



**City of Cudahy**  
**General Purpose Financial Statements**  
***As of and For the Year Ended June 30, 2018***  
***with Report of Independent Auditors***



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***As of and For the Year Ended June 30, 2018***  
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## **Report of Independent Auditors**

**The Honorable Mayor and the Members of the City Council  
City of Cudahy, California**

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Cudahy, California (the City), as of and for the year ended June 30, 2018, and the related notes to financial statements which collectively comprise the City's basic financial statements, as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Cudahy, California as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Required Supplementary Information on pages 51 through 58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of the basic financial statements.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and budgetary comparison schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and budgetary comparison schedules on pages 61 through 85 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and budgetary comparison schedules on pages 61 through 85 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



*Implementation of New Accounting Standards*

As discussed in Notes 2 and 16, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (OPEB)* effective for the year ended June 30, 2018. As a result of this implementation, the City's beginning net position was restated to retroactively report the City's total OPEB liability as of June 30, 2017. Our opinion is not modified with respect to this matter.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2019 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Vasquez + Company LLP*

**Glendale, California  
March 28, 2019**

**City of Cudahy**  
**Statement of Net Position**  
**June 30, 2018**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and investments	\$ 7,499,827
Receivables:	
Accounts	846,589
Notes, net	3,133,174
Interest	22,875
Prepaid expenses	116,228
Advances to Successor Agency Private Purpose Trust Fund (net of allowance for doubtful accounts of \$89,219)	435,697
Capital assets, net	19,307,560
<b>Total assets</b>	<b>31,361,950</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	778,930
<b>Total deferred inflows of resources</b>	<b>778,930</b>
<b>LIABILITIES</b>	
Accounts payable and other current liabilities	1,886,720
Due to other governments	494,187
Noncurrent liabilities:	
Due within one year	27,928
Due in more than one year	518,356
Net pension liability	3,539,977
Net OPEB liability	2,697,991
<b>Total liabilities</b>	<b>9,165,159</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	344,725
Deferred inflows related to OPEB	87,546
<b>Total deferred inflows of resources</b>	<b>432,271</b>
<b>NET POSITION</b>	
Net investment in capital assets	19,307,560
Restricted	5,078,985
Unrestricted	(1,843,095)
<b>Total net position \$</b>	<b>22,543,450</b>

*See notes to financial statements.*

**City of Cudahy**  
**Statement of Activities**  
**Year ended June 30, 2018**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses)</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Revenues and Changes in Net Position</u>
					<u>Governmental Activities</u>
<b>Primary government</b>					
Governmental activities:					
General government	\$ 3,082,347	\$ 515,259	\$ -	\$ -	\$ (2,567,088)
Public safety	3,773,571	321,328	139,416	-	(3,312,827)
Community services	3,571,433	178,091	2,616,091	-	(777,251)
Community development	1,636,788	1,010,696	332,280	-	(293,812)
Total primary government	<u>\$ 12,064,139</u>	<u>\$ 2,025,374</u>	<u>\$ 3,087,787</u>	<u>\$ -</u>	<u>(6,950,978)</u>
General revenues:					
Property taxes					324,024
Sales and use taxes					1,489,724
Franchise and transfer taxes					275,337
Transient occupancy tax					68,474
Business license tax					221,947
Motor vehicle In lieu tax					2,629,638
Utility users tax					961,720
Investment income					64,978
Other revenue					695,181
Total general and other revenues					<u>6,731,023</u>
				Net change in net position	(219,955)
<b>Net position, beginning of year, as restated</b>					<u>22,763,405</u>
<b>Net position, end of year</b>					<u>\$ 22,543,450</u>

*See notes to financial statements.*

**General Fund** - accounts for all 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.

**CDBG Special Revenue Fund** - accounts for expenses of the Community Development Block Grant received through the County of Los Angeles.

**State Gas Tax Special Revenue Fund** - accounts for gas tax revenue received from the State of California to cover costs of street maintenance and improvements.

**Housing Authority Special Revenue Fund** - accounts for assets used for low and moderate income housing activities in accordance with the applicable housing-related regulations.

**City of Cudahy  
Governmental Funds  
Balance Sheet  
June 30, 2018**

	Special Revenue					Totals
	General	CDBG	State Gas Tax	Housing Authority	Other Governmental Funds	
<b>ASSETS</b>						
ASSETS:						
Cash and investments	\$ 2,321,059	\$ -	\$ 150,145	\$ 1,222,881	\$ 3,805,742	\$ 7,499,827
Receivables:						
Accounts	387,295	97,630	-	-	361,664	846,589
Notes, net	-	274,701	-	2,638,637	219,836	3,133,174
Interest	9,054	-	625	-	13,196	22,875
Prepaid expenses	116,227	-	-	-	-	116,227
Due from other funds	324,754	-	-	-	-	324,754
Advances to Successor Agency Private Purpose Trust Fund, ne	435,697	-	-	-	-	435,697
<b>Total assets</b>	<b>\$ 3,594,086</b>	<b>\$ 372,331</b>	<b>\$ 150,770</b>	<b>\$ 3,861,518</b>	<b>\$ 4,400,438</b>	<b>\$ 12,379,143</b>
<b>LIABILITIES</b>						
Accounts payable	\$ 1,636,946	\$ 45,690	\$ 40,374	\$ -	\$ 138,389	\$ 1,861,399
Deposits payable	25,320	-	-	-	-	25,320
Due to other governments	-	274,701	-	-	219,486	494,187
Due to other funds	-	43,059	-	-	281,695	324,754
<b>Total liabilities</b>	<b>1,662,266</b>	<b>363,450</b>	<b>40,374</b>	<b>-</b>	<b>639,570</b>	<b>2,705,660</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue	71,325	-	-	2,638,637	308,828	3,018,790
<b>FUND BALANCES</b>						
Nonspendable						
Prepaid expense	116,227	-	-	-	-	116,227
Advances to Private-Purpose Trust Fund	435,697	-	-	-	-	435,697
Restricted						
Special revenue funds	-	8,881	110,396	1,222,881	3,736,827	5,078,985
Unassigned	1,308,571	-	-	-	(284,787)	1,023,784
<b>Total fund balances</b>	<b>1,860,495</b>	<b>8,881</b>	<b>110,396</b>	<b>1,222,881</b>	<b>3,452,040</b>	<b>6,654,693</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 3,594,086</b>	<b>\$ 372,331</b>	<b>\$ 150,770</b>	<b>\$ 3,861,518</b>	<b>\$ 4,400,438</b>	<b>\$ 12,379,143</b>

See notes to financial statements.

**City of Cudahy**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Position**  
**June 30, 2018**

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Fund balance of governmental funds	\$	6,654,693
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets, net of depreciation, of governmental activities are not financial resources and are not reported in the governmental funds.		19,307,560
Deferred outflows of resources related to pensions are not considered financial resources and are not reported in the governmental funds		778,930
Deferred inflows of resources related to pensions are not available to pay for current period expenses and are not reported in the governmental funds		(344,725)
Deferred inflows of resources related to OPEB are not available to pay for current period expenses and are not reported in the governmental funds		(87,546)
Unavailable revenues are not available to pay for current period expenditures and therefore are deferred in the funds and recognized as revenue in the Statement of Activities.		3,018,790
Long-term liabilities are not due and payable in the current period and are not reported in the governmental funds.		
Insurance liability	\$	(450,462)
Compensated absences		(95,822)
Total OPEB liability		(2,697,991)
Net pension liability		(3,539,977)
		(6,784,252)
Net position of governmental activities	\$	22,543,450

**City of Cudahy  
Governmental Funds  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Year ended June 30, 2018**

	General	Special Revenue			Other Governmental Funds	Totals
		CDBG	State Gas Tax	Housing Authority		
<b>Revenues</b>						
Taxes	\$ 2,860,970	\$ -	\$ -	\$ -	\$ 341,236	\$ 3,202,206
Licenses and permits	1,531,772	-	-	-	-	1,531,772
Intergovernmental	2,629,638	247,674	608,342	-	2,581,722	6,067,376
Charges for services	236,617	-	-	-	30,205	266,822
Fines, forfeitures and penalties	138,324	-	-	-	-	138,324
Investment income (loss)	20,265	-	3,194	-	51,754	75,213
Other revenue	841,332	-	-	-	-	841,332
<b>Total revenues</b>	<b>8,258,918</b>	<b>247,674</b>	<b>611,536</b>	<b>-</b>	<b>3,004,917</b>	<b>12,123,045</b>
<b>Expenditures</b>						
Current:						
General government	2,770,456	-	-	-	5,962	2,776,418
Public safety	3,591,393	-	-	-	182,178	3,773,571
Community services	425,818	-	1,009,054	-	1,462,545	2,897,417
Community development	982,795	247,674	-	2,947	303,811	1,537,227
Capital outlay	-	-	21,309	-	481,255	502,564
<b>Total expenditures</b>	<b>7,770,462</b>	<b>247,674</b>	<b>1,030,363</b>	<b>2,947</b>	<b>2,435,751</b>	<b>11,487,197</b>
Excess (deficiency) of revenues over expenditures	488,456	-	(418,827)	(2,947)	569,166	635,848
<b>Other financing sources (uses)</b>						
Transfers in	-	-	-	-	63,900	63,900
Transfers out	(63,900)	-	-	-	-	(63,900)
<b>Net other financing sources (uses)</b>	<b>(63,900)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>63,900</b>	<b>-</b>
Change in fund balance	424,556	-	(418,827)	(2,947)	633,066	635,848
<b>Fund balance (deficit), beginning of year</b>	<b>1,435,939</b>	<b>8,881</b>	<b>529,223</b>	<b>1,225,828</b>	<b>2,818,974</b>	<b>6,018,845</b>
<b>Fund balance (deficit), end of year</b>	<b>\$ 1,860,495</b>	<b>\$ 8,881</b>	<b>\$ 110,396</b>	<b>\$ 1,222,881</b>	<b>\$ 3,452,040</b>	<b>\$ 6,654,693</b>

**City of Cudahy  
Governmental Funds**

**Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds to the Statement of Activities  
Year ended June 30, 2018**

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Change in fund balances - governmental funds	\$	635,848
<p>Amounts reported for governmental activities in the Statement of Activities differ from the amounts reported in the Statement of Revenues, Expenditures, and Changes in Fund Balances because:</p> <p>Governmental funds report capital outlay as an expenditure. However, in the Statement of Activities, the cost of these assets is allocated over the useful lives as depreciation expense.</p>		
Capital outlay, net of dispositions	\$ 631,800	
Depreciation	<u>(720,675)</u>	(88,875)
Revenues that are measurable but not available are recorded as deferred or unavailable revenue under the modified accrual basis of accounting.		(278,861)
<p>In the Statement of Activities, long-term liabilities are measured by the amounts earned during the fiscal year. In governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially the amounts paid).</p>		
Insurance liability	(73,989)	
Compensated absences	<u>13,655</u>	(60,334)
Pension contribution made after the measurement date was recorded as an expenditure in the governmental funds but deferred in the government-wide financial statements.		101,829
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are, not reported in the governmental funds.</p>		
Pension expense - GASB 68	(433,738)	
Other postemployment benefits - GASB 75	<u>(95,824)</u>	<u>(529,562)</u>
Change in net position of governmental activities	\$	<u><u>(219,955)</u></u>

**Agency Funds** - accounts for the assets held by the City as an agent for individuals, private organizations or other government units and/or other funds. The City's agency fund is the Cudahy Youth Foundation.

