



**General Purpose Financial Statements**  
**City of Cudahy**  
***Year ended June 30, 2014***  
***with Report of Independent Auditors***

An Independently Owned Member  
**McGLADREY ALLIANCE**



**V&C Vasquez**  
**& Company LLP**  
Certified Public Accountants and Business Consultants

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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, 2014, and the discretely presented component unit as of and for the year ended December 31, 2013, 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, as of June 30, 2014 and discretely presented component unit as of December 31, 2013, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and funded status of pension and other postemployment benefit plans on pages 51 through 55 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.

## ***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 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 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 31, 2015, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 31, 2015**

**City of Cudahy  
Statement of Net Position**

	<b>Primary Government</b>	<b>Component Unit</b>
	<b>Governmental Activities June 30, 2014</b>	<b>Economic Development Corporation December 31, 2013</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 6,723,055	\$ 615,819
Receivables		
Notes	2,856,915	1,518,541
Other receivables	812,698	-
Prepaid expense	1,209	-
Due from Private Purpose Trust Fund	997,196	-
Capital assets, net	16,737,959	-
Land and buildings, net	-	16,146,889
<b>Total Assets</b>	<b>28,129,032</b>	<b>18,281,249</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows of resources	-	-
<b>LIABILITIES</b>		
Accounts payable and other current liabilities	1,264,295	31,340
Due to other governments	473,282	-
Unearned revenue	581,201	-
Noncurrent liabilities		
Due in more than one year	436,081	-
<b>Total Liabilities</b>	<b>2,754,859</b>	<b>31,340</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows of resources	-	-
<b>NET POSITION</b>		
Net investment in capital assets	16,737,959	16,146,889
Restricted	2,860,074	3,640,299
Unrestricted	5,776,140	(1,537,279)
<b>Total Net Position</b>	<b>\$ 25,374,173</b>	<b>\$ 18,249,909</b>

*See notes to financial statements.*

**City of Cudahy  
Statement of Activities**

<b>Functions/Programs</b>	Year ended June 30, 2014				Year ended December 31, 2013	
	<b>Expenses</b>	<b>Program Revenues</b>			<b>Net (Expenses) Revenues and Changes in Net Position</b>	
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Governmental Activities</b>	<b>Component Unit</b>
<b>Primary government</b>						
Governmental activities:						
General Government	\$ 3,231,745	\$ 217,158	\$ 225,000	\$ -	\$ (2,789,587)	-
Public Safety	3,682,444	190,269	150,010	-	(3,342,165)	-
Community Services	1,841,217	332,182	339,669	-	(1,169,366)	-
Public Services	60,062	81,599	1,278,257	253,095	1,552,889	-
Community Development	1,328,003	261,001	2,366,580	-	1,299,578	-
Total Primary Government	<u>\$ 10,143,471</u>	<u>\$ 1,082,209</u>	<u>\$ 4,359,516</u>	<u>\$ 253,095</u>	<u>(4,448,651)</u>	<u>-</u>
<b>Component Unit</b>						
Cudahy Economic Development Corporation	1,348,122	310,454	-	-		\$ (1,037,668)
Total Component Unit	<u>\$ 1,348,122</u>	<u>\$ 310,454</u>	<u>\$ -</u>	<u>\$ -</u>		<u>(1,037,668)</u>
General revenues:						
Property Taxes				195,970	-	
Sales and Use Taxes				1,140,852	-	
Franchise and Transfer Taxes				165,641	-	
Transient Occupancy Tax				54,854	-	
Motor Vehicle In Lieu Tax				2,256,184	-	
Utility Users Tax				1,170,978	-	
Investment Income				11,559	66,540	
Loss on asset shrinkage				-	(25,000)	
Other revenue				241,336	-	
Total General Revenues				<u>5,237,374</u>	<u>41,540</u>	
Change in Net Position				788,723	(996,128)	
<b>Net position, beginning of year, as restated</b>				<u>24,585,450</u>	<u>19,246,037</u>	
<b>Net Position, end of year</b>				<u>\$ 25,374,173</u>	<u>\$ 18,249,909</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.

**County Park Bond Special Revenue Fund** - accounts for projects and grants funded by the County Park Bond Act.

**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, 2014**

	Special Revenue					Other Governmental Funds	Totals
	General	CDBG	State Gas Tax	County Park Bond	Housing Authority		
<b>ASSETS</b>							
Cash and Investments	\$ 3,862,273	\$ -	\$ 1,002,780	\$ -	\$ -	\$ 1,858,002	\$ 6,723,055
Receivables:							
Accounts	321,216	26,079	80,007	-	-	15,335	442,637
Grants	-	-	-	276,501	-	-	276,501
Notes	78,200	255,758	-	-	2,351,957	171,000	2,856,915
Interest	7,569	32,715	472	-	-	52,804	93,560
Prepaid expense	1,208	-	-	-	-	-	1,208
Due from other funds	318,254	-	-	-	-	-	318,254
Due from the Private-Purpose Trust Fund	997,196	-	-	-	-	-	997,196
<b>Total Assets</b>	<u>5,585,916</u>	<u>314,552</u>	<u>1,083,259</u>	<u>276,501</u>	<u>2,351,957</u>	<u>2,097,141</u>	<u>11,709,326</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Total assets and deferred outflows of resources	<u>\$ 5,585,916</u>	<u>\$ 314,552</u>	<u>\$ 1,083,259</u>	<u>\$ 276,501</u>	<u>\$ 2,351,957</u>	<u>\$ 2,097,141</u>	<u>\$ 11,709,326</u>
<b>LIABILITIES</b>							
Accounts payable	\$ 1,141,217	\$ 26,079	\$ 22,688	\$ 4,996	\$ -	\$ 53,120	\$ 1,248,100
Deposits payable	16,195	-	-	-	-	-	16,195
Due to other governments	-	288,473	-	-	-	184,809	473,282
Due to other funds	-	-	-	318,254	-	-	318,254
Unearned revenue	509,747	11,745	-	-	-	59,709	581,201
<b>Total Liabilities</b>	<u>1,667,159</u>	<u>326,297</u>	<u>22,688</u>	<u>323,250</u>	<u>-</u>	<u>297,638</u>	<u>2,637,032</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenue	-	-	-	-	2,351,957	-	2,351,957
<b>FUND BALANCES</b>							
Restricted	-	-	1,060,571	-	-	1,799,503	2,860,074
Unassigned	3,918,757	(11,745)	-	(46,749)	-	-	3,860,263
<b>Total fund balances</b>	<u>3,918,757</u>	<u>(11,745)</u>	<u>1,060,571</u>	<u>(46,749)</u>	<u>-</u>	<u>1,799,503</u>	<u>6,720,337</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 5,585,916</u>	<u>\$ 314,552</u>	<u>\$ 1,083,259</u>	<u>\$ 276,501</u>	<u>\$ -</u>	<u>\$ 2,097,141</u>	<u>\$ 11,709,326</u>

See notes to financial statements.

**City of Cudahy**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Position**  
**June 30, 2014**

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Fund balance of governmental funds	\$ 6,720,337
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.	16,737,960
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.	2,351,957
Long-term liabilities are not due and payable in the current period and are not reported in the governmental funds.	
Insurance liability	(11,759)
Compensated absences	(85,467)
OPEB obligation	<u>(338,855)</u>
Net Position of governmental activities	<u>\$ 25,374,173</u>

