u>
<b>Expenditures</b>						
Community development	11,225,000	12,605,738	(1,380,738)	5,535,811	5,537,495	(1,684)
Debt service:						
Bond issue costs	510,000	487,890	-	-	-	-
Principal payment	420,000	420,000	-	-	-	-
Interest and charges	812,293	774,645	37,648	-	-	-
<b>Total expenditures</b>	<u>12,967,293</u>	<u>14,288,273</u>	<u>(1,343,090)</u>	<u>5,535,811</u>	<u>5,537,495</u>	<u>(1,684)</u>
Excess (deficiency) of revenues over expenditures	<u>(11,337,855)</u>	<u>(11,199,521)</u>	<u>116,224</u>	<u>(5,128,452)</u>	<u>(4,686,994)</u>	<u>441,458</u>
<b>Other financing sources (uses)</b>						
Transfer out	(1,441,795)	(1,441,795)	-	-	-	-
Issuance of bonds	8,920,000	8,920,000	-	-	-	-
<b>Net other financing sources (uses)</b>	<u>7,478,205</u>	<u>7,478,205</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(3,859,650)</u>	<u>(3,721,316)</u>	<u>116,224</u>	<u>(5,128,452)</u>	<u>(4,686,994)</u>	<u>441,458</u>
Fund balances, Beginning	6,103,884	6,103,884	-	4,576,702	4,576,702	-
Fund balances (deficit), Ending	\$ <u>2,244,234</u>	<u>2,382,568</u>	<u>116,224</u>	<u>(551,750)</u>	<u>(110,292)</u>	<u>441,458</u>

City of Cudahy  
California Public Retirement System  
Schedule of Funding Progress

Schedule Of Funding Progress For PERS (\$ Amount in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Liability (AAL) Entry Age (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a % of Covered Payroll [(B-A)/C]
6/30/2008	\$ 1,529	\$ 1,823	\$ (294)	83.9%	\$ 414	71.0%
6/30/2009	1,674	2,140	(466)	78.2%	440	105.9%
6/30/2010	1,815	2,297	(482)	79.0%	434	111.1%

## SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to be expended for specific purposes.

<b>Drug Asset Seizure</b>	To account for revenues and expenditures associated with the City's asset seizure monies.
<b>Prop A Youth Employment</b>	Grant funds available for employment of at-risk youth.
<b>State Gas Tax</b>	To account for maintenance and capital projects associated with motor vehicle travel. Financing is provided by the City's share of the State gasoline taxes.
<b>ISTEA</b>	To account for financial transactions in accordance with the Intermodal Surface Transportation Efficiency Act.
<b>Aid to Cities</b>	To account for revenues and projects funded by the State as Aid to Cities.
<b>Traffic Congestion Relief</b>	This fund was created to monitor the use of funds provided by the State of California for street and highway pavement maintenance, rehabilitation and reconstruction of necessary associated facilities such as drainage and traffic control devices.
<b>Prop 1B Local Street Improvements</b>	Prop 1B came from bond proceeds issued to fund maintenance and improvement of local streets and roads.
<b>Proposition C</b>	To account for financial transactions in accordance with Proposition C of the Local Transit Assistance Act.
<b>Proposition A</b>	To account for receipts and expenditures of projects from a voter approved sales tax override for public transportation purposes.
<b>Measure R</b>	Measure R is funded with ½ percent sales tax revenues approved by Los Angeles County voters to fund local street projects in LA County
<b>AQMD</b>	To account for the additional vehicle registration fees received from Southern California Air Quality Management District in accordance with AB 2766, as authorized by the California Clean Air Act of 1988.
<b>Used Oil Recycling</b>	To account for funds received to develop and promote alternatives to the illegal disposal of used oil.
<b>Recycling Conservation Grant</b>	To account for revenues and expenditures pertaining to the recycling and disposal of used oil.

**SPECIAL REVENUE FUNDS (CONTINUED)**

<b>Emergency Preparedness</b>	Grant funds received to provide for emergency operations center. Crucial in the city's ability to respond to emergency situations and catastrophic events.
<b>COPS</b>	To account for financial transactions in accordance with grant requirements from the California Office of Criminal Justice.
<b>CLEEP</b>	To account for transactions funded by the California Law Enforcement Equipment Program.
<b>County Park Bond</b>	To account for projects and grants funded by the County Park Bond Act.
<b>LA River Access Grant</b>	To account for resources intended to improve access to Los Angeles River.
<b>State Park Clara Ph 3</b>	Funding for this grant was from the Urban Parks Act of 2001 Grant Program (UPA) through the Department of Park and Recreation, Office of Grants and Local Services for Clara Park Expansion.
<b>State Park Robert Z'berg Grant</b>	Grant is to provide safe open and accessible local park and recreational facilities.
<b>State Park Per Capita</b>	To account for the resources intended to develop, rehabilitate and enhance existing City parks and to acquire park playground equipment.
<b>State Park</b>	To account for projects and grants funded by the State Park Bond Act.
<b>Cal Home</b>	To account for transactions funded by the Cal Home program.
<b>Street Lighting</b>	To account for revenues and costs associated with the City's street lighting program.
<b>Quimby Act</b>	To account for monies received through the implementation of a development fee for the acquisition and development of new parks.
<b>CDBG</b>	To account for expenses of projects funded by the Community Development Block Grant received through the County of Los Angeles.
<b>Federal Aid STPL</b>	Federally funded Project through the California Department of Transportation (CalTrans) for resurfacing and maintenance of streets.
<b>LLEBG</b>	To account for financial transactions in accordance with the Local Law Enforcement Block Grant.

**SPECIAL REVENUE FUNDS (CONTINUED)**

**America Recovery  
Reinvestment (ARRA)**

To account for revenues and expenditures of Federally Funded programs under the American Recovery and Reinvestment Act.

**FEMA Grant**

Funds are administered by the Federal Emergency Management Agency for the development of a Hazard Mitigation Plan (HMP) to develop a plan on how the City will respond in case of a natural disaster or act of terrorism.

**DEBT SERVICE FUND**

**RDA Bond Issue 2011**

Funds used to account for the accumulation of resources for and payment of interest and principal on redevelopment agency long-term debt, including the 2011 tax allocation bond and long-term notes payable.

**SUPPLEMENTARY INFORMATION**

Special Revenue Funds

	Drug Asset Seizure	Prop A Youth Employment	State Gas Tax	ISTEA	Aid to Cities
<b>ASSETS</b>					
Cash and cash equivalents	\$ 754	9,633	306,891	16,907	35,038
Accounts receivable	-	-	-	-	-
Grants receivable	-	-	-	-	-
Notes receivable	-	-	-	-	-
Interest receivable	-	-	-	-	17
<b>Total assets</b>	<b>\$ 754</b>	<b>9,633</b>	<b>306,891</b>	<b>16,907</b>	<b>35,055</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	-	-	20,497	-	-
Due to governments	-	-	-	-	-
Due to other funds	-	9,633	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>9,633</b>	<b>20,497</b>	<b>-</b>	<b>-</b>
<b>Fund balances (deficits)</b>					
<b>Restricted:</b>					
Special revenue funds	754	-	286,394	16,907	35,055
Debt service funds	-	-	-	-	-
<b>Unassigned</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total fund balances (deficit)</b>	<b>754</b>	<b>-</b>	<b>286,394</b>	<b>16,907</b>	<b>35,055</b>
<b>Total liabilities and fund balances</b>	<b>\$ 754</b>	<b>9,633</b>	<b>306,891</b>	<b>16,907</b>	<b>35,055</b>

City of Cudahy  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2011

Special Revenue Funds				
Traffic Congestion Relief	Prop 1B Local Street Improvements	Proposition C	Proposition A	Measure R
3,086	92,549	83,439	386,957	303,661
-	-	-	-	-
-	-	-	-	-
127	130	10	170	148
3,213	92,679	83,449	387,127	303,809
-	-	33,725	19,828	-
-	-	-	-	-
3,213	-	-	-	-
3,213	-	33,725	19,828	-
-	92,679	49,724	367,299	303,809
-	-	-	-	-
-	92,679	49,724	367,299	303,809
3,213	92,679	83,449	387,127	303,809

	Special Revenue Funds			
	AQMD	Used Oil Recycling	Recycling Conservation Grant	Emergency Preparedness
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,754	5,453	4,289	-
Accounts receivable	6,033	-	-	-
Grants receivable	-	-	-	5,091
Notes receivable	-	-	-	-
Interest receivable	-	6	-	-
<b>Total assets</b>	<b>\$ 7,787</b>	<b>5,459</b>	<b>4,289</b>	<b>5,091</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable	-	-	-	100
Due to governments	-	-	-	5,091
Due to other funds	-	-	-	-
<b>Total liabilities</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>5,191</b>
<b>Fund balances (deficits)</b>				
Restricted:				
Special revenue funds	7,787	5,459	4,289	-
Debt service funds	-	-	-	(100)
Unassigned	-	-	-	(100)
<b>Total fund balances (deficit)</b>	<b>7,787</b>	<b>5,459</b>	<b>4,289</b>	<b>(100)</b>
<b>Total liabilities and fund balances</b>	<b>\$ 7,787</b>	<b>5,459</b>	<b>4,289</b>	<b>5,091</b>

City of Cudahy  
Combining Balance Sheet (Continued)  
Nonmajor Governmental Funds  
June 30, 2011