**Successor Agency Private-Purpose Trust Fund** - this is a fiduciary fund type used by the City to report trust arrangements under which principal and income benefit other governments. This fund reports the assets, liabilities and activities of the Successor Agency to the dissolved Cudahy Community Development Commission. Unlike the limited reporting typically utilized for Agency Fund, the Private-Purpose Trust Fund reports a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position.

**City of Cudahy  
Fiduciary Funds  
Statement of Fiduciary Net Position  
June 30, 2018**

	<u>Agency Funds</u>	<u>Successor Agency to the Dissolved Cudahy Community Development Commission Private-Purpose Trust Fund</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 15,431	\$ 3,452,539
Restricted cash and investments	-	4,443,968
Rental and other accounts receivable, net	61	-
Capital assets, net of accumulated depreciation	-	14,195,451
Land held for development	-	2,136,097
Total assets	<u>\$ 15,492</u>	<u>\$ 24,228,055</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 15,492	196,113
Accrued interest payable	-	279,072
Advances from the City of Cudahy	-	524,916
Noncurrent liabilities		
Due within one year	-	705,000
Due in more than one year	-	17,910,810
Total liabilities	<u>\$ 15,492</u>	<u>\$ 19,615,911</u>
<b>FIDUCIARY NET POSITION</b>		
Restricted net position		<u>\$ 4,612,144</u>

*See notes to financial statements.*

**City of Cudahy  
Fiduciary Funds  
Statement of Changes in Fiduciary Net Position  
For the fiscal year ended June 30, 2018**

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		Agency to the Dissolved Cudahy Community Development Commission Private-Purpose Trust Fund
<b>Additions</b>		
Contributions:		
Redevelopment Agency Property Tax Trust Fund	\$	2,934,500
Interest and investment revenue:		
Use of money and property		36,724
Other revenue		159,152
<b>Total revenues</b>		3,130,376
 <b>Deductions</b>		
Interest on bonds payable		1,208,661
Administrative expenses		544,451
<b>Total expenses</b>		1,753,112
<b>Net change in net position</b>		1,377,264
 <b>Net position held in trust - beginning</b>		3,234,880
<b>Net position held in trust - ending</b>	\$	4,612,144

*See notes to financial statements.*

**City of Cudahy  
Agency Funds  
Statement of Changes in Assets and Liabilities  
Year ended June 30, 2018**

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	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
<b>Assets</b>				
Cash and cash equivalents	\$ 10,641	\$ 4,790	\$ -	\$ 15,431
Accounts receivable	30	31	-	61
Prepaid expenses	14,625	-	14,625	-
Total assets	\$ 25,296	\$ 4,821	\$ 14,625	\$ 15,492
<b>Liabilities</b>				
Accounts payable	\$ 25,296	\$ -	\$ 9,804	\$ 15,492
Total liabilities	\$ 25,296	\$ -	\$ 9,804	\$ 15,492

*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 primary government and its component units, which are separate legal entities for which the City is considered to be financially accountable.

**Component Units**

Cudahy Economic Development Corporation (CEDC)

The CEDC was created to hold the assets of the former redevelopment agency of the City. In 2014, the State Controller's Office ordered the transfer of the assets to the Successor Agency to the former Cudahy Community Development Commission/Redevelopment Agency (Successor Agency). In 2015, the Board of Directors of CEDC and the Oversight Board to the Successor Agency approved the asset transfer agreement. Accordingly, all properties of CEDC were transferred to the Successor Agency on October 19, 2015.

Cudahy Financing Authority (the Financing Authority)

The Financing Authority is a joint powers authority whose members are the City and the Agency. The Authority is duly organized and existing under a Joint Exercise of Powers agreement by and between the City and the former Redevelopment Agency, under the provisions of Chapter 5 of Division 7 of Title 1 of the California Government Code. Its purpose is to assist the City and the Agency in providing financing for capital projects and improvements. The officers of the City and the Agency serve as the officers of the Authority.

**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.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the providers have been met.

*Government-wide and fund financial statements*

The statement of net position 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 discretely presented component units.

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

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.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Direct expenses have not been eliminated from the functional categories; indirect expenses and internal payments have been eliminated.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

*Governmental fund financial statements*

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 collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for certain grants which are considered available if collected within 7 months after year-end. 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:

*General Fund:* This fund is used to account for all financial resources of the City, except for those required to be accounted for in another fund.

*CDBG Special Revenue Fund:* This Fund accounts for revenues and expenditures of the Community Development Block Grant funded by the City of Los Angeles.

*State Gas Tax Special Revenue Fund:* This fund accounts for gas tax revenue received from the State of California to cover costs of street maintenance and improvements.

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

*Housing Authority Special Revenue Fund:* This fund accounts for assets used for low and moderate income housing activities in accordance with the applicable housing-related regulations.

Additionally, the City reports the following 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.

*Fiduciary Funds*

*Agency Funds*

These 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.

*Successor Agency Private-Purpose Trust Fund*

Private-Purpose trust fund is a fiduciary fund type used by the City to report trust arrangements under which principal and income benefit other governments. This fund is used to report the assets, liabilities and activities of the Successor Agency to the Dissolved Cudahy Community Development Commission. Unlike the limited reporting typically utilized for Agency Fund, Private-Purpose Trust Fund reports a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position.

**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 position.

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.

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

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 unavailable revenue in its financial statements. Unavailable revenues arise when potential revenue does not meet the "available" criterion for recognition in the current period. Additionally, unearned revenues 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 unavailable and unearned 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. The City Manager may amend the budget administratively so long as the amendment does not increase the total appropriation for each fund. All other budget amendments are approved by the City Council. Expenditures may not exceed appropriations at the fund level, which is the legal level of control. Annual appropriated budgets are adopted for the general and special revenue funds.

**Assets, Liabilities, Deferred Outflows and Inflows of Resources, and Net Position or Equity**

Cash and Investments

Cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Cash equivalents have an original maturity date of three months or less from the date of purchase.

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.

Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investments.

The City pools cash and investments of all funds. Each fund's share in this pool is displayed in the accompanying financial statements as cash and investments.

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

The City pools cash from all funds in order to increase income earned through its investment program. Investment income from pooled investments is allocated to those funds which are required by law or administrative action to receive interest. Investment income is allocated on a quarterly basis based on the weighted average cash balance in each fund.

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.

Prepaid Items

Certain payments to vendors reflect costs applicable to future periods and are recorded under prepaid items in both government-wide and fund financial statements. These costs will be recognized in the period when services are received or when the City receives title to the property.

Interfund Transactions

Interfund transactions are reflected as loans, services provided reimbursements, 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 in the governmental activities 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.

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

Capital Assets

Capital assets, which include land, 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).

The City has analyzed its capital assets for potential impairment. The City does not believe that any capital assets are impaired at June 30, 2018.

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:

Building and improvements	50 years
Parks and park improvements	40 years
Infrastructure	10 to 40 years
Vehicles, furniture and equipment	3 to 5 years

It is the City's policy to capitalize all land, building, 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.

Deferred Outflows and Inflows of Resources

Pursuant to GASB Statements No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and No. 65, *Items Previously Reported as Assets and Liabilities*, the City recognizes deferred outflows and inflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period. A deferred inflow of resources is defined as an acquisition of net position by the government that is applicable to a future reporting period.

Revenues earned, but not yet received, may not be available in a timely manner to pay current expenditures or obligations. Such receivables, not meeting the availability criteria necessary for accrual under modified accrual basis accounting principles, are reported as unavailable revenues for that period in the fund financial statements. In the government-wide financial statements, however, availability criteria are not considered. Instead, revenues become, and remain receivable from the point in time when revenue is earned through performance or similar recognition standards, until received. Refer to Note 12 for the list of deferred outflows and deferred inflows of resources the City has recognized as of June 30, 2018.

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

Compensated Absences

City employees receive up to 240 paid vacation hours per 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 and sick pay is accrued when earned in the government-wide and fiduciary fund financial statements.

Unearned Revenues

Unearned revenues 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 and fiduciary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. 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 expensed when incurred.

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 Balance Reporting**

Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes the following fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds:

Nonspendable fund balance includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The City's nonspendable fund balances represent prepaid expenses, advances to the Successor Agency Private – Purpose Trust Fund, and land held for resale.

Restricted fund balance includes resources that are subject to externally enforceable legal restrictions. It includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

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

The City's restricted fund balance of \$5,078,985 represents resources restricted for special projects, and programs funded by local, state and federal grants.

Committed fund balance includes amounts that can be used only for the specific purposes determined by a formal action or resolution of the City's highest level of decision-making authority (City Council). Committed amounts cannot be used for any other purpose unless the City Council removes or changes the specific use through the same type of formal action or resolution taken to establish the commitment. The City has no committed fund balances.

Assigned fund balance consists of funds that are set aside for specific purposes by the City's highest level of decision making authority or a body or official that has been given the authority to assign funds. The City Council delegates the authority to assign fund balance to the City Manager for purposes of reporting in the annual financial statements. The City has no assigned fund balances.

Unassigned fund balance is the residual classification for the City's general fund and includes all spendable amounts not contained in the other classifications. This category also provides the resources necessary to meet unexpected expenditures and revenue shortfalls.

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

- Net investment in capital assets - This category groups all capital assets, including infrastructure, into one component of net position. 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 position - 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 position - This category represents the City's net positions, which are not restricted for any project or other purpose.

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

**Pensions**

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's California Public Employees' Retirement System (CalPERS) plans and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Implementation of New Accounting Pronouncements**

During the fiscal year ended June 30, 2018, the City adopted the following new Statement of the Governmental Accounting Standards Board (GASB):

- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB are also addressed in this Statement. Refer also to Notes 11 and 16.

**NOTE 3      STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Fund balances at June 30, 2018 consisted of the following:

Major funds:	
Nonspendable	\$      551,924
Restricted for special purposes	1,342,158
Unassigned	1,308,571
Total major	3,202,653
Nonmajor funds:	
Restricted for special purposes	3,736,827
Unassigned	(284,787)
Total nonmajor	3,452,040
Total	\$      6,654,693

**Deficit Fund Balances**

The following funds have deficit fund balances at June 30, 2018. Management expects to eliminate the deficits with subsequent revenue in the funds or transfers from the General Fund:

Nonmajor funds:	
Other Grants	\$      311,449

**Expenditures in Excess of Appropriations**

Expenditures for the year ended June 30, 2018 exceeded the appropriations by the following amounts in the following fund:

Nonmajor funds:	
Drug Asset Seizure	\$      4,447
Community Oriented Policing Services (COPS)	108,473
Street Lighting	25,750

**NOTE 4 CASH AND INVESTMENTS**

Cash and Investments as of June 30, 2018 are classified in the financial statements as follows:

Statement of Net Position:	
Governmental Activities:	
Cash and investments - unrestricted	\$ 7,499,827
Fiduciary Activities:	
Statement of Fiduciary Net Position:	
Cash and cash equivalents - unrestricted	3,467,970
Cash and Investments with fiscal agent	4,443,968
Total cash and investments	<u>\$ 15,411,765</u>

Cash and investments consist of the following:

Petty cash	\$ 10,920
Deposits with financial institutions	5,627,026
Investments	9,773,819
Total	<u>\$ 15,411,765</u>

