



City of Cudahy
General Purpose Financial Statements
Year Ended June 30, 2017
with Report of Independent Auditors

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with Report of Independent Auditors

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Report of Independent Auditors

**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, 2017, 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.



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Cudahy, California as of June 30, 2017, 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 Budgetary Comparison Schedule on pages 51 through 56, the Schedule of Funding Progress on page 57, the Schedule of Proportionate Share of the Net Pension Liability on page 58, and the Schedule of Pension Contributions on page 59 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 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 62 through 83 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 62 through 83 are fairly stated in all material respects in relation to the basic financial statements as a whole.



Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2018, 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

**Los Angeles, California
March 27, 2018**

City of Cudahy
Statement of Net Position
June 30, 2017

ASSETS		
Cash and investments	\$	7,201,183
Receivables:		
Accounts		1,139,248
Notes, net		3,051,826
Interest		10,495
Prepaid expense		94,020
Advances to Successor Agency Private Purpose Trust Fund (net of allowance for doubtful accounts of \$89,219)		435,697
Capital assets, net		19,396,435
	Total assets	<u>31,328,904</u>
 DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to pensions		<u>584,267</u>
 LIABILITIES		
Accounts payable and other current liabilities		2,120,107
Due to other governments		495,866
Noncurrent liabilities:		
Due within one year		26,814
Due in more than one year		1,087,164
Net pension liability		3,146,658
	Total liabilities	<u>6,876,609</u>
 DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to pensions		<u>211,472</u>
 NET POSITION		
Net investment in capital assets		19,396,435
Restricted		5,353,794
Unrestricted		74,861
	Total net position \$	<u><u>24,825,090</u></u>

See notes to financial statements.

**City of Cudahy
Statement of Activities
Year ended June 30, 2017**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenues and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Primary government					Governmental Activities
Governmental activities:					
General government	\$ 3,709,054	\$ 237,036	\$ -	\$ -	\$ (3,472,018)
Public safety	4,104,356	323,878	129,324	-	(3,651,154)
Community services	1,996,809	204,729	1,706,941	1,211,522	1,126,383
Community development	1,148,144	360,590	248,161	326,617	(212,776)
Total primary government	<u>\$ 10,958,363</u>	<u>\$ 1,126,233</u>	<u>\$ 2,084,426</u>	<u>\$ 1,538,139</u>	<u>(6,209,565)</u>
General revenues:					
Property taxes					367,393
Sales and use taxes					1,243,683
Franchise and transfer taxes					340,489
Transient occupancy tax					61,985
Business license tax					509,186
Motor vehicle In lieu tax					2,550,694
Utility users tax					1,007,592
Investment income					31,180
Other revenue					116,549
Sale of property					1,198,046
Total general and other revenues					<u>7,426,797</u>
					Net change in net position
					1,217,232
Net position, beginning of year					<u>23,607,858</u>
Net position, end of year					<u>\$ 24,825,090</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.

Proposition A Special Revenue Fund - accounts for revenues and expenditures for projects from a voter-approved sales tax override for public transportation purposes.

Other Grants Special Revenue Fund - accounts for State Grants relating to future development in the City including transportation related projects.

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, 2017**

	Special Revenue							Other Governmental Funds	Totals
	General	CDBG	State Gas Tax	Proposition A	Other Grants	Housing Authority			
ASSETS									
ASSETS:									
Cash and investments	\$ 1,692,723	\$ -	\$ 577,593	\$ 1,303,878	\$ -	\$ 1,223,610	\$ 2,403,379	\$ 7,201,183	
Receivables:									
Accounts	396,848	37,408	-	-	665,523	4,483	34,986	1,139,248	
Notes, net	6,000	275,460	-	-	-	2,549,804	220,562	3,051,826	
Interest	2,832	-	1,077	2,238	-	-	4,348	10,495	
Prepaid expense	94,019	-	-	-	-	-	-	94,019	
Due from other funds	98,358	-	-	-	-	-	-	98,358	
Advances to Successor Agency Private Purpose Trust Fund, net	435,697	-	-	-	-	-	-	435,697	
Total assets	\$ 2,726,477	\$ 312,868	\$ 578,670	\$ 1,306,116	\$ 665,523	\$ 3,777,897	\$ 2,663,275	\$ 12,030,826	
LIABILITIES									
Accounts payable	\$ 1,217,019	\$ 18,432	\$ 49,447	\$ 23,597	\$ 684,868	\$ 2,265	\$ 114,158	\$ 2,109,786	
Deposits payable	10,320	-	-	-	-	-	-	10,320	
Due to other governments	-	275,460	-	-	-	-	220,406	495,866	
Due to other funds	-	10,095	-	-	66,897	-	21,366	98,358	
Total liabilities	1,227,339	303,987	49,447	23,597	751,765	2,265	355,930	2,714,330	
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenue	63,199	-	-	-	657,648	2,549,804	27,000	3,297,651	
FUND BALANCES									
Nonspendable									
Prepaid expense	94,019	-	-	-	-	-	-	94,019	
Advances to Private-Purpose Trust Fund	435,697	-	-	-	-	-	-	435,697	
Restricted									
Special revenue funds	-	8,881	529,223	1,282,519	-	1,225,828	2,307,343	5,353,794	
Unassigned	906,223	-	-	-	(743,890)	-	(26,998)	135,335	
Total fund balances	1,435,939	8,881	529,223	1,282,519	(743,890)	1,225,828	2,280,345	6,018,845	
Total liabilities, deferred inflows of resources and fund balances	\$ 2,726,477	\$ 312,868	\$ 578,670	\$ 1,306,116	\$ 665,523	\$ 3,777,897	\$ 2,663,275	\$ 12,030,826	

See notes to financial statements.

City of Cudahy
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2017

Fund balance of governmental funds	\$	6,018,845
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.		19,396,435
Deferred outflows of resources related to pensions are not considered financial resources and are not reported in the governmental funds		584,267
Deferred inflows of resources related to pensions are not available to pay for current period expenses and are not reported in the governmental funds		(211,472)
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.		3,297,651
Long-term liabilities are not due and payable in the current period and are not reported in the governmental funds.		
Insurance liability	\$	(376,473)
Compensated absences		(109,477)
OPEB obligation		(628,028)
Net pension liability		(3,146,658)
		<u>(4,260,636)</u>
Net position of governmental activities	\$	<u>24,825,090</u>