**City of Cudahy  
Governmental Funds**

**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Year ended June 30, 2014**

Revenues	Special Revenue						Other Governmental Funds	Totals
	General	CDBG	State	County	Housing			
			Gas Tax	Park Bond	Authority			
Taxes	\$ 2,728,295	\$ -	\$ -	\$ -	\$ -	\$ 81,418	\$ 2,809,713	
Licenses and Permits	605,349	-	-	-	-	-	605,349	
Intergovernmental	2,256,184	213,800	813,424	-	-	1,222,432	4,505,840	
Charges for Services	55,481	-	-	-	-	26,643	82,124	
Fines, Forfeitures and Penalties	190,269	-	-	-	-	-	190,269	
Investment Income (Loss)	4,536	-	2,518	-	-	4,505	11,559	
Other Revenue	596,260	42,006	-	-	-	59	638,325	
<b>Total revenues</b>	<b>6,436,374</b>	<b>255,806</b>	<b>815,942</b>	<b>-</b>	<b>-</b>	<b>1,335,057</b>	<b>8,843,179</b>	
<b>Expenditures</b>								
Current:								
General Government	2,540,529	42,006	-	-	-	-	2,582,535	
Public Safety	3,665,709	-	-	-	-	16,735	3,682,444	
Community Services	547,721	-	497,991	-	-	712,658	1,758,370	
Public Services	-	-	-	-	-	-	-	
Community Development	1,059,886	180,607	-	45,099	-	42,411	1,328,003	
Capital Outlay	3,359	-	-	-	-	23,189	26,548	
<b>Total expenditures</b>	<b>7,817,204</b>	<b>222,613</b>	<b>497,991</b>	<b>45,099</b>	<b>-</b>	<b>794,993</b>	<b>9,377,900</b>	
Excess (deficiency) of revenues over expenditures	(1,380,830)	33,193	317,951	(45,099)	-	540,064	(534,721)	
<b>Other financing sources (uses)</b>								
Transfers in	31,187	-	-	-	-	-	31,187	
Transfers out	(31,187)	-	-	-	-	-	(31,187)	
<b>Net other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Change in fund balance	(1,380,830)	33,193	317,951	(45,099)	-	540,064	(534,721)	
<b>Fund balance, beginning of year, as restated</b>	<b>5,299,587</b>	<b>(44,938)</b>	<b>742,620</b>	<b>(1,650)</b>	<b>-</b>	<b>1,259,439</b>	<b>7,255,058</b>	
<b>Fund balance (deficit), end of year</b>	<b>\$ 3,918,757</b>	<b>\$ (11,745)</b>	<b>\$ 1,060,571</b>	<b>\$ (46,749)</b>	<b>\$ -</b>	<b>\$ 1,799,503</b>	<b>\$ 6,720,337</b>	

**City of Cudahy  
Governmental Funds**

**Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds to the Statement of Activities  
Year ended June 30, 2014**

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Change in Fund Balances - Governmental Funds \$ (534,721)

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:

Governmental funds report capital outlay as an expenditures . However, in the Statement of Activities, the cost of these assets is allocated over the useful lives as depreciation expense.

Capital outlay	\$ 26,548	
Depreciation	<u>(670,446)</u>	(643,898)

Revenues that are measurable but not available. Amounts are recorded as deferred or unavailable revenue under the modified accrual basis of accounting	2,089,015
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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.

OPEB obligation	(113,141)
Insurance liability	<u>(11,759)</u>

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.

3,227

Change in net position of governmental activities	\$ <u><u>788,723</u></u>
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**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, 2014**

	Agency Funds	Successor Agency to the Dissolved Cudahy Community Development Commission Private-Purpose Trust Fund
<b>Assets</b>		
Cash and cash equivalents	\$ 36,860	\$ 2,951,544
Restricted cash, cash equivalents and investments	-	3,599,694
Accounts receivable	357	-
Total assets	\$ 37,217	6,551,238
<b>Deferred Outflows of Resources</b>		
Unamortized loss on defeasance of debt	-	40,637
<b>Liabilities</b>		
Accounts Payable	37,217	273,194
Accrued Liabilities	-	1,705
Accrued Interest Payable	-	345,865
Due to the City of Cudahy	-	997,195
Bonds Payable	-	20,776,205
Note Payable	-	1,409,928
County Deferrals	-	907,886
Total liabilities	\$ 37,217	24,711,978
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable Revenues		-
<b>Fiduciary Net Position</b>		
Unrestricted Net Position		\$ (18,120,103)

*See notes to financial statements.*

**City of Cudahy  
Fiduciary Funds  
Statement of Changes in Fiduciary Net Position  
For the fiscal year ended June 30, 2014**

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		Successor Agency to the Dissolved Cudahy Community Development Commission Private-Purpose Trust Fund
		<u>Trust Fund</u>
<b>Revenues</b>		
Contributions:		
Redevelopment Agency Property Tax Trust Fund	\$	3,112,002
Interest and Investment Revenue:		
Use of money and property		<u>45</u>
<b>Total Revenues</b>		<u>3,112,047</u>
<b>Expenses</b>		
Obligation Retirements:		
Interest on Bonds Payable		1,423,625
Administrative Expenses:		
Administrative Expenses		<u>755,465</u>
<b>Total Expenses</b>		<u>2,179,090</u>
<b>Change in Net Position</b>		<u>932,957</u>
<b>Net position held in trust - beginning, as restated</b>		<u>(19,053,060)</u>
<b>Net position held in trust - ending</b>	<b>\$</b>	<u><u>(18,120,103)</u></u>

*See notes to financial statements.*

**City of Cudahy  
Agency Funds  
Statement of Assets and Liabilities  
June 30, 2014**

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	<u>Cudahy Youth Foundation</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 36,453
Receivables	<u>357</u>
Total assets	<u>\$ 36,810</u>
<b>Liabilities</b>	
Accounts payable	<u>\$ 36,810</u>
Total liabilities	<u>\$ 36,810</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 Cudahy Economic Development Corporation has a fiscal year end of December 31 and has been presented as a discretely presented component unit in the accompanying financial statements. Separate audited financial statements of the Corporation may be obtained through the City of Cudahy, Finance Department, 5220 Santa Ana Street, Cudahy, California 90201.

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

*Government-wide and fund financial statements*

The statement of net 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. Eliminations have been made to minimize the effect of interfund activity.

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

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.

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. 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.

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.

*County Park Bond Special Revenue Fund:* This Fund accounts for projects and grants funded by the County Bond Act.

*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.

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

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.

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.

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

**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.

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. Unavailable revenues also arise when the City receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures.

In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability 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.

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

**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.

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. At June 30, 2014, the City had an allowance for doubtful accounts of \$200,000 for notes receivable in its statement of net position.

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

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, 2014.

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

Restricted Assets

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

Capital Assets

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

The City has analyzed its capital assets for potential impairment. The City does not believe that any capital assets are impaired at June 30, 2014.

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.

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

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

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

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

Deferred Outflows and Inflows of Resources

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

Revenues earned, but not yet received, may not be available in a timely manner to pay current expenditures or obligations. Such receivables, not meeting the availability criteria necessary for accrual under modified accrual basis accounting principles, are reported as unavailable revenues for that period in the fund financial statements. In the government-wide financial statements, however, availability criteria are not considered. Instead, revenues become, and remain receivable from the point in time when revenue is earned through performance or similar recognition standards, until received. Refer to Note 12 for the list of deferred outflows and deferred inflows of resources the City has recognized as of June 30, 2014.

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.

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

Unearned Revenues

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

Long-term Obligations

In the 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.

The City's restricted fund balance of \$2,860,074 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.

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

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

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

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

- Net Investment In capital assets - This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance of this category.
- Restricted net position - This category presents external restrictions imposed by creditors, grantors, contributors, laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net position - This category represents the City's net positions, which are not restricted for any project or other purpose.

**NOTE 3      STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Fund balances at June 30, 2014 consisted of the following:

Major funds:	
Restricted for for special purposes	\$ 1,060,571
Unassigned	3,860,263
Total major	4,920,834
Nonmajor funds:	
Restricted for special purposes	1,799,503
Total	\$ 6,720,337

**NOTE 3      STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

**Deficit Fund Balances**

The following funds have deficit fund balances at June 30, 2014. Management expects to eliminate the deficits with subsequent revenue in the funds or transfers from the General Fund:

Major funds:		
CDBG	\$	11,745
County Park Bond		46,749

**Expenditures in Excess of Appropriations**

Expenditures for the year ended June 30, 2014 exceeded the appropriations by the following amounts in the following funds:

Major funds:		
General	\$	1,141,029
County Park Bond Fund		45,099

Nonmajor funds:		
Drug Asset Seizure		735
Prop 1B Local Street Improvements		4,389
Proposition C		53,802
AQMD		734
Street Lighting		20,375

**NOTE 4 CASH AND INVESTMENTS**

**Cash and Investments**

Cash and Investments as of June 30, 2014 are classified in the financial statements as follows:

Statement of Net Position:

Governmental Activities:

Cash and Investments - Unrestricted	\$	6,723,055
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Fiduciary Activities:

Statement of Fiduciary Net Position:

Cash and Cash Equivalents - Unrestricted		2,951,544
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Cash and Investments with Fiscal Agent		3,599,694
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Total Cash and Investments	\$	13,274,293
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Cash and investments consist of the following:

Petty Cash	\$	6,695
Deposits with Financial Institutions		3,267,875
Investments		10,006,418
Total	\$	13,274,293

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.

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

<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

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.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment In One Issuer</u>
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

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

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	\$ 6,406,724	6,406,724	-	-	-
Held by Bond Trustee:					
Money Market Funds	2,421,194	2,421,194	-	-	-
Life Insurance Investment Agreement	1,178,500	-	-	-	1,178,500
Total	\$ 10,006,418	8,827,918	-	-	1,178,500

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, 2014	Minimum Legal Rating	AAA	Not Rated
LAIF	\$ 6,406,724	N/A	-	6,406,724
Held By Bond Trustee:				
Money Market Mutual Funds	2,421,194	N/A	2,421,194	-
Life Insurance Investment Agreement	1,178,500	N/A	-	1,178,500
Total	\$ 10,006,418		2,421,194	7,585,224

N/A - Not Applicable

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

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, 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, 2014, 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, 2014, 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 approximately \$6.4 million reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. 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 Series bondholders, or if the City decides to refund the related bond.

**NOTE 5      RECEIVABLES**

**Notes Receivable**

Notes receivable as of June 30, 2014 are as follows:

**Governmental Funds – Housing Authority**

Pursuant to the provisions of ABX1 26, on January 17, 2012, the City Council of the City of Cudahy (City) passed and adopted Resolution No. 12-04 creating the Successor Agency to the former Cudahy Community Development Commission (Redevelopment Commission) in accordance with the California Housing Authority Law and other applicable housing-related regulations. As part of Resolution No 12-04, the City declared its intent to serve as the Successor Agency to the former Redevelopment Commission. The City also declared its intent to assume all housing assets and functions of the former Redevelopment Commission. The transfer of the housing assets was made on February 1, 2012.

Notes receivable represents 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:

	Balance
a) In November 1995 and May 1997, the Agency loaned \$220,000 and \$60,000, respectively, to Elizabeth West & East L.P. The note is collateralized by a deed of trust on 5225-27 Elizabeth Street. The note bears interest at 6.55% and all principal and accrued interest is due in November 2025.	\$      897,712
b) In June 1998, February 2000, and September 2000, the Agency loaned \$150,000, \$140,000 and \$210,000, respectively, to 5159 Clara Street LLP for a total loan of \$500,000. The note is collateralized by a deed of trust on 5159 Clara Street. The note bears interest at 1% and all principal and accrued interest are due in May 2026.	573,233
c) During the year ended June 30, 2000, the Agency agreed to loan \$650,000 to Live Oak LLP, of which \$590,000 had been advanced through June 30, 2011. The note is collateralized by a deed of trust on 5203 Live Oak. The note bears interest at 2.5% and all unpaid principal and interest are due in August 2029.	881,012
	2,351,957

**NOTE 5      RECEIVABLES (CONTINUED)**

**Governmental Fund – Other Funds**

		Balance
<p>In fiscal year 2013, the City entered into a loan with a local company due to a legal settlement. The note requires monthly payment of \$2000 for 60 months. In addition interest shall be paid 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”.</p>	\$	78,200
<p>The City made loans receivable for Cal Home and CDBG programs. The loans are collateralized by deeds of trust in favor of 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.</p>		426,758
		504,958
<b>Total</b>	<b>\$</b>	<b>2,856,915</b>

**NOTE 6      CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2014 was as follows:

**Governmental Activities:**

	<u>Balance</u> <u>June 30,2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30,2014</u>
Capital assets, not being depreciated				
Land	\$ 1,444,970	-	-	1,444,970
Construction-in-progress	70,012	-	-	70,012
	<u>1,514,982</u>	<u>-</u>	<u>-</u>	<u>1,514,982</u>
Capital assets, being depreciated				
Structures and improvements	10,707,667	-	-	10,707,667
Infrastructure	48,346,577	-	-	48,346,577
Vehicles	647,461	6,114	14,000	639,575
Furniture & equipment	312,243	20,434	132,616	200,061
Total	<u>60,013,948</u>	<u>26,548</u>	<u>146,616</u>	<u>59,893,880</u>
Less accumulated depreciation:				
Structures and improvements	4,163,003	214,153	-	4,377,156
Infrastructure	39,199,828	400,208	-	39,600,036
Vehicles	494,931	44,247	14,000	525,178
Furniture & equipment	289,311	11,838	132,616	168,533
Total	<u>44,147,073</u>	<u>670,446</u>	<u>146,616</u>	<u>44,670,903</u>
Net	<u>15,866,875</u>	<u>(643,898)</u>	<u>-</u>	<u>15,222,977</u>
Governmental activities capital assets, net	<u>\$ 17,381,857</u>	<u>(643,898)</u>	<u>-</u>	<u>16,737,959</u>

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

General government	\$ 527,537
Public services	60,062
Community services	82,847
	<u>\$ 670,446</u>

**NOTE 7      LONG-TERM DEBT**

*Changes in long-term liabilities*

**City – Government-wide**

Long-term liability activity of the government wide financial statements for the year ended June 30, 2014 follows:

	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014	Due Within One Year
Insurance liability	\$ -	11,759	-	11,759	-
Compensated absences	88,694	85,892	(89,119)	85,467	-
OPEB	225,714	214,816	(101,675)	338,855	-
Total	\$ 314,408	312,467	(190,794)	436,081	-

**Successor Agency**

Long-term liability activity of the successor agency private purpose trust fund financials for the year ended June 30, 2014 follows:

	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014	Due Within One Year
Note payable	\$ 1,409,928	-	-	1,409,928	-
Tax allocation refunding bonds	22,030,000	-	(715,000)	21,315,000	1,210,000
Less:					
Bond discount	(584,055)	45,260	-	(538,795)	-
County deferral	864,654	90,837	(47,605)	907,886	-
Total	\$ 23,720,527	136,097	(762,605)	23,094,019	1,210,000

**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.

**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 19948. The 2003A and 20038 Bonds are secured on a parity basis with the City's outstanding \$1,425,000 Tax Allocation Refunding Bonds Series 1999.

**NOTE 7      LONG-TERM DEBT (CONTINUED)**

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 \$6,365,000. 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 \$3,385,000. The 2011 B 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, 2014, 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	04/01/11	10/01/27	5.70%-7.75%	\$ 2,285,000	2,185,000
Series 2011 B	04/01/11	10/01/27	5.70%-7.75%	8,920,000	7,955,000
Series 2003 A	04/01/11	10/01/27	5.70%-7.75%	3,680,000	3,385,000
Series 2003 B Taxable	08/01/03	10/01/13	5.05%-6.40%	3,255,000	-
Series 2003 C	08/01/03	10/01/27	6.50%	6,680,000	6,365,000
Series 1999 (Taxable)	10/15/99	10/01/26	8.95%	1,425,000	1,425,000
				<u>\$ 26,245,000</u>	<u>21,315,000</u>

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

**NOTE 7      LONG-TERM DEBT (CONTINUED)**

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

Year ending June 30	Principal	Interest	Total
2015	\$ 1,125,000	1,386,010	2,511,010
2016	1,170,000	1,327,360	2,497,360
2017	1,020,000	1,265,110	2,285,110
2018	665,000	1,210,005	1,875,005
2019	705,000	1,168,788	1,873,788
2020-2024	4,280,000	5,090,201	9,370,201
2025-2028	<u>12,350,000</u>	<u>2,067,374</u>	<u>14,417,374</u>
Total	<u>\$ 21,315,000</u>	<u>13,514,848</u>	<u>34,829,848</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 \$3,112,002 for the year ended June 30, 2014. The principal and interest payments on the bonds that had the pledged tax revenues for the year ended June 30, 2014 were approximately \$715,000 and \$1,424,000, respectively. The total principal and interest remaining is approximately \$35,000,000. 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 Private-Purpose Trust (fiduciary) Fund.

**NOTE 8 INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivables and payables balances are as follows:

	Due from Other Funds	Due to Other Funds
Major funds:		
General Fund	\$ 318,254	-
County Park Bond	-	318,254
	\$ 318,254	318,254

**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 California Joint Powers Insurance Authority (Authority) as follows:

**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.

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

The City of Cudahy is a member of the CALIFORNIA JOINT POWERS INSURANCE AUTHORITY (Authority). The Authority is composed of 119 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The California JPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

**Self-Insurance Programs of the Authority**

General Liability - Each member government pays a primary deposit to cover estimated losses for a fiscal year (claims year). Six months after the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year.

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

Costs are spread to members as follows: the first \$30,000 of each occurrence is charged directly to the member; costs from \$30,001 to \$750,000 are pooled based on a member's share of costs under \$30,000; costs from \$750,001 to \$5,000,000 are pooled based on payroll. Costs of covered claims above \$5,000,000 are currently paid by reinsurance. The protection for each member is \$50,000,000 per occurrence and \$50,000,000 annual aggregate.

Worker's Compensation

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

Each member pays an annual contribution to cover estimated losses for the coverage period. This initial funding is paid at the beginning of the coverage period. After the close of the coverage period, outstanding claims are valued. A retrospective deposit computation is then conducted annually thereafter until all claims incurred during the coverage period are closed on a pool-wide basis. This subsequent cost re-allocation among members based on actual claim development can result in adjustments of either refunds or additional deposits required.

The total funding requirement for self-insurance programs is estimated using actuarial models and pre-funded through the annual contribution. Costs are allocated to individual agencies based on exposure (payroll) and experience (claims) relative to other members of the risk-sharing pool. Additional information regarding the cost allocation methodology is provided below.

Liability

In the liability program, claims are pooled separately between police and non-police exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$750,000 up to the reinsurance attachment point of \$5 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$5 million to \$10 million are paid under a reinsurance contract subject to a \$2.5 million annual aggregate deductible. The \$2.5 million annual aggregate deductible is fully covered under a separate policy; as such no portion of it is retained by the Authority. Costs of covered claims from \$10 million to \$15 million are paid under two reinsurance contracts subject to a combined \$3 million annual aggregate deductible.

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

The \$3.0 million annual aggregate deductible is fully retained by the Authority. (6) Costs of covered claims from \$15 million to \$20 million are paid under reinsurance agreements. (7) Costs of covered claims from \$20 million to \$50 million are paid under excess insurance policies.

The overall coverage limit for each member including all layers of coverage is \$50 million per occurrence.

Costs of covered claims for subsidence losses are paid by reinsurance and excess insurance with a pooled sub-limit of \$30 million per occurrence. This \$30 million subsidence sub-limit is composed of (a) \$5 million retained within the pool's SIR, (b) \$15 million in reinsurance, subject to the same annual aggregate deductibles previously stated, and (c) \$10 million in excess insurance. The excess insurance layer has a \$10 million annual aggregate limit.

Workers' Compensation

In the workers' compensation program claims are pooled separately between public safety (police and fire) and non-public safety exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$50,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$50,000 to \$100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$100,000 up to the reinsurance attachment point of \$2 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$2 million up to statutory limits are paid under a reinsurance policy. Protection is provided per statutory liability under California Workers' Compensation Law.

Employer's Liability losses are pooled among members to \$2 million. Coverage from \$2 million to \$5 million is purchased as part of a reinsurance policy, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

Property Insurance

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

The City of Cudahy participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City of Cudahy property is currently insured according to a schedule of covered property submitted by the City of Cudahy to the Authority. City of Cudahy property currently has all-risk property insurance protection in the amount of \$22,698,685.

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

There is a \$5,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$1,000 deductible. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

*Fidelity Bonds*

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

*Environmental Liability Insurance*

The City of Cudahy does not participate in the pollution legal liability and remediation legal liability insurance, which is available through the Authority.

*Earthquake and Flood Insurance*

The City of Cudahy purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Authority. City of Cudahy property currently has earthquake protection in the amount of \$0. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

*Crime Insurance*

The City of Cudahy purchases crime insurance coverage in the amount of \$1,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the Authority. Premiums are paid annually and are not subject to 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 Authority.

**Adequacy of Protection**

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2013-14.

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

**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.

**NOTE10           RETIREMENT PLAN**

**Plan Description**

The City of Cudahy's defined benefit pension plan, Miscellaneous Plan of the City of Cudahy, provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries.

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

**Funding Policy**

Active plan members in the Miscellaneous Plan of the City of Cudahy are required to contribute 8% of their annual covered salary. On October 16, 2011, the City amended the plan to change it to 7% for employees who are hired after amendment date. The required employer contribution rate is 7% of the annual covered payroll. The City makes the contributions required of City personnel on their behalf and for their account. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for the 2013-2014 fiscal year is 20.27% of annual covered payroll. The contribution rate is established, and may be amended, by CalPERS.

**NOTE 10      RETIREMENT PLAN (CONTINUED)**

**Annual Pension Contribution**

For fiscal year 2013-2014, the City's annual pension cost of \$312,281 was equal to the City's required and actual contributions.

The Miscellaneous Plan of the City of Cudahy's excess assets is being amortized as a level percentage of projected payroll. The actuarial cost method was entry age normal cost method, the asset valuation method was a 15 year smoothed market, the remaining amortization period at June 30, 2014 was 15.372 years, and the actuarial assumptions were as follows:

*Three-Year Trend Information for PERS*

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2012	\$    276,053	100%	\$    -
6/30/2013	275,544	100%	-
6/30/2014	312,281	100%	-

**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.

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 2013-2014, the City contributed \$101,675 to the plan, which was 100% of the total current premiums.

**NOTE 11 POST EMPLOYMENT BENEFITS (CONTINUED)**

**Annual OPEB Cost and Net OPEB Obligation**

The City's annual other OPES 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 OPES cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

Annual Required Contribution (ARC)	\$	218,214
Interest on net OPEB obligation		11,286
Adjustment to ARC		<u>(14,683)</u>
Annual OPEB cost		214,816
Less: Contributions made during the year		<u>(101,675)</u>
Increase in Net OPEB obligation		113,141
Net OPEB Obligation - beginning of the year		<u>225,714</u>
Net OPEB Obligation - end of the year	\$	<u><u>338,855</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 and the preceding year were as follows:

		<u>June 30, 2014</u>	<u>June 30, 2013</u>
Annual OPEB cost	\$	214,816	216,442
% of Annual OPEB cost contributed to the plan		47.30%	50.10%
Net OPEB Obligation	\$	338,855	225,714

GASB 45 was implemented for the year ended June 30, 2012.

**NOTE 12 DEFERRED OUTFLOWS/INFLOWS 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.

**NOTE 12      DEFERRED OUTFLOWS/INFLOWS OF RESOURCES (CONTINUED)**

	Private-Purpose Trust Fund Balance at June 30, 2014 <hr/>
Deferred outflow of resources:	
Unamortized loss on defeasance of debt	\$ <u><u>40,637</u></u>

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 Activities Balance at June 30, 2014 <hr/>
Deferred inflow of resources:	
Unavailable Revenue - Housing Authority receivables that were not received within the availability period and were not recognized as revenues	\$ <u><u>2,351,957</u></u>

**NOTE 13      ECONOMIC DEVELOPMENT CORPORATION (EDC) DISCLOSURES**

The accompanying financial statements also include the Cudahy Economic Development Corporation (the Corporation), a discretely presented component unit, financial statements as of and for the year ended December 31, 2013.

Disclosures related to the certain assets and liabilities of the Corporation are as follows:

**Disclosure of the Corporation's Assets, Liabilities and Net Position**

Cash and Cash Equivalents

Cash and cash equivalents consisted of demand deposits held at a financial institution. As of December 31, 2013, cash and cash equivalents of \$615,819 have a corresponding bank balance of \$617,364. The difference between the book and the bank balance is attributable to outstanding checks.

**NOTE 13      ECONOMIC DEVELOPMENT CORPORATION DISCLOSURES (CONTINUED)**

Custodial Credit Risk for Deposits

Custodial credit risk is the risk that, in the event of the failure of the custodian, deposits may not be returned to CEDC. CEDC's deposits are maintained at financial institution that is insured by Federal Deposit Insurance Corporation (FDIC).

Beginning January 1, 2013, all of a depositor's accounts at an insured depository institution, including all noninterest bearing transaction accounts, will be insured by the FDIC up to the standard maximum deposit insurance amount (\$250,000), for each deposit insurance ownership category.

As of December 31, 2013, CEDC exceeded the maximum deposit insurance amount by \$365,820.

Receivables – receivables are comprised of rental, notes advances and interest receivable.

At December 31, 2013, rental receivable consisted of the following:

Rental receivable	\$	82,816
Less allowance for bad debts		(82,816)
Total	\$	-

Notes, Advances, and Interest Receivable - At December 31, 2013, notes, advances, and interest receivable consisted of the following:

- a) On May 31, 2012, CEDC entered into an Acquisition and Development Agreement with Cudahy SA 2012, LLC (borrower) to loan a principal amount of \$1,050,000 for the purpose of acquiring from CEDC (as seller) the site located at 4610 Santa Ana Street in the City of Cudahy. The borrower intends to construct on the site a multi-family residential rental facility. The loan is secured by a deed of trust and promissory note.

An amendment to the Acquisition and Development Agreement was made on July 8, 2013, whereby the interest was reduced from 5% to 4% per annum and maturity was extended to the earlier of (i) 40 years and (ii) maturity of the Housing and Urban Development FHA permanent loan.

Principal	\$	1,050,000
Accrued interest		66,500
		1,116,500

**NOTE 13      ECONOMIC DEVELOPMENT CORPORATION DISCLOSURES (CONTINUED)**

- b) On May 31, 2012, CEDC entered into an Acquisition and Development Agreement with Cudahy SA 2012, LLC (borrower) to loan a principal amount of \$1,050,000 for the purpose of acquiring from CEDC (as seller) the site located at 4610 Santa Ana Street in the City of Cudahy. The borrower intends to construct on the site a multi-family residential rental facility. The loan is secured by a deed of trust and promissory note.

An amendment to the Acquisition and Development Agreement was made on July 8, 2013, whereby the interest was reduced from 5% to 4% per annum and maturity was extended to the earlier of (i) 40 years and (ii) maturity of the Housing and Urban Development FHA permanent loan.

Principal	\$ 1,050,000
Accrued interest	66,500
	1,116,500

- c) On March 1, 2012, CEDC entered into an Amended Acquisition and Development Loan Agreement with Paramount Villas, LLC (borrower) to loan a principal amount of \$470,000 for the purpose of providing financing for the acquisition of the site located at 4848 and 4854 Live Oak Street in the City of Cudahy for the construction of condominium units. The loan is secured by a deed of trust, promissory note, affordability covenants, and guaranty. The loan bears interest at 5% per annum and matures on March 13, 2015.

- d) On May 30, 2012, CEDC advanced \$291,000 to Paramount Villas, LLC for the construction of 4848 Live Oak property.

Principal	\$ 470,000
Accrued interest	43,083
Advances	291,000
	804,083
Less: Allowance for bad debts	( 402,042)
	402,041

**NOTE 13 ECONOMIC DEVELOPMENT CORPORATION DISCLOSURES (CONTINUED)**

Land and Buildings

At December 31, 2013, 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 8110 Atlantic Avenue 8100 Atlantic Avenue	6224-018-068, -069, -070, -071	\$ 399,889 * 1,127,027 * 1,323,297 * <u>2,850,213</u>
Patata Industrial Property	8420 Atlantic Avenue 4819 Patata Street	6224-034-014, -032, -040, -041	<u>2,904,717</u>
Atlantic Avenue & Clara Street	7638 Atlantic Avenue 7644 Atlantic Avenue 7630 Atlantic Avenue 7660 Atlantic Avenue 4613 Clara Street	6226-022-002, -008, -019, -020, -021, -022, -023, -024	1,009,070 * 3,650,074 1,541,620 407,532 <u>6,608,296</u>
Atlantic Avenue & Cecilia Street	8201 Atlantic Avenue 8221 Atlantic Avenue 4633 Cecilia Street 8135 Atlantic Avenue 4629 Cecilia Street	6224-022-001, -002, -003, -004, -012	1,096,864  2,219,090 <u>3,315,954</u>
Elizabeth Street Residential	5256 Elizabeth Street 5260 Elizabeth Street	6224-001-014, -015	792,961 <u>792,961</u>
<b>Total land and buildings</b>			<u><u>\$ 16,472,141</u></u>
Land and buildings, cost			\$ 16,472,141
Less: Accumulated depreciation			<u>(325,252)</u>
Land and buildings, net			<u><u>\$ 16,146,889</u></u>

\* Included in the total land and buildings transferred by the former Cudahy Community Development Commission/ Cudahy Redevelopment Agency for the implementation of various housing and commercial projects within the City of Cudahy.

**NOTE 13      ECONOMIC DEVELOPMENT CORPORATION DISCLOSURES (CONTINUED)**

Accounts Payable

At December 31, 2013, accounts payable consisted of the following:

Rental payable to City of Cudahy	\$	2,400
Accrued expenses		28,940
Total	\$	31,340

Restricted Net Position

On June 14, 2011, the Cudahy Community Development Commission/ Cudahy Redevelopment Agency transferred to CEDC the following:

**Capital assets:**

4854/4848 Oak Street	\$	1,208,895
7638/7644 Atlantic Avenue		1,009,070
8100 Atlantic Avenue		1,323,297
8110 Atlantic Avenue		1,127,027
4720 Santa Ana Street		399,889
<b>Total capital assets transferred</b>		<b>5,068,178</b>

**Cash:**

Bond proceeds from Tax Allocation Bonds Series 2011A and Series 2011B		9,410,000
Bond proceeds from Tax Allocation Bonds Series 2003A Tax-Exempt and Series 2003C Tax-Exempt Subordinate		3,915,256
Other		2,584,744
<b>Total cash transferred</b>		<b>15,910,000</b>
<b>Total assets transferred</b>	\$	<b>20,978,178</b>

**Reconciliation of total assets transferred to restricted net position:**

Total assets transferred	\$	20,978,178
Invested in capital assets		(16,472,141)
Returned cash out of contributed capital		(865,738)
Restricted net position	\$	3,640,299

**NOTE 13      ECONOMIC DEVELOPMENT CORPORATION DISCLOSURES (CONTINUED)**

In January of 2011, the Governor of the State of California proposed statewide elimination of redevelopment agencies (RDAs) beginning with the fiscal year 2011-2012 State budget. The proposal was incorporated into Assembly Bill 26 (ABX1 26) which was passed by the Legislature, and signed into law by the Governor on June 28, 2011. ABX1 prohibited RDAs from engaging in new business, established mechanisms and timelines for dissolution of the RDAs, and created RDA successor agencies and oversight boards to oversee dissolution of the RDAs and redistribution of RDA assets. ABX1 was codified in the Health and Safety (H&S) Code beginning with section 34161. H&S Code section 34167.5 states that the Controller shall review the activities of redevelopment agencies in the state to determine whether an asset transfer has occurred after January 1, 2011, between the city or county, or city and county that created a redevelopment agency, or any other public agency, and the redevelopment agency. By law, the State Controller's Office (SCO) is required to order that such assets transferred after January 1, 2011 except those that already had been committed to a third party prior to June 28, 2011, be turned over to the Successor Agency.

The Cudahy Community Development Commission/ Cudahy Redevelopment Agency was dissolved on February 1, 2012 and its assets were transferred to the City of Cudahy, which is the designated successor agency.

Related Party

CEDC leases its office space from the City of Cudahy on a monthly rate of \$300. Rental payable as of December 31, 2013 amounted to \$2,400.

Commitments and Contingencies

CEDC is currently engaged in a quiet title legal proceeding in Los Angeles County Superior Court to recover certain land previously transferred by CEDC in 2012 to Paramount Villas, LLC.

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 CEDC's net position.

**NOTE 14      PRIOR PERIOD ADJUSTMENTS**

The Net Position in the government-wide Statement of Activities and the fund balances of some governmental funds as of June 30, 2013 were restated to reflect the increase in accounts payable and loans payable and the adjustment to correct prior year operating transfers.

	Government-wide Net Position	Fund Balance		
		General Fund	CDBG	Cal Home
Net position /fund balance beginning of year, as previously reported	\$ 24,891,244	\$ 5,633,456	\$ (92,854)	\$ 140,592
Adjustments:				
Adjustment to correct the balance of accounts payable	(354,161)	(362,645)	8,484	-
Adjustment to correct the balance of loans payable	(43,736)	-	-	(43,736)
Adjustment to correct prior year operating transfers	-	(39,432)	39,432	-
Other adjustments	92,103	68,208	-	-
Net position/ fund balance beginning of year, as restated	<u>\$ 24,585,450</u>	<u>\$ 5,299,587</u>	<u>\$ (44,938)</u>	<u>\$ 96,856</u>

**NOTE 14 PRIOR PERIOD ADJUSTMENTS (CONTINUED)**

In addition, the beginning fund balance of the Successor Agency to the Dissolved Cudahy Community Development Commission's Net Position was restated to reflect the increase related to the notes receivable transferred to the City.