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

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

<u>Authorized Investment Type</u>	<u>Authorized by Investment Policy</u>	<u>Maximum Maturity*</u>	<u>Maximum Percentage of Portfolio*</u>	<u>Maximum Investment In One Issuer</u>
Local Agency Bonds	No	N/A	N/A	N/A
U.S. Treasury Obligations	Yes	5 years	None	None
U.S. Agency Securities	Yes	5 years	None	None
Banker's Acceptances	Yes	180 days	30%	30%
Commercial Paper	No	270 days	25%	10%
Certificates of Deposit	Yes	5 years	30%	None
Repurchase Agreements	Yes	1 year	N/A	N/A
Reverse Repurchase Agreements	No	N/A	N/A	N/A
Medium-Term Notes	No	N/A	N/A	N/A
Mutual Funds	No	N/A	N/A	N/A
Money Market Mutual Funds	Yes	N/A	20%	10%
Mortgage Pass-Through Securities	No	N/A	N/A	N/A
County Pooled Investment Funds	No	N/A	N/A	N/A
Local Agency Investment Fund	Yes	N/A	None	\$40 million per account

**NOTE 4 CASH AND INVESTMENTS (CONTINUED)**

Investments Authorized by Debt Agreements

Investments of debt proceeds held by fiscal agent are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the investment types that are authorized for investments held by fiscal agent. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
Local Agency Bonds	None	None	None
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Banker's Acceptances	1 year	None	None
Commercial Paper	270 days	None	None
Negotiable Certificates of Deposit	None	None	None
Repurchase Agreements	30 days	None	None
Money Market Mutual Funds	N/A	None	None
Local Agency Investment Fund	N/A	None	None
Investment Agreements	N/A	None	None

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 is the sensitivity of its fair value to changes in market interest rates. One of the ways that the City may manage its exposure to interest rates 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 to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

Investment Type	Total	Remaining Maturity in Months			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More than 60 Months
Local Agency Investment Fund	\$ 5,329,851	\$ 5,329,851	-	-	-
Held by Bond Trustee:					
Money Market Funds	3,265,468	3,265,468	-	-	-
Life Insurance Investment Agreement	1,178,500	-	-	-	1,178,500
<b>Total</b>	<b>\$ 9,773,819</b>	<b>\$ 8,595,319</b>	<b>-</b>	<b>-</b>	<b>\$ 1,178,500</b>

**NOTE 4 CASH AND INVESTMENTS (CONTINUED)**

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 or the City's investment policy and the actual rating as of yearend for each investment type.

<u>Investment Type</u>	<u>Total as of June 30, 2018</u>	<u>Minimum Legal Rating</u>	<u>AAA</u>	<u>Not Rated</u>
LAIF	\$ 5,329,851	N/A	\$ -	\$ 5,329,851
Held By Bond Trustee:				
Money Market Mutual Funds	3,265,468	AA	3,265,468	-
Life Insurance Investment Agreement	<u>1,178,500</u>	AA	-	<u>1,178,500</u>
Total	<u>\$ 9,773,819</u>		<u>\$ 3,265,468</u>	<u>\$ 6,508,351</u>

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The 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, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local government 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.

As of June 30, 2018, no deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF). As of June 30, 2018, none of the City's investments were held by the broker-dealer (counterparty) that was used by the City to purchase the securities.

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool of \$5.3 million was 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).

**NOTE 4      CASH AND INVESTMENTS (CONTINUED)**

The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. LAIF's and the City's exposure to risk (credit, market or legal) is not currently available.

Life Insurance Contracts Held by Bond Trustee

The life insurance contracts held by BNY Mellon, the Bond Trustee, are based on an investment agreement with Transamerica Life; this investment is not a publicly traded asset, and there is no CUSIP. BNY Mellon has valued the investment at \$1.00 per share, so the market value is the cost. The funds are considered to be liquid; however BNY Mellon is reporting them with a maturity date of 2027. Under the circumstances stated in the agreement, the funds can be withdrawn by BNY Mellon if the funds are needed to make the required payments to the bondholders, or if the City decides to refund the related bond.

**Fair Value Measurement**

In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, which became effective for the fiscal year ended June 30, 2018, the City categorizes its fair value measurement within the fair value hierarchy that is based on the valuation inputs used to measure the fair value of the investment. Level 1 inputs are quoted prices in active markets for identical investments; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Accordingly, the City reports its investments at fair value and recognizes unrealized gain (loss) on investments.

The City's investments in LAIF and Life Insurance Investments Agreements were not measured within the fair value hierarchy. The City's investment in Money Market Mutual Funds was measured using Level 2 inputs.

**NOTE 5      RECEIVABLES**

Notes Receivable

Notes receivable as of June 30, 2018 are as follows:

**Governmental Funds – Housing Authority**

Pursuant to the provisions of ABX1 26 and Resolution No 12-04, the City assumed all housing assets and housing functions of the former Redevelopment Commission. The housing assets transferred on February 1, 2012 to the Housing Authority included the following notes receivables which represent loans made for assistance in rehabilitating property for affordable housing, plus accrued interest. Because interest is payable at maturity and is not available to finance current operations, interest on notes receivable is not recognized in the financial statements as a current period revenue:

**NOTE 5      RECEIVABLES (CONTINUED)**

	<u>Balance</u> <u>June 30, 2018</u>
a) In November 1995 and May 1997, the Successor Agency (previously Cudahy Community Development Commission) 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 compounding interest at 6.55% and all principal and accrued interest is due in November 2025.	\$      1,099,391
b) In June 1998, February 2000, and September 2000, the Successor 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 simple interest at 1% and all principal and accrued interest are due in May 2026.	593,233
c) During the year ended June 30, 2000, the Successor Agency agreed to loan \$650,000 to Live Oak LLP, of which \$590,000 had been advanced through June 30, 2003. The note is collateralized by a deed of trust on 5203 Live Oak. The note bears interest at 2.5% and all principal and accrued interest are due in August 2029.	946,013
Subtotal – Housing Authority	\$ <u>2,638,637</u>

**Governmental Fund – Other Funds**

In fiscal year 2013, the City entered into a loan with a local company due to a legal settlement. The settlement agreement includes a property tax claim of \$120,000, evidenced by a note requiring monthly payment of \$2,000 for 60 months, and an unsecured claim of \$200,000. In addition, interest shall be paid on the property tax claim at an annual rate of 3% on the unpaid principal balance and shall be payable as a balloon payment with the final payment. It is collateralized as an “allowed priority tax claim”.

Principal	\$      206,200
Interest	8,124
Total	<u>214,324</u>
Less: Allowance for doubtful accounts	<u>(214,324)</u>
Net	

The City granted loans to qualified individual homeowners in connection with the Cal Home and CDBG programs. The loans are collateralized by deeds of trust in favor of the City. The notes vary as to terms and conditions. The notes have varying interest rates up to 3% and due dates from 5 years to unspecified.

	494,537
Subtotal – Other Funds	<u>494,537</u>
<b>Total</b>	<b>\$ <u>3,133,174</u></b>

**NOTE 6      CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2018 was as follows:

	<u>Balance</u> <u>June 30, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2018</u>
Capital assets, not being depreciated				
Land	\$ 2,806,643	\$ -	\$ -	\$ 2,806,643
Construction-in-progress	876,077	510,087	(1,235,792)	150,372
	<u>3,682,720</u>	<u>510,087</u>	<u>(1,235,792)</u>	<u>2,957,015</u>
Capital assets, being depreciated				
Structures and improvements	12,535,321	-	-	12,535,321
Infrastructure	48,980,047	1,235,792	-	50,215,839
Vehicles	508,177	63,560	-	571,737
Furniture & equipment	265,061	58,153	-	323,214
Total	<u>62,288,606</u>	<u>1,357,505</u>	<u>-</u>	<u>63,646,111</u>
Less accumulated depreciation:				
Structures and improvements	5,035,130	294,728	-	5,329,858
Infrastructure	40,810,047	410,294	-	41,220,341
Vehicles	508,179	-	-	508,179
Furniture & equipment	221,535	15,653	-	237,188
Total	<u>46,574,891</u>	<u>720,675</u>	<u>-</u>	<u>47,295,566</u>
Net	<u>15,713,715</u>	<u>636,830</u>	<u>-</u>	<u>16,350,545</u>
Governmental activities capital assets, net	<u>\$ 19,396,435</u>	<u>\$ 1,146,917</u>	<u>\$ (1,235,792)</u>	<u>\$ 19,307,560</u>

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

General government	\$ 199,309
Community services	519,108
Community development	2,258
	<u>\$ 720,675</u>

**NOTE 7 LONG-TERM DEBT**

Long-term liability activity of the government wide financial statements for the year ended June 30, 2018 follows:

	Balance July 1, 2017	Additions	Reductions	Balance June 30, 2018	Due Within One Year
Insurance liability	\$ 376,473	\$ 175,354	\$ (101,365)	\$ 450,462	\$ 27,928
Compensated absences	109,477	134,044	(147,699)	95,822	-
OPEB liability	2,689,713	220,353	(212,075)	2,697,991	-
Net pension liability	3,146,658	393,319	-	3,539,977	-
Total	<u>\$ 6,322,321</u>	<u>\$ 923,070</u>	<u>\$ (461,139)</u>	<u>\$ 6,784,252</u>	<u>\$ 27,928</u>

**NOTE 8 INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivables and payables balances are as follows:

	Due from Other Funds	Due to Other Funds
Major funds:		
General Fund	\$ 324,754	\$ -
CDBG	-	43,059
	<u>324,754</u>	<u>43,059</u>
Nonmajor funds:		
Other Grant	-	281,695
Total funds	<u>\$ 324,754</u>	<u>\$ 324,754</u>

**NOTE 9 COMMITMENTS AND CONTINGENCIES**

**Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and emissions; and natural disasters for which the City is self-insured and purchases excess insurance coverage from Municipal Insurance Cooperative Joint Powers Authority.

**Lawsuits**

Legal claims and lawsuits arise from time to time in the normal course of business, which, in the opinion of management, could potentially have a 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 9      COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**Description of Municipal Insurance Cooperative Joint Powers Authority**

The City of Cudahy is a member of the Municipal Insurance Cooperative (MIC) Joint Powers Authority. MIC was formed in 2014 to provide insurance coverage and risk management services to public entities and made up of 8 members. MIC is a joint purchase group non-risk sharing JPA that provides members, at their option, the opportunity to purchase property, liability, and workers' compensation on a group basis. The unique design of MIC allows member agencies to obtain coverage that is more cost effective than they could by on their own while avoiding the risks associated with joint and several liabilities.

**Self-Insurance Programs of the Authority**

MIC provides comprehensive and cost-effective coverage in terms of limits of liability and insurance coverage. MIC is available to public entities of all sizes, providing an insurance program that will assist them in maximizing valuable resources.

Liability

In the liability program, each member is individually rated based upon current market conditions and loss experience. Members have the option to purchase any and all of the available insurance program that makes sense for their agency. The City of Cudahy has elected to purchase excess liability coverage through MIC with total limits of \$10M with a \$50K self-insured retention. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

Workers' Compensation

In the workers' compensation program, each member is individually rated based upon current market conditions and loss experience. Members have the option to purchase excess workers' compensation coverage at a retention level that makes sense for their agency. The City of Cudahy has elected to purchase excess workers' compensation coverage through MIC with statutory limits and a self-insured retention of \$1M. In addition, the City has a buffer policy with total limits of \$925K and \$75K self-insured retention. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

Property Insurance

The City of Cudahy purchases stand-alone all-risk property coverage for all city owned property. City of Cudahy property currently has all-risk property insurance protection in the amount of \$28,492,075. There is a \$10,000 deductible per occurrence. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

**NOTE 9      COMMITMENTS AND CONTINGENCIES (CONTINUED)**

*Crime Insurance*

The City of Cudahy purchases crime insurance coverage in the amount of \$1,000,000 with a \$5,000 deductible. The fidelity coverage is provided through standard insurance. Premiums are paid annually and are not subject to retrospective adjustments.

*Special Event Tenant User Liability Insurance*

The City of Cudahy further protects against liability damages by requiring tenant users of certain property to purchase low-cost tenant user liability insurance for certain activities on agency property. The insurance premium is paid by the tenant user and the insurance is arranged by the City's insurance broker, Keenan & Associates.

**Adequacy of Protection**

In the past three years, no claims for general liability or workers' compensation have exceeded the City's self-insured retention level.

**Claims and Judgments**

The City accounts for uninsured, material claims and judgments and associated legal and administrative costs when it is probable that the liability claim has been incurred and the amount of the loss can be reasonably estimated. Included therein are claims incurred but not reported, which consists of (a) known loss events expected to be presented as claims later, (b) unknown loss events that are expected to become claims, and (c) expected future development on claims already reported. This is based upon historical actual results that have established a reliable pattern supplemental by specific information about current matters. Small dollar claims and judgments are recorded as expenditures when paid.

**NOTE 10      DEFINED BENEFIT PENSION PLAN**

**A. General Information about the Pension Plans**

***Plan Description***

All qualified permanent and probationary employees are eligible to participate in the City's Miscellaneous Employee Pension Plan. The City's Miscellaneous Employee Pension Plan is part of the Miscellaneous Risk Pool, a cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and the City's resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Classic participants (defined as eligible participants prior to January 1, 2013) are required to contribute 8% of their annual covered salary. Second tier participants are required to contribute 7% of their annual covered salary. New or Public Employees' Pension Reform Act of 2013 (PEPRA) participants (defined as eligible employees brought into CalPERS membership for the first time on or after January 1, 2013) contribute at least half the normal cost rate as determined by CalPERS. The City contributes the remaining amounts necessary to fund the benefits for its employees, using the actuarial basis adopted by the CalPERS Board of Administration.

***Benefits Provided***

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to Plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the California Public Employees' Retirement Law.

**NOTE 10      DEFINED BENEFIT PENSION PLAN (CONTINUED)**

The Plans' provisions and benefits in effect at June 30, 2018 are summarized as follows:

	<b>Miscellaneous Plan</b>		
	<b>Classic</b>	<b>Second Tier</b>	<b>PEPRA</b>
Hire date	Prior to January 1, 2013	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.7% @ 55	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 55	50 - 55	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	8%	7%	6.25%
Required employer contribution rates	11.68%	7.65%	6.53%

***Contributions***

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1<sup>st</sup> following notice of a change in the rate. Funding contributions are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2018, the contributions recognized as part of pension expense for the Plan were as follows:

	<b><u>Miscellaneous</u></b>
Contributions - employer	\$      101,829
Contributions - employee	84,432

**NOTE 10      DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions**

As of June 30, 2018, the City reported net pension liability for its proportionate share of the net pension liability of the Plan as follows:

	<b>Proportionate Share of Net Pension <u>Liability (Asset)</u></b>
Miscellaneous	\$ <u>3,539,977</u>

Effective for measurement period 2015, CalPERS provides GASB Statement No. 68 Accounting Valuation Report for the Miscellaneous Risk Pool and Allocation Methodology to be used by participants in the risk pool. The schedules of employer allocation include allocation for the Total Pension Liability, Plan Fiduciary Net Position and all others pension amounts (e.g. deferred outflows/inflows of resources and pension expense). The Total Pension Liability and other pension amounts are allocated based on the Actuarial Accrued Liability from the most recent Actuarial Valuation Report as of June 30, 2016 used for funding purposes. The Plan Fiduciary Net Position is allocated based on the sum of the Market Value of Assets from the most recent Actuarial Valuation as of June 30, 2016 used for funding purposes plus supplemental payments made by employers during the current measurement period to reduce their unfunded actuarial accrued liabilities.

The City's allocation bases for pension items are as follows:

	<b><u>Miscellaneous</u></b>
Total pension liability and deferred outflows/ inflows of resources	0.0007179
Plan fiduciary net position	0.0006591

For the year ended June 30, 2018, the City recognized pension expense of \$478,669. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**NOTE 10      DEFINED BENEFIT PENSION PLAN (CONTINUED)**

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Pension contributions subsequent to measurement date	\$ 101,829	\$ -
Differences between actual and expected experience	3,867	55,401
Changes in assumptions	479,798	36,585
Change in employer's proportion	84,925	-
Differences between the employer's contribution and the employer's proportionate share of contributions	-	252,739
Net differences between projected and actual earnings on plan investments	108,511	-
<b>Total</b>	<b>\$ 778,930</b>	<b>\$ 344,725</b>

\$101,829 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<b>Year Ending June 30</b>	<b>Amount</b>
2019	\$ 50,710
2020	216,072
2021	130,019
2022	(64,425)
2023	-
Thereafter	-

***Actuarial Assumptions***

The total pension liabilities in the June 30, 2016 actuarial valuations were determined using the following actuarial assumptions:

**NOTE 10      DEFINED BENEFIT PENSION PLAN (CONTINUED)**

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	(1)
Investment Rate of Return	7.5% (2)
Mortality	(3)
Post-Retirement Benefit Increase	(4)

- (1) Varies by entry age and service
- (2) Net of pension plan investment expenses, including inflation
- (3) Derived using CalPERS' Membership Data for all funds
- (4) Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2016 valuation were based on actuarial experience study for the period 1997 to 2011, including updates to salary increase and mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

***Discount Rate***

The discount rate used to measure the total pension liability was 7.15% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plans, none of the tested plans ran out of assets. Therefore, the current 7.15% discount rate is appropriate and the use of the municipal bond rate calculation is not necessary. The discount rate of 7.15% used for the June 30, 2017 measurement date is without reduction of pension plan administrative expenses and will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

**NOTE 10      DEFINED BENEFIT PENSION PLAN (CONTINUED)**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The following table reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Real Return Years 1 - 10(a)</u>	<u>Real Return Years 11+(b)</u>
Global Equity	47.00%	4.90%	5.38%
Global Fixed Income	19.00%	0.80%	2.27%
Inflation Sensitive	6.00%	60.00%	1.39%
Private Equity	12.00%	0.60%	6.63%
Real Estate	11.00%	2.80%	5.21%
Infrastructure and Forestland	3.00%	3.90%	5.36%
Liquidity	2.00%	-0.40%	-0.90%
<b>Total</b>	<u>100%</u>		

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

**NOTE 10      DEFINED BENEFIT PENSION PLAN (CONTINUED)**

***Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

The following presents the City's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

		<u>Miscellaneous</u>
1% Decrease		6.15%
Net Pension Liability (Asset)	\$	5,121,529
Current Discount Rate		7.15%
Net Pension Liability (Asset)	\$	3,539,977
1% Increase		8.15%
Net Pension Liability (Asset)	\$	2,230,106

**C. Pension Plan Fiduciary Net Position**

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

**D. Payable to the Pension Plan**

As of June 30, 2018, the City did not have outstanding amount of contributions to the pension plan required for the year ended June 30, 2018.

**NOTE 11      OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

**Plan Description**

Integrated medical/prescription drug coverage is provided through CalPERS under the Public Employees' Medical and Hospital Care Act (PEMHCA). Employees may choose from a variety of HMO and PPO options. The City pays 100% of the cost of PEMHCA coverage for active full-time employees, including coverage for spouse and dependent children. The City also pays a 0.36% of premium administrative charge for all active employees. The City offers the same medical plans to its eligible retirees as to its active employees, with the exception that once a retiree becomes eligible for Medicare (that is, reaches age 65), he or she must join a Medicare HMO or a Medicare Supplement plan under PEMHCA.

**NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

Certain employees become eligible to retire and receive City-paid healthcare benefits upon attainment of age 50 and 5 years of covered PERS service, or by qualifying disability retirement status.

**Benefits Provided**

Benefits are paid for the lifetime of the retiree and, if applicable, the surviving spouse of the retiree.

**Funding Policy and Contributions**

The City's contribution on behalf of all eligible retirees is the same as it is for active employees (100% of the cost of coverage for retiree, spouse and dependent children). The City has elected the equal contribution method, where the contribution will remain the same annually.

The contribution requirements of the City are established and may be amended by the City Council. The required contribution is based on pay-as-you-go financing requirements. For fiscal year 2017-2018, the City contributed \$95,433 to the plan, which was 100% of the total current premiums.

**Total OPEB Liability**

The City's total OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of June 30, 2017.

*Employees Covered Benefit Terms*

At June 30, 2017 (the valuation date), the following employees were covered by the benefit terms:

Category	Count
Active employees	18
Inactive employees or beneficiaries currently receiving benefit	13
Inactive employees entitled to but not yet receiving benefit payment	-

**Actuarial Assumptions**

The total OPEB liability for the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Salary increases	Aggregate salary increases of 3.00%. Individual salary increases based on CalPERS.
Discount rate	3.58% at June 30, 2017; 3.87% at June 30, 2018
Medical trend	Medicare: 6.50% for 2020, decreasing to an ultimate rate of 4.0% in 2076 Non-Medicare: 7.50% for 2020, decreasing to an ultimate rate of 4.00% in 2076
Dental and vision trend	3.00%
Mortality rates were based on CalPERS tables	

**NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

Following are changes in assumptions and benefits terms of the Plan during measurement period ended June 30, 2018:

<u>Actuarial Assumption</u>	<u>June 30, 2018 Measurement Date</u>
Changes of Assumption	Discount rate was updated from 3.58% at June 30, 2017 to 3.87% at June 30, 2018
Changes of Benefit Terms	City Council and "appointed officials" monthly medical premium benefit cap was increased from \$770 to \$1,500 on June 5, 2018

**Discount Rate**

The discount rate used to measure the total OPEB liability was 3.87%. The City's OPEB Plan is an unfunded plan, therefore the discount rate was set to the rate of tax-exempt, high-quality 20-year municipal bonds, as of the valuation date.

**Change in the Total OPEB Liability**

	<u>Increases (Decreases)</u>
	<u>Total OPEB Liability</u>
<b>Balance at June 30, 2017</b>	\$ 2,689,713
<b>Changes for the year:</b>	
Service cost	121,259
Interest on the total OPEB liability	98,653
Changes in assumptions	(101,442)
Change in benefit terms	441
Benefit payments	(110,633)
<b>Net Changes</b>	<u>8,278</u>
<b>Balance at June 30, 2018</b>	<u>\$ 2,697,991</u>

**Sensitivity of the total OPEB liability to changes in the discount rate**

The following presents the City's Total OPEB liability if it were calculated using a discount rate that is 1% point lower (2.87%) or 1% point higher (3.87%) than the current rate:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	2.87%	3.87%	4.87%
Total OPEB liability \$	<u>3,074,855</u>	<u>2,697,991</u>	<u>2,389,691</u>

**NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

**Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates**

The following presents the City's Total OPEB liability if it were calculated using a healthcare cost trend rate that is 1% point lower or 1% point higher than current rate:

	<b>Healthcare Cost Trend Rate</b>		
	<u>1% Decrease</u>	<u>Current Trend</u>	<u>1% Increase</u>
Total OPEB liability \$	2,443,089	\$ 2,697,991	\$ 2,978,151

**OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB**

For the year ended June 30, 2018, the City recognized OPEB expense of \$206,811. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions	\$ -	\$ 87,546
	<u>\$ -</u>	<u>\$ 87,546</u>

Deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as pension expense as follows:

<u>Year Ending June 30</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2019	\$ (13,896)
2020	(13,896)
2021	(13,896)
2022	(13,896)
2023	(13,896)
Thereafter	(18,066)

**NOTE 12 DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

The deferred inflow of resources recognized in the governmental fund financial statements pertains to unavailable revenues which represent receivables that were not received within the availability period.

	<b>Governmental Funds Balance at June 30, 2018</b>
Deferred inflow of resources	
Unavailable Revenue - Accounts receivable, grant reimbursements and Housing Authority receivables that were not received within the availability period and were not recognized as revenues	\$ <u>3,018,790</u>

Refer to Note 10 for deferred outflows and inflows of resources related to pensions and Note 11 for deferred outflows and inflows of resources related to OPEB.

**NOTE 13 SUCCESSOR AGENCY DISCLOSURES**

The accompanying financial statements also include the Private-purpose Trust Fund for the Successor Agency to the City's former Redevelopment Agency (Successor Agency). The City, as the Successor Agency, serves in a fiduciary capacity, as custodian for the assets and to wind down the affairs of the former Redevelopment Agency. Its assets are held in trust for the benefit of the taxing entities within the former Redevelopment Agency's boundaries and as such, are not available for the use of the City.

In 2014, the State Controller's Office ordered the transfer of assets from Cudahy Economic Development Corporation (CEDC) back to the Successor Agency. In 2015, the Board of Directors of CEDC and the Oversight Board to the Successor Agency approved the asset transfer agreement. The assets were returned to the Successor Agency with the recording of quit claim deeds on October 19, 2015. The accompanying financial statements of the Successor Agency as of and for the year ended June 30, 2018 reflect the transferred assets with a net book value of \$17,001,569.

Disclosures related to assets and long-term liabilities of the Successor Agency are as follows:

**Rental and Other Accounts Receivable**

At June 30, 2018, rental and other accounts receivable consisted of the following:

Rental receivable	\$	124,687
Less allowance for bad debts		(124,687)
Net	\$	-

**NOTE 13      SUCCESSOR AGENCY DISCLOSURES (CONTINUED)**

**Capital Assets and Land Held for Development**

At June 30, 2018, land and buildings are composed of the following:

<u>Site Reference</u>	<u>Address</u>	<u>APN</u>	<u>Cost</u>
Santa Ana Street & Atlantic Avenue	4720 Santa Ana	6224-018-068,	\$ 399,889
	Street	-069, -070, -071	1,127,027 *
	8110 Atlantic Avenue		<u>1,323,297</u>
	8100 Atlantic Avenue		<u>2,850,213</u>
Patata Industrial Property	8420 Atlantic Avenue	6224-034-014,	
	4819 Patata Street	-032, -040, -041	<u>2,904,717</u>
Atlantic Avenue & Clara Street	7638 Atlantic Avenue	6226-022-002,	1,009,070 *
	7644 Atlantic Avenue	-008, -019,	
	7630 Atlantic Avenue	-020, -021,	3,650,074
	7660 Atlantic Avenue	-022, -023, -024	1,541,620
	4613 Clara Street		<u>407,532</u>
			<u>6,608,296</u>
Atlantic Avenue & Cecilia Street	8201 Atlantic Avenue	6224-022-001,	
	8221 Atlantic Avenue	-002, -003,	1,096,864
	4633 Cecilia Street	-004, -012	
	8135 Atlantic Avenue		
	4629 Cecilia Street		<u>2,219,090</u>
			<u>3,315,954</u>
Elizabeth Street Residential	5256 Elizabeth Street	6224-001-014,	
	5260 Elizabeth Street	-015	<u>792,961</u>
Santa Ana Street	4610 Santa Ana	6224019014	<u>1,116,500</u>
<b>Total land and buildings</b>			<b><u>\$ 17,588,641</u></b>
Land and buildings, cost			\$ 15,452,544
Less: Accumulated depreciation			<u>(1,257,093)</u>
<b>Land and buildings, net</b>			<b><u>\$ 14,195,451</u></b>
* Land held for development			<u>\$ 2,136,097</u>

**NOTE 13      SUCCESSOR AGENCY DISCLOSURES (CONTINUED)**

**Long-term Debt**

Long-term liability activity of the successor agency for the year ended June 30, 2018 follows:

	Balance <u>July 1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2018</u>	Due Within <u>One Year</u>
Note payable	\$ 1,409,928	\$ -	\$ -	\$ 1,409,928	\$ -
Tax allocation refunding	17,615,000	-	(1,155,000)	16,460,000	705,000
Less:					
Bond discount	(402,968)	-	45,308	(357,660)	-
County deferral	<u>1,050,992</u>	<u>52,550</u>	<u>-</u>	<u>1,103,542</u>	<u>-</u>
Total	<u>\$ 19,672,952</u>	<u>\$ 52,550</u>	<u>\$ (1,109,692)</u>	<u>\$ 18,615,810</u>	<u>\$ 705,000</u>

**Notes 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.

**NOTE 13      SUCCESSOR AGENCY DISCLOSURES (CONTINUED)**

**Tax Allocation Refunding Bonds**

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 of the former redevelopment agency. 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 2003B Bonds matured on October 1, 2013.

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 pledged tax revenues to be derived from the Project Area.

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 2011 B Bonds were issued to finance various infrastructure improvements within the Project Area.

The 2011A Bonds are payable from and both are secured by the housing revenues and 2011 B Bonds are payable from and secured by the pledged tax revenues on parity with the former redevelopment agency, City-Wide Redevelopment Project, Tax Allocation Refunding Bonds, and Series 2003C outstanding in the amount of \$5,980,000. The 2011A Bonds are subordinate to the lien of the owners of the former redevelopment agency, City-Wide Redevelopment Project, Tax Allocation Refunding Bonds, Series 2003A, outstanding principal amount of \$2,065,000. The 2011B Bonds are subordinate to the lien of the owners of the former redevelopment agency, City-Wide Redevelopment Project Tax Allocation Refunding Bonds Series 1999, outstanding in the amount of \$1,425,000.

At June 30, 2018, bonded indebtedness consisted of the following Tax Allocation Refunding Bonds:

	<u>Date</u> <u>Issued</u>	<u>Final</u> <u>Maturity</u>	<u>Interest Rate</u>	<u>Amount</u> <u>Issued</u>	<u>Outstanding</u>
Series 2011 A	04/13/11	10/01/27	5.00%-7.75%	\$ 2,285,000	\$ 2,030,000
Series 2011 B	04/13/11	10/01/27	5.00%-7.75%	8,920,000	5,590,000
Series 2003 A	08/01/03	10/01/27	2.50%-5.75%	3,680,000	1,925,000
Series 2003 C	08/01/03	10/01/27	4.20%-6.00%	6,680,000	5,490,000
Series 1999 (Taxable)	10/15/99	10/01/26	8.95%	1,425,000	1,425,000
				<u>\$ 22,990,000</u>	<u>\$ 16,460,000</u>

**NOTE 13      SUCCESSOR AGENCY DISCLOSURES (CONTINUED)**

**Tax Allocation Refunding Bonds (Continued)**

Interest is payable semi-annually. Principal redemptions begin October 2005, October 2008, October 2009, October 2021, October 2011, and October 2011 for the Series 2003A, Series 2003C and the Series 1999, Series 2011A, and Series 2011B, respectively.

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

Year ending June 30	Principal	Interest	Total
2019	\$ 705,000	\$ 1,168,788	\$ 1,873,788
2020	745,000	1,123,079	1,868,079
2021	795,000	1,072,816	1,867,816
2022	855,000	1,017,598	1,872,598
2023	910,000	955,346	1,865,346
2024-2028	<u>12,450,000</u>	<u>3,526,586</u>	<u>15,976,586</u>
Total	<u>\$ 16,460,000</u>	<u>\$ 8,864,213</u>	<u>\$ 25,324,213</u>

**Pledged Future Revenues**

The City pledged future tax revenues associated with its bond issuances for Series 1999, 2003 and 2011 (the Bonds). These debt issuances and pledged tax revenues are reported in the Private-Purpose Trust Fund (fiduciary funds). The pledged tax revenues are to be used solely for the repayment of principal and interest on the bonds until they are paid in full through 2028 and are not available for other purposes during the duration that the bonds are outstanding. The pledged tax revenues totaled \$2,934,500 for the year ended June 30, 2018. The principal and interest payments on the bonds that had the pledged tax revenues for the year ended June 30, 2018 were approximately \$1,155,000 and \$1,168,495, respectively. The total principal and interest remaining is approximately \$25,300,000. Management expects that pledged tax revenues will be sufficient to make future principal and interest payments on the bonds.

**County Deferrals**

The City, Agency and County entered into agreements 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 tax revenue when earned and debt in the fiduciary funds.

**NOTE 14      GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STATEMENTS  
ISSUED, NOT YET EFFECTIVE**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements, that have effective dates that may impact future financial presentations. Management has not yet determined any impact the implementation of the following statements may have on the financial statements of the City.

**GASB No. 83**

In November 2016, the Governmental Accounting Standards Board issued Statement No. 83 "Certain Asset Retirement Obligations". The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

**GASB No. 84**

In January 2017, the Governmental Accounting Standards Board issued Statement No. 84 "Fiduciary Activities". The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.

**GASB No. 87**

In June 2017, the Governmental Accounting Standards Board issued Statement No. 87 "Leases". The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

**GASB No. 88**

In April 2018, the Governmental Accounting Standards Board issued Statement No. 88 "Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements". The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

**GASB No. 89**

In June 2018, the Governmental Accounting Standards Board issued Statement No. 89 "Accounting for Interest Cost Incurred before the End of a Construction Period". The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

**GASB No. 90**

In August 2018, the Governmental Accounting Standards Board issued Statement No. 90 "Majority Equity Interests-an amendment of GASB Statements No. 14 and No. 61". The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

**NOTE 15      SUBSEQUENT EVENTS**

The City has evaluated events subsequent to June 30, 2018 to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through March 28, 2019, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that, except for the following, no other subsequent events occurred that require recognition or additional disclosure in the financial statements.

On August 29, 2018, the Successor Agency to the Former Cudahy Community Development Commission (Former Agency) for the City of Cudahy issued bonds in the amount of \$14,030,000 for the purpose of refunding the 1999, 2003A, 2003C, 2011A, and 2011B Tax Allocation Bonds. These bonds are comprised of serial bearing interest rates ranging from 2.808% to 3.829% with a final maturity of October 1, 2027. The repayment of this debt will be financed through Tax Increment and has been approved by the California Department of Finance to be included in future Recognized Obligation Payment Schedules (ROPS) submitted by the Successor Agency. This transaction is a current refunding of the outstanding debt and will result in a net present value savings of \$3.2 million and a net savings in debt service costs of \$3.8 million.

**NOTE 16      RESTATEMENT OF BEGINNING NET POSITION OF THE GOVERNMENTAL ACTIVITIES**

The accompanying financial statements reflect adjustment that resulted in the restatement of beginning net position of the governmental activities in the government-wide financial statements. The following schedule summarizes the effect of the restatement of the net position as of July 1, 2017:

	Governmental Activities
Net Position at July 1, 2017, as previously reported	\$ 24,825,090
Prior Period Adjustment:	
Recognition of net OPEB liability under GASB Statement No.75 (1)	(2,061,685)
Net Position at July 1, 2017, as restated	\$ 22,763,405

1) This adjustment is to recognize the retroactive effect of implementing GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*.