Special Revenue Funds					
COPS	CLEEP	County Park Bond	LA River Access Grant	State Park Clara Ph 3	State Park Robert Z'berg Grant
94,651	57	26,810	-	135,539	-
12,706	-	275,256	-	-	-
-	-	-	-	-	-
46	-	-	-	-	-
<u>107,403</u>	<u>57</u>	<u>302,066</u>	<u>-</u>	<u>135,539</u>	<u>-</u>
15,700	-	-	-	-	-
-	-	302,066	-	-	-
<u>15,700</u>	<u>-</u>	<u>302,066</u>	<u>-</u>	<u>-</u>	<u>-</u>
91,703	57	-	-	135,539	-
-	-	-	-	-	-
<u>91,703</u>	<u>57</u>	<u>-</u>	<u>-</u>	<u>135,539</u>	<u>-</u>
<u>107,403</u>	<u>57</u>	<u>302,066</u>	<u>-</u>	<u>135,539</u>	<u>-</u>

Special Revenue Funds					
	State Park Per Capita	State Park	Cal Home	Street Lighting	Quimby Act
<b>ASSETS</b>					
Cash and cash equivalents	\$		155,392	135,971	-
Accounts receivable			-		
Grants receivable			-		
Notes receivable			74	67	69
Interest receivable					
<b>Total assets</b>	<b>\$</b>		<b>155,466</b>	<b>136,038</b>	<b>69</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable				12,253	
Due to governments					
Due to other funds					
<b>Total liabilities</b>	<b>\$</b>			<b>12,253</b>	
<b>Fund balances (deficits)</b>					
<b>Restricted:</b>					
Special revenue funds			155,466	123,785	69
Debt service funds			-		
Unassigned					
<b>Total fund balances (deficit)</b>			<b>155,466</b>	<b>123,785</b>	<b>69</b>
<b>Total liabilities and fund balances</b>	<b>\$</b>		<b>155,466</b>	<b>136,038</b>	<b>69</b>

City of Cudahy  
Combining Balance Sheet (Continued)  
Nonmajor Governmental Funds  
June 30, 2011

Special Revenue Funds					Debt Service Fund	Totals Nonmajor Governmental Funds
CDBG	Federal Aid STPL	LLEBG	ARRA	FEMA Grant	RDA Bond Issue 2011	
233,340	189,610	-	-	-	248,135	2,469,916
-	-	-	-	-	-	293,995
118,985	-	-	156,219	6,460	-	286,755
155,395	-	-	-	-	-	155,395
55,653	-	-	-	-	-	56,517
<u>563,373</u>	<u>189,610</u>	<u>-</u>	<u>156,219</u>	<u>6,460</u>	<u>248,135</u>	<u>3,262,578</u>
29,245	-	-	-	-	15,353	146,701
174,986	-	-	-	-	-	174,986
303,489	-	-	155,865	6,460	-	785,817
<u>563,373</u>	<u>-</u>	<u>-</u>	<u>155,865</u>	<u>6,460</u>	<u>15,353</u>	<u>1,163,157</u>
-	189,610	-	354	-	-	1,866,739
-	-	-	-	-	232,782	232,782
-	-	-	-	-	-	(100)
-	<u>189,610</u>	<u>-</u>	<u>354</u>	<u>-</u>	<u>232,782</u>	<u>2,099,421</u>
<u>563,373</u>	<u>189,610</u>	<u>-</u>	<u>156,219</u>	<u>6,460</u>	<u>248,135</u>	<u>3,262,578</u>

	Special Revenue Funds				
	Drug Asset Seizure	Prop A Youth Employment	State Gas Tax	ISTEA	Aid to Cities
<b>Revenues:</b>					
Taxes	\$ -	-	207,226	-	-
Intergovernmental	-	-	393,661	-	-
Use of money and property	35	-	-	103	120
Miscellaneous	-	-	-	-	-
<b>Total revenues</b>	<u>35</u>	<u>-</u>	<u>600,887</u>	<u>103</u>	<u>120</u>
<b>Expenditures:</b>					
Current:					
Public safety	94,000	-	-	-	-
Community development	-	-	39,914	-	-
Community services	-	-	250,816	-	-
Public services	-	-	-	-	-
Debt service:					
Bond issue costs	-	-	-	-	-
<b>Total expenditures</b>	<u>94,000</u>	<u>-</u>	<u>290,730</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(93,965)	-	310,157	103	120
<b>Other financing sources (uses):</b>					
Transfers in	-	9,633	-	-	-
Transfers out	-	-	-	-	-
Issuance of bonds	-	-	-	-	-
<b>Net other financing sources (uses)</b>	<u>-</u>	<u>9,633</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(93,965)	9,633	310,157	103	120
<b>Fund balances, Beginning</b>	<u>94,719</u>	<u>(9,633)</u>	<u>(23,763)</u>	<u>16,804</u>	<u>34,935</u>
<b>Fund balances, Ending</b>	<u>\$ 754</u>	<u>-</u>	<u>286,394</u>	<u>16,907</u>	<u>35,055</u>

City of Cudahy  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year ended June 30, 2011

Special Revenue Funds				
Traffic Congestion Relief	Prop 1B Local Street Improvements	Proposition C	Proposition A	Measure R
-	-	293,930	350,020	-
70,861	-	-	-	217,015
766	1,413	506	1,020	739
-	-	35,648	-	-
<u>71,627</u>	<u>1,413</u>	<u>330,084</u>	<u>351,040</u>	<u>217,754</u>
220,279	14,011	-	-	68,509
-	-	14,460	463,276	-
-	-	302,590	-	-
<u>220,279</u>	<u>14,011</u>	<u>317,050</u>	<u>463,276</u>	<u>68,509</u>
(148,652)	(12,598)	13,034	(112,236)	149,245
3,086	-	-	-	17,927
-	-	-	-	-
<u>3,086</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,927</u>
(145,566)	(12,598)	13,034	(112,236)	167,172
145,566	105,277	36,690	479,535	136,637
<u>-</u>	<u>92,679</u>	<u>49,724</u>	<u>367,299</u>	<u>303,809</u>

	Special Revenue Funds			
	AQMD	Used Oil Recycling	Recycling Conservation Grant	Emergency Preparedness
<b>Revenues:</b>				
Taxes	\$ -	-	-	-
Intergovernmental	28,388	-	-	5,091
Use of money and property	5	54	-	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<u>28,393</u>	<u>54</u>	<u>-</u>	<u>5,091</u>
<b>Expenditures:</b>				
Current:				
Public safety	-	-	-	-
Community development	18,974	-	-	-
Community services	3,000	-	-	-
Public services	-	3,991	2,498	1,900
Debt service:				
Bond issue costs	-	-	-	-
<b>Total expenditures</b>	<u>21,974</u>	<u>3,991</u>	<u>2,498</u>	<u>1,900</u>
Excess (deficiency) of revenues over expenditures	6,419	(3,937)	(2,498)	3,191
<b>Other financing sources (uses):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Issuance of bonds	-	-	-	-
<b>Net other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	6,419	(3,937)	(2,498)	3,191
Fund balances, Beginning	1,368	9,396	6,787	(3,291)
Fund balances, Ending	<u>\$ 7,787</u>	<u>5,459</u>	<u>4,289</u>	<u>(100)</u>

City of Cudahy  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances (continued)  
Nonmajor Governmental Funds  
Year ended June 30, 2011

Special Revenue Funds					
COPS	CLEEP	County Park Bond	LA River Access Grant	State Park Clara Ph 3	State Park Robert Z'berg Grant
-	-	-	-	-	-
107,548	-	-	-	-	-
444	-	-	-	615	434
-	-	-	-	-	-
<u>107,992</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>615</u>	<u>434</u>
102,301	22,700	-	-	-	-
-	-	-	-	243,114	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>102,301</u>	<u>22,700</u>	<u>-</u>	<u>-</u>	<u>243,114</u>	<u>-</u>
5,691	(22,700)	-	-	(242,499)	434
-	-	26,810	154,152	243,114	139,776
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>26,810</u>	<u>154,152</u>	<u>243,114</u>	<u>139,776</u>
5,691	(22,700)	26,810	154,152	615	140,210
86,012	22,757	(26,810)	(154,152)	134,924	(140,210)
<u>91,703</u>	<u>57</u>	<u>-</u>	<u>-</u>	<u>135,539</u>	<u>-</u>

Special Revenue Funds					
	State Park Per Capita	State Park	Cal Home	Street Lighting	Quimby Act
<b>Revenues:</b>					
Taxes	\$ -	-	-	78,678	-
Intergovernmental	-	-	-	-	-
Use of money and property	-	-	534	492	496
Miscellaneous	-	-	-	-	-
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>534</u>	<u>79,170</u>	<u>496</u>
<b>Expenditures:</b>					
Current:					
Public safety	-	-	-	-	-
Community development	-	-	-	-	-
Community services	-	2,214	-	109,542	-
Public services	-	-	-	-	-
Debt service:					
Bond issue costs	-	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>2,214</u>	<u>-</u>	<u>109,542</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	-	(2,214)	534	(30,372)	496
<b>Other financing sources (uses):</b>					
Transfers in	123,365	-	-	-	-
Transfers out	-	-	-	-	(144,275)
Issuance of bonds	-	-	-	-	-
<b>Net other financing sources (uses)</b>	<u>123,365</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(144,275)</u>
Net change in fund balances	123,365	(2,214)	534	(30,372)	(143,779)
<b>Fund balances, Beginning</b>	<u>(123,365)</u>	<u>2,214</u>	<u>154,932</u>	<u>154,157</u>	<u>143,848</u>
<b>Fund balances, Ending</b>	<u>\$ -</u>	<u>-</u>	<u>155,466</u>	<u>123,785</u>	<u>69</u>

City of Cudahy  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances (continued)  
Nonmajor Governmental Funds  
Year ended June 30, 2011

Special Revenue Funds					Debt Service Fund	Totals Nonmajor Governmental Funds
CDBG	Federal Aid STPL	LLEBG	ARRA	FEMA Grant	RDA Bond Issue 2011	
		-				929,854
422,049			663,000	6,460		1,914,073
						7,776
						35,648
<u>422,049</u>	<u>-</u>	<u>-</u>	<u>663,000</u>	<u>6,460</u>	<u>-</u>	<u>2,887,351</u>
				6,460		225,461
511,519			650,443		1,885,000	3,651,763
						843,308
						310,979
					167,218	167,218
<u>511,519</u>	<u>-</u>	<u>-</u>	<u>650,443</u>	<u>6,460</u>	<u>2,052,218</u>	<u>5,198,729</u>
(89,470)			12,557		(2,052,218)	(2,311,378)
233,340		28,397				979,600
	(17,927)					(162,202)
					2,285,000	2,285,000
<u>233,340</u>	<u>(17,927)</u>	<u>28,397</u>	<u>-</u>	<u>-</u>	<u>2,285,000</u>	<u>3,102,398</u>
143,870	(17,927)	28,397	12,557		232,782	791,020
<u>(143,870)</u>	<u>207,537</u>	<u>(28,397)</u>	<u>(12,203)</u>	<u>-</u>		<u>1,308,401</u>
	<u>189,610</u>	<u>-</u>	<u>354</u>	<u>-</u>	<u>232,782</u>	<u>2,099,421</u>

		<b>Drug Asset Seizure</b>		
		<b>Final Budgeted</b>	<b>Actual</b>	<b>Variance with</b>
		<b>Amounts</b>	<b>Amounts</b>	<b>Final Budget-</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues</b>				
	Taxes	\$ -	-	-
	Intergovernmental	-	35	35
	Use of money and property	-	-	-
	Miscellaneous	-	-	-
	<b>Total revenues</b>	<b>-</b>	<b>35</b>	<b>35</b>
<b>Expenditures</b>				
	Current:			
	Public safety	94,000	94,000	-
	Community development	-	-	-
	Community services	-	-	-
	Public services	-	-	-
	Debt service:			
	Bond issue costs	-	-	-
	<b>Total expenditures</b>	<b>94,000</b>	<b>94,000</b>	<b>-</b>
	Excess (deficiency) of revenues over expenditures	(94,000)	(93,965)	35
<b>Other financing sources (uses)</b>				
	Transfers in	-	-	-
	Transfers out	-	-	-
	Issuance of bonds	-	-	-
	<b>Net other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>
	Net change in fund balances	(94,000)	(93,965)	35
	<b>Fund balances, Beginning</b>	<b>94,719</b>	<b>94,719</b>	<b>-</b>
	<b>Fund balances, Ending</b>	<b>\$ 719</b>	<b>754</b>	<b>35</b>

City of Cudahy  
 Budget Comparison Schedule  
 Nonmajor Governmental Funds  
 Year ended June 30, 2011

State Gas Tax			ISTEA		
Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
-	207,226	207,226	-	-	-
330,000	393,661	63,661	-	103	103
-	-	-	-	-	-
330,000	600,887	270,887	-	103	103
-	-	-	-	-	-
35,000	39,914	(4,914)	-	-	-
263,573	250,816	12,757	-	-	-
-	-	-	-	-	-
298,573	290,730	7,843	-	-	-
-	-	-	-	-	-
31,427	310,157	278,730	-	103	103
-	-	-	-	-	-
-	-	-	-	-	-
31,427	310,157	278,730	-	103	103
(23,763)	(23,763)	-	16,804	16,804	-
7,664	286,394	278,730	16,804	16,907	103

	Aid to Cities		Variance with Final Budget- Positive (Negative)
	Final Budgeted Amounts	Actual Amounts	
<b>Revenues</b>			
Taxes	\$ -	-	-
Intergovernmental	-	-	-
Use of money and property	-	120	120
Miscellaneous	-	-	-
<b>Total revenues</b>	<u>-</u>	<u>120</u>	<u>120</u>
<b>Expenditures</b>			
Current:			
Public safety	-	-	-
Community development	-	-	-
Community services	-	-	-
Public services	-	-	-
Debt service:			
Bond issue costs	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>120</u>	<u>120</u>
<b>Other financing sources (uses)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
Issuance of bonds	-	-	-
<b>Net other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	120	120
<b>Fund balances, Beginning</b>	<u>34,935</u>	<u>34,935</u>	<u>-</u>
<b>Fund balances, Ending</b>	<u>\$ 34,935</u>	<u>35,055</u>	<u>120</u>

City of Cudahy  
 Budget Comparison Schedule (continued)  
 Nonmajor Governmental Funds  
 Year ended June 30, 2011

Traffic Congestion Relief			Prop 1B Local Street Improvements		
Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
-	-	-	-	-	-
120,000	70,861	(49,139)	-	-	-
-	766	766	-	1,413	1,413
-	-	-	-	-	-
120,000	71,627	(48,373)	-	1,413	1,413
-	-	-	-	-	-
335,943	220,279	115,664	-	-	-
-	-	-	315,000	14,011	300,989
-	-	-	-	-	-
335,943	220,279	115,664	315,000	14,011	300,989
-	-	-	-	-	-
(215,943)	(148,652)	67,291	(315,000)	(12,598)	302,402
-	3,086	3,086	-	-	-
-	-	-	-	-	-
-	3,086	3,086	-	-	-
-	-	-	-	-	-
(215,943)	(145,566)	70,377	(315,000)	(12,598)	302,402
145,566	145,566	-	105,277	105,277	-
(70,377)	-	70,377	(209,723)	92,679	302,402

	Proposition C		Variance with
	Final Budgeted	Actual	Final Budget-
Revenues	Amounts	Amounts	Positive
			(Negative)
	<u>329,327</u>	<u>293,930</u>	<u>(35,397)</u>
Taxes	-	-	-
Intergovernmental	-	506	506
Use of money and property	-	35,648	35,648
Miscellaneous	-	-	-
<b>Total revenues</b>	<u>329,327</u>	<u>330,084</u>	<u>757</u>
<b>Expenditures</b>			
Current:			
Public safety	-	-	-
Community development	-	-	-
Community services	14,800	14,460	340
Public services	343,200	302,590	40,610
Debt service:			
Bond issue costs	-	-	-
<b>Total expenditures</b>	<u>358,000</u>	<u>317,050</u>	<u>40,950</u>
Excess (deficiency) of revenues over expenditures	<u>(28,673)</u>	<u>13,034</u>	<u>41,707</u>
<b>Other financing sources (uses)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
Issuance of bonds	-	-	-
<b>Net other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(28,673)	13,034	41,707
<b>Fund balances, Beginning</b>	<u>36,690</u>	<u>36,690</u>	<u>-</u>
<b>Fund balances, Ending</b>	<u>8,017</u>	<u>49,724</u>	<u>41,707</u>

City of Cudahy  
 Budget Comparison Schedule (continued)  
 Nonmajor Governmental Funds  
 Year ended June 30, 2011

Proposition A			Measure R		
Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
348,808	350,020	1,212	-	-	-
-	-	-	216,995	217,015	20
-	1,020	1,020	-	739	739
25,000	-	(25,000)	-	-	-
<u>373,808</u>	<u>351,040</u>	<u>(22,768)</u>	<u>216,995</u>	<u>217,754</u>	<u>759</u>
-	-	-	-	-	-
-	-	-	358,046	68,509	289,537
499,400	463,276	36,124	-	-	-
-	-	-	-	-	-
<u>499,400</u>	<u>463,276</u>	<u>36,124</u>	<u>358,046</u>	<u>68,509</u>	<u>289,537</u>
<u>(125,592)</u>	<u>(112,236)</u>	<u>13,356</u>	<u>(141,051)</u>	<u>149,245</u>	<u>290,296</u>
-	-	-	-	17,927	17,927
-	-	-	-	-	-
-	-	-	-	-	-
<u>(125,592)</u>	<u>(112,236)</u>	<u>13,356</u>	<u>(141,051)</u>	<u>17,927</u>	<u>17,927</u>
479,535	479,535	-	136,637	136,637	-
<u>353,943</u>	<u>367,299</u>	<u>13,356</u>	<u>(4,414)</u>	<u>303,809</u>	<u>308,223</u>

	AQMD		Variance with Final Budget- Positive (Negative)
	Final Budgeted Amounts	Actual Amounts	
<b>Revenues</b>			
Taxes	\$ -	-	-
Intergovernmental	24,761	28,388	3,627
Use of money and property	-	5	5
Miscellaneous	-	-	-
<b>Total revenues</b>	<u>24,761</u>	<u>28,393</u>	<u>3,632</u>
<b>Expenditures</b>			
Current:			
Public safety	-	-	-
Community development	40,000	18,974	21,026
Community services	3,000	3,000	-
Public services	-	-	-
Debt service:			
Bond issue costs	-	-	-
<b>Total expenditures</b>	<u>43,000</u>	<u>21,974</u>	<u>21,026</u>
Excess (deficiency) of revenues over expenditures	<u>(18,239)</u>	<u>6,419</u>	<u>24,658</u>
<b>Other financing sources (uses)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
Issuance of bonds	-	-	-
<b>Net other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(18,239)	6,419	24,658
<b>Fund balances, Beginning</b>	1,368	1,368	-
<b>Fund balances, Ending</b>	<u>\$ (16,871)</u>	<u>7,787</u>	<u>24,658</u>

City of Cudahy  
 Budget Comparison Schedule (continued)  
 Nonmajor Governmental Funds  
 Year ended June 30, 2011

Used Oil Recycling			Recycling Conservation Grant		
Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
-	-	-	-	-	-
-	54	54	5,859	-	(5,859)
-	-	-	-	-	-
-	54	54	5,859	-	(5,859)
-	-	-	-	-	-
12,000	3,991	8,009	19,100	2,498	16,602
-	-	-	-	-	-
12,000	3,991	8,009	19,100	2,498	16,602
-	-	-	-	-	-
(12,000)	(3,937)	8,063	(13,241)	(2,498)	10,743
-	-	-	-	-	-
-	-	-	-	-	-
-	(3,937)	(3,937)	(13,241)	(2,498)	10,743
9,396	9,396	-	6,787	6,787	-
9,396	5,459	(3,937)	(6,454)	4,289	10,743

	<b>Emergency Preparedness</b>		
	<b>Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget- Positive (Negative)</b>
<b>Revenues</b>			
Taxes	\$ -	-	-
Intergovernmental	-	5,091	5,091
Use of money and property	-	-	-
Miscellaneous	-	-	-
<b>Total revenues</b>	<b>-</b>	<b>5,091</b>	<b>5,091</b>
<b>Expenditures</b>			
Current:			
Public safety	-	-	-
Community development	-	-	-
Community services	-	-	-
Public services	21,000	1,900	19,100
Debt service:			
Bond issue costs	-	-	-
<b>Total expenditures</b>	<b>21,000</b>	<b>1,900</b>	<b>19,100</b>
Excess (deficiency) of revenues over expenditures	(21,000)	3,191	24,191
<b>Other financing sources (uses)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
Issuance of bonds	-	-	-
<b>Net other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balances	(21,000)	3,191	24,191
Fund balances, Beginning	(3,291)	(3,291)	-
Fund balances, Ending	\$ (24,291)	(100)	24,191

City of Cudahy  
 Budget Comparison Schedule (continued)  
 Nonmajor Governmental Funds  
 Year ended June 30, 2011

COPS			CLEEP		
Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
-	-	-	-	-	-
100,000	107,548	7,548	-	-	-
-	444	444	-	-	-
-	-	-	-	-	-
<u>100,000</u>	<u>107,992</u>	<u>7,992</u>	<u>-</u>	<u>-</u>	<u>-</u>
100,000	102,301	(2,301)	22,700	22,700	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>100,000</u>	<u>102,301</u>	<u>(2,301)</u>	<u>22,700</u>	<u>22,700</u>	<u>-</u>
-	5,691	5,691	(22,700)	(22,700)	-
-	-	-	-	-	-
-	-	-	-	-	-
-	5,691	5,691	(22,700)	(22,700)	-
86,012	86,012	-	22,757	22,757	-
<u>86,012</u>	<u>91,703</u>	<u>5,691</u>	<u>57</u>	<u>57</u>	<u>-</u>

<b>County Park Bond</b>			
	<b>Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget- Positive (Negative)</b>
<b>Revenues</b>			
Taxes	\$ -	-	-
Intergovernmental	-	-	-
Use of money and property	-	-	-
Miscellaneous	-	-	-
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures</b>			
Current:			
Public safety	-	-	-
Community development	-	-	-
Community services	-	-	-
Public services	-	-	-
Debt service:			
Bond issue costs	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	-	-	-
<b>Other financing sources (uses)</b>			
Transfers in	-	26,810	26,810
Transfers out	-	-	-
Issuance of bonds	-	-	-
<b>Net other financing sources (uses)</b>	<u>-</u>	<u>26,810</u>	<u>26,810</u>
Net change in fund balances	-	26,810	26,810
<b>Fund balances, Beginning</b>	<u>(26,810)</u>	<u>(26,810)</u>	<u>-</u>
<b>Fund balances, Ending</b>	<u>\$ (26,810)</u>	<u>-</u>	<u>26,810</u>



<b>State Park Robert Zberg Grant</b>			
	<b>Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget- Positive (Negative)</b>
<b>Revenues</b>			
Taxes	\$ -	-	-
Intergovernmental	-	-	-
Use of money and property	-	-	-
Miscellaneous	-	434	434
<b>Total revenues</b>	<b>-</b>	<b>434</b>	<b>434</b>
<b>Expenditures</b>			
Current:			
Public safety	-	-	-
Community development	-	-	-
Community services	-	-	-
Public services	-	-	-
Debt service:			
Bond issue costs	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of revenues over expenditures	-	434	434
<b>Other financing sources (uses)</b>			
Transfers in	140,000	139,776	(224)
Transfers out	-	-	-
Issuance of bonds	-	-	-
<b>Net other financing sources (uses)</b>	<b>140,000</b>	<b>139,776</b>	<b>(224)</b>
Net change in fund balances	140,000	140,210	210
<b>Fund balances, Beginning</b>	<b>(140,210)</b>	<b>(140,210)</b>	<b>-</b>
<b>Fund balances, Ending</b>	<b>\$ (210)</b>	<b>-</b>	<b>210</b>



	Cal Home		Variance with Final Budget-
	Final Budgeted Amounts	Actual Amounts	
<b>Revenues</b>			
Taxes	\$ -	-	-
Intergovernmental	-	-	-
Use of money and property	-	534	534
Miscellaneous	-	-	-
<b>Total revenues</b>	<u>-</u>	<u>534</u>	<u>534</u>
<b>Expenditures</b>			
Current:			
Public safety	-	-	-
Community development	-	-	-
Community services	-	-	-
Public services	-	-	-
Debt service:			
Bond issue costs	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>534</u>	<u>534</u>
<b>Other financing sources (uses)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
Issuance of bonds	-	-	-
<b>Net other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	534	534
<b>Fund balances, Beginning</b>	154,932	154,932	-
<b>Fund balances, Ending</b>	<u>\$ 154,932</u>	<u>155,466</u>	<u>534</u>

City of Cudahy  
 Budget Comparison Schedule (continued)  
 Nonmajor Governmental Funds  
 Year ended June 30, 2011

Street Lighting			Quimby Act		
Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
95,000	78,678	(16,322)	-	-	-
-	-	-	-	-	-
-	492	492	-	496	496
-	-	-	-	-	-
95,000	79,170	(15,830)	-	496	496
-	-	-	-	-	-
-	-	-	-	-	-
110,000	109,542	458	-	-	-
-	-	-	-	-	-
110,000	109,542	458	-	-	-
(15,000)	(30,372)	(16,288)	-	496	496
-	-	-	-	-	-
-	-	-	-	(144,275)	(144,275)
-	-	-	-	-	-
-	-	-	-	(144,275)	(144,275)
(15,000)	(30,372)	(16,288)	-	(143,779)	(143,779)
154,157	154,157	-	143,848	143,848	-
139,157	123,785	(16,288)	143,848	69	(143,779)

	CDBG		Variance with Final Budget- Positive (Negative)
	Final Budgeted Amounts	Actual Amounts	
<b>Revenues</b>			
Taxes	\$ -	-	-
Intergovernmental	461,882	422,049	(39,833)
Use of money and property	-	-	-
Miscellaneous	-	-	-
<b>Total revenues</b>	<u>461,882</u>	<u>422,049</u>	<u>(39,833)</u>
<b>Expenditures</b>			
Current:			
Public safety	-	-	-
Community development	548,162	511,519	36,643
Community services	-	-	-
Public services	-	-	-
Debt service:			
Bond issue costs	-	-	-
<b>Total expenditures</b>	<u>548,162</u>	<u>511,519</u>	<u>36,643</u>
Excess (deficiency) of revenues over expenditures	<u>(86,280)</u>	<u>(89,470)</u>	<u>(3,190)</u>
<b>Other financing sources (uses)</b>			
Transfers in	-	233,340	233,340
Transfers out	-	-	-
Issuance of bonds	-	-	-
<b>Net other financing sources (uses)</b>	<u>-</u>	<u>233,340</u>	<u>233,340</u>
Net change in fund balances	(86,280)	143,870	230,150
<b>Fund balances, Beginning</b>	<u>(143,870)</u>	<u>(143,870)</u>	<u>-</u>
<b>Fund balances, Ending</b>	<u>\$ (230,150)</u>	<u>-</u>	<u>230,150</u>



	ARRA		Variance with Final Budget- Positive (Negative)
	Final Budgeted Amounts	Actual Amounts	
<b>Revenues</b>			
Taxes	\$ -	-	-
Intergovernmental	700,000	663,000	(37,000)
Use of money and property	-	-	-
Miscellaneous	-	-	-
<b>Total revenues</b>	<b>700,000</b>	<b>663,000</b>	<b>(37,000)</b>
<b>Expenditures</b>			
Current:			
Public safety	-	-	-
Community development	663,000	650,443	12,557
Community services	-	-	-
Public services	-	-	-
Debt service:			
Bond issue costs	-	-	-
<b>Total expenditures</b>	<b>663,000</b>	<b>650,443</b>	<b>12,557</b>
Excess (deficiency) of revenues over expenditures	37,000	12,557	(24,443)
<b>Other financing sources (uses)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
Issuance of bonds	-	-	-
<b>Net other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balances	37,000	12,557	(24,443)
<b>Fund balances, Beginning</b>	<b>(12,203)</b>	<b>(12,203)</b>	<b>-</b>
<b>Fund balances, Ending</b>	<b>\$ 24,797</b>	<b>354</b>	<b>(24,443)</b>

City of Cudahy  
 Budget Comparison Schedule (continued)  
 Nonmajor Governmental Funds  
 Year ended June 30, 2011

FEMA Grant			RDA Bond Issue 2011		
Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
-	6,460	6,460	-	-	-
-	-	-	-	-	-
-	6,460	6,460	-	-	-
65,000	6,460	58,540	-	-	-
-	-	-	1,885,000	1,885,000	-
-	-	-	-	-	-
-	-	-	171,500	167,218	4,282
65,000	6,460	58,540	2,056,500	2,052,218	4,282
(65,000)	-	65,000	(2,056,500)	(2,052,218)	(4,282)
-	-	-	-	-	-
-	-	-	2,285,000	2,285,000	-
-	-	-	2,285,000	2,285,000	-
(65,000)	-	65,000	228,500	232,782	(4,282)
-	-	-	-	-	-
(65,000)	-	65,000	228,500	232,782	(4,282)

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