	Successor Agency Net Position
Net position (deficit) beginning of year, as previously reported \$	(16,777,539)
Adjustment:	
Adjustment to transfer notes receivable to City	(2,275,521)
Net position (deficit) end of year, as restated	\$ (19,053,060)

**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, 2014, 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. 68** - GASB has issued Statement No. 68, *Accounting and Financial Reporting for Pensions* - an Amendment of GASB Statement No. 27. 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 net pension liability and a more comprehensive measure of pension expense. Decision-usefulness and accountability also will be enhanced through new note disclosures and required supplementary information. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014.

**GASB No. 69** - GASB has issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. This Statement establishes accounting and financial reporting standards related government combinations and disposals of government operations. As used in this Statement, the term government combinations include a variety of transactions referred to as mergers, acquisitions, and transfers of operations.

This Statement requires disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2013.

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

**GASB No. 70** - GASB has issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. The provisions of this Statement are effective for reporting periods beginning after June 15, 2013.

**GASB No. 71** – GASB has issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* – an amendment of GASB Statement No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts association with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014.

**GASB No. 72** – GASB has issued Statement No. 71, *Fair Value Measurement and Application*. The objective of this Statement is to provide guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2015.

**NOTE 16      SUBSEQUENT EVENTS**

The State Controller's Office (SCO) performed a review on the assets transferred by the Cudahy Redevelopment Agency after January 1, 2011 through January 31, 2012. The final Cudahy Redevelopment Agency Asset Transfer Review Report was issued by the SCO on April 15, 2014. The report concluded that Cudahy Redevelopment Agency/ Cudahy Community Development Commission transferred \$26,505,820 in assets after January 1, 2011, including unallowable asset transfers totaling \$20,978,178, to CEDC. The assets transferred to CEDC consisted of cash and capital assets transferred after January 1, 2011 and those assets were not contractually committed to a third party prior to June 28, 2011. Pursuant to H&S Code Section 34167.5, the RDA may not transfer assets to a city, county, city and county, or any public agency after January 1, 2011. Accordingly, those assets are required to be turned over to the Successor Agency for disposition in accordance with H&S Code Section 34177(e). CEDC has been ordered to reverse the transfer of the assets in the amount of \$20,978,178 and to turn over the assets to the Successor Agency.

The City of Cudahy (as City and Successor Agency) issued a letter dated April 7, 2014 in response to the draft report issued by the SCO dated January 2014. The Successor Agency responded that it would reserve its rights to challenge the SCO's order but nevertheless the Successor stated its intention to undertake certain actions in response to the finding of the SCO to recover the assets transferred to CEDC for ultimate disposition by the Successor Agency.

**NOTE 16      SUBSEQUENT EVENTS (CONTINUED)**

On March 12, 2015, the Oversight Board to the City of Cudahy as Successor Agency to the former Cudahy Community Development Commission/Redevelopment Agency approved an asset transfer agreement between the Cudahy Economic Development Corporation and the Successor Agency to the former Cudahy Community Development Commission/Cudahy Redevelopment Agency regarding the transfer of assets from the Cudahy Economic Development Corporation to the Successor Agency to the former Cudahy Community Development Commission/Cudahy Redevelopment Agency in accordance with the California State Controller's Office finding identified in a report they issued on April 15, 2014.

**City of Cudahy  
General Fund**

**Schedule of Revenues and Expenditures – Budget and Actual  
Year ended June 30, 2014**

	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Final Budget- Positive (Negative)</b>
<b>Revenues</b>			
Taxes	\$ 2,860,397	2,728,295	(132,102)
Licenses and permits	388,200	605,349	217,149
Intergovernmental	2,150,000	2,256,184	106,184
Charges for services	50,600	55,481	4,881
Fines, forfeitures and penalties	208,000	190,269	(17,731)
Investment income (loss)	-	4,536	4,536
Other revenue	881,500	596,260	(285,240)
<b>Total revenues</b>	<u>6,538,697</u>	<u>6,436,374</u>	<u>(102,323)</u>
<b>Expenditures</b>			
Current:			
General government	2,384,239	2,540,529	(156,290)
Public safety	3,449,950	3,665,709	(215,759)
Community services	435,620	547,721	(112,101)
Community development	395,622	1,049,142	(653,520)
Capital outlay	-	3,359	(3,359)
<b>Total expenditures</b>	<u>6,665,431</u>	<u>7,806,460</u>	<u>(1,141,029)</u>
Excess(deficiency) of revenues over expenditures	(126,734)	(1,370,086)	(1,243,352)
<b>Other financing sources (uses)</b>			
Transfers in	-	31,187	31,187
Transfers out	-	(41,931)	(41,931)
<b>Change in fund balance</b>	(126,734)	(1,380,830)	(1,254,096)
<b>Fund balance, beginning of year, as restated</b>	<u>5,299,587</u>	<u>5,299,587</u>	<u>-</u>
<b>Fund balance (deficit), end of year</b>	<u>\$ 5,172,853</u>	<u>3,918,757</u>	<u>(1,254,096)</u>

**City of Cudahy**  
**Community Development Block Grant**

**Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual**  
**Year ended June 30, 2014**

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	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Final Budget- Positive (Negative)</u>
<b>Revenues</b>			
Intergovernmental	\$ 222,639	213,800	(8,839)
Other Revenue	-	42,006	42,006
<b>Total revenues</b>	<u>222,639</u>	<u>255,806</u>	<u>33,167</u>
<b>Expenditures</b>			
Current:			
General government	-	42,006	(42,006)
Community development	242,029	180,607	61,422
<b>Total expenditures</b>	<u>242,029</u>	<u>222,613</u>	<u>19,416</u>
<b>Change in fund balance</b>	(19,390)	33,193	52,583
<b>Fund balance, beginning of year, as restated</b>	(44,938)	(44,938)	-
<b>Fund balance (deficit), end of year</b>	<u>\$ (64,328)</u>	<u>(11,745)</u>	<u>52,583</u>

**City of Cudahy  
State Gas Tax Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual  
Year ended June 30, 2014**

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	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Final Budget- Positive (Negative)</b>
<b>Revenues</b>			
Intergovernmental	\$ 437,000	813,424	376,424
Use of money and property	4,000	2,518	(1,482)
<b>Total revenues</b>	441,000	815,942	374,942
 <b>Expenditures</b>			
Current:			
Community services	568,437	497,991	70,446
<b>Total expenditures</b>	568,437	497,991	70,446
Excess (deficiency) of revenues over expenditures	(127,437)	317,951	445,388
 <b>Change in fund balance</b>	(127,437)	317,951	445,388
 <b>Fund balance, beginning of year, as restated</b>	742,620	742,620	-
<b>Fund balance (deficit), end of year</b>	\$ 615,183	1,060,571	445,388

**City of Cudahy  
Country Park Bond Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual  
Year ended June 30, 2014**

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	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Final Budget- Positive (Negative)</b>
<b>Expenditures</b>			
Current:			
Community development	\$ -	45,099	(45,099)
<b>Total expenditures</b>	-	45,099	(45,099)
Excess (deficiency) of revenues over expenditures	-	(45,099)	(45,099)
<b>Change in fund balance</b>	-	(45,099)	(45,099)
<b>Fund balance, beginning of year</b>	-	(1,650)	1,650
<b>Fund balance (deficit), end of year</b>	\$ -	(46,749)	(43,449)

**City of Cudahy  
California Public Employees Retirement System  
Schedule of Funding Progress**

Defined Benefit Pension Plan - Miscellaneous  
(California Public Employees' Retirement System)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (c)/(b-a)
7/1/2010	\$ N/A	\$ N/A	\$ N/A	N/A	\$ N/A	N/A
7/1/2011	7,613,221	9,385,456	1,772,235	81.1%	1,105,000	160.4%
7/1/2012	7,890,668	9,652,797	1,762,129	81.7%	892,000	197.5%

N/A Plan specific information is not available

Postemployment Benefit Plan

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

## **SPECIAL REVENUE FUNDS**

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

<b>Drug Asset Seizure</b>	To account for revenues and expenditures associated with the City's asset seizure monies.
<b>Prop 1B Local Street Improvements</b>	Prop 1B came from bond proceeds issued to fund maintenance and improvement of local streets and roads.
<b>Proposition C</b>	To account for financial transactions in accordance with Proposition C of the Local Transit Assistance Act.
<b>Proposition A</b>	To account for receipts and expenditures of projects from a voter approved sales tax override for public transportation purposes.
<b>Measure R</b>	Measure R is funded with ½ percent sales tax revenues approved by Los Angeles County voters to fund local street projects in LA County.
<b>AQMD</b>	To account for the additional vehicle registration fees received from Southern California Air Quality Management District in accordance with AB 2766, as authorized by the California Clean Air Act of 1988.
<b>Used Oil Grant</b>	To increase public awareness of the benefits of recycling oil.
<b>Recycling Conservation Grant</b>	To account for revenue and expenditure pertaining to recycling grants.
<b>Emergency Preparedness</b>	Grant funds received to provide for an emergency operations center. Crucial in the City's ability to respond to emergency situations and catastrophic events.
<b>COPS</b>	To account for financial transactions in accordance with grant requirements from the California Office of Criminal Justice.
<b>State Park Clara Ph 3</b>	Funding for this grant was from the Los Angeles Urban Parks Act of 2001 Grant Program (UPA) through the Department of Park and Recreation, Office of Grants and Local Services for Clara Park Expansion.
<b>Transportation Development</b>	To account for funds received from transportation development authority for transport projects.
<b>Street Lighting</b>	To account for revenues and costs associated with the City's street lighting program.



	Special Revenue			
	Drug Asset Seizure	Prop 1B Local Street Improvements	Proposition C	Proposition A
<b>ASSETS</b>				
Cash and cash equivalents	\$ 38,606	\$ 464,296	\$ 139,661	\$ 469,292
Accounts receivable	-	-	-	-
Notes receivable	-	-	-	-
Prepays	-	-	-	7,543
Interest receivable	20	226	58	252
<b>Total assets</b>	<b>\$ 38,626</b>	<b>\$ 464,522</b>	<b>\$ 139,719</b>	<b>\$ 477,087</b>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ 37,211	\$ 5,246
Accrued liabilities	-	-	-	-
Deferred revenue	-	-	-	-
Due to other government	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>37,211</b>	<b>5,246</b>
<b>FUND BALANCES (DEFICIT):</b>				
Restricted:				
Special revenue funds	38,626	464,522	102,508	471,841
Unassigned	-	-	-	-
<b>Total fund balances (deficit)</b>	<b>38,626</b>	<b>464,522</b>	<b>102,508</b>	<b>471,841</b>
<b>Total liabilities and fund balances</b>	<b>\$ 38,626</b>	<b>\$ 464,522</b>	<b>\$ 139,719</b>	<b>\$ 477,087</b>

**City of Cudahy  
Nonmajor Governmental Funds  
Combining Balance Sheet  
June 30, 2014**

Special Revenue				
Measure R	AQMD	Used Oil Grant	Recycling Conservation Grants	COPS
\$ 428,048	\$ 27,558	\$ 13,550	\$ 20,907	\$ 100,055
-	7,736	7	-	49
-	-	-	-	-
-	-	-	-	-
164	12	-	10	-
<u>\$ 428,212</u>	<u>\$ 35,306</u>	<u>\$ 13,557</u>	<u>\$ 20,917</u>	<u>\$ 100,104</u>
\$ -	\$ 1,695	\$ -	\$ -	\$ -
-	-	-	-	-
-	7,736	-	-	-
-	-	-	-	-
<u>-</u>	<u>9,431</u>	<u>-</u>	<u>-</u>	<u>-</u>
428,212	25,875	13,557	20,917	100,104
-	-	-	-	-
<u>428,212</u>	<u>25,875</u>	<u>13,557</u>	<u>20,917</u>	<u>100,104</u>
<u>\$ 428,212</u>	<u>\$ 35,306</u>	<u>\$ 13,557</u>	<u>\$ 20,917</u>	<u>\$ 100,104</u>

	<u>Special Revenue</u>	
	<u>State Park Clara Ph 3</u>	<u>TDA - Transportation Development</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 282	\$ 407
Accounts receivable	-	-
Notes receivable	-	-
Prepays	-	-
Interest receivable	-	-
<b>Total assets</b>	<b>\$ 282</b>	<b>\$ 407</b>
<b>LIABILITIES</b>		
Accounts payable	\$ -	\$ 407
Accrued liabilities	-	-
Deferred revenue	-	-
Due to other government	-	-
<b>Total liabilities</b>	<b>-</b>	<b>407</b>
<b>FUND BALANCES (DEFICIT):</b>		
Restricted:		
Special revenue funds	282	-
Unassigned	-	-
<b>Total fund balances (deficit)</b>	<b>282</b>	<b>-</b>
<b>Total liabilities and fund balances</b>	<b>\$ 282</b>	<b>\$ 407</b>

**City of Cudahy**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet (Continued)**  
**June 30, 2014**

Special Revenue		Totals
Street Lighting	Cal Home	Nonmajor Governmental Funds
\$ 66,833	\$ 88,507	\$ 1,858,002
-	-	7,792
-	171,000	171,000
-	-	7,543
35	52,027	52,804
\$ 66,868	\$ 311,534	\$ 2,097,141
\$ 8,561	\$ -	\$ 53,120
-	-	-
-	51,973	59,709
-	184,809	184,809
8,561	236,782	297,638
58,307	74,752	1,799,503
-	-	-
58,307	74,752	1,799,503
\$ 66,868	\$ 311,534	\$ 2,097,141

	Special Revenue			
	Prop 1B		Proposition C	Proposition A
	Drug Asset Seizure	Local Street Improvements		
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	49,840	-	339,453	452,601
Charges for services	-	-	26,643	-
Use of money and property	66	1,265	216	1,443
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<u>49,906</u>	<u>1,265</u>	<u>366,312</u>	<u>454,044</u>
<b>Expenditures:</b>				
Current:				
Public safety	16,735	-	-	-
Community development	-	-	-	-
Community services	-	-	252,433	359,850
Public services	-	-	-	-
Capital outlays	-	4,389	18,800	-
<b>Total expenditures</b>	<u>16,735</u>	<u>4,389</u>	<u>271,233</u>	<u>359,850</u>
<b>Change in fund balance</b>	33,171	(3,124)	95,079	94,194
<b>Fund balances, beginning of year</b>	<u>5,455</u>	<u>467,646</u>	<u>7,429</u>	<u>377,647</u>
<b>Fund balances, end of year</b>	<u>\$ 38,626</u>	<u>\$ 464,522</u>	<u>\$ 102,508</u>	<u>\$ 471,841</u>

City of Cudahy  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Year Ended June 30, 2014**

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Special Revenue				
Measure R	AQMD	Used Oil Grant	Recycling Conservation Grant	COPS
\$ -	\$ -	\$ -	\$ -	\$ -
252,282	21,329	6,927	-	100,000
-	-	-	-	-
779	57	21	-	104
-	-	-	59	-
<u>253,061</u>	<u>21,386</u>	<u>6,948</u>	<u>59</u>	<u>100,104</u>
-	-	-	-	-
-	19,934	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>19,934</u>	<u>-</u>	<u>-</u>	<u>-</u>
253,061	1,452	6,948	59	100,104
175,151	24,423	6,609	20,858	-
<u>\$ 428,212</u>	<u>\$ 25,875</u>	<u>\$ 13,557</u>	<u>\$ 20,917</u>	<u>\$ 100,104</u>

	Special Revenue	
	State Park Clara Ph 3	TDA - Transportation Development
<b>Revenues:</b>		
Taxes	\$ -	\$ -
Intergovernmental	-	-
Charges for services	-	-
Use of money and property	-	-
Miscellaneous	-	-
<b>Total revenues</b>	-	-
<b>Expenditures:</b>		
Current:		
Public safety	-	-
Community development	-	-
Community services	-	-
Public services	-	-
Capital outlays	-	-
<b>Total expenditures</b>	-	-
<b>Change in fund balance</b>	-	-
<b>Fund balances, beginning of year</b>	282	-
<b>Fund balances, end of year</b>	\$ 282	\$ -

City of Cudahy  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**(Continued)**  
**Year Ended June 30, 2014**

<u>Special Revenue</u>		<u>Totals</u>
<u>Street Lighting</u>	<u>Cal Home</u>	<u>Nonmajor Governmental Funds</u>
\$ 81,418	\$ -	\$ 81,418
-	-	1,222,432
-	-	26,643
181	373	4,505
-	-	59
<u>81,599</u>	<u>373</u>	<u>1,335,057</u>
-	-	16,735
-	22,477	42,411
100,375	-	712,658
-	-	-
-	-	23,189
<u>100,375</u>	<u>22,477</u>	<u>794,993</u>
(18,776)	(22,104)	540,064
<u>77,083</u>	<u>96,856</u>	<u>1,259,439</u>
<u>\$ 58,307</u>	<u>\$ 74,752</u>	<u>\$ 1,799,503</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, 2014**

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	Final Budget	Actual Amounts	Variance with Final Budget- Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$ 49,500	\$ 49,840	\$ 340
Use of money and property	-	66	66
<b>Total Revenues</b>	49,500	49,906	406
<b>Expenditures</b>			
Current:			
Public safety	16,000	16,735	(735)
<b>Total Expenditures</b>	16,000	16,735	(735)
Excess (deficiency) of revenues over expenditures	33,500	33,171	(329)
<b>Change in fund balance</b>	33,500	33,171	(329)
<b>Fund balance, beginning of year</b>	5,455	5,455	-
<b>Fund balance (deficit), end of year</b>	\$ 38,955	\$ 38,626	\$ (329)

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, 2014**

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	Final Budget	Actual Amounts	Variance with Final Budget- Positive (Negative)
<b>Revenues</b>			
Use of money and property	\$ -	\$ 1,265	\$ 1,265
<b>Total Revenues</b>	-	1,265	1,265
<b>Expenditures</b>			
Current:			
Capital Outlays	-	4,389	(4,389)
<b>Total Expenditures</b>	-	4,389	(4,389)
Excess (deficiency) of revenues over expenditures	-	(3,124)	(3,124)
<b>Change in fund balance</b>	-	(3,124)	(3,124)
<b>Fund balance, beginning of year</b>	467,646	467,646	-
<b>Fund balance (deficit), end of year</b>	\$ 467,646	\$ 464,522	\$ (3,124)

**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, 2014**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
<b>Revenues</b>			
Intergovernmental	\$ 320,000	\$ 339,453	\$ 19,453
Charges for services	18,000	26,643	8,643
Use of money and property	-	216	216
<b>Total Revenues</b>	<u>658,000</u>	<u>366,312</u>	<u>(291,688)</u>
<b>Expenditures</b>			
Current:			
Community services	172,431	252,433	(80,002)
Capital Outlays	45,000	18,800	26,200
<b>Total Expenditures</b>	<u>217,431</u>	<u>271,233</u>	<u>(53,802)</u>
Excess (deficiency) of revenues over expenditures	<u>440,569</u>	<u>95,079</u>	<u>(345,490)</u>
<b>Change in fund balance</b>	440,569	95,079	(345,490)
<b>Fund balance, beginning of year</b>	<u>7,429</u>	<u>7,429</u>	<u>-</u>
<b>Fund balance (deficit), end of year</b>	<u>\$ 447,998</u>	<u>\$ 102,508</u>	<u>\$ (345,490)</u>

**City of Cudahy**  
**Nonmajor Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget & Actual**  
**Proposition A Local Return Fund**  
**Year ended June 30, 2014**

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	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget- Positive (Negative)</b>
<b>Revenues</b>			
Intergovernmental	\$ 420,000	\$ 452,601	\$ 32,601
Use of money and property	4,000	1,443	(2,557)
	424,000	454,044	30,044
<b>Expenditures</b>			
Current:			
Community services	377,431	359,850	17,581
	377,431	359,850	17,581
Excess (deficiency) of revenues	46,569	94,194	47,625
<b>Change in fund balance</b>	46,569	94,194	47,625
<b>Fund balance, beginning of year</b>	377,647	377,647	-
<b>Fund balance (deficit), end of year</b>	\$ 424,216	\$ 471,841	\$ 47,625

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, 2014

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	Final Budget	Actual Amounts	Variance with Final Budget- Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$ 220,000	\$ 252,282	\$ 32,282
Use of money and property	1,000	779	(221)
<b>Total Revenues</b>	221,000	253,061	32,061
Excess (deficiency) of revenues over expenditures	221,000	253,061	32,061
<b>Change in fund balance</b>	221,000	253,061	32,061
<b>Fund balance, beginning of year</b>	175,151	175,151	-
<b>Fund balance (deficit), end of year</b>	\$ 396,151	\$ 428,212	\$ 32,061

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, 2014**

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	Final Budget	Actual Amounts	Variance with Final Budget- Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$ 25,000	\$ 21,329	\$ (3,671)
Use of money and property	80	57	(23)
<b>Total Revenues</b>	25,080	21,386	(3,694)
<b>Expenditures</b>			
Current:			
Community development	19,200	19,934	(734)
<b>Total Expenditures</b>	19,200	19,934	(734)
Excess (deficiency) of revenues over expenditures	5,880	1,452	(4,428)
<b>Change in fund balance</b>	5,880	1,452	(4,428)
<b>Fund balance, beginning of year</b>	24,423	24,423	-
<b>Fund balance (deficit), end of year</b>	\$ 30,303	\$ 25,875	\$ (4,428)

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, 2014

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	Final Budget	Actual Amounts	Variance with Final Budget- Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$ -	\$ 6,927	\$ 6,927
Use of money and property	-	21	21
<b>Total Revenues</b>	-	6,948	6,948
Excess (deficiency) of revenues over expenditures	-	6,948	6,948
<b>Change in fund balance</b>	-	6,948	6,948
<b>Fund balance, beginning of year</b>	6,609	6,609	-
<b>Fund balance (deficit), end of year</b>	\$ 6,609	\$ 13,557	\$ 6,948

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, 2014

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				Recycling Conservation Grant		
				Final Budget	Actual Amounts	Variance with Final Budget- Positive (Negative)
<b>Revenues</b>						
Miscellaneous	\$	-		\$ 59	\$ 59	
<b>Total Revenues</b>		-		59	59	
Excess (deficiency) of revenues over expenditures		-		59	59	
<b>Change in fund balance</b>		-		59	59	
<b>Fund balance, beginning of year</b>		20,858		20,858	-	
<b>Fund balance (deficit), end of year</b>	\$	20,858		\$ 20,917	\$ 59	

City of Cudahy  
**Nonmajor Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget & Actual**  
**Community Oriented Policing Services (COPS) Grant**  
**Year ended June 30, 2014**

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	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget- Positive (Negative)</b>
<b>Revenues</b>			
Intergovernmental	\$ 100,000	\$ 100,000	\$ -
Use of money and property	-	104	104
<b>Total Revenues</b>	100,000	100,104	104
Excess (deficiency) of revenues over expenditures	100,000	100,104	104
<b>Change in fund balance</b>	100,000	100,104	104
<b>Fund balance, beginning of year</b>	-	-	-
<b>Fund balance (deficit), end of year</b>	\$ 100,000	\$ 100,104	\$ 104

**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, 2014**

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	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget- Positive (Negative)</b>
<b>Revenues</b>			
Taxes	\$ 82,000	\$ 81,418	\$ (582)
Use of money and property	-	181	181
<b>Total Revenues</b>	82,000	81,599	(401)
<b>Expenditures</b>			
Current:			
Community services	80,000	100,375	(20,375)
<b>Total Expenditures</b>	80,000	100,375	(20,375)
Excess (deficiency) of revenues over expenditures	2,000	(18,776)	(20,776)
<b>Change in fund balance</b>	2,000	(18,776)	(20,776)
<b>Fund balance, beginning of year</b>	77,083	77,083	-
<b>Fund balance (deficit), end of year</b>	\$ 79,083	\$ 58,307	\$ (20,776)

City of Cudahy  
 Nonmajor Special Revenue Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget & Actual  
 Cal HOME Grant Fund  
 Year ended June 30, 2014

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	Final Budget	Actual Amounts	Variance with Final Budget- Positive (Negative)
<b>Revenues</b>			
Use of money and property	\$ -	\$ 373	\$ 373
<b>Total Revenues</b>	-	373	373
<b>Expenditures</b>			
Current:			
Community development	45,320	22,477	22,843
<b>Total Expenditures</b>	45,320	22,477	22,843
Excess (deficiency) of revenues over expenditures	(45,320)	(22,104)	23,216
<b>Change in fund balance</b>	(45,320)	(22,104)	23,216
<b>Fund balance, beginning of year, as restated</b>	96,856	96,856	-
<b>Fund balance (deficit), end of year</b>	\$ 51,536	\$ 74,752	\$ 23,216



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