

**CITY OF MAYWOOD, CALIFORNIA**

**Financial Statements**

Year ended June 30, 2007

Prepared by: City of Maywood, California, Finance Department

CITY OF MAYWOOD

Financial Statements

Year ended June 30, 2007

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**CITY OF MAYWOOD**

**Financial Statements**

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To the Honorable Mayor and Member of the City Council  
City of Maywood  
Maywood, California

### INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Maywood, California, as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the management of the City of Maywood. Our responsibility is to express an opinion 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Maywood, California, as of June 30, 2007, and the respective changes in financial position of the City of Maywood, California for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The City had not presented a management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of the basic financial statements.

The information identified in the accompanying table of contents as *required supplementary information* are not a required part of the financial statements, but are supplementary information required by the accounting standards generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



To the Honorable Mayor and Member of the City Council  
City of Maywood  
Maywood, California

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Maywood's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 31, 2008 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, grant agreements and other matters. The purpose of that report is to describe the scope of our testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Mayor Hoffman McClann P.C.*

Irvine, California  
March 31, 2008

**CITY OF MAYWOOD**  
**Statement of Net Assets**  
**June 30, 2007**

	<b>Governmental Activities</b>
<b>Assets:</b>	
Cash and investments (note 2)	\$ 7,301,248
Cash with fiscal agent (note 2)	17,656,046
Receivables:	
Accounts	912,901
Taxes	174,644
Notes and loans	927,720
Accrued interest	16,696
Grants	363,737
Deferred charges	1,364,261
Due from other governments	10,327
Land held for resale	602,499
Prepaid costs	5,342
Capital assets, not depreciated (note 4)	5,995,323
Capital assets, depreciated, net (note 4)	<u>33,228,824</u>
<b>Total Assets</b>	<b><u>68,559,568</u></b>
<b>Liabilities:</b>	
Accounts payable	1,161,532
Accrued liabilities	224,698
Accrued interest	150,156
Deposits payable	94,275
Advances from other agencies	716,996
Due to other governments	1,025,791
Long-term liabilities:	
Portion due within one year (note 5)	237,160
Portion due in more than one year (note 5)	<u>25,312,194</u>
<b>Total Liabilities</b>	<b><u>28,922,802</u></b>
<b>Net Assets:</b>	
Invested in capital assets, net of related debt	36,408,231
Restricted for:	
Low and moderate income	1,482,700
Public works	1,847,754
Debt service	5,618,408
Unrestricted	<u>(5,720,327)</u>
<b>Total Net Assets</b>	<b><u>\$ 39,636,766</u></b>

See accompanying notes to basic financial statements.

**CITY OF MAYWOOD**  
**Statement of Activities**  
**Year ended June 30, 2007**

	Program Revenues				Net (Expenses Revenues and and Changes Net Assets
Expenses	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	Governmental Activities	
<b>Governmental Activities:</b>					
General government	\$ 3,190,731	\$ 391,812	\$ 177,375	\$ -	\$ (2,621,54
Public safety	8,261,405	3,383,114	100,000	-	(4,778,29
Community development	4,090,376	233,025	1,669,636	596,139	(1,591,57
Parks and recreation	739,614	28,598	-	-	(711,01
Public works	811,617	9,996	1,701,462	10,864	910,70
Interest on long-term debt	1,192,829	-	-	-	(1,192,82
<b>Total Governmental Activities</b>	<b>\$ 18,286,572</b>	<b>\$ 4,046,545</b>	<b>\$ 3,648,473</b>	<b>\$ 607,003</b>	<b>\$ (9,984,55</b>

**General Revenues:**

Taxes:

Property taxes, levied for general purposes	4,190,24
Transient occupancy taxes	38,42
Sales taxes	852,26
Franchise taxes	409,23
Utility user taxes	997,57
Other taxes	284,76
Motor vehicle in lieu	2,181,00
Use of money and property	941,57
Other	297,60

**Total General Revenues** 10,192,68

Change in Net Assets 208,13

Net Assets at Beginning of Year 39,428,63

**Net Assets at End of Year** **\$ 39,636,76**

See accompanying notes to basic financial statements.

**CITY OF MAYWOOD  
Governmental Funds**

**Balance Sheet**

June 30, 2007

		<u>Debt Service Community Development Commission</u>	<u>Capital Projects Community Development Commission</u>
<u>Assets</u>	<u>General Fund</u>		
Cash and investments	\$ 115,813	\$ 2,457,619	\$ 780,693
Cash with fiscal agent	-	5,178,718	12,477,328
Receivables:			
Accounts	784,934	-	-
Taxes	-	118,472	56,172
Notes and loans	-	-	242,432
Accrued interest	2,048	-	-
Grants	24,938	-	-
Due from other governments	-	-	-
Due from other funds (note 3)	1,443,242	2,129,488	4,131,562
Advances to other funds (note 3)	6,590,401	-	-
Land held for resale	60,283	-	542,216
Prepaid costs	5,342	-	-
<b>Total Assets</b>	<b><u>\$ 9,027,001</u></b>	<b><u>\$ 9,884,297</u></b>	<b><u>\$ 18,230,403</u></b>
<b><u>Liabilities and Fund Balances</u></b>			
<b>Liabilities:</b>			
Accounts payable	\$ 205,098	\$ 167,380	\$ 254,645
Accrued liabilities	201,323	-	-
Due to other funds (note 3)	309,611	3,922,562	2,369,488
Deferred revenue	4,170,347	-	-
Advances from other agencies	-	-	-
Advances from other funds (note 3)	-	-	7,404,024
Deposits payable	61,475	-	32,800
Due to other governments	-	25,791	-
<b>Total Liabilities</b>	<b><u>4,947,854</u></b>	<b><u>4,115,733</u></b>	<b><u>10,060,957</u></b>
<b>Fund Balances:</b>			
Reserved:			
Prepaid costs	5,342	-	-
Land held for resale	60,283	-	542,216
Notes and loans receivable	-	-	242,432
Advances to other funds	2,420,054	-	-
Unreserved, reported in:			
General fund	1,593,468	-	-
Special revenue funds	-	-	-
Debt service funds	-	5,768,564	-
Capital projects funds	-	-	7,384,798
<b>Total Fund Balances</b>	<b><u>4,079,147</u></b>	<b><u>5,768,564</u></b>	<b><u>8,169,446</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 9,027,001</u></b>	<b><u>\$ 9,884,297</u></b>	<b><u>\$ 18,230,403</u></b>

See accompanying notes to basic financial statements.

Other Nonmajor  
Governmental

<u>Funds</u>	<u>Total</u>
\$ 3,947,123	\$ 7,301,248
-	17,656,046
127,967	912,901
-	174,644
685,288	927,720
14,648	16,696
338,799	363,737
10,327	10,327
691,263	8,395,555
813,623	7,404,024
-	602,499
-	5,342
<u>\$ 6,629,038</u>	<u>\$ 43,770,739</u>
\$ 534,409	\$ 1,161,532
23,375	224,698
1,793,894	8,395,555
832,901	5,003,248
716,996	716,996
-	7,404,024
-	94,275
<u>1,000,000</u>	<u>1,025,791</u>
<u>4,901,575</u>	<u>24,026,119</u>
-	5,342
-	602,499
-	242,432
813,623	3,233,677
-	1,593,468
913,840	913,840
-	5,768,564
-	7,384,798
<u>1,727,463</u>	<u>19,744,620</u>
<u>\$ 6,629,038</u>	<u>\$ 43,770,739</u>

**CITY OF MAYWOOD**  
**Governmental Funds**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Assets**  
**June 30, 2007**

Fund balances of governmental funds	\$ 19,744,620
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets have not been included as financial resources in governmental fund activity:	
Capital assets	60,774,401
Accumulated depreciation	(21,550,254)
Long-term debt and compensated absences that have not been included in governmental fund activity:	
Bonds payable	(21,650,000)
Certificates of participation	(2,715,000)
Capital lease obligations	(100,916)
Compensated absences	(1,083,438)
Unamortized bond issuance costs	1,364,261
Accrued interest payable for the current portion of interest due on bonds payable has not been reported in the governmental funds.	(150,156)
Deferred revenue balances relating to certain receivables are not reported as liabilities in the Statement of Net Assets since revenue recognition is not based upon measurable and available criteria.	<u>5,003,248</u>
<b>Net assets of governmental activities</b>	<b><u>\$ 39,636,766</u></b>

See accompanying notes to basic financial statements.