**City of Cudahy  
General Fund**

**Schedule of Revenues and Expenditures – Budget and Actual  
Year ended June 30, 2018**

	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget- Positive (Negative)</b>
<b>Revenues</b>			
Taxes	\$ 2,846,230	\$ 2,860,970	\$ 14,740
Licenses and permits	1,397,600	1,531,772	134,172
Intergovernmental	2,616,000	2,629,638	13,638
Charges for services	149,000	236,617	87,617
Fines, forfeitures and penalties	229,000	138,324	(90,676)
Investment income	6,000	20,265	14,265
Other revenue	777,000	841,332	64,332
<b>Total revenues</b>	<b>8,020,830</b>	<b>8,258,918</b>	<b>238,088</b>
<b>Expenditures</b>			
Current:			
General government	3,108,856	2,770,456	338,400
Public safety	3,594,299	3,591,393	2,906
Community services	391,406	425,818	(34,412)
Community development	1,007,475	982,795	24,680
<b>Total expenditures</b>	<b>8,102,036</b>	<b>7,770,462</b>	<b>331,574</b>
Excess (deficiency) of revenues over expenditures	(81,206)	488,456	569,662
<b>Other financing sources (uses)</b>			
Transfers out	(42,000)	(63,900)	(21,900)
<b>Net other financing sources (uses)</b>	<b>(42,000)</b>	<b>(63,900)</b>	<b>(21,900)</b>
<b>Change in fund balance</b>	(123,206)	424,556	547,762
<b>Fund balance, beginning of year</b>	1,435,939	1,435,939	-
<b>Fund balance, end of year</b>	<b>\$ 1,312,733</b>	<b>\$ 1,860,495</b>	<b>\$ 547,762</b>

**City of Cudahy**  
**Community Development Block Grant**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual**  
**Year ended June 30, 2018**

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	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
<b>Revenues</b>			
Intergovernmental	\$ 325,861	\$ 247,674	\$ (78,187)
<b>Total revenues</b>	<u>325,861</u>	<u>247,674</u>	<u>(78,187)</u>
<b>Expenditures</b>			
Current:			
Community development	346,408	247,674	98,734
<b>Total expenditures</b>	<u>346,408</u>	<u>247,674</u>	<u>98,734</u>
<b>Change in fund balance</b>	(20,547)	-	20,547
<b>Fund balance, beginning of year</b>	8,881	8,881	-
<b>Fund balance (deficit), end of year</b>	<u>\$ (11,666)</u>	<u>\$ 8,881</u>	<u>\$ 20,547</u>

**City of Cudahy  
State Gas Tax Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual  
Year ended June 30, 2018**

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	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
<b>Revenues</b>			
Intergovernmental	\$ 693,405	\$ 608,342	\$ (85,063)
Use of money and property	2,000	3,194	1,194
<b>Total revenues</b>	<u>695,405</u>	<u>611,536</u>	<u>(83,869)</u>
<b>Expenditures</b>			
Current:			
Community services	1,000,260	1,009,054	(8,794)
Capital outlay	250,000	21,309	228,691
<b>Total expenditures</b>	<u>1,250,260</u>	<u>1,030,363</u>	<u>219,897</u>
<b>Change in fund balance</b>	(554,855)	(418,827)	136,028
<b>Fund balance, beginning of year</b>	529,223	529,223	-
<b>Fund balance (deficit), end of year</b>	\$ <u>(25,632)</u>	\$ <u>110,396</u>	\$ <u>136,028</u>

**City of Cudahy  
Housing Authority**

**Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual  
Year ended June 30, 2018**

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	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
<b>Revenues</b>			
Other revenue	\$ -	\$ -	\$ -
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures</b>			
Current:			
Community development	50,000	2,947	47,053
<b>Total expenditures</b>	<u>50,000</u>	<u>2,947</u>	<u>47,053</u>
<b>Change in fund balance</b>	(50,000)	(2,947)	47,053
<b>Fund balance, beginning of year</b>	1,225,828	1,225,828	-
<b>Fund balance (deficit), end of year</b>	<u>\$ 1,175,828</u>	<u>\$ 1,222,881</u>	<u>\$ 47,053</u>

**City of Cudahy**  
**Schedule of Proportionate Share of the Net Pension Liability**  
**Last 10 Years\***

	Measurement Date June 30, 2017		Measurement Date June 30, 2016		Measurement Date June 30, 2015			Measurement Date June 30, 2014		
	Miscellaneous Plan		Miscellaneous Plan		Miscellaneous Plan			Miscellaneous Plan		
					Classic	Second Tier	PEPRA	Classic	Second Tier	PEPRA
Proportion of the net pension liability (asset)	0.08980%	0.09058%	0.07024%	0.00051%	0.00017%	0.03347%	0.00008%	0.00000%		
Proportionate Share of the net pension liability (asset)	\$ 3,539,977	\$ 3,146,658	\$ 2,626,208	\$ 534	\$ (757)	\$ 2,082,443	\$ 4,983	\$ 140		
Covered - employee payroll <sup>(1)</sup>	\$ 1,325,975	\$ 1,179,459	\$ 463,703	\$ 452,647	\$ 257,941	\$ 628,845	\$ 320,891	\$ 88,443		
Proportionate Share of the net pension liability (asset) as percentage of covered-employee payroll	267%	267%	566%	0%	0%	331.15%	1.55%	0.16%		
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	69.21%	68.73%	72.59%	99.23%	103.32%	79.87%	83.03%	83.05%		
Plan's Proportionate Share of Aggregate Employer Contributions <sup>(2)</sup>	\$ 301,113	\$ 257,534	\$ 127,356	\$ 41,418	\$ 18,506	\$ 223,430	\$ 659	\$ 19		

**Notes to Schedule**

- <sup>1</sup> Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB Statement No. 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan.
- <sup>2</sup> The Plan's proportionate share of aggregate employer contributions may not match the actual contributions made by the employer during the measurement period. The Plan's proportionate share of aggregate employer contributions is based on the Plan's proportion of fiduciary net position shown on line 5 of the table above as well as any additional side fund (or unfunded liability) contributions made by the City during the measurement period.

\* - Fiscal year 2015 was the 1st year of implementation, therefore only four years are shown.

**City of Cudahy**  
**Schedule of Pension Contributions**  
**Last 10 years\***

	June 30, 2018		June 30, 2017		June 30, 2016		June 30, 2015	
	Miscellaneous		Miscellaneous		Miscellaneous Plan		Miscellaneous Plan	
	Plan		Plan		Classic	PEPRA	Classic	PEPRA
Contractually required contribution (actuarially determined)	\$ 101,829	\$ 91,846	\$ 73,439	\$ 14,443	\$ 118,139	\$ 12,145		
Contributions in relation to the actuarially determined contributions	(101,829)	(91,846)	(73,439)	(14,443)	(118,139)	(12,145)		
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Covered-employee payroll	\$ 1,325,975	\$ 1,179,459	\$ 916,350	\$ 257,941	\$ 949,736	\$ 88,443		
Contributions as a percentage of covered-employee payroll	7.68%	7.79%	8.01%	5.60%	12.44%	13.73%		

Notes to Schedule

Valuation date

June 30, 2016

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry-Age Normal Cost Method
Amortization method	Level percentage of payroll, closed
Remaining amortization period	15 years as of valuation date
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases	Varies by entry age and age
Investment rate of return	7.50%, net of pension plan investment expense; includes inflation
Retirement age	57 yrs.
Mortality Rate Table	Derived using CalPERS' membership data for all funds

\* - Fiscal year 2015 was the 1st year of implementation, therefore only four years are shown.

**City of Cudahy**  
**Schedule of Changes in Total OPEB Liability and Related Ratios**  
**Last 10 years\***

	Fiscal Year Ending <u>June 30, 2018 *</u>
<b>Total Pension Liability</b>	
Service cost	\$ 121,259
Interest on total OPEB liability	98,653
Changes in assumptions	(101,442)
Changes in benefit terms	441
Benefit payments, including refunds of employee contributions	<u>(110,633)</u>
<b>Net change in total OPEB liability</b>	8,278
<b>Total OPEB liability - beginning of year</b>	<u>2,689,713</u>
<b>Total OPEB liability - end of year (a)</b>	<u>\$ 2,697,991</u>
 <b>Plan Fiduciary Net Position</b>	
Net investment income	\$ -
Contributions - employer	-
Benefit payments, including refunds of employee contributions	-
Administrative expenses	<u>-</u>
<b>Net change in plan fiduciary net position</b>	-
<b>Plan fiduciary net position - beginning of year</b>	<u>-</u>
<b>Plan fiduciary net position - end of year (b)</b>	<u>\$ -</u>
 <b>Net OPEB liability - end of year (a)-(b)</b>	<u>\$ 2,697,991</u>
 Plan fiduciary net position as a percentage of the total pension liability	<u>0.00%</u>
 Covered - employee payroll	<u>\$ 720,987</u>
 Net OPEB liability as percentage of covered-employee payroll	<u>374.21%</u>

\* Fiscal year 2018 was the first year of implementation, therefore only one year is shown.

**City of Cudahy  
Schedule of OPEB Contributions  
Last 10 years\***

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The Plan is not funded. The City finances the benefits on a pay-as-you-go basis, thus, this schedule is not required.

## **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 1B Local Street Improvements</b>	Prop 1B came from bond proceeds issued to fund maintenance and improvement of local streets and roads.
<b>Proposition A</b>	To account for revenues and expenditures for projects from a voter-approved sales tax override for public transportation purposes.
<b>Proposition C</b>	To account for financial transactions in accordance with Proposition C of the Local Transit Assistance Act.
<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>Measure M</b>	To account for revenues and expenditures for Measure M Local Return money from LACMTA that are restricted for specific use.
<b>Air Quality Improvement (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 Grant</b>	To increase public awareness of the benefits of recycling oil.
<b>Recycling Conservation Grants</b>	To account for revenue and expenditure pertaining to recycling grants.
<b>COPS</b>	To account for financial transactions in accordance with grant requirements from the California Office of Criminal Justice.
<b>County Park Bond</b>	To account for projects and grants funded by the County Park Bond Act.
<b>TDA - Transportation Development</b>	To account for funds received from the Transportation Development Authority for transport projects.
<b>Street Lighting</b>	To account for revenues and costs associated with the City's street lighting program.

**SPECIAL REVENUE FUNDS (CONTINUED)**

<b>Cal Home</b>	To account for transactions funded by the Cal Home program.
<b>Quimby Act</b>	To account for monies received from developers restricted to finance the acquisition and develop new parkland space. These monies are restricted under the Quimby Act by ordinance and require the dedication of land or impose a requirement of the payment of fee in lieu.
<b>Surface Transportation Program Local (STPL)</b>	To account for Federal, state, and local Surface Transportation Program funds received from Los Angeles County Metropolitan Transportation Authority for transportation related projects.
<b>Other Grants</b>	To account for State Grants relating to future development in the City including transportation related projects.

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	Special Revenue			
	Drug Asset Seizure	Prop 1B		Proposition C
		Local Street Improvements	Proposition A	
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 82,495	\$ 826,450	\$ 347,132
Accounts receivable	-	-	-	-
Notes receivable	-	-	-	-
Interest receivable	-	305	2,921	1,198
<b>Total assets</b>	<b>\$ -</b>	<b>\$ 82,800</b>	<b>\$ 829,371</b>	<b>\$ 348,330</b>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ 11,561	\$ 23,981
Due to other funds	-	-	-	-
Due to other government	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>11,561</b>	<b>23,981</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	-	-	-	-
<b>FUND BALANCES (DEFICIT):</b>				
Restricted:				
Special revenue funds	-	82,800	817,810	324,349
Unassigned	-	-	-	-
<b>Total fund balances (deficit)</b>	<b>-</b>	<b>82,800</b>	<b>817,810</b>	<b>324,349</b>
<b>Total liabilities and fund balances</b>	<b>\$ -</b>	<b>\$ 82,800</b>	<b>\$ 829,371</b>	<b>\$ 348,330</b>
	-	-		

**City of Cudahy  
Nonmajor Governmental Funds  
Combining Balance Sheet  
June 30, 2018**

Special Revenue							
Measure R	Measure M	AQMD	Used Oil Grant	Recycling Conservation Grants	COPS	County Park Bond	
\$ 1,071,263	\$ 258,964	\$ 119,915	\$ -	\$ 25,239	\$ 79,905	\$ 26,564	
-	-	8,036	-	-	-	-	
-	-	-	-	-	-	-	
3,680	932	433	-	94	383	98	
<u>\$ 1,074,943</u>	<u>\$ 259,896</u>	<u>\$ 128,384</u>	<u>\$ -</u>	<u>\$ 25,333</u>	<u>\$ 80,288</u>	<u>\$ 26,662</u>	
\$ 3,678	\$ -	\$ 1,625	\$ -	\$ 875	\$ 4,867	\$ -	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
<u>3,678</u>	<u>-</u>	<u>1,625</u>	<u>-</u>	<u>875</u>	<u>4,867</u>	<u>-</u>	
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
1,071,265	259,896	126,759	-	24,458	75,421	-	
-	-	-	-	-	-	26,662	
<u>1,071,265</u>	<u>259,896</u>	<u>126,759</u>	<u>-</u>	<u>24,458</u>	<u>75,421</u>	<u>26,662</u>	
<u>\$ 1,074,943</u>	<u>\$ 259,896</u>	<u>\$ 128,384</u>	<u>\$ -</u>	<u>\$ 25,333</u>	<u>\$ 80,288</u>	<u>\$ 26,662</u>	

	Special Revenue		
	TDA - Transportation Development	Street Lighting	Cal Home
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 17,248	\$ 98,008
Accounts receivable	-	-	-
Notes receivable	-	-	219,836
Interest receivable	-	-	-
<b>Total assets</b>	<b>\$ -</b>	<b>\$ 17,248</b>	<b>\$ 317,844</b>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ 17,248	\$ -
Due to other funds	-	-	-
Due to other government	-	-	219,486
<b>Total liabilities</b>	<b>-</b>	<b>17,248</b>	<b>219,486</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue	-	-	-
<b>FUND BALANCES (DEFICIT):</b>			
Restricted:			
Special revenue funds	-	-	98,358
Unassigned	-	-	-
<b>Total fund balances (deficit)</b>	<b>-</b>	<b>-</b>	<b>98,358</b>
<b>Total liabilities and fund balances</b>	<b>\$ -</b>	<b>\$ 17,248</b>	<b>\$ 317,844</b>

**City of Cudahy**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet (Continued)**  
**June 30, 2018**

<u>Quimby Act</u>	<u>Special Revenue Surface Transportation Program Local</u>	<u>Other Grants</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 63,752	\$ 788,807	\$ -	\$ 3,805,742
-	-	353,628	361,664
-	-	-	219,836
236	2,916	-	13,196
<u>\$ 63,988</u>	<u>\$ 791,723</u>	<u>\$ 353,628</u>	<u>\$ 4,400,438</u>
\$ -	\$ -	\$ 74,554	\$ 138,389
-	-	281,695	281,695
-	-	-	219,486
<u>-</u>	<u>-</u>	<u>356,249</u>	<u>639,570</u>
-	-	308,828	308,828
63,988	791,723	-	3,736,827
-	-	(311,449)	(284,787)
<u>63,988</u>	<u>791,723</u>	<u>(311,449)</u>	<u>3,452,040</u>
<u>\$ 63,988</u>	<u>\$ 791,723</u>	<u>\$ 353,628</u>	<u>\$ 4,400,438</u>

	Special Revenue			
	Drug Asset Seizure	Prop 1B Local Street Improvements	Proposition A	Proposition C
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	487,285	379,059
Charges for services	-	-	-	30,205
Use of money and property	12	946	10,985	3,468
<b>Total revenues</b>	<u>12</u>	<u>946</u>	<u>498,270</u>	<u>412,732</u>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	-
Public safety	4,447	-	-	-
Community development	-	-	-	-
Community services	-	-	971,924	331,879
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<u>4,447</u>	<u>-</u>	<u>971,924</u>	<u>331,879</u>
Excess (deficiency) of revenues over expenditures	<u>(4,435)</u>	<u>946</u>	<u>(473,654)</u>	<u>80,853</u>
<b>Other financing sources (uses):</b>				
Transfers in	-	-	8,945	8,945
<b>Net other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>8,945</u>	<u>8,945</u>
<b>Change in fund balance</b>	<u>(4,435)</u>	<u>946</u>	<u>(464,709)</u>	<u>89,798</u>
<b>Fund balances, beginning of year</b>	<u>4,435</u>	<u>81,854</u>	<u>1,282,519</u>	<u>234,551</u>
<b>Fund balances, end of year</b>	<u>\$ -</u>	<u>\$ 82,800</u>	<u>\$ 817,810</u>	<u>\$ 324,349</u>

**City of Cudahy**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Year Ended June 30, 2018**

Special Revenue						
Measure R	Measure M	AQMD	Used Oil Grant	Recycling Conservation Grants	COPS	County Park Bond
\$ -	\$ 258,370	\$ -	\$ -	\$ -	\$ -	\$ -
285,104	-	56,179	-	-	139,416	53,425
-	-	-	-	-	-	-
10,639	1,526	1,105	14	319	1,645	235
<u>295,743</u>	<u>259,896</u>	<u>57,284</u>	<u>14</u>	<u>319</u>	<u>141,061</u>	<u>53,660</u>
-	-	-	-	5,962	-	-
-	-	-	-	-	177,731	-
31,888	-	1,625	2,740	-	-	-
-	-	-	-	-	30,742	-
-	-	-	-	-	-	-
<u>31,888</u>	<u>-</u>	<u>1,625</u>	<u>2,740</u>	<u>5,962</u>	<u>208,473</u>	<u>-</u>
<u>263,855</u>	<u>259,896</u>	<u>55,659</u>	<u>(2,726)</u>	<u>(5,643)</u>	<u>(67,412)</u>	<u>53,660</u>
8,945	-	-	-	-	-	-
<u>8,945</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
272,800	259,896	55,659	(2,726)	(5,643)	(67,412)	53,660
798,465	-	71,100	2,726	30,101	142,833	(26,998)
<u>\$ 1,071,265</u>	<u>\$ 259,896</u>	<u>\$ 126,759</u>	<u>\$ -</u>	<u>\$ 24,458</u>	<u>\$ 75,421</u>	<u>\$ 26,662</u>

	Special Revenue		
	TDA - Transportation Development	Street Lighting	Cal Home
<b>Revenues:</b>			
Taxes	\$ -	\$ 82,866	\$ -
Intergovernmental	-	-	-
Charges for services	-	-	-
Use of money and property	-	17	11,057
<b>Total revenues</b>	<u>-</u>	<u>82,883</u>	<u>11,057</u>
<b>Expenditures:</b>			
Current:			
General government	-	-	-
Public safety	-	-	-
Community development	-	-	-
Community services	-	128,000	-
Capital outlay	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>128,000</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(45,117)</u>	<u>11,057</u>
<b>Other financing sources (uses):</b>			
Transfers in	-	37,065	-
<b>Net other financing sources (uses)</b>	<u>-</u>	<u>37,065</u>	<u>-</u>
<b>Change in fund balance</b>	<u>-</u>	<u>(8,052)</u>	<u>11,057</u>
<b>Fund balances, beginning of year</b>	<u>-</u>	<u>8,052</u>	<u>87,301</u>
<b>Fund balances, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 98,358</u>

**City of Cudahy**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**(Continued)**  
**Year Ended June 30, 2018**

	Special Revenue			Total Nonmajor Governmental Funds
	Quimby Act	Surface Transportation Program Local		
\$	-	-	-	\$ 341,236
	-	-	1,181,254	2,581,722
	-	-	-	30,205
	732	9,054	-	51,754
	<u>732</u>	<u>9,054</u>	<u>1,181,254</u>	<u>3,004,917</u>
	-	-	-	5,962
	-	-	-	182,178
	-	-	267,558	303,811
	-	-	-	1,462,545
	-	-	481,255	481,255
	<u>-</u>	<u>-</u>	<u>748,813</u>	<u>2,435,751</u>
	<u>732</u>	<u>9,054</u>	<u>432,441</u>	<u>569,166</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,900</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,900</u>
	732	9,054	432,441	633,066
	63,256	782,669	(743,890)	2,818,974
\$	<u>63,988</u>	<u>791,723</u>	<u>(311,449)</u>	\$ <u>3,452,040</u>

**City of Cudahy**  
**Nonmajor Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget & Actual**  
**Drug Asset Seizure Fund**  
**Year ended June 30, 2018**

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	Final Budget	Actual Amounts	Variance with Final Budget- Positive (Negative)
<b>Revenues</b>			
Use of money and property	\$ -	\$ 12	\$ 12
<b>Total revenues</b>	-	12	12
<b>Expenditures</b>			
Current:			
Public safety	-	4,447	(4,447)
<b>Total expenditures</b>	-	4,447	(4,447)
<b>Change in fund balance</b>	-	(4,435)	(4,435)
<b>Fund balance, beginning of year</b>	4,435	4,435	-
<b>Fund balance (deficit), end of year</b>	\$ 4,435	\$ -	\$ (4,435)

City of Cudahy  
**Nonmajor Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget & Actual**  
**Prop 1B Local Street Improvements Fund**  
**Year ended June 30, 2018**

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	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
<b>Revenues</b>			
Use of money and property	\$ 750	\$ 946	\$ 196
<b>Total revenues</b>	<u>750</u>	<u>946</u>	<u>196</u>
<b>Expenditures</b>			
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Change in fund balance</b>	750	946	196
<b>Fund balance, beginning of year</b>	<u>81,854</u>	<u>81,854</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 82,604</u>	<u>\$ 82,800</u>	<u>\$ 196</u>

**City of Cudahy**  
**Nonmajor Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget & Actual**  
**Proposition A Fund**  
**Year ended June 30, 2018**

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	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget- Positive (Negative)</b>
<b>Revenues</b>			
Intergovernmental	\$ 455,938	\$ 487,285	\$ 31,347
Use of money and property	1,000	10,985	9,985
<b>Total revenues</b>	456,938	498,270	41,332
<b>Expenditures</b>			
Current:			
Community services	981,327	971,924	9,403
Capital outlay	250,000	-	250,000
<b>Total expenditures</b>	1,231,327	971,924	259,403
Excess (deficiency) of revenues over expenditures	(774,389)	(473,654)	300,735
<b>Other financing sources (uses)</b>			
Transfer in	14,000	8,945	(5,055)
<b>Net other financing sources (uses)</b>	14,000	8,945	(5,055)
<b>Change in fund balance</b>	(760,389)	(464,709)	295,680
<b>Fund balance, beginning of year</b>	1,282,519	1,282,519	-
<b>Fund balance, end of year</b>	\$ 522,130	\$ 817,810	\$ 295,680

**City of Cudahy**  
**Nonmajor Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget & Actual**  
**Proposition C Fund**  
**Year ended June 30, 2018**

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	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget- Positive (Negative)</b>
<b>Revenues</b>			
Intergovernmental	\$ 435,498	\$ 379,059	\$ (56,439)
Charges for services	30,000	30,205	205
Use of money and property	350	3,468	3,118
<b>Total revenues</b>	<b>465,848</b>	<b>412,732</b>	<b>(53,116)</b>
<b>Expenditures</b>			
Current:			
Community services	344,192	331,879	12,313
Capital outlay	160,000	-	160,000
<b>Total expenditures</b>	<b>504,192</b>	<b>331,879</b>	<b>172,313</b>
Excess (deficiency) of revenues over expenditures	(38,344)	80,853	119,197
<b>Other financing sources (uses)</b>			
Transfers in	14,000	8,945	(5,055)
<b>Net other financing sources (uses)</b>	<b>14,000</b>	<b>8,945</b>	<b>(5,055)</b>
<b>Change in fund balance</b>	(24,344)	89,798	114,142
<b>Fund balance, beginning of year</b>	234,551	234,551	-
<b>Fund balance, end of year</b>	<b>\$ 210,207</b>	<b>\$ 324,349</b>	<b>\$ 114,142</b>

**City of Cudahy**  
**Nonmajor Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget & Actual**  
**Measure R Fund**  
**Year ended June 30, 2018**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
<b>Revenues</b>			
Intergovernmental	\$ 271,209	\$ 285,104	\$ 13,895
Use of money and property	1,000	10,639	9,639
<b>Total revenues</b>	<u>272,209</u>	<u>295,743</u>	<u>23,534</u>
<b>Expenditures</b>			
Current:			
Community development	69,419	31,888	37,531
Capital outlay	189,569	-	189,569
<b>Total expenditures</b>	<u>258,988</u>	<u>31,888</u>	<u>227,100</u>
Excess (deficiency) of revenues over expenditures	<u>13,221</u>	<u>263,855</u>	<u>250,634</u>
<b>Other financing sources (uses)</b>			
Transfers in	14,000	8,945	(5,055)
<b>Net other financing sources (uses)</b>	<u>14,000</u>	<u>8,945</u>	<u>(5,055)</u>
<b>Change in fund balance</b>	27,221	272,800	245,579
<b>Fund balance, beginning of year</b>	<u>798,465</u>	<u>798,465</u>	<u>-</u>
<b>Fund balance (deficit), end of year</b>	<u>\$ 825,686</u>	<u>\$ 1,071,265</u>	<u>\$ 245,579</u>

City of Cudahy  
 Nonmajor Special Revenue Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget & Actual  
 Measure M Fund  
 Year ended June 30, 2018

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	Final Budget	Actual Amounts	Variance with Final Budget- Positive (Negative)
<b>Revenues</b>			
Taxes	\$ -	\$ 258,370	\$ 258,370
Use of money and property	-	1,526	1,526
<b>Total revenues</b>	-	259,896	259,896
<b>Expenditures</b>			
<b>Total expenditures</b>	-	-	-
<b>Change in fund balance</b>	-	259,896	259,896
<b>Fund balance, beginning of year</b>	-	-	-
<b>Fund balance, end of year</b>	\$ -	\$ 259,896	\$ 259,896

City of Cudahy  
**Nonmajor Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget & Actual**  
**Air Quality Improvement (AQMD) Fund**  
**Year ended June 30, 2018**

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	Final Budget	Actual Amounts	Variance with Final Budget- Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$ 28,000	\$ 56,179	\$ 28,179
Use of money and property	100	1,105	1,005
<b>Total revenues</b>	28,100	57,284	29,184
<b>Expenditures</b>			
Current:			
Community development	25,900	1,625	24,275
<b>Total expenditures</b>	25,900	1,625	24,275
<b>Change in fund balance</b>	2,200	55,659	53,459
<b>Fund balance, beginning of year</b>	71,100	71,100	-
<b>Fund balance (deficit), end of year</b>	\$ 73,300	\$ 126,759	\$ 53,459

City of Cudahy  
**Nonmajor Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget & Actual**  
**Used Oil Grant Fund**  
**Year ended June 30, 2018**

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	Final Budget	Actual Amounts	Variance with Final Budget- Positive (Negative)
<b>Revenues</b>			
Use of money and property	\$ -	\$ 14	\$ 14
<b>Total revenues</b>	-	14	14
<b>Expenditures</b>			
Current:			
Community development	4,000	2,740	1,260
<b>Total expenditures</b>	4,000	2,740	1,260
<b>Change in fund balance</b>	(4,000)	(2,726)	1,274
<b>Fund balance, beginning of year</b>	2,726	2,726	-
<b>Fund balance (deficit), end of year</b>	\$ (1,274)	\$ -	\$ 1,274

City of Cudahy  
**Nonmajor Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget & Actual**  
**Recycling Conservation Grants Fund**  
**Year ended June 30, 2018**

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	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
<b>Revenues</b>			
Intergovernmental	\$ -	\$ -	\$ -
Use of money and property	-	319	319
<b>Total revenues</b>	<u>-</u>	<u>319</u>	<u>319</u>
<b>Expenditures</b>			
Current:			
General government	4,375	5,962	(1,587)
Community development	14,758	-	14,758
<b>Total expenditures</b>	<u>19,133</u>	<u>5,962</u>	<u>13,171</u>
<b>Change in fund balance</b>	(19,133)	(5,643)	13,490
<b>Fund balance, beginning of year</b>	<u>30,101</u>	<u>30,101</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 10,968</u>	<u>\$ 24,458</u>	<u>\$ 13,490</u>

**City of Cudahy**  
**Nonmajor Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget & Actual**  
**Community Oriented Policing Services (COPS) Grant Fund**  
**Year ended June 30, 2018**

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	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget- Positive (Negative)</b>
<b>Revenues</b>			
Intergovernmental	\$ 100,000	\$ 139,416	\$ 39,416
Use of money and property	-	1,645	1,645
<b>Total revenues</b>	100,000	141,061	41,061
<b>Expenditures</b>			
Current:			
Public safety	49,685	177,731	(128,046)
Community services	50,315	30,742	19,573
<b>Total expenditures</b>	100,000	208,473	(108,473)
<b>Change in fund balance</b>	-	(67,412)	(67,412)
<b>Fund balance, beginning of year</b>	142,833	142,833	-
<b>Fund balance (deficit), end of year</b>	\$ 142,833	\$ 75,421	\$ (67,412)

City of Cudahy  
 Nonmajor Special Revenue Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget & Actual  
 County Park Bond Fund  
 Year ended June 30, 2018

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	Final Budget	Actual Amounts	Variance with Final Budget- Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$ -	\$ 53,425	\$ 53,425
Use of money and property	-	235	235
<b>Total revenues</b>	<u>-</u>	<u>53,660</u>	<u>53,660</u>
<b>Expenditures</b>			
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Change in fund balance</b>	-	53,660	53,660
<b>Fund balance, beginning of year</b>	(26,998)	(26,998)	-
<b>Fund balance (deficit), end of year</b>	<u>\$ (26,998)</u>	<u>\$ 26,662</u>	<u>\$ 53,660</u>

City of Cudahy  
**Nonmajor Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget & Actual**  
**TDA – Transportation Development Fund**  
**Year ended June 30, 2018**

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	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget- Positive (Negative)</b>
<b>Revenues</b>			
Intergovernmental	\$ 69,252	\$ -	\$ (69,252)
<b>Total revenues</b>	69,252	-	(69,252)
<b>Expenditures</b>			
<b>Total expenditures</b>	-	-	-
<b>Change in fund balance</b>	69,252	-	(69,252)
<b>Fund balance, beginning of year</b>	-	-	-
<b>Fund balance (deficit), end of year</b>	\$ 69,252	\$ -	\$ (69,252)

**City of Cudahy**  
**Nonmajor Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget & Actual**  
**Street Lighting Fund**  
**Year ended June 30, 2018**

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	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget- Positive (Negative)</b>
<b>Revenues</b>			
Taxes	\$ 75,244	\$ 82,866	\$ 7,622
Use of money and property	80	17	(63)
<b>Total revenues</b>	75,324	82,883	7,559
<b>Expenditures</b>			
Current:			
Community services	102,250	128,000	(25,750)
<b>Total expenditures</b>	102,250	128,000	(25,750)
Excess (deficiency) of revenues over expenditures	(26,926)	(45,117)	(18,191)
<b>Other financing sources (uses)</b>			
Transfers in	-	37,065	37,065
<b>Net other financing sources (uses)</b>	-	37,065	37,065
<b>Change in fund balance</b>	(26,926)	(8,052)	18,874
<b>Fund balance, beginning of year</b>	8,052	8,052	-
<b>Fund balance (deficit), end of year</b>	\$ (18,874)	\$ -	\$ 18,874

City of Cudahy  
 Nonmajor Special Revenue Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget & Actual  
 Cal Home Fund  
 Year ended June 30, 2018

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	Final Budget	Actual Amounts	Variance with Final Budget- Positive (Negative)
<b>Revenues</b>			
Use of money and property	\$ -	\$ 11,057	\$ 11,057
<b>Total revenues</b>	-	11,057	11,057
<b>Expenditures</b>			
<b>Total expenditures</b>	-	-	-
<b>Change in fund balance</b>	-	11,057	11,057
<b>Fund balance, beginning of year</b>	87,301	87,301	-
<b>Fund balance, end of year</b>	\$ 87,301	\$ 98,358	\$ 11,057

City of Cudahy  
**Nonmajor Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget & Actual**  
**Quimby Act Fund**  
**Year ended June 30, 2018**

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	Final Budget	Actual Amounts	Variance with Final Budget- Positive (Negative)
<b>Revenues</b>			
Use of money and property	\$ -	\$ 732	\$ 732
Miscellaneous	60,000	-	(60,000)
<b>Total Revenues</b>	60,000	732	(59,268)
<b>Expenditures</b>			
<b>Total expenditures</b>	-	-	-
<b>Change in fund balance</b>	60,000	732	(59,268)
<b>Fund balance, beginning of year</b>	63,256	63,256	-
<b>Fund balance (deficit), end of year</b>	\$ 123,256	\$ 63,988	\$ (59,268)

City of Cudahy  
 Nonmajor Special Revenue Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget & Actual  
 Surface Transportation Program Local (STPL) Fund  
 Year ended June 30, 2018

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	Final Budget	Actual Amounts	Variance with Final Budget- Positive (Negative)
<b>Revenues</b>			
Use of money and property	\$ -	\$ 9,054	\$ 9,054
<b>Total revenues</b>	-	9,054	9,054
<b>Expenditures</b>			
Capital outlay	177,000	-	177,000
<b>Total Expenditures</b>	177,000	-	177,000
<b>Change in fund balance</b>	(177,000)	9,054	186,054
<b>Fund balance, beginning of year</b>	782,669	782,669	-
<b>Fund balance, end of year</b>	\$ 605,669	\$ 791,723	\$ 186,054

**City of Cudahy**  
**Nonmajor Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget & Actual**  
**Other Grants Fund**  
**Year ended June 30, 2018**

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	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget- Positive (Negative)</b>
<b>Revenues</b>			
Intergovernmental	\$ 1,607,200	\$ 1,181,254	\$ (425,946)
Other revenue	661,911	-	(661,911)
<b>Total revenues</b>	2,269,111	1,181,254	(1,087,857)
<b>Expenditures</b>			
Current:			
Community development	777,162	267,558	509,604
Capital outlay	1,253,380	481,255	772,125
<b>Total expenditures</b>	2,030,542	748,813	1,281,729
<b>Change in fund balance</b>	238,569	432,441	193,872
<b>Fund deficit, beginning of year</b>	(743,890)	(743,890)	-
<b>Fund balance (deficit), end of year</b>	\$ (505,321)	\$ (311,449)	\$ 193,872





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