**City of Cudahy
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
Year ended June 30, 2017**

Revenues	Special Revenue						Other Governmental Funds	Totals
	General	CDBG	State Gas Tax	Proposition A	Other Grants	Housing Authority		
Taxes	\$ 3,021,233	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 84,614	\$ 3,105,847
Licenses and permits	1,075,637	-	-	-	-	-	-	1,075,637
Intergovernmental	2,550,694	208,441	469,586	470,552	139,913	-	1,636,134	5,475,320
Charges for services	189,401	-	-	-	-	-	27,112	216,513
Fines, forfeitures and penalties	160,428	-	-	-	-	-	-	160,428
Investment income (loss)	6,828	-	3,963	-	-	-	23,835	34,626
Other revenue	51,438	-	6,703	6,554	-	20,127	63,218	148,040
Total revenues	7,055,659	208,441	480,252	477,106	139,913	20,127	1,834,913	10,216,411
Expenditures								
Current:								
General government	2,737,776	-	-	-	-	-	-	2,737,776
Public safety	4,078,465	-	-	-	-	-	25,891	4,104,356
Community services	348,607	-	860,144	110,642	-	-	480,024	1,799,417
Community development	714,112	164,897	-	-	24,758	26,730	188,639	1,119,136
Capital outlay	-	-	-	-	707,830	-	308,972	1,016,802
Total expenditures	7,878,960	164,897	860,144	110,642	732,588	26,730	1,003,526	10,777,487
Excess (deficiency) of revenues over expenditures	(823,301)	43,544	(379,892)	366,464	(592,675)	(6,603)	831,387	(561,076)
Other financing sources (uses)								
Sale of property	-	-	-	-	-	1,198,046	-	1,198,046
Return of funds to grantor	-	-	-	-	-	-	(24,067)	(24,067)
Net other financing sources (uses)	-	-	-	-	-	1,198,046	(24,067)	1,173,979
Change in fund balance	(823,301)	43,544	(379,892)	366,464	(592,675)	1,191,443	807,320	612,903
Fund balance (deficit), beginning of year	2,259,240	(34,663)	909,115	916,055	(151,215)	34,385	1,473,025	5,405,942
Fund balance (deficit), end of year	\$ 1,435,939	\$ 8,881	\$ 529,223	\$ 1,282,519	\$ (743,890)	\$ 1,225,828	\$ 2,280,345	\$ 6,018,845

**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, 2017**

Change in fund balances - governmental funds	\$	612,903
<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	\$ 976,014	
Depreciation	<u>(692,089)</u>	283,925
<p>Revenues that are measurable but not available are recorded as deferred or unavailable revenue under the modified accrual basis of accounting.</p>		
		785,205
<p>Governmental funds report activity of long-term liabilities as revenues and expenditures, but they are included as increases and reductions on the long-term liabilities in the Statement of Net Position.</p>		
OPEB obligation		(104,026)
Insurance liability		(207,094)
<p>In the Statement of Activities, compensated absences 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). This represents the change in compensated absences during the year.</p>		
		(15,342)
<p>Pension contribution made after the measurement date was recorded as an expenditure in the governmental funds but deferred in the government-wide financial statements.</p>		
		91,846
<p>Pension 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>		
		<u>(230,185)</u>
Change in net position of governmental activities	\$	<u>1,217,232</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, 2017**

	<u>Agency Funds</u>	<u>Successor Agency to the Dissolved Cudahy Community Development Commission Private-Purpose Trust Fund</u>
ASSETS		
Cash and cash equivalents	\$ 10,641	\$ 3,237,611
Restricted cash, cash equivalents and investments	-	4,094,435
Rental and other accounts receivable, net	30	42,828
Prepaid expenses	14,625	-
Capital assets, net of accumulated depreciation	-	14,402,527
Land held for development	-	2,136,097
Total assets	<u>\$ 25,296</u>	<u>23,913,498</u>
DEFERRED OUTFLOWS OF RESOURCES		
Unamortized loss on defeasance of debt	<u>-</u>	<u>12,512</u>
LIABILITIES		
Accounts payable	\$ 25,296	196,536
Accrued interest payable	-	296,726
Advances from the City of Cudahy	-	524,916
Noncurrent liabilities		
Due within one year	-	665,000
Due in more than one year	-	19,007,952
Total liabilities	<u>\$ 25,296</u>	<u>20,691,130</u>
FIDUCIARY NET POSITION		
Restricted net position		<u>\$ 3,234,880</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, 2017

		Successor Agency to the Dissolved Cudahy Community Development Commission Private-Purpose Trust Fund
Additions		
Contributions:		
Redevelopment Agency Property Tax Trust Fund	\$	2,850,341
Interest and investment revenue:		
Use of money and property		1,678
Other revenue		204,166
Total revenues		<u>3,056,185</u>
Deductions		
Interest on bonds payable		1,288,722
Loans receivable written off		308,219
Administrative expenses		353,156
Total expenses		<u>1,950,097</u>
Net change in net position		1,106,088
Net position held in trust - beginning		<u>2,128,792</u>
Net position held in trust - ending	\$	<u><u>3,234,880</u></u>

See notes to financial statements.

City of Cudahy
Agency Funds
Statement of Changes in Assets and Liabilities
Year ended June 30, 2017

	<u>Balance</u>			<u>Balance</u>
	<u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2017</u>
Assets				
Cash and cash equivalents	\$ 19,903	\$ 15,688	\$ 24,950	\$ 10,641
Accounts receivable	27	3	-	30
Prepaid expenses	<u>20,575</u>	<u>14,625</u>	<u>20,575</u>	<u>14,625</u>
Total assets	<u>\$ 40,505</u>	<u>\$ 30,316</u>	<u>\$ 45,525</u>	<u>\$ 25,296</u>
Liabilities				
Accounts payable	<u>\$ 40,505</u>	<u>\$ 25,269</u>	<u>\$ 40,478</u>	<u>\$ 25,296</u>
Total liabilities	<u>\$ 40,505</u>	<u>\$ 25,269</u>	<u>\$ 40,478</u>	<u>\$ 25,296</u>

See notes to financial statements.

NOTE 1 REPORTING ENTITY

The City is a municipal corporation governed by an elected five-member council. As required by generally accepted accounting principles, these financial statements present the government and its component unit, which is a separate legal entity for which the city is considered to be financially accountable.

Component Unit

The City has a component unit which is the 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.

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 unit.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Proposition A Special Revenue Fund: This fund accounts for receipts and expenditures of projects from a voter approved sales tax override for public transportation purposes.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Grants Special Revenue Fund: This fund accounts for State Grants relating to future development in the City including transportation related projects.

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. There were no internal balances reported at June 30, 2017.

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, 2017.

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 Notes 10 and 12 for the list of deferred outflows and deferred inflows of resources the City has recognized as of June 30, 2017.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

City employees receive up to 240 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, long-term receivables, 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 \$5,353,794 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.

Implementation of New Accounting Pronouncements

During the fiscal year ended June 30, 2017, the City adopted the following new Statements of the Governmental Accounting Standards Board (GASB):

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- GASB Statement No. 77, *Tax Abatement Disclosures*. The scope of this Statement addresses accounting and financial reporting by giving users of financial statements information that is not consistently or comprehensively reported to the public at present. This Statement requires governments that enter into tax abatement agreements to disclose relevant information such as brief descriptive information, that includes the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by the tax abatement recipients. The implementation of this new standards did not have a significant impact on the City's 2017 financial statements.

- GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The Statement is effective for periods beginning after December 15, 2015. The implementation of this new standards did not have a significant impact on the City's 2017 financial statements.

- GASB Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity*, as amended. The Statement is effective for periods beginning after June 15, 2016. The implementation of this new standards did not have a significant impact on the City's 2017 financial statements.

- GASB Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and Amendments to Certain Provisions of GASB Statement. The Statement is effective for periods beginning after June 15, 2016. The implementation of this new standards did not have a significant impact on the City's 2017 financial statements.

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.

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Fund balances at June 30, 2017 consisted of the following:

Major funds:	
Nonspendable	\$ 529,716
Restricted for special purposes	3,046,451
Unassigned	162,333
Total major	3,738,500
Nonmajor funds:	
Restricted for special purposes	2,307,343
Unassigned	(26,998)
Total nonmajor	2,280,345
Total	\$ 6,018,845

Deficit Fund Balances

The following funds have deficit fund balances at June 30, 2017. Management expects to eliminate the deficits with subsequent revenue in the funds or transfers from the General Fund:

Major funds:	
Other Grants	\$ 743,890
Nonmajor funds:	
County Park Bond	26,998

Expenditures in Excess of Appropriations

Expenditures for the year ended June 30, 2017 exceeded the appropriations by the following amounts in the following fund:

Nonmajor funds:	
County Park Bond	\$ 42,794

NOTE 4 CASH AND INVESTMENTS

Cash and Investments as of June 30, 2017 are classified in the financial statements as follows:

Statement of Net Position:

Governmental Activities:

Cash and investments - unrestricted	\$	7,201,183
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Fiduciary Activities:

Statement of Fiduciary Net Position:

Cash and cash equivalents - unrestricted		3,248,252
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Cash and Investments with fiscal agent		4,094,435
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Total cash and investments	\$	14,543,870
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Cash and investments consist of the following:

Petty cash	\$	10,820
Deposits with financial institutions		4,821,306
Investments		9,711,744
Total	\$	14,543,870

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

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	\$ 5,617,309	\$ 5,617,309	-	-	-
Held by Bond Trustee:					
Money Market Funds	2,915,935	2,915,935	-	-	-
Life Insurance Investment Agreement	1,178,500	-	-	-	1,178,500
Total	\$ 9,711,744	\$ 8,533,244	-	-	\$ 1,178,500

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.

Investment Type	Total as of June 30, 2017	Minimum Legal Rating	AAA	Not Rated
LAIF	\$ 5,617,309	N/A	-	5,617,309
Held By Bond Trustee:				
Money Market Mutual Funds	2,915,935	N/A	2,915,935	-
Life Insurance Investment Agreement	1,178,500	N/A	-	1,178,500
Total	\$ <u>9,711,744</u>		<u>2,915,935</u>	<u>6,795,809</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, 2017, 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, 2017, 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 \$5.6 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, 2017, 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, 2017 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)

	Balance
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.	\$ 1,031,808
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.	588,233
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.	929,763
Subtotal – Housing Authority	2,549,804

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	214,324
Less: Allowance for doubtful accounts	(208,324)
Net	6,000

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.

	496,022
Subtotal – Other Funds	502,022
Total \$	3,051,826

NOTE 6 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017 was as follows:

	Balance June 30, 2016	Increases	Decreases	Balance June 30, 2017
Capital assets, not being depreciated				
Land	\$ 2,806,643	\$ -	\$ -	\$ 2,806,643
Construction-in-progress	163,805	712,272	-	876,077
	2,970,448	712,272	-	3,682,720
Capital assets, being depreciated				
Structures and improvements	12,535,321	-	-	12,535,321
Infrastructure	48,716,305	302,942	(39,200)	48,980,047
Vehicles	512,085	-	(3,908)	508,177
Furniture & equipment	265,061	-	-	265,061
Total	62,028,772	302,942	(43,108)	62,288,606
Less accumulated depreciation:				
Structures and improvements	4,811,694	223,436	-	5,035,130
Infrastructure	40,399,754	410,293	-	40,810,047
Vehicles	473,954	38,133	(3,908)	508,179
Furniture & equipment	201,308	20,227	-	221,535
Total	45,886,710	692,089	(3,908)	46,574,891
Net	16,142,062	(389,147)	(39,200)	15,713,715
Governmental activities capital assets, net	\$ 19,112,510	\$ 323,125	\$ (39,200)	\$ 19,396,435

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

General government	\$ 546,751
Community services	145,338
	\$ 692,089

NOTE 7 LONG-TERM DEBT

Long-term liability activity of the government wide financial statements for the year ended June 30, 2017 follows:

	Balance			Balance	Due Within
	July 1, 2016	Additions	Reductions	June 30, 2017	One Year
Insurance liability	\$ 169,379	\$ 270,908	\$ (63,814)	\$ 376,473	\$ 26,814
Compensated absences	94,135	133,358	(118,016)	109,477	-
OPEB liability	524,002	196,976	(92,950)	628,028	-
Net pension liability	2,625,985	608,666	(87,993)	3,146,658	-
Total	<u>\$ 3,413,501</u>	<u>\$ 1,209,908</u>	<u>\$ (362,773)</u>	<u>\$ 4,260,636</u>	<u>\$ 26,814</u>

NOTE 8 INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables balances are as follows:

		Due from		Due to Other Funds
		Other Funds		
Major funds:				
General Fund	\$	98,358	\$	-
CDBG		-		10,095
Other Grants		-		66,897
		<u>98,358</u>		<u>76,992</u>
Nonmajor funds:				
County Park Bond		-		21,366
Total funds	\$	<u>98,358</u>	\$	<u>98,358</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 participates in the 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, will have no material effect on the City's financial position.

Grant Audit Contingencies

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

NOTE 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 6 members. MIC is a non-risk sharing pool that provides the JPA 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 policies 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 is paid to the City of Cudahy according to a schedule. The City of Cudahy then pays for the insurance. 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, 2017 are summarized as follows:

	Miscellaneous Plan		
	Classic	Second Tier	PEPRA
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 compensation	2.0% to 2.7%	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	8%	7%	6.55%
Required employer contribution rates	11.63%	7.61%	6.25%

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 1st 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, 2017, the contributions recognized as part of pension expense for the Plan were as follows:

	<u>Miscellaneous</u>
Contributions - employer	\$ 91,846
Contributions - employee	74,917

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, 2017, the City reported net pension liability for its proportionate share of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability (Asset)
Miscellaneous	\$ <u>3,146,658</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 three ratios. It includes 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 is allocated based on the Actuarial Accrued Liability from the most recent Actuarial Valuation Report as of June 30, 2015 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, 2015 used for funding purposes plus supplemental payments made by employers during the current measurement period to reduce their unfunded actuarial accrued liabilities. All other pension amounts (deferred outflows/inflows of resources and pension expense) are allocated based on the legally or statutorily required employer contributions for the fiscal year ended June 30, 2016, including reported contribution adjustments and suspended payroll information.

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

	<u>Miscellaneous</u>
Total pension liability	0.0006989
Plan fiduciary net position	0.0006331
All other pension amounts (deferred outflows/inflows of resources and pension expense)	0.0007971

For the year ended June 30, 2017, the City recognized pension expense of \$230,186. At June 30, 2017, 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)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 91,846	\$ -
Differences between actual and expected experience	6,022	2,214
Changes in assumptions	-	56,975
Change in employer's proportion	103,366	-
Differences in proportion	4,442	-
Differences between the employer's contribution and the employer's proportionate share of contributions	-	152,283
Net differences between projected and actual earnings on plan investments	<u>378,591</u>	<u>-</u>
 Total	 <u>\$ 584,267</u>	 <u>\$ 211,472</u>

\$91,846 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, 2018.

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

Year Ended <u>June 30</u>	<u>Amount</u>
2018	\$ (8,962)
2019	3,622
2020	163,077
2021	123,211
Thereafter	-

Actuarial Assumptions

The total pension liabilities in the June 30, 2015 actuarial valuations were determined using the following actuarial assumptions:

NOTE 10 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
Actuarial Cost Method	Entry-Age Normal Cost Method
 Actuarial Assumptions:	
Discount Rate	7.65%
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, 2015 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 7.65% 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 7.65% discount rate is appropriate and the use of the municipal bond rate calculation is not necessary. The discount rate of 7.65% used for the June 30, 2016 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>Current Target Allocation</u>	<u>Real Return Years 1 - 10 (a)</u>	<u>Real Return Years 11+ (b)</u>
Global Equity	51.00%	5.25%	5.71%
Global Fixed Income	20.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	10.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%
Infrastructure and Forestland	2.00%	4.50%	5.09%
Liquidity	1.00%	-0.55%	-1.05%
	<u>100.00%</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		6.65%
Net Pension Liability (Asset)	\$	4,501,358
Current Discount Rate		7.65%
Net Pension Liability (Asset)	\$	3,146,658
1% Increase		8.65%
Net Pension Liability (Asset)	\$	2,027,065

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, 2017, the City did not have outstanding amount of contributions to the pension plan required for the year ended June 30, 2017.

NOTE 11 POST EMPLOYMENT BENEFITS

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 POST EMPLOYMENT BENEFITS (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 are paid for the lifetime of the retiree and, if applicable, the surviving spouse of the retiree. 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.

Funding Policy

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 2016-2017, the City contributed \$92,950 to the plan, which was 100% of the total current premiums.

Annual OPEB Cost and Net OPEB Obligation

The City's annual other OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

Annual Required Contribution (ARC)	\$	206,319
Interest on net OPEB obligation		20,960
Adjustment to ARC		<u>(30,303)</u>
Annual OPEB cost		196,976
Less: Contributions made during the year		<u>(92,950)</u>
Increase in Net OPEB obligation		104,026
Net OPEB Obligation - beginning of the year		<u>524,002</u>
Net OPEB Obligation - end of the year	\$	<u><u>628,028</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 and the preceding year were as follows:

		<u>June 30, 2017</u>		<u>June 30, 2016</u>
Annual OPEB cost	\$	196,976	\$	198,563
% of Annual OPEB cost contributed to the plan		47.19%		55.19%
Net OPEB Obligation	\$	628,028	\$	524,002

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.

	Governmental Funds Balance at June 30, 2017
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>3,297,651</u>

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

NOTE 13 SALE OF PROPERTY

During the Fiscal Year 2015-2016, the City, as the Housing Successor Agency, determined that certain properties that are included in the Settlement Agreement between the Successor Agency and Paramount Villas were acquired using tax increment revenues derived from the low and moderate income housing fund, and therefore, belong to the Housing Successor Agency. The Housing Successor Agency submitted an updated Housing Asset Transfer (HAT) Form to the Department of Finance to include these properties. On May 24, 2016, the Department of Finance approved the inclusion of the properties in the HAT Form and considered the assets eligible for transfer to the City of Cudahy, as the Housing Successor Agency.

As part of the Settlement Agreement, Paramount Villas paid the Successor Agency \$1.2 million for the purchase of said property.

The actual transfer of related assets to the Housing Successor Agency, which amounted to \$1.2 million, was completed on July 27, 2016. The actual net cash received from the settlement amounted to \$1,198,046.

NOTE 14 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.

NOTE 14 SUCCESSOR AGENCY DISCLOSURES (CONTINUED)

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, 2017 reflect the transferred assets with a net book value of \$17,208,580.

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

Rental and Other Accounts Receivable

At June 30, 2017, rental and other accounts receivable consisted of the following:

Rental receivable		\$	124,687
Other receivable			42,828
	Total		<u>167,515</u>
Less allowance for bad debts			<u>(124,687)</u>
	Net	\$	<u><u>42,828</u></u>

Loans Receivable Written-off

As part of the Settlement Agreement by and between the Successor Agency and Paramount Villas, the loans receivable previously reported at \$308,219 was forgiven and written off in the Successor Agency’s financial statements during the fiscal year ended June 30, 2017.

NOTE 14 SUCCESSOR AGENCY DISCLOSURES (CONTINUED)

Capital Assets and Land Held for Development

At June 30, 2017, 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 Street	6224-018-068, -069, -070, -071	\$ 399,889 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, -032, -040, -041	<u>2,904,717</u>
	4819 Patata Street		
Atlantic Avenue & Clara Street	7638 Atlantic Avenue	6226-022-002, -008, -019,	1,009,070 *
	7644 Atlantic Avenue	-020, -021,	3,650,074
	7630 Atlantic Avenue	-022, -023, -024	1,541,620
	7660 Atlantic Avenue		407,532
	4613 Clara Street		<u>6,608,296</u>
Atlantic Avenue & Cecilia Street	8201 Atlantic Avenue	6224-022-001, -002, -003,	1,096,864
	8221 Atlantic Avenue	-004, -012	
	4633 Cecilia Street		
	8135 Atlantic Avenue		2,219,090
	4629 Cecilia Street		<u>3,315,954</u>
Elizabeth Street Residential	5256 Elizabeth Street	6224-001-014, -015	<u>792,961</u>
	5260 Elizabeth Street		
Santa Ana Street	4610 Santa Ana	6224019014	<u>1,116,500</u>
Total land and buildings			<u>\$ 17,588,641</u>
Land and buildings, cost			\$ 15,452,544
Less: Accumulated depreciation			<u>(1,050,017)</u>
Land and buildings, net			<u>\$ 14,402,527</u>
* Land held for development			<u>\$ 2,136,097</u>

NOTE 14 SUCCESSOR AGENCY DISCLOSURES (CONTINUED)

Deferred Outflows of Resources

Pursuant to GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position" and GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities," the City recognized deferred outflows of resources in the City's financial statements. The deferred outflow of resources pertains to the unamortized loss on defeasance of debt. This deferred outflow of resources is recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter.

	Private- Purpose Trust Fund Balance at June 30, 2017
Deferred outflow of resources	
Unamortized loss on defeasance of debt	\$ <u><u>12,512</u></u>

Long-term Debt

Long-term liability activity of the successor agency for the year ended June 30, 2017 follows:

	Balance July 1, 2016	Additions	Reductions	Balance June 30, 2017	Due Within One Year
Note payable	\$ 1,409,928	\$ -	\$ -	\$ 1,409,928	\$ -
Tax allocation refunding	18,840,000	-	(1,225,000)	17,615,000	665,000
Less:					
Bond discount	(448,276)	-	45,308	(402,968)	-
County deferral	1,000,945	50,047	-	1,050,992	-
Total	<u>\$ 20,802,597</u>	<u>\$ 50,047</u>	<u>\$ (1,179,692)</u>	<u>\$ 19,672,952</u>	<u>\$ 665,000</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 14 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 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, 2017, bonded indebtedness consisted of the following Tax Allocation Refunding Bonds:

	Date <u>Issued</u>	Final <u>Maturity</u>	<u>Interest Rate</u>	Amount <u>Issued</u>	<u>Outstanding</u>
Series 2011 A	04/13/11	10/01/27	5.70%-7.75%	\$ 2,285,000	\$ 2,170,000
Series 2011 B	04/13/11	10/01/27	5.70%-7.75%	8,920,000	5,975,000
Series 2003 A	08/01/03	10/01/27	5.70%-7.75%	3,680,000	2,065,000
Series 2003 C	08/01/03	10/01/27	6.50%	6,680,000	5,980,000
Series 1999 (Taxable)	10/15/99	10/01/26	8.95%	<u>1,425,000</u>	<u>1,425,000</u>
				<u>\$ 22,990,000</u>	<u>\$ 17,615,000</u>

NOTE 14 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 2003B, 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
2018	\$ 665,000	\$ 1,210,005	\$ 1,875,005
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
2023-2027	6,595,000	3,855,083	10,450,083
2028	7,255,000	626,850	7,881,850
Total	\$ <u>17,615,000</u>	\$ <u>10,074,219</u>	\$ <u>27,689,219</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 \$2,850,341 for the year ended June 30, 2017. The principal and interest payments on the bonds that had the pledged tax revenues for the year ended June 30, 2017 were approximately \$1,225,000 and \$1,238,020, respectively. The total principal and interest remaining is approximately \$27,700,000. 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 15 GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STATEMENTS
ISSUED, NOT YET EFFECTIVE**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2017, that have effective dates that may impact future financial presentations. Management has not yet determined the impact that implementation of the following statements may have on the financial statements of the City.

GASB No. 75 - Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The requirements of this Statement will improve the decision-usefulness of information in employer and governmental nonemployer contributing entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire OPEB liability and a more comprehensive measure of OPEB expense. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2017.

GASB No. 81 – Irrevocable Split-Interest Agreements. This Statement enhances the comparability of financial statements by providing accounting and financial reporting guidance for irrevocable split-interest agreements in which a government is a beneficiary. This Statement also enhances the decision-usefulness of general purpose external financial reports, and their value for assessing accountability, by more clearly identifying the resources that are available for the government to carry out its mission. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2016.

GASB No. 82 – Pension Issues-An Amendment of GASB No. 67, No. 68 and No. 73. The requirements of this Statement will improve financial reporting by enhancing consistency in the application of financial reporting requirements to certain pension issues. The provisions of this Statement are effective for financial statements for period beginning after June 15, 2017.

GASB No. 83 - Certain Asset Retirement Obligations. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. GASB Statement No. 83 establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflows of resources for AROs. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. This Statement requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred and to be adjusted for the effects of general inflation or deflation at least annually. This Statement also requires disclosure of information about the nature of a government ARO, the methods and assumption used for the estimate of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

**NOTE 15 GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STATEMENTS
ISSUED, NOT YET EFFECTIVE (CONTINUED)**

GASB No. 85 - Omnibus 2017. This statement addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). The requirements of this statement are effective for reporting period beginning after June 15, 2017.

GASB No. 86 - Certain Debt Extinguishment Issues. The objective of this Statement is to provide guidance for the accounting of in-substance debt defeasance where existing resources - as opposed to the proceeds of refunding debt – are used to fund an irrevocable trust. Now the debt will be considered defeased whether the trust is funded with existing resources or refunding debt proceeds. However, in financial statements using the economic resources measurement focus, governments must recognize any difference between the reacquisition price (the amount placed in the trust) and the net carrying amount of the debt defeased in substance using only existing resources as a separately identified gain or loss in the period of defeasance. The Statement also requires disclosure of cases where risk-free trust assets can be substituted with assets that are not risk-free. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017.

GASB No. 87 - Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017.

NOTE 16 SUBSEQUENT EVENTS

The City has evaluated events subsequent to June 30, 2017 to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through March 27, 2018, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.

**City of Cudahy
General Fund**

**Schedule of Revenues and Expenditures – Budget and Actual
Year ended June 30, 2017**

	Final Budget	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues			
Taxes	\$ 2,779,200	\$ 3,021,233	\$ 242,033
Licenses and permits	773,000	1,075,637	302,637
Intergovernmental	2,539,000	2,550,694	11,694
Charges for services	150,330	189,401	39,071
Fines, forfeitures and penalties	229,000	160,428	(68,572)
Investment income	6,000	6,828	828
Other revenue	940,000	51,438	(888,562)
Total revenues	<u>7,416,530</u>	<u>7,055,659</u>	<u>(360,871)</u>
Expenditures			
Current:			
General government	2,973,299	2,737,776	235,523
Public safety	4,081,898	4,078,465	3,433
Community services	299,599	348,607	(49,008)
Community development	1,105,147	714,112	391,035
Total expenditures	<u>8,459,943</u>	<u>7,878,960</u>	<u>580,983</u>
Change in fund balance	(1,043,413)	(823,301)	220,112
Fund balance, beginning of year	2,259,240	2,259,240	-
Fund balance (deficit), end of year	<u>\$ 1,215,827</u>	<u>\$ 1,435,939</u>	<u>\$ 220,112</u>

City of Cudahy
Community Development Block Grant

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Year ended June 30, 2017

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues			
Intergovernmental	\$ 325,861	\$ 208,441	\$ (117,420)
Total revenues	<u>325,861</u>	<u>208,441</u>	<u>(117,420)</u>
Expenditures			
Current:			
Community development	325,861	164,897	160,964
Total expenditures	<u>325,861</u>	<u>164,897</u>	<u>160,964</u>
Change in fund balance	-	43,544	43,544
Fund balance, beginning of year	(34,663)	(34,663)	-
Fund balance (deficit), end of year	<u>\$ (34,663)</u>	<u>\$ 8,881</u>	<u>\$ 43,544</u>

**City of Cudahy
State Gas Tax Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Year ended June 30, 2017**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues			
Intergovernmental	\$ 530,000	\$ 469,586	\$ (60,414)
Use of money and property	2,000	3,963	1,963
Miscellaneous	-	6,703	6,703
Total revenues	<u>532,000</u>	<u>480,252</u>	<u>(51,748)</u>
Expenditures			
Current:			
Community services	1,214,395	860,144	354,251
Capital outlay	230,000	-	230,000
Total expenditures	<u>1,444,395</u>	<u>860,144</u>	<u>584,251</u>
Change in fund balance	(912,395)	(379,892)	532,503
Fund balance, beginning of year	909,115	909,115	-
Fund balance (deficit), end of year	\$ <u><u>(3,280)</u></u>	\$ <u><u>529,223</u></u>	<u><u>532,503</u></u>

City of Cudahy
Proposition A Local Return Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Year ended June 30, 2017

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues			
Intergovernmental	\$ 450,000	470,552	20,552
Use of money and property	1,000	6,554	5,554
Total revenues	<u>451,000</u>	<u>477,106</u>	<u>26,106</u>
Expenditures			
Current:			
Community services	126,488	110,642	15,846
Capital outlay	250,000	-	250,000
Total expenditures	<u>376,488</u>	<u>110,642</u>	<u>265,846</u>
Change in fund balance	74,512	366,464	291,952
Fund balance, beginning of year	916,055	916,055	-
Fund balance (deficit), end of year	<u>\$ 990,567</u>	<u>\$ 1,282,519</u>	<u>\$ 291,952</u>

**City of Cudahy
Other Grants**

**Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Year ended June 30, 2017**

	<u>Final Budget</u>	<u>Actual Amounts</u>	Variance with Final Budget- Positive (Negative)
Revenues			
Intergovernmental	\$ 1,951,800	\$ 139,913	\$ (1,811,887)
Other revenue	451,225	-	(451,225)
Total revenues	<u>2,403,025</u>	<u>139,913</u>	<u>(2,263,112)</u>
Expenditures			
Current:			
Community development	522,725	24,758	497,967
Capital outlay	1,880,300	707,830	1,172,470
Total expenditures	<u>2,403,025</u>	<u>732,588</u>	<u>1,670,437</u>
Change in fund balance	-	(592,675)	(592,675)
Fund deficit, beginning of year	(151,215)	(151,215)	-
Fund balance (deficit), end of year	<u>\$ (151,215)</u>	<u>\$ (743,890)</u>	<u>\$ (592,675)</u>

**City of Cudahy
Housing Authority**

**Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Year ended June 30, 2017**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues			
Other revenue	\$ -	\$ 20,127	\$ 20,127
Total revenues	<u>-</u>	<u>20,127</u>	<u>20,127</u>
Expenditures			
Current:			
Community development	861,861	26,730	835,131
Total expenditures	<u>861,861</u>	<u>26,730</u>	<u>835,131</u>
Excess (deficiency) of revenues over expenditures	<u>(861,861)</u>	<u>(6,603)</u>	<u>855,258</u>
Other financing sources (uses)			
Sale of property	-	1,198,046	1,198,046
Change in fund balance	(861,861)	1,191,443	2,053,304
Fund balance, beginning of year	34,385	34,385	-
Fund balance (deficit), end of year	<u>\$ (827,476)</u>	<u>\$ 1,225,828</u>	<u>\$ 2,053,304</u>

**City of Cudahy
Schedule of Funding Progress
Other Postemployment Benefits (OPEB)
Year ended June 30, 2017**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a)/(c)
7/1/2011	\$ -	\$ 2,002,495	\$ 2,002,495	0%	\$ 1,105,000	181%
7/1/2014	-	2,090,184	2,090,184	0%	1,098,208	190%

Note: The latest actuarial valuation date was July 1, 2014. The city has 11 active employees and 14 retired employees. There were no significant changes in the number of employees participating in and receiving benefits under the OPEB Plan.

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

	Measurement Date	Measurement Date			Measurement Date		
	June 30, 2016	June 30, 2015			June 30, 2014		
	Miscellaneous Plan	Miscellaneous Plan		Miscellaneous Plan			
		Classic	Second Tier	PEPRA	Classic	Second Tier	PEPRA
Proportion of the net pension liability (asset)	0.09058%	0.07024%	0.00051%	0.00017%	0.03347%	0.00008%	0.00000%
Proportionate Share of the net pension liability (asset)	\$ 3,146,658	\$ 2,626,208	\$ 534	\$ (757)	\$ 2,082,443	\$ 4,983	\$ 140
Covered - employee payroll ⁽¹⁾	\$ 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%	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	68.73%	72.59%	99.23%	103.32%	79.87%	83.03%	83.05%
Plan's Proportionate Share of Aggregate Employer Contributions ⁽²⁾	\$ 257,534	\$ 127,356	\$ 41,418	\$ 18,506	\$ 223,430	\$ 659	\$ 19

Notes to Schedule

- ¹ 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.
- ² 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 three years are shown.

City of Cudahy
Schedule of Pension Contributions
Last 10 years*

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

Notes to Schedule

Valuation date

June 30, 2015

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 three years are shown.

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.

Drug Asset Seizure	To account for revenues and expenditures associated with the City's asset seizure monies.
Prop 1B Local Street Improvements	Prop 1B came from bond proceeds issued to fund maintenance and improvement of local streets and roads.
Proposition C	To account for financial transactions in accordance with Proposition C of the Local Transit Assistance Act.
Measure R	Measure R is funded with ½ percent sales tax revenues approved by Los Angeles County voters to fund local street projects in LA County.
Air Quality Improvement	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.
Used Oil Grant	To increase public awareness of the benefits of recycling oil.
Recycling Conservation Grant	To account for revenue and expenditure pertaining to recycling grants.
COPS	To account for financial transactions in accordance with grant requirements from the California Office of Criminal Justice.
County Park	To account for projects and grants funded by the County Park Bond Act.
Transportation Development	To account for funds received from the Transportation Development Authority for transport projects.
Street Lighting	To account for revenues and costs associated with the City's street lighting program.

SPECIAL REVENUE FUNDS (CONTINUED)

Cal Home	To account for transactions funded by the Cal Home program.
Quimby Act	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.
Federal STPL	To account for Federal, state, and local Surface Transportation Program funds received from Los Angeles County Metropolitan Transportation Authority for transportation related projects.

	Special Revenue		
	Drug Asset Seizure	Prop 1B Local Street Improvements	Proposition C
ASSETS			
Cash and cash equivalents	\$ 4,427	\$ 81,707	\$ 257,882
Accounts receivable	-	-	-
Notes receivable	-	-	-
Interest receivable	8	147	447
Total assets	\$ 4,435	\$ 81,854	\$ 258,329
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ 23,778
Due to other funds	-	-	-
Due to other government	-	-	-
Total liabilities	-	-	23,778
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	-	-	-
FUND BALANCES (DEFICIT):			
Restricted:			
Special revenue funds	4,435	81,854	234,551
Unassigned	-	-	-
Total fund balances (deficit)	4,435	81,854	234,551
Total liabilities and fund balances	\$ 4,435	\$ 81,854	\$ 258,329

**City of Cudahy
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2017**

Special Revenue						
Measure R	AQMD	Used Oil Grant	Recycling Conservation Grants	COPS	County Park Bond	
\$ 837,745	\$ 67,660	\$ 3,718	\$ 30,920	\$ 171,496	\$ 138	
-	7,986	-	-	-	27,000	
-	-	-	-	-	-	
1,772	117	7	56	317	-	
<u>\$ 839,517</u>	<u>\$ 75,763</u>	<u>\$ 3,725</u>	<u>\$ 30,976</u>	<u>\$ 171,813</u>	<u>\$ 27,138</u>	
\$ 41,052	\$ 4,663	\$ 999	\$ 875	\$ 28,980	\$ 5,770	
-	-	-	-	-	21,366	
-	-	-	-	-	-	
<u>41,052</u>	<u>4,663</u>	<u>999</u>	<u>875</u>	<u>28,980</u>	<u>27,136</u>	
-	-	-	-	-	27,000	
798,465	71,100	2,726	30,101	142,833	-	
-	-	-	-	-	(26,998)	
<u>798,465</u>	<u>71,100</u>	<u>2,726</u>	<u>30,101</u>	<u>142,833</u>	<u>(26,998)</u>	
<u>\$ 839,517</u>	<u>\$ 75,763</u>	<u>\$ 3,725</u>	<u>\$ 30,976</u>	<u>\$ 171,813</u>	<u>\$ 27,138</u>	

	Special Revenue		
	TDA - Transportation Development	Street Lighting	Cal Home
ASSETS			
Cash and cash equivalents	\$ -	\$ 16,055	\$ 87,145
Accounts receivable	-	-	-
Notes receivable	-	-	220,562
Interest receivable	-	38	-
Total assets	\$ -	\$ 16,093	\$ 307,707
LIABILITIES			
Accounts payable	\$ -	\$ 8,041	\$ -
Due to other funds	-	-	-
Due to other government	-	-	220,406
Total liabilities	-	8,041	220,406
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	-	-	-
FUND BALANCES (DEFICIT):			
Restricted:			
Special revenue funds	-	8,052	87,301
Unassigned	-	-	-
Total fund balances (deficit)	-	8,052	87,301
Total liabilities and fund balances	\$ -	\$ 16,093	\$ 307,707

**City of Cudahy
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2017**

Special Revenue		Total
Quimby Act	Federal STPL	Nonmajor Governmental Funds
\$ 63,218	\$ 781,268	\$ 2,403,379
-	-	34,986
-	-	220,562
38	1,401	4,348
\$ 63,256	\$ 782,669	\$ 2,663,275
\$ -	\$ -	\$ 114,158
-	-	21,366
-	-	220,406
-	-	355,930
-	-	27,000
63,256	782,669	2,307,343
-	-	(26,998)
63,256	782,669	2,280,345
\$ 63,256	\$ 782,669	\$ 2,663,275

	Special Revenue		
	Drug Asset Seizure	Prop 1B Local Street Improvements	Proposition C
Revenues:			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	-	-	368,917
Charges for services	-	-	27,112
Use of money and property	67	474	1,554
Other revenue	-	-	-
Total revenues	<u>67</u>	<u>474</u>	<u>397,583</u>
Expenditures:			
Current:			
Public safety	-	-	-
Community development	-	-	-
Community services	-	-	333,021
Public services	-	-	-
Capital outlay	-	-	3,150
Total expenditures	<u>-</u>	<u>-</u>	<u>336,171</u>
Excess (deficiency) of revenues over expenditures	<u>67</u>	<u>474</u>	<u>61,412</u>
Other financing sources (uses):			
Return of fund to grantor	(24,067)	-	-
Change in fund balance	<u>(24,000)</u>	<u>474</u>	<u>61,412</u>
Fund balances, beginning of year	<u>28,435</u>	<u>81,380</u>	<u>173,139</u>
Fund balances, end of year	<u>\$ 4,435</u>	<u>\$ 81,854</u>	<u>\$ 234,551</u>

City of Cudahy
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2017

Special Revenue						
Measure R	AQMD	Used Oil Grant	Recycling Conservation Grant	COPS	County Park Bond	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
275,574	39,720	-	6,466	129,324	326,617	
-	-	-	-	-	-	
5,681	337	31	173	882	-	
-	-	-	-	-	-	
<u>281,255</u>	<u>40,057</u>	<u>31</u>	<u>6,639</u>	<u>130,206</u>	<u>326,617</u>	
-	-	-	-	25,891	-	
44,496	17,230	4,000	-	-	121,559	
-	-	-	3,500	43,506	-	
-	-	-	-	-	-	
303,817	-	-	-	-	1,235	
<u>348,313</u>	<u>17,230</u>	<u>4,000</u>	<u>3,500</u>	<u>69,397</u>	<u>122,794</u>	
<u>(67,058)</u>	<u>22,827</u>	<u>(3,969)</u>	<u>3,139</u>	<u>60,809</u>	<u>203,823</u>	
-	-	-	-	-	-	
<u>(67,058)</u>	<u>22,827</u>	<u>(3,969)</u>	<u>3,139</u>	<u>60,809</u>	<u>203,823</u>	
865,523	48,273	6,695	26,962	82,024	(230,821)	
<u>\$ 798,465</u>	<u>\$ 71,100</u>	<u>\$ 2,726</u>	<u>\$ 30,101</u>	<u>\$ 142,833</u>	<u>\$ (26,998)</u>	

	Special Revenue		
	TDA - Transportation Development	Street Lighting	Cal Home
Revenues:			
Taxes	\$ -	\$ 84,614	\$ -
Intergovernmental	69,252	-	-
Charges for services	-	-	-
Use of money and property	-	89	10,491
Other revenue	-	-	-
Total revenues	<u>69,252</u>	<u>84,703</u>	<u>10,491</u>
Expenditures:			
Current:			
Public safety	-	-	-
Community development	-	-	1,354
Community services	-	99,997	-
Public services	-	-	-
Capital outlay	-	-	-
Total expenditures	<u>-</u>	<u>99,997</u>	<u>1,354</u>
Excess (deficiency) of revenues over expenditures	<u>69,252</u>	<u>(15,294)</u>	<u>9,137</u>
Other financing sources (uses):			
Return of fund to grantor	-	-	-
Change in fund balance	69,252	(15,294)	9,137
Fund balances, beginning of year	(69,252)	23,346	78,164
Fund balances, end of year	<u>\$ -</u>	<u>\$ 8,052</u>	<u>\$ 87,301</u>

City of Cudahy
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2017

<u>Special Revenue</u>		Total
<u>Quimby Act</u>	<u>Federal STPL</u>	<u>Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ 84,614
-	420,264	1,636,134
-	-	27,112
38	4,018	23,835
<u>63,218</u>	<u>-</u>	<u>63,218</u>
<u>63,256</u>	<u>424,282</u>	<u>1,834,913</u>
-	-	25,891
-	-	188,639
-	-	480,024
-	-	-
-	<u>770</u>	<u>308,972</u>
<u>-</u>	<u>770</u>	<u>1,003,526</u>
<u>63,256</u>	<u>423,512</u>	<u>831,387</u>
<u>-</u>	<u>-</u>	<u>(24,067)</u>
63,256	423,512	807,320
-	359,157	1,473,025
<u>\$ 63,256</u>	<u>\$ 782,669</u>	<u>\$ 2,280,345</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, 2017

	Final Budget	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues			
Use of money and property	\$ -	\$ 67	\$ 67
Total revenues	-	67	67
Expenditures			
Total expenditures	-	-	-
Excess (deficiency) of revenues over expenditures	-	67	67
Other financing sources (uses)			
Return of funds	-	(24,067)	(24,067)
Change in fund balance	-	(24,000)	(24,000)
Fund balance, beginning of year	28,435	28,435	-
Fund balance (deficit), end of year	\$ 28,435	\$ 4,435	\$ (24,000)

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, 2017

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues			
Use of money and property	\$ 750	\$ 474	\$ (276)
Total revenues	<u>750</u>	<u>474</u>	<u>(276)</u>
Expenditures			
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balance	750	474	(276)
Fund balance, beginning of year	<u>81,380</u>	<u>81,380</u>	<u>-</u>
Fund balance (deficit), end of year	<u>\$ 82,130</u>	<u>\$ 81,854</u>	<u>\$ (276)</u>

City of Cudahy
Nonmajor Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget & Actual
Proposition C Local Return Fund
Year ended June 30, 2017

	Final Budget	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues			
Intergovernmental	\$ 350,000	\$ 368,917	\$ 18,917
Charges for services	30,000	27,112	(2,888)
Use of money and property	350	1,554	1,204
Total revenues	380,350	397,583	17,233
Expenditures			
Current:			
Community services	327,467	333,021	(5,554)
Capital outlays	345,000	3,150	341,850
Total expenditures	672,467	336,171	336,296
Change in fund balance	(292,117)	61,412	353,529
Fund balance, beginning of year	173,139	173,139	-
Fund balance (deficit), end of year	\$ (118,978)	\$ 234,551	\$ 353,529

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, 2017

	Final Budget	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues			
Intergovernmental	\$ 270,000	\$ 275,574	\$ 5,574
Use of money and property	1,000	5,681	4,681
Total revenues	271,000	281,255	10,255
Expenditures			
Current			
Community development	44,357	44,496	(139)
Capital outlays	745,000	303,817	441,183
Total expenditures	789,357	348,313	441,044
Change in fund balance	(518,357)	(67,058)	451,299
Fund balance, beginning of year	865,523	865,523	-
Fund balance (deficit), end of year	\$ 347,166	\$ 798,465	\$ 451,299

City of Cudahy
Nonmajor Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget & Actual
Air Quality Improvement Fund
Year ended June 30, 2017

	Final Budget	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues			
Intergovernmental	\$ 28,000	\$ 39,720	\$ 11,720
Use of money and property	100	337	237
Total revenues	28,100	40,057	11,957
Expenditures			
Current:			
Community development	25,900	17,230	8,670
Total expenditures	25,900	17,230	8,670
Change in fund balance	2,200	22,827	20,627
Fund balance, beginning of year	48,273	48,273	-
Fund balance (deficit), end of year	\$ 50,473	\$ 71,100	\$ 20,627

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, 2017

	Final Budget	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues			
Use of money and property	\$ -	\$ 31	\$ 31
Total revenues	-	31	31
Expenditures			
Current:			
Community development	4,000	4,000	-
Total Expenditures	4,000	4,000	-
Change in fund balance	(4,000)	(3,969)	31
Fund balance, beginning of year	6,695	6,695	-
Fund balance (deficit), end of year	\$ 2,695	\$ 2,726	\$ 31

City of Cudahy
 Nonmajor Special Revenue Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget & Actual
 Recycling Conservation Grant Fund
 Year ended June 30, 2017

	Final Budget	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues			
Intergovernmental	\$ 6,466	\$ 6,466	\$ -
Use of money and property	10	173	163
Total revenues	6,476	6,639	163
Expenditures			
General government	19,133	3,500	15,633
Total Expenditures	19,133	3,500	15,633
Change in fund balance	(12,657)	3,139	15,796
Fund balance, beginning of year	26,962	26,962	-
Fund balance (deficit), end of year	\$ 14,305	\$ 30,101	\$ 15,796

City of Cudahy
Nonmajor Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget & Actual
Community Oriented Policing Services (COPS)
Year ended June 30, 2017

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Revenues			
Intergovernmental	\$ 100,000	\$ 129,324	\$ 29,324
Use of money and property	-	882	882
Total revenues	<u>100,000</u>	<u>130,206</u>	<u>30,206</u>
Expenditures			
Current			
Public safety	70,000	25,891	44,109
Community services	30,000	43,506	(13,506)
Total expenditures	<u>100,000</u>	<u>69,397</u>	<u>30,603</u>
Change in fund balance	-	60,809	60,809
Fund balance, beginning of year	<u>82,024</u>	<u>82,024</u>	-
Fund balance (deficit), end of year	<u>\$ 82,024</u>	<u>\$ 142,833</u>	<u>\$ 60,809</u>

City of Cudahy
Nonmajor Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget & Actual
County Park Bond
Year ended June 30, 2017

	Final Budget	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues			
Intergovernmental	\$ 373,000	\$ 326,617	\$ (46,383)
Total revenues	373,000	326,617	(46,383)
Expenditures			
Current:			
Community development	80,000	121,559	(41,559)
Capital Outlays	-	1,235	(1,235)
Total expenditures	80,000	122,794	(42,794)
Change in fund balance	293,000	203,823	(89,177)
Fund balance, beginning of year	(230,821)	(230,821)	-
Fund balance (deficit), end of year	\$ 62,179	\$ (26,998)	\$ (89,177)

City of Cudahy
Nonmajor Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget & Actual
TDA – Transportation Development
Year ended June 30, 2017

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

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, 2017

	Final Budget	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues			
Taxes	\$ 75,244	\$ 84,614	\$ 9,370
Use of money and property	80	89	9
Total revenues	75,324	84,703	9,379
Expenditures			
Current:			
Community services	102,250	99,997	2,253
Total expenditures	102,250	99,997	2,253
Change in fund balance	(26,926)	(15,294)	11,632
Fund balance, beginning of year	23,346	23,346	-
Fund balance (deficit), end of year	\$ (3,580)	\$ 8,052	\$ 11,632

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, 2017

	Final Budget	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues			
Use of money and property	\$ -	\$ 10,491	\$ 10,491
Total revenues	-	10,491	10,491
Expenditures			
Current:			
Community development	10,000	1,354	8,646
Total expenditures	10,000	1,354	8,646
Change in fund balance	(10,000)	9,137	19,137
Fund balance, beginning of year	78,164	78,164	-
Fund balance (deficit), end of year	\$ 68,164	\$ 87,301	\$ 19,137

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, 2017

	Final Budget	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues			
Use of money and property	\$ -	\$ 38	\$ 38
Miscellaneous	60,000	63,218	3,218
Total Revenues	60,000	63,256	3,256
Expenditures			
Total expenditures	-	-	-
Change in fund balance	60,000	63,256	3,256
Fund balance, beginning of year	-	-	-
Fund balance (deficit), end of year	\$ 60,000	\$ 63,256	\$ 3,256

City of Cudahy
Nonmajor Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget & Actual
Federal STPL
Year ended June 30, 2017

	Final Budget	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues			
Intergovernmental	\$ 420,264	\$ 420,264	\$ -
Use of money and property	-	4,018	4,018
Total revenues	420,264	424,282	4,018
Expenditures			
Capital Outlays	357,629	770	356,859
Total Expenditures	357,629	770	356,859
Change in fund balance	62,635	423,512	360,877
Fund balance, beginning of year	359,157	359,157	-
Fund balance (deficit), end of year	\$ 421,792	\$ 782,669	\$ 360,877



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