**CITY OF MAYWOOD**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Year ended June 30, 2007**

	<u>General Fund</u>	<u>Debt Service Community Development Commission</u>	<u>Capital Project Community Development Commission</u>
<b>Revenues:</b>			
Taxes	\$ 3,707,472	\$ 2,674,430	\$ 668,607
Licenses and permits	486,506	-	-
Intergovernmental	2,156,925	-	1,589,356
Charges for services	2,932,399	-	-
Use of money and property	8,422	145,920	75,446
Fines and forfeitures	291,003	-	-
Miscellaneous	177,791	17,808	279,736
<b>Total Revenues</b>	<u>9,760,518</u>	<u>2,838,158</u>	<u>2,613,145</u>
<b>Expenditures</b>			
Current:			
General government	2,429,272	-	-
Public safety	6,902,373	-	-
Community development	283,687	1,855,495	2,936,246
Parks and recreation	666,934	-	-
Public works	153,874	-	-
Capital outlay	110,941	-	-
Debt service:			
Principal	85,000	-	245,000
Bond issuance costs	-	39,199	926,972
Advance refunding escrow	-	-	2,203,244
Pass-through agreement payments	-	213,671	66,539
Interest and fiscal charges	97,949	-	943,242
<b>Total Expenditures</b>	<u>10,730,030</u>	<u>2,108,365</u>	<u>7,321,243</u>
<b>Excess (deficiency) of Revenues over (under) Expenditures</b>	<u>(969,512)</u>	<u>729,793</u>	<u>(4,708,098)</u>
<b>Other financing sources (uses):</b>			
Transfers - in (note 3)	-	2,203,244	414,896
Transfers - out (note 3)	(112,061)	(414,896)	(2,203,244)
Payment to refunded bond escrow agent	-	-	(6,036,756)
Tax allocation bonds issued	-	-	21,650,000
<b>Total Other Financing Sources (Uses)</b>	<u>(112,061)</u>	<u>1,788,348</u>	<u>13,824,896</u>
<b>Net Change in Fund Balances</b>	(1,081,573)	2,518,141	9,116,798
<b>Fund Balances (Deficits) at Beginning of Year</b>	<u>5,160,720</u>	<u>3,250,423</u>	<u>(947,352)</u>
<b>Fund Balances (Deficits) at End of Year</b>	<u>\$ 4,079,147</u>	<u>\$ 5,768,564</u>	<u>\$ 8,169,446</u>

See accompanying notes to basic financial statements.

Other Nonmajor  
Governmental  
Funds

Total

\$ 720,881	\$ 7,771,390
-	486,506
1,875,984	5,622,265
9,996	2,942,395
103,379	333,167
229,681	520,684
-	475,335
<u>2,939,921</u>	<u>18,151,742</u>
-	2,429,272
600,256	7,502,629
-	5,075,428
-	666,934
578,168	732,042
1,957,685	2,068,626
-	330,000
-	966,171
-	2,203,244
-	280,210
-	1,041,191
<u>3,136,109</u>	<u>23,295,747</u>
<u>(196,188)</u>	<u>(5,144,005)</u>
112,061	2,730,201
-	(2,730,201)
-	(6,036,756)
-	21,650,000
<u>112,061</u>	<u>15,613,244</u>
(84,127)	10,469,239
1,811,590	9,275,381
<u>\$ 1,727,463</u>	<u>\$ 19,744,620</u>

**CITY OF MAYWOOD**  
**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, 2007**

Changes in fund balances of governmental funds	\$ 10,469,236
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	1,337,114
Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	8,570,000
Issuance of debt increases liabilities in the Statement of Net Assets and do not result in a revenue in the Statement of Activities:	
Debt issued	(21,650,000)
Bond issuance costs	927,890
Capital lease payments	53,050
Accrued interest expense related to the long-term liabilities. This amount is the difference between the amount of interest paid and the amount of interest incurred on long-term liabilities.	(113,360)
To record as an expense the net change in compensated absences in the statement of activities.	(8,980)
Revenues that are measurable but not available are recorded as deferred revenue under the modified accrual basis of accounting.	<u>623,170</u>
<b>Changes in net assets of governmental activities</b>	<b><u>\$ 208,130</u></b>

See accompanying notes to basic financial statements.

## CITY OF MAYWOOD

### Notes to Financial Statements

Year ended June 30, 2007

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

The financial statements of the City of Maywood, California (City) have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units. 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.

##### (a) Reporting Entity

The City of Maywood was incorporated on September 2, 1924, under the laws of the State of California and enjoys all the rights and privileges applicable to a General Law City. It is governed by an elected five member board.

As required by accounting principles generally accepted in the United States of America, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The City is considered to be financially accountable for an organization if the City appoints a voting majority of that organization's governing body and the organization is able to provide specific financial benefits to or impose specific financial burdens on the City. The City is also considered to be financially accountable if an organization is fiscally dependent (i.e., it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval from the City). In certain cases, other organizations are included as component units if the nature and significance of their relationship with the City are such that their execution would cause the City's financial statements to be misleading or incomplete. A brief description of the City's component unit is as follows:

##### Blended Component Unit:

- Maywood Community Development Commission

The Maywood Community Development Commission ("Commission") was established on May 16, 1978 by the City of Maywood pursuant to the State of California Health and Safety Code Section 33000 entitled "Community Redevelopment Law". The primary purpose of the Commission is to prepare and carry out plans for the improvement, rehabilitation and development of blighted areas within the territorial limits of the City of Maywood. Even though the Commission is legally separate, it is reported as if it were part of the City because the City Council also serves as the governing board of the Commission. Separate financial statements for the Commission have been issued and are available at City Hall.

# CITY OF MAYWOOD

## Notes to Financial Statements

(Continued)

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

#### (a) Reporting Entity, (Continued)

- Maywood Financing Authority

The Maywood Financing Authority ("Authority") is a joint exercise of powers authority organized and existing under and by virtue of the Joint Exercise of Powers Act. The City and the Agency formed the Authority by the execution of a joint exercise of powers agreement dated as of October 25, 1988. Pursuant to the Joint Exercise of Powers Act, the Authority is authorized to issue revenue bonds to provide funds to make loans to public entities, such revenue bonds are to be repaid from the repayments of such loans. The Authority is governed by a five-member Board which consists of all members of the City Council. The Mayor of the City is the Chairperson of the Authority. The City's Chief Administrative Officer (CAO) acts as the Executive Director, the City Clerk acts as the Secretary and the Finance Director of the City acts as the Treasurer of the Authority. Separate financial statements of the Authority are not prepared.

Since the City Council serves as the governing board for these component units, they are considered to be blended component units. Blended component units, although legally separate entities, are in substance, part of the City's operations and so data from these units are reported with the interfund data of the primary government.

#### (b) Measurement Focus and Basis of Accounting

The financial statements of the City are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to financial statements

#### Government-Wide Financial Statements

Government-wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. These statements include the governmental activities of the primary government (including its blended component units).

**CITY OF MAYWOOD**  
**Notes to Financial Statements**

(Continued)

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

Government-Wide Financial Statements, (Continued)

Government-wide financial statements are presented using the *economic resources measurement focus* and *accrual basis of accounting*. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. The basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33.

Program revenues include charges for services and payments made by parties outside the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

Fund Financial Statements

The underlying accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the primary government's governmental and fiduciary funds are represented after the government-wide financial statements. These statements display information about major funds individually and nonmajor funds in the aggregate for governmental and enterprise funds. Fiduciary statements include financial information for fiduciary funds and similar component units. Fiduciary funds of the City primarily represent assets held by the City in a custodial capacity for other individuals or organizations.

# CITY OF MAYWOOD

## Notes to Financial Statements

(Continued)

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

(b) Measurement Focus and Basis of Accounting, (Continued)

Governmental Funds

Governmental funds are presented using the *modified-accrual basis of accounting* in the fund financial statements. Revenues are recognized when they become *measurable* and *available* as net current assets. *Measurable* means that the amounts can be estimated, or otherwise determined. *Available* means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. The City uses an availability period of 60 days.

Sales taxes, property taxes, franchise taxes, gas taxes, motor vehicle in lieu, transient occupancy taxes, grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period to the extent normally collected within the availability period. Other revenue items are considered to be measurable and available when cash is received by the government.

Revenue recognition is subject to the *measurable* and *available* criteria for the governmental funds in the fund financial statements. *Exchange transactions* are recognized as revenues in the period in which they are earned (i.e., the related goods or services are provided). *Locally imposed derived tax revenues* (special assessments) are recognized as revenues in the period in which the underlying exchange transaction upon which they are based takes place. *Imposed nonexchange* (special fees) transactions are recognized as revenues in the period for which they were imposed. If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arises or when they are received, whichever occurs first. *Government-mandated and voluntary nonexchange transactions* are recognized as revenues when all applicable eligibility requirements have been met.

Governmental funds are presented using the *current financial resources measurement focus* in the fund financial statements. This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered to be a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Non-current portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus. Special reporting treatments are used to indicate, however, that they should not be considered "available spendable resources", since they do not represent net current assets.

# CITY OF MAYWOOD

## Notes to Financial Statements

(Continued)

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

#### (b) Measurement Focus and Basis of Accounting, (Continued)

Recognition of governmental fund type revenue represented by non-current receivables are deferred until they become current receivables. Non-current portions of long-term receivables are offset by fund balance reserve accounts.

Due to the nature of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as *expenditures* in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as an *other financing sources* rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

When both restricted and unrestricted resources are combined in a fund, expenses are considered to be paid first from restricted resources, and then from unrestricted resources.

#### (c) Fund Classifications

The funds designated as major funds are determined by a mathematical calculation consistent with GASB 34. The City reports the following major governmental funds:

General Fund – The General Fund is used to account for resources traditionally associated with governments, which are not legally required or by sound financial management to be accounted for in another fund.

Community Development Commission Debt Service Fund – This fund is used to account for the payment of principal and interest of bond indebtedness. It accounts for tax increment received by the Commission that is restricted for repayment of indebtedness.

Community Development Commission Capital Projects Fund – This fund is used to account for the financing, construction and administrative activities of the Commission.

CITY OF MAYWOOD

Notes to Financial Statements

(Continued)

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

(d) Appropriations Limit

Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from the proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller or returned to the taxpayers through revised tax rates, revised fee schedules or other refund arrangements. For the fiscal year ended June 30, 2007, proceeds of taxes did not exceed appropriations.

(e) Investments

Investments are reported in the accompanying balance sheet at fair value, except for certain certificates of deposit and investment contracts that are reported at cost because they are not transferable and they have terms that are not affected by changes in market interest rates.

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, except for assets held by fiscal agents. Each fund's share in this pool is displayed in the accompanying financial statements as *cash and investments*. Investment income earned by the pooled investments is allocated to the various funds based on each fund's average cash and investment balance.

(f) Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans). All other outstanding balances between funds are reported as "advances to/from other funds."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable government funds to indicate that they are not available for appropriation and are not expendable available financial resources.

CITY OF MAYWOOD

Notes to Financial Statements

(Continued)

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

(g) Prepaid Costs

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The fund balances in the governmental fund types have been reserved for amounts equal to the prepaid items in the fund-level statements since these amounts are not available for appropriation.

(h) Capital Assets

Capital assets are recorded at cost where historical records are available and at an estimated historical cost where no historical records exist. Contributed capital assets are valued at their estimated fair market value at the date of the contribution. Capital assets, other than infrastructure assets, in excess of \$5,000 are capitalized if they have an expected useful life of one year or more. Infrastructure assets have a capitalization threshold of \$100,000.

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

Major capital outlays for capital assets and improvements are capitalized as projects are constructed.

The following schedule summarizes the useful lives of capital assets:

<u>Capital Assets</u>	<u>Years</u>
Buildings	50
Land Improvements	50
Machinery and Equipment	5-15
Vehicles	8-15
Infrastructure:	
Sewer	50
Curbs	50
Sidewalks	50
Roadways	35
Traffic lights	25

Depreciation is calculated using the straight-line method over the estimated useful life of the asset in the government-wide financial statements.

**CITY OF MAYWOOD**  
**Notes to Financial Statements**  
(Continued)

(1) Summary of Significant Accounting Policies; (Continued)

(i) Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation pay is payable to employees at the time vacation is taken or upon termination of employment. On the anniversary date of each year, management employees with more than 280 hours of vacation for the COP, ACAO, and DBP and more than 300 hours for the COP and PC shall receive payment for the excess at a rate of 100%.

In accordance with GASB Statement No. 16, a liability is recorded for unused vacation and similar compensatory leave balances since the employees' entitlement to these balances are attributable to services already rendered and it is probable that virtually all of these balances will be liquidated by either paid time off or payments upon termination or retirement.

Sick leave is payable when an employee is unable to work because of illness. On December 1<sup>st</sup> of each year, City employees with more than 480 hours of sick leave shall receive payment for the excess at a rate of 100% for police department employees and employees at the management level. All other City employees will receive payment for the excess at a rate of 75%.

Under GASB Statement No. 16, a liability is recorded for unused sick leave balances only to the extent that it is probable that the unused balances will result in termination payments. This is estimated by including in the liability the unused balance of employees currently entitled to receive termination payment, as well as those who are expected to become eligible to receive termination benefits as a result of continuing their employment with the City. Other amounts of unused sick leave are excluded from the liability since their payment is contingent solely upon the occurrence of a future event (illness), which is outside the control of the City and the employee. The General Fund is typically used to liquidate the liability for compensated absences.

A current liability is accrued in the governmental funds for material leave benefits on demand to governmental fund employees that have terminated prior to year end. Other amounts are recorded in the government-wide financial statements. These current amounts will be recorded as fund expenditures in the year in which the liability is paid or become due.

CITY OF MAYWOOD

Notes to Financial Statements

(Continued)

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

(j) Long-Term Obligations

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

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

(k) Fund Equity

Governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose in the fund financial statements. Designations of fund balance represent tentative management plans that are subject to change.

(l) Property Taxes

Under California law, property taxes are assessed and collected by the counties up to 1% of assessed value, plus other increases approved by the voters.

The property tax calendar is as follows:

Lien Date:	March 1 <sup>st</sup>
Levy Date:	July 1 <sup>st</sup>
Due Date:	First Installment - November 1 <sup>st</sup> Second Installment - February 1 <sup>st</sup>
Delinquent Date:	First Installment - December 11 <sup>th</sup> Second Installment - April 11 <sup>th</sup>

CITY OF MAYWOOD

Notes to Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies. (Continued)

(l) Property Taxes. (Continued)

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

December 10 <sup>th</sup>	30% Advance
January 16 <sup>th</sup>	Collection No. 1
April 10 <sup>th</sup>	10% Advance
May 15 <sup>th</sup>	Collection No. 2
July 31 <sup>st</sup>	Collection No. 3

(m) Use of Estimates

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

(2) Cash and Investments

Cash and investments as of June 30, 2007 are classified in the accompanying financial statements as follows:

Statement of Net Assets:	
Cash and Investments	\$ 7,301,248
Cash and Investments held by bond trustee	<u>17,656,046</u>
Total Cash and Investments	<u>\$ 24,957,294</u>

Cash and investments as of June 30, 2007 consist of the following:

Cash on Hand	\$ 8,281
Deposits with financial institutions	4,742,776
Investments	<u>20,206,237</u>
Total Cash and Investments	<u>\$ 24,957,294</u>

**CITY OF MAYWOOD**

**Notes to Financial Statements**

(Continued)

(2) Cash and Investments. (Continued)

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

The table below 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.

<u>Investment Types Authorized by State Law</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	5 years	None	None
U.S. Treasury Obligations	Yes	2 years	None	None
U.S. Agency Securities	Yes	5 years	None	None
Banker's Acceptances	Yes	180 days	40%	30%
Commercial Paper	Yes	270 days	15%	10%
Certificates of Deposit	Yes	2 years	30%	None
Repurchase Agreements	Yes	1 year	None	None
Reverse Repurchase Agreements	No	92 days	20% of base value	None
Medium-Term Notes	No	5 years	30%	None
Mutual Funds	No	N/A	20%	10%
Money Market Mutual Funds	Yes	N/A	20%	10%
Mortgage Pass-Through Securities	No	5 years	20%	None
County Pooled Investment Funds	No	N/A	None	None
Local Agency Investment Fund	Yes	N/A	None	None
JPA Pools (other investment pools)	No	N/A	None	None

\* Based on state law requirements or City investment policy requirements, whichever is more restrictive.

**CITY OF MAYWOOD**

**Notes to Financial Statements**

(Continued)

(2) Cash and Investments, (Continued)

Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustee. 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 Allowed</u>	<u>Maximum Investment In One Issuer</u>
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Banker's Acceptances	180 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	N/A	None	None
Repurchase Agreements	270 days	None	None
Investment Contracts	30 years	None	None
Municipal Obligations	None	None	None

Disclosures Relating to Interest Rate Risk

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

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

<u>Investment Type</u>	<u>Total</u>	<u>Remaining Maturing (in Months)</u>			
		<u>12 Months Or Less</u>	<u>13 to 36 Months</u>	<u>36 to 60 Months</u>	<u>More Than 60 Months</u>
State Investment Pool	\$ 2,095,000	\$ 2,095,000	\$ -	\$ -	\$ -
Federal Agency Securities	268,451	-	-	268,451	-
Money Market Funds- Held by Bond Trustee:	186,740	186,740	-	-	-
Money Market Funds	<u>17,656,046</u>	<u>17,656,046</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<b><u>\$20,206,237</u></b>	<b><u>\$19,937,786</u></b>	<b><u>\$ -</u></b>	<b><u>\$268,451</u></b>	<b><u>\$ -</u></b>

**CITY OF MAYWOOD**

**Notes to Financial Statements**

(Continued)

(2) Cash and Investments, (Continued)

Disclosures Relating to Credit Risk

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

<u>Investment Type</u>	<u>Total</u>	<u>Minimum Legal Rating</u>	<u>Exempt From Disclosure</u>	<u>Rating as of Year End</u>		
				<u>AAA</u>	<u>Aa</u>	<u>Not Rated</u>
State Investment Pool	\$ 2,095,000	N/A	\$ -	\$ -	\$ -	\$2,095,000
Federal Agency Securities	268,451	N/A	-	268,451	-	-
Money Market Funds	186,740	A	-	186,740	-	-
Held by Bond Trustee: Money Market Funds	<u>17,656,046</u>	AAA	<u>-</u>	<u>17,656,046</u>	<u>-</u>	<u>-</u>
Total	<u>\$20,206,237</u>		<u>\$ -</u>	<u>\$18,111,237</u>	<u>\$ -</u>	<u>\$2,095,000</u>

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

For investments identified herein as held by bond trustee, the bond trustee selects the investment under the terms of the applicable trust agreement, acquires the investment, and holds the investment on behalf of the reporting government.



**CITY OF MAYWOOD**  
**Notes to Financial Statements**  
(Continued)

(3) Interfund Receivables, Payables and Transfers, (Continued)

Long-term interfund receivables and payables:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Community Development Commission Capital Projects Fund	\$6,590,401
Non-major Governmental Funds	Community Development Commission Capital Projects Fund	<u>813,623</u>
	Total	<u>\$7,404,024</u>

The advances that are payable to the City of Maywood represent loans from the City that took place in previous fiscal years (\$1,401,780); current year operating costs paid by the City on behalf of the Commission (\$1,043,213); and interest that has accrued on the outstanding advance balances (\$4,959,031). Interest on the outstanding advances payable balance accrues at 12% annually.

Transfers in and out for the year ended June 30, 2007 were as follows:

<u>Transfers from</u>	<u>Transfers to</u>	<u>Amount</u>
General Fund	Non-major Governmental Funds	\$ 112,061 (a)
Community Development Commission Debt Service Fund	Community Development Commission Capital Projects Fund	414,896 (b)
Community Development Commission Capital Projects Fund	Community Development Commission Debt Service Fund	<u>2,203,244 (b)</u>
	Total	<u>\$2,730,201</u>

(a) To reimburse the Gas Tax Fund for expenditures related to the Vernon Fruitland improvement projects.

(b) To transfer tax increment funds related to debt service activities.

**CITY OF MAYWOOD**

**Notes to Financial Statements**

(Continued)

(4) Capital Assets

Capital asset activity for the year ended June 30, 2007 is as follows:

Governmental Activities:

	<u>Balance at July 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2007</u>
Buildings	\$ 5,837,529	\$ 25,000	\$ -	\$ 5,862,529
Land improvements	29,700	-	-	29,700
Machinery and equipment	449,887	294,926	-	744,813
Vehicles	1,379,770	30,156	-	1,409,927
Infrastructure	<u>40,908,004</u>	<u>5,824,106</u>	<u>-</u>	<u>46,732,109</u>
Total cost of depreciable assets	<u>48,604,890</u>	<u>6,174,188</u>	<u>-</u>	<u>54,779,078</u>
Less accumulated depreciation:				
Buildings	926,240	114,977	-	1,041,217
Land improvements	29,700	-	-	29,700
Machinery and equipment	324,923	79,627	-	404,550
Vehicles	708,540	145,648	-	854,187
Infrastructure	<u>17,881,094</u>	<u>1,339,505</u>	<u>-</u>	<u>19,220,599</u>
Total accumulated depreciation	<u>19,870,497</u>	<u>1,679,757</u>	<u>-</u>	<u>21,550,254</u>
Net depreciable assets	28,734,393	4,494,431	-	33,228,824
Capital assets not depreciated:				
Construction in progress	3,604,520	332,203	(3,604,520)	332,203
Land	<u>5,548,120</u>	<u>115,000</u>	<u>-</u>	<u>5,663,120</u>
Total costs of non depreciable assets	<u>9,152,640</u>	<u>447,203</u>	<u>(3,604,520)</u>	<u>5,995,323</u>
Capital assets, net	<u>\$37,887,033</u>	<u>\$4,941,634</u>	<u>\$(3,604,520)</u>	<u>\$39,224,147</u>

**CITY OF MAYWOOD**  
**Notes to Financial Statements**  
(Continued)

(4) Capital Assets, (Continued)

Depreciation expense was charged in the following functions in the Statement of Activities:

General government	\$ 313,525
Public works	79,750
Public safety	811,826
Community development	401,976
Culture and leisure	<u>72,680</u>
	<u>\$1,679,757</u>

(5) Changes in Long-Term Liabilities

Changes in long-term liabilities during the year ended June 30, 2007 were as follows:

	Balance at July 1, 2006	Additions	Deletions	Balance at June 30, 2007	Amount Due Within One Year	Amount Due Beyond One Year
<u>Governmental Activities:</u>						
Certificates of Participation	\$ 2,800,000	\$ -	\$ (85,000)	\$ 2,715,000	\$ 85,000	\$2,630,000
Leases Payable	153,966	-	(53,050)	100,916	39,893	61,023
Compensated Absences	1,074,458	145,502	(136,522)	1,083,438	112,267	971,171
2003 Tax Allocation Bonds	8,485,000	-	(8,485,000)	-	-	-
2007 Tax Allocation Bonds	<u>-</u>	<u>21,650,000</u>	<u>-</u>	<u>21,650,000</u>	<u>-</u>	<u>21,650,000</u>
 Total Governmental Activities	 <u>\$12,513,424</u>	 <u>\$21,795,502</u>	 <u>\$(8,759,572)</u>	 <u>\$25,549,354</u>	 <u>\$237,160</u>	 <u>\$25,312,194</u>

(6) Obligations under Capital Leases

Governmental Activities:

Message Board – In October 2002, the City entered into a capital lease agreement with Kisiak National Bank for the acquisition of a message board. The asset has been capitalized with the obligation shown in the statement of net assets. The capitalized cost of the asset was \$103,487 and at June 30, 2007, the accumulated depreciation for the asset was \$91,948.

**CITY OF MAYWOOD**  
**Notes to Financial Statements**

(Continued)

(6) Obligations under Capital Leases, (Continued)

Police Vehicles – In April 2006, the City entered into a capital lease agreement with California First National Bank for the acquisition of police vehicles. The asset has been capitalized with the obligation shown in the statement of net assets. The capitalized cost of the asset was \$153,000 and at June 30, 2007, the accumulated depreciation for the asset was \$63,623.

The calculation of the present value of the future lease payments is as follows:

Amount of future lease payments for the year ending June 30,	Governmental Activities		
	Message Board	Police Vehicles	Totals
2008	\$11,755	\$32,814	\$ 44,569
2009	-	32,814	32,814
2010	-	<u>32,814</u>	<u>32,814</u>
Less amount representing interest	<u>(216)</u>	<u>(9,065)</u>	<u>(9,281)</u>
Present value of future lease payments	<u>\$11,539</u>	<u>\$89,377</u>	<u>\$100,916</u>

(7) Certificates of Participation

On September 14, 1999, the City issued \$3,255,000 of Certificates of Participation to finance certain capital expenditures of the City and pay the costs of financing. Interest on the certificates is initially payable at the adjustable interest rate as specified by the remarketing agent on the closing date. Interest will be payable on the first business day of each month commencing October 1, 1999 until the conversion date. After the conversion date, if any interest will be payable semi-annually on the first day of March and September at the fixed interest rate as determined by the remarketing agent in accordance with the provisions of the trust agreement. Principal payments ranging from \$70,000 to \$155,000 are due annually on September 1<sup>st</sup>. The certificates mature on September 1, 2029. The outstanding balance at June 30, 2007 was \$2,715,000.

**CITY OF MAYWOOD**

**Notes to Financial Statements**

(Continued)

(7) Certificates of Participation, (Continued)

The annual debt service requirements to maturity for certificate of participations are as follows:

<u>Year Ending June 30<sup>th</sup></u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 85,000	\$ 137,750
2009	90,000	131,500
2010	90,000	127,764
2011	95,000	122,500
2012	95,000	117,750
2013-2017	635,000	601,250
2018-2022	615,000	346,500
2023-2027	705,000	184,000
2028-2030	<u>305,000</u>	<u>23,000</u>
Total	<u>\$2,715,000</u>	<u>\$1,792,014</u>

(8) Tax Allocation Bonds

2007 Tax Allocation Bonds

On May 1, 2007, the Community Development Commission of the City of Maywood issued \$21,650,000 in Tax Allocation Bonds, Series 2007. The 2007 Series proceeds were used to refund the Commission's \$8,485,000 Variable Rate Demand Tax Allocation bonds (which were used to refund the Agency's \$370,000 Series 1994 TABS and the \$2,630,000 1999 TABS and used to finance the 2003 Redevelopment Projects and 2003 Housing Project Bonds) and fund certain redevelopment projects within the project area to finance and to pay bond issuance costs. These projects consist of property acquisitions, sewer improvements, street improvements, and recreational improvements. The 2007 Bonds will mature on August 1<sup>st</sup>, 2037. Interest on the 2007 Series Bonds is payable on February 1<sup>st</sup> and August 1<sup>st</sup> of each year.

**CITY OF MAYWOOD**

**Notes to Financial Statements**

(Continued)

**(8) Tax Allocation Bonds, (Continued)**

Future principal and interest payments on the 2007 tax allocation bonds are as follows:

<u>Year Ending June 30<sup>th</sup></u>	<u>Principal</u>	<u>Interest</u>
2008	\$ -	\$ 205,115
2009	385,000	971,595
2010	395,000	958,120
2011	415,000	944,295
2012	425,000	929,355
2013-2017	2,385,000	4,396,235
2018-2022	2,910,000	3,870,463
2023-2027	3,615,000	3,171,294
2028-2032	4,515,000	2,256,525
2033-2037	5,445,000	1,044,700
2038	<u>1,160,000</u>	<u>54,350</u>
Total	<u>\$21,650,000</u>	<u>\$18,802,047</u>

**(9) Defined Benefit Plan**

**Plan Description**

The City of Maywood contributes to the California Public Employees Retirement System (PERS), a cost sharing multiple-employer public employee defined benefit pension plan. PERS provides retirement, disability benefits, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Copies of PERS' annual financial report may be obtained from its executive office at 400 "P" Street, Sacramento, California 95814.

**Contributions**

Participants are required to contribute 7% of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. Benefit provisions and all other requirements are established by state statute and City contracts with employee bargaining groups.

## CITY OF MAYWOOD

### Notes to Financial Statements

(Continued)

#### (9) Defined Benefit Plan, (Continued)

Under GASB 27, an employer reports an annual pension cost (APC) equal to the annual required contribution (ARC) plus an adjustment for the cumulative difference between the APC and the employer's actual plan contributions for the year. The cumulative difference is called the net pension obligation (NPO). The ARC for the period July 1, 2006 to June 30, 2007 has been determined by an actuarial valuation of the plan as of June 30, 2004. The contribution rate indicated for the period is 14.060% of payroll for the miscellaneous plan. The City's covered payroll for PERS was \$1,930,938 for the year ended June 30, 2007, while the City's total payroll for all employees was \$2,373,058 during the same period. In order to calculate the dollar value of the ARC for inclusion in financial statements prepared as of June 30, 2007, this contribution rate would be multiplied by the payroll of covered employees that was actually paid during the period July 1, 2006 to June 30, 2007.

A summary of principle assumptions and methods used to determine the ARC is shown below:

Valuation Date	June 30, 2004
Actuarial cost Method	Entry Age Actuarial cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	17 years safety and 16 years miscellaneous as of the valuation date
Asset Valuation Method	3 year smoothed market
Actuarial Assumptions:	
Investment Rate of Return	8.25% (net of administrative expenses)
Projected Salary Increases	3.25% to 13.15% Safety and 3.25% to 14.45% miscellaneous depending on age, service, and type of employment
Inflation	3.00%
Payroll Growth	3.25%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 3.00% and an annual production growth of 0.25%

Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level percentage of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a rolling period, which results in an amortization of 10% of unamortized gains and losses each year. If the plan's accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30 year amortization period. The amortization period for the unfunded liability is 30 years for safety and miscellaneous employees's defined benefit plans.

## CITY OF MAYWOOD

### Notes to Financial Statements

(Continued)

#### (9) Defined Benefit Plan, (Continued)

Risk pooling is the process of combining assets and liabilities across employers to produce large risk sharing pools. These risk sharing pools will help dramatically reduce or eliminate the large fluctuations in the employer's contribution rate caused by unexpected demographic events.

#### (10) Defined Contribution Retirement Plan

##### Plan Description

The City contributes to the Public Agency Retirement System (PARS), which is a defined contribution retirement plan. A defined contribution retirement plan provides retirement benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive.

Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions and forfeitures of other participant's benefits that may be allocated to such participant's account.

As established by the plan, all eligible employees of the City will become participants in the plan from the date they are hired. An eligible employee is an employee who, at any time during which the employer maintains this plan, is not accruing a benefit under the Public Employees Retirement System.

##### Funding Policy

Contributions made by an employee and the employer vest immediately. As determined by the plan, each employee must contribute 2.5% of gross earnings to the plan. The City contributed an additional 5.0% of gross earnings.

##### Annual Contributions

During the year, the City contributed \$21,999 (5% of covered payroll) and employees contributed \$11,000 (2.50% of covered payroll). The total covered payroll of employees participating in the plan for the year ended June 30, 2007 was \$439,987. The total payroll for the year was \$5,650,421.

## CITY OF MAYWOOD

### Notes to Basic Financial Statements

(Continued)

#### (11) Liability, Property and Workers' Compensation Protection

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

The City of Maywood is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 109 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 coverage. The Authority's pool began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

##### Self-Insurance Programs of the Authority

**General Liability** – The City pays a primary deposit to cover estimated losses for the fiscal year 2006. 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. Claims are pooled separately between police and non-police. Loss development reserves are allocated by pool and by loss layer. Costs are spread to members as follows: the first \$30,000 of each occurrence is charged directly to the member; costs from \$30,000 to \$750,000 and the loss development reserve associated with losses \$750,000 to \$10,000,000 and the loss development reserve associated with losses \$750,000 to \$10,000,000 are pooled based on payroll. Costs are covered claims about \$10,000,000 are currently paid by excess insurance. The protection for each member is \$50,000,000 per occurrence and \$50,000,000 annual aggregate. Administrative expenses are paid from the Authority's investment earnings.

##### Purchased Insurance

**Environmental Insurance** – The City of Maywood participates in the pollution legal liability and remediation legal liability insurance, which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets and storm drains owned by the City of Maywood. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Authority has a limit of \$50,000,000 for the three-year period from July 1, 2005 through July 1, 2008. Each member of the Authority has a \$10,000,000 limit during the three-year term of the policy.

**Property Insurance** – The City of Maywood participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. The City of Maywood's property is currently insured according to a schedule of covered property submitted by the City of Maywood to the Authority. There is a \$5,000 per loss deductible. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

## CITY OF MAYWOOD

### Notes to Basic Financial Statements

(Continued)

#### (11) Liability, Property and Workers' Compensation Protection, (Continued)

Earthquake and Flood Insurance – The City of Maywood 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. There is a deductible of 5% of value with a minimum deductible of \$100,000. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

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

#### Adequacy of Protection

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

#### (12) Post-Retirement Health Insurance

In addition to the pension benefits described in Notes 14 and 15, the City provides certain health insurance benefits, in accordance with City ordinances and resolutions, to all Council Members, their spouses and dependent children; and to any employee holding the position of the Chief Administrative Officer, his/her dependent spouse and dependent children. Council Members may become eligible for the benefits if they have served in office after January 1, 1981, and whose total service was no less than 12 years. The Chief Administrative Officer may become eligible for the benefits if he or she retires from the City after 20 years of service. For fiscal year 2006-2007, the City recognized the cost of providing those benefits by expensing \$30,217 which was the premium paid by the City of Maywood for 5 retirees.

#### (13) Deficit Fund Balances

The following funds had deficit fund balances for year ended June 30, 2007:

Police asset and seizure	\$232,936
Bikeway Grant	2,868
Counties aid to Cities	10,092
HCDA grant	41,938
UDAG	349,923
C.O.P.S. AB 3229	53,284
Local law enforcement grant	15,690
Parks grant	433,355

The City expects to eliminate deficits upon collection of grant reimbursements.

CITY OF MAYWOOD

Notes to Basic Financial Statements

(Continued)

(14) Excess of Expenditures over Appropriations

Amount of Excess

General Fund Departments:	
General Government:	
City administrator	\$ 14,823
Finance	43,216
City attorney	81,390
General government services	161,992
Public Safety:	
Police department	696,073
Community Development:	
Building and planning	81,325
Public Works:	
Street department	9,773
Debt Service:	
Interest and fiscal charges	27,949
Community development commission debt service	1,933,865
Community development commission capital projects	5,839,543
Non-major special revenue funds:	
Gas tax	164,962
Prop A	217,326
Prop C	48,982
UDAG	342,811
COPS	2,049

CITY OF MAYWOOD  
General Fund  
Schedule of Revenues - Budget and Actual  
Year ended June 30, 2007

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Taxes	\$ 4,637,628	\$ 4,637,628	\$ 3,707,472	\$ (930,156)
Licenses and permits	449,159	449,159	486,506	37,347
Intergovernmental	-	-	2,156,925	2,156,925
Charges for services	2,614,144	2,614,144	2,932,399	318,255
Use of money and property	-	-	8,422	8,422
Fines and forfeitures	175,504	175,504	291,003	115,499
Other	379,210	379,210	177,791	(201,419)
<b>Total revenues</b>	<b>8,255,645</b>	<b>8,255,645</b>	<b>9,760,518</b>	<b>1,504,873</b>
<b>General Government:</b>				
City council	131,200	131,200	119,520	11,680
City administrator	180,400	180,400	195,223	(14,823)
City clerk	21,990	21,990	21,733	257
Finance	350,350	350,350	393,566	(43,216)
City treasurer	11,930	11,930	9,948	1,982
City attorney	167,300	167,300	248,690	(81,390)
General government services	1,278,600	1,278,600	1,440,592	(161,992)
<b>Public Safety:</b>				
Police department	6,206,300	6,206,300	6,902,373	(696,073)
<b>Community Development:</b>				
Planning commission	9,800	9,800	5,262	4,538
Building and planning	197,100	197,100	278,425	(81,325)
<b>Park and Recreation</b>				
Park department	689,600	689,600	666,934	22,666
<b>Public Works</b>				
Building maintenance	143,850	143,850	138,701	5,149
Street department	5,400	5,400	15,173	(9,773)
Capital Outlay	156,000	156,000	110,941	45,059
<b>Debt Service</b>				
Principal	85,000	85,000	85,000	-
Interest and fiscal charges	70,000	70,000	97,949	(27,949)
<b>Total expenditures</b>	<b>9,704,820</b>	<b>9,704,820</b>	<b>10,730,030</b>	<b>(1,025,210)</b>
Excess (deficiency) of revenues over (under) expenditures	(1,449,175)	(1,449,175)	(969,512)	479,663
<b>Other financing sources (uses):</b>				
Transfers - in	300,000	300,000	-	(300,000)
Transfers - out	-	-	(112,061)	(112,061)
<b>Total other financing sources (uses)</b>	<b>300,000</b>	<b>300,000</b>	<b>(112,061)</b>	<b>(412,061)</b>
<b>Net change in fund balances</b>	<b>(1,149,175)</b>	<b>(1,149,175)</b>	<b>(1,081,573)</b>	<b>67,602</b>
Fund balances at beginning of year	5,160,720	5,160,720	5,160,720	-
Fund balances at end of year	<u>\$ 4,011,545</u>	<u>\$ 4,011,545</u>	<u>\$ 4,079,147</u>	<u>\$ 67,602</u>

CITY OF MAYWOOD

Notes to the Required Supplementary Information

Year Ended June 30, 2007

(1) Budgets and Budgetary Data

Before the beginning of the fiscal year, the Finance Director submits to the City Council a proposed budget for the year commencing the following July 1<sup>st</sup>. Public hearings are then conducted to obtain taxpayer comments and the budget is subsequently adopted through passage of a resolution.

All appropriated amounts are as originally adopted or as amended by the City Council and lapse at year-end. Encumbrances and continuing appropriations are rebudgeted on July 1<sup>st</sup> by Council action. Original appropriations may be modified by supplementary budget revisions and transfers among budget categories. The City Council approves all budget changes at the department level. The Finance Director is authorized to make budget transfers within departments. There were no significant budget amendments during the fiscal year.

Formal budgetary integration is employed as a management control device during the year for general, certain special revenue, certain debt service and certain capital projects funds. Budgets for these funds are adopted on a basis consistent with generally accepted accounting principles.

At June 30, 2007, expenditures exceeded appropriations in the following General Fund Departments:

	<u>Amount of Excess</u>
General Government:	
City administrator	\$ 14,823
Finance	43,216
City attorney	81,390
General government services	161,992
Public Safety:	
Police department	696,073
Community Development:	
Building and planning	81,325
Public Works:	
Street department	9,773
Debt Service:	
Interest and fiscal charges	27,949

SUPPLEMENTARY SCHEDULES

## NONMAJOR SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues and the related expenditures which are legally required to be accounted for in a separate fund. Funds included are:

Traffic Safety Fund - To account for the revenue and expenditures of the Strategic Traffic Offender Program. This Program shall include the enforcement of, education for, and prosecution of a suspended or revoked driving privilege, unlicensed driver and persons driving under the influence of alcohol and/or drugs.

Gas Tax Fund - To account for the revenues and expenditures of the City's proportionate share of gas tax monies collected by the State of California which are used for street construction and maintenance.

Police Asset & Seizure- To account for assets and cash confiscated in police narcotic raids that are restricted for public safety expenditures.

Bikeway Grant- To account for the revenues and expenditures of the City's share of Transportation Development Act allocations restricted for design and construction of pedestrian and bicycle facilities and amenities.

County Aid to Cities- To account for the revenues and expenditures of the City's proportionate share of funds received from the County.

Proposition A- To account for the revenues and expenditures of the City's proportionate share of funds from the Metropolitan Transportation Authority funded by the ½ cent sales tax measure to be used exclusively to benefit public transit (such as fixed route and paratransit services and transportation demand management).

Proposition C- To account for the revenues and expenditures of the City's proportionate share of funds from the Metropolitan Transportation Authority funded by the ½ cent sales tax measure to be used for eligible project expenditures (such as congestion management programs, bikeways and bike lanes, and pavement management system).

HCDA Grant- To account for the revenues and expenditures of the City's proportionate share of funds from the Housing Community Development Authority for street improvements, housing programs and incentives, sidewalk repair program, fair housing, code enforcement, and other related projects.

UDAG- To account for the revenues and expenditures of the City's share of funds received from the Urban Development Action Grant.

Section 108 Loan- To account for revenues and expenditures related to the HUD Section 108 Loan.

Air Quality (AB2766/AQMD) Fund - To account for the revenues and expenditures related to air pollution mitigation efforts.

OTS Grant- To account for the revenues and expenditures of the City's grant funds from the Office of Traffic and Safety to reduce deaths, injuries and economic losses resulting from traffic collisions.

C.O.P.S. AB 3229- To account for the revenues and expenditures of the City's grant funds to provide knowledge, resources products, and learning for police personnel.

Local Law Enforcement Block Grant (LLEBG) Fund - To account for the revenues and expenditures of the Local Law Enforcement Block grant.

Parks Grant- To account for the revenues and expenditures of grants received from the State for construction and improvement of City parks.

Street Lighting- To account for the revenues of the City's special assessments and expenditures relating to lighting improvements.

**CITY OF MAYWOOD  
Combining Balance Sheet**

**Nonmajor Special Revenue Funds**

**June 30, 2007**

	<u>Traffic Safety</u>	<u>Gas Tax</u>	<u>Police Asset &amp; Seizure</u>	<u>Bikeway Grant</u>	<u>County Aid to Cities</u>	<u>Proposition</u>
<b><u>Assets</u></b>						
Cash and investments	\$ 219,157	\$ 255,855	\$ 490,527	\$ -	\$ -	\$ 615,357
Receivable:						
Accounts	4,871	47,122	-	1,408	-	32,745
Notes and loans	-	-	-	-	-	-
Accrued interest	1,030	-	-	-	-	2,816
Grants	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-
Due from other funds	3,150	52,264	115,952	-	-	7,407
Advances to other funds	-	-	-	-	-	-
<b>Total Assets</b>	<b><u>\$ 228,208</u></b>	<b><u>\$ 355,241</u></b>	<b><u>\$ 606,479</u></b>	<b><u>\$ 1,408</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 658,319</u></b>
<b><u>Liabilities and Fund Balances</u></b>						
<b>Liabilities:</b>						
Accounts payable	\$ 13,612	\$ -	\$ -	\$ -	\$ -	\$ 50,574
Accrued liabilities	7,927	4,513	-	-	-	1,595
Due to other funds	42,187	162,526	839,415	4,276	10,092	5,107
Deferred revenue	-	-	-	-	-	-
Advances from other agencies	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-
<b>Total Liabilities</b>	<b><u>\$ 63,726</u></b>	<b><u>\$ 167,039</u></b>	<b><u>\$ 839,415</u></b>	<b><u>\$ 4,276</u></b>	<b><u>\$ 10,092</u></b>	<b><u>\$ 57,276</u></b>
<b>Fund Balances:</b>						
Reserved for:						
Notes and loans receivable	-	-	-	-	-	-
Unreserved:						
Undesignated	164,482	188,202	(232,936)	(2,868)	(10,092)	601,041
<b>Total Fund Balances (Deficits)</b>	<b><u>164,482</u></b>	<b><u>188,202</u></b>	<b><u>(232,936)</u></b>	<b><u>(2,868)</u></b>	<b><u>(10,092)</u></b>	<b><u>601,041</u></b>
<b>Total Liabilities and Fund Balances (Deficits)</b>	<b><u>\$ 228,208</u></b>	<b><u>\$ 355,241</u></b>	<b><u>\$ 606,479</u></b>	<b><u>\$ 1,408</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 658,319</u></b>

<u>Proposition C</u>	<u>HCDA Grant</u>	<u>UDAG</u>	<u>Section 108 Loan</u>	<u>Air Quality Improvement</u>	<u>OTS Grant</u>	<u>C.O.P.S. AB 3229</u>
\$ 984,576	\$ 34,198	\$ 631,777	\$ -	\$ 23,289	\$ 88,195	\$ -
27,042	-	-	-	9,223	-	-
-	118,222	567,066	-	-	-	-
4,278	-	3,266	-	99	398	-
-	338,799	-	-	-	-	-
-	-	-	-	-	-	-
165,998	-	12,760	101,099	225,272	957	333
-	813,623	-	-	-	-	-
<u>\$ 1,181,894</u>	<u>\$ 1,304,842</u>	<u>\$ 1,214,869</u>	<u>\$ 101,099</u>	<u>\$ 257,883</u>	<u>\$ 89,550</u>	<u>\$ 333</u>

\$ 120,517	\$ 332,854	\$ 16,852	\$ -	\$ -	\$ -	\$ -
-	4,039	-	-	-	-	5,301
-	7,930	-	-	225,000	-	48,316
-	832,901	-	-	-	-	-
-	169,056	547,940	-	-	-	-
-	-	1,000,000	-	-	-	-
<u>\$ 120,517</u>	<u>\$ 1,346,780</u>	<u>\$ 1,564,792</u>	<u>\$ -</u>	<u>\$ 225,000</u>	<u>\$ -</u>	<u>\$ 53,617</u>

-	118,222	567,066	-	-	-	-
<u>1,061,377</u>	<u>(160,160)</u>	<u>(916,989)</u>	<u>101,099</u>	<u>32,883</u>	<u>89,550</u>	<u>(53,284)</u>
<u>1,061,377</u>	<u>(41,938)</u>	<u>(349,923)</u>	<u>101,099</u>	<u>32,883</u>	<u>89,550</u>	<u>(53,284)</u>
<u>\$ 1,181,894</u>	<u>\$ 1,304,842</u>	<u>\$ 1,214,869</u>	<u>\$ 101,099</u>	<u>\$ 257,883</u>	<u>\$ 89,550</u>	<u>\$ 333</u>

(Continued)

CITY OF MAYWOOD  
Combining Balance Sheet

Nonmajor Special Revenue Funds

(Continued)

<u>Assets</u>	<u>Local Law Enforcement Grant</u>	<u>Parks Grant</u>	<u>Street Lighting</u>	<u>Total</u>
Cash and investments	\$ -	\$ -	\$ 604,192	\$ 3,947,123
Receivable:				
Accounts	-	-	5,556	127,967
Notes and loans	-	-	-	685,288
Interest	-	-	2,761	14,648
Grants	-	-	-	338,799
Due from other governments	-	-	10,327	10,327
Due from other funds	-	-	6,077	691,263
Advances to other funds	-	-	-	813,623
<b>Total Assets</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 628,913</u>	<u>\$ 6,629,038</u>
<b><u>Liabilities and Fund Balances</u></b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ 534,409
Accrued liabilities	-	-	-	23,375
Due to other funds	15,690	433,355	-	1,793,894
Deferred revenues	-	-	-	832,901
Advances from other agencies	-	-	-	716,996
Due to other governments	-	-	-	1,000,000
<b>Total Liabilities</b>	<u>\$ 15,690</u>	<u>\$ 433,355</u>	<u>\$ -</u>	<u>\$ 4,901,575</u>
<b>Fund Balances:</b>				
Reserved for:				
Notes and loans receivable	-	-	-	685,288
Unreserved:				
Undesignated	(15,690)	(433,355)	628,913	1,042,175
<b>Total Fund Balances</b>	<u>(15,690)</u>	<u>(433,355)</u>	<u>628,913</u>	<u>1,727,463</u>
<b>Total Liabilities and Fund Balances (Deficits)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 628,913</u>	<u>\$ 6,629,038</u>

**CITY OF MAYWOOD**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**

**Nonmajor Special Revenue Funds**

Year ended June 30, 2007

	<u>Traffic Safety</u>	<u>Gas Tax</u>	<u>Police Asset &amp; Seizure</u>	<u>Bikeway Grant</u>	<u>County Aid to Cities</u>
<b>Revenues:</b>					
Taxes	\$ -	\$ 540,493	\$ -	\$ 1,408	\$ -
Intergovernmental	-	216,751	-	15,495	-
Charges for services	-	-	-	-	-
Use of money and property	6,961	-	149	-	-
Fines and forfeitures	229,245	-	436	-	-
	<u>236,206</u>	<u>757,244</u>	<u>585</u>	<u>16,903</u>	<u>-</u>
Total revenues					
<b>Expenditures:</b>					
Current:					
Public safety	466,107	-	-	-	-
Public works	-	369,893	-	-	-
Capital outlay	-	385,069	-	-	-
	<u>466,107</u>	<u>754,962</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures					
Excess (deficiency) of revenues over (under) expenditures	<u>(229,901)</u>	<u>2,282</u>	<u>585</u>	<u>16,903</u>	<u>-</u>
Other financing sources (uses):					
Transfers - in	-	112,061	-	-	-
Transfers - out	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>112,061</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(229,901)	114,343	585	16,903	-
Fund Balances (Deficits) at Beginning of Year	<u>394,383</u>	<u>73,859</u>	<u>(233,521)</u>	<u>(19,771)</u>	<u>(10,092)</u>
<b>Fund Balances (Deficits) at End of Year</b>	<u>\$ 164,482</u>	<u>\$ 188,202</u>	<u>\$ (232,936)</u>	<u>\$ (2,868)</u>	<u>\$ (10,092)</u>

<u>Proposition A</u>	<u>Proposition C</u>	<u>HCDA Grant</u>	<u>UDAG</u>	<u>Section 108 Loan</u>	<u>Air Quality Improvement</u>	<u>OTS Grant</u>	<u>C.O.P.S. AB 3229</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
506,352	421,026	582,309	-	-	34,051	-	100,000
9,996	-	-	-	-	-	-	-
14,930	19,064	-	46,161	-	555	1,986	333
-	-	-	-	-	-	-	-
<u>531,278</u>	<u>440,090</u>	<u>582,309</u>	<u>46,161</u>	<u>-</u>	<u>34,606</u>	<u>1,986</u>	<u>100,333</u>
-	-	-	-	-	-	-	134,149
80,681	-	-	-	-	-	-	-
<u>501,825</u>	<u>48,982</u>	<u>575,134</u>	<u>342,811</u>	<u>-</u>	<u>36,891</u>	<u>-</u>	<u>-</u>
<u>582,506</u>	<u>48,982</u>	<u>575,134</u>	<u>342,811</u>	<u>-</u>	<u>36,891</u>	<u>-</u>	<u>134,149</u>
<u>(51,228)</u>	<u>391,108</u>	<u>7,175</u>	<u>(296,650)</u>	<u>-</u>	<u>(2,285)</u>	<u>1,986</u>	<u>(33,816)</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>(51,228)</u>	<u>391,108</u>	<u>7,175</u>	<u>(296,650)</u>	<u>-</u>	<u>(2,285)</u>	<u>1,986</u>	<u>(33,816)</u>
<u>652,271</u>	<u>670,269</u>	<u>(49,113)</u>	<u>(53,273)</u>	<u>101,099</u>	<u>35,168</u>	<u>87,564</u>	<u>(19,468)</u>
<u>\$ 601,043</u>	<u>\$ 1,061,377</u>	<u>\$ (41,938)</u>	<u>\$ (349,923)</u>	<u>\$ 101,099</u>	<u>\$ 32,883</u>	<u>\$ 89,550</u>	<u>\$ (53,284)</u>

(Continued)

**CITY OF MAYWOOD**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**

**Nonmajor Special Revenue Funds**

(Continued)

	<u>Local Law Enforcement Grant</u>	<u>Parks Grant</u>	<u>Street Lighting</u>	<u>Total</u>
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ 178,980	\$ 720,881
Intergovernmental	-	-	-	1,875,984
Charges for services	-	-	-	9,996
Use of money and property	-	-	13,240	103,379
Fines and forfeitures	-	-	-	229,681
	<u>-</u>	<u>-</u>	<u>-</u>	<u>229,681</u>
Total revenues	<u>-</u>	<u>-</u>	<u>192,220</u>	<u>2,939,921</u>
<b>Expenditures:</b>				
Current:				
Public safety	-	-	-	600,256
Public works	-	-	127,594	578,168
Capital outlay	-	-	66,973	1,957,685
	<u>-</u>	<u>-</u>	<u>66,973</u>	<u>1,957,685</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>194,567</u>	<u>3,136,109</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(2,347)</u>	<u>(196,188)</u>
Other financing sources (uses):				
Transfers - in	-	-	-	112,061
Transfers - out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>112,061</u>
Net Change in Fund Balances	<u>-</u>	<u>-</u>	<u>(2,347)</u>	<u>(84,127)</u>
Fund Balances (Deficits) at Beginning of Year	<u>(15,690)</u>	<u>(433,355)</u>	<u>631,260</u>	<u>1,811,590</u>
<b>Fund Balances (Deficits) at End of Year</b>	<u>\$ (15,690)</u>	<u>\$ (433,355)</u>	<u>\$ 628,913</u>	<u>\$ 1,727,463</u>

CITY OF MAYWOOD  
 Traffic Safety Special Revenue Fund  
 Schedule of Revenues, Expenditures and  
 Changes in Fund Balance - Budget and Actual  
 Year ended June 30, 2007

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Use of money and property	\$ 4,700	\$ 6,961	\$ 2,261
Fine and forfeitures	<u>228,000</u>	<u>229,245</u>	<u>1,245</u>
Total revenues	<u>232,700</u>	<u>236,206</u>	<u>3,506</u>
Expenditures:			
Current:			
Public safety	<u>473,900</u>	<u>466,107</u>	<u>7,793</u>
Total expenditures	<u>473,900</u>	<u>466,107</u>	<u>7,793</u>
Net change in fund balance	(241,200)	(229,901)	11,299
Fund balance at beginning of year	<u>394,383</u>	<u>394,383</u>	<u>-</u>
Fund balance at end of year	<u>\$ 153,183</u>	<u>\$ 164,482</u>	<u>\$ 11,299</u>

CITY OF MAYWOOD  
Gas Tax Special Revenue Fund  
Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
Year ended June 30, 2007

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive <u>(Negative)</u>
Revenues:			
Taxes	\$ 522,300	\$ 540,493	\$ 18,193
Intergovernmental	<u>-</u>	<u>216,751</u>	<u>216,751</u>
Total revenues	<u>522,300</u>	<u>757,244</u>	<u>234,944</u>
Expenditures:			
Current:			
Public works	584,000	369,893	214,107
Capital outlay	<u>6,000</u>	<u>385,069</u>	<u>(379,069)</u>
Total expenditures	<u>590,000</u>	<u>754,962</u>	<u>(164,962)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(67,700)</u>	<u>2,282</u>	<u>69,982</u>
Other financing sources:			
Transfers - in	<u>-</u>	<u>112,061</u>	<u>112,061</u>
Net change in fund balance	(67,700)	114,343	182,043
Fund balance at beginning of year	<u>73,859</u>	<u>73,859</u>	<u>-</u>
Fund balance at end of year	<u>\$ 6,159</u>	<u>\$ 188,202</u>	<u>\$ 182,043</u>

CITY OF MAYWOOD  
 Police Asset & Seizure Special Revenue Fund  
 Schedule of Revenues, Expenditures and  
 Changes in Fund Balance - Budget and Actual  
 Year ended June 30, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Use of money and property	\$ 800	\$ 149	\$ (651)
Fines and forfeitures	<u>2,000</u>	<u>436</u>	<u>(1,564)</u>
Total revenues	<u>2,800</u>	<u>585</u>	<u>(2,215)</u>
Expenditures:			
Current:			
Public safety	<u>47,100</u>	<u>-</u>	<u>47,100</u>
Total expenditures	<u>47,100</u>	<u>-</u>	<u>47,100</u>
Net change in fund balance	(44,300)	585	44,885
Fund balance (deficit) at beginning of year	<u>(233,521)</u>	<u>(233,521)</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ (277,821)</u>	<u>\$ (232,936)</u>	<u>\$ 44,885</u>

CITY OF MAYWOOD  
 Bikeway Grant Special Revenue Fund  
 Schedule of Revenues, Expenditures and  
 Changes in Fund Balance - Budget and Actual  
 Year ended June 30, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Taxes	\$ -	\$ 1,408	\$ 1,408
Intergovernmental	<u>15,360</u>	<u>15,495</u>	<u>135</u>
Total revenues	<u>15,360</u>	<u>16,903</u>	<u>1,543</u>
Expenditures:			
Current:			
Public works	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	15,360	16,903	1,543
Fund balance (deficit) at beginning of year	<u>(19,771)</u>	<u>(19,771)</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ (4,411)</u>	<u>\$ (2,868)</u>	<u>\$ 1,543</u>

CITY OF MAYWOOD  
 County Aid to City Special Revenue Fund  
 Schedule of Revenues, Expenditures and  
 Changes in Fund Balance - Budget and Actual  
 Year ended June 30, 2007

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive <u>(Negative)</u>
Revenues:			
Intergovernmental	\$ -	\$ -	\$ -
Charges for services	-	-	-
Use of money and property	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:			
Current:			
Capital outlay	-	-	-
Public works	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance (deficit) at beginning of year	<u>(10,092)</u>	<u>(10,092)</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ (10,092)</u>	<u>\$ (10,092)</u>	<u>\$ -</u>

CITY OF MAYWOOD  
 Proposition A Special Revenue Fund  
 Schedule of Revenues, Expenditures and  
 Changes in Fund Balance - Budget and Actual  
 Year ended June 30, 2007

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 412,700	\$ 506,352	\$ 93,652
Charges for services	7,500	9,996	2,496
Use of money and property	<u>1,500</u>	<u>14,930</u>	<u>13,430</u>
Total revenues	<u>421,700</u>	<u>531,278</u>	<u>109,578</u>
Expenditures:			
Current:			
Capital outlay	274,000	501,825	(227,825)
Public works	<u>91,180</u>	<u>80,681</u>	<u>10,499</u>
Total expenditures	<u>365,180</u>	<u>582,506</u>	<u>(217,326)</u>
Net change in fund balance	56,520	(51,228)	(107,748)
Fund balance at beginning of year	<u>652,271</u>	<u>652,271</u>	<u>-</u>
Fund balance at end of year	<u>\$ 708,791</u>	<u>\$ 601,043</u>	<u>\$ (107,748)</u>

CITY OF MAYWOOD  
 Proposition C Special Revenue Fund  
 Schedule of Revenues, Expenditures and  
 Changes in Fund Balance - Budget and Actual  
 Year ended June 30, 2007

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive <u>(Negative)</u>
Revenues:			
Intergovernmental	\$ 342,300	\$ 421,026	\$ 78,726
Use of money and property	<u>2,000</u>	<u>19,064</u>	<u>17,064</u>
Total revenues	<u>344,300</u>	<u>440,090</u>	<u>95,790</u>
Expenditures:			
Current:			
Capital outlay	<u>-</u>	<u>48,982</u>	<u>(48,982)</u>
Total expenditures	<u>-</u>	<u>48,982</u>	<u>(48,982)</u>
Net change in fund balance	344,300	391,108	46,808
Fund balance at beginning of year	<u>670,269</u>	<u>670,269</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ 1,014,569</u>	<u>\$ 1,061,377</u>	<u>\$ 46,808</u>

CITY OF MAYWOOD  
 HCDA Grant Special Revenue Fund  
 Schedule of Revenues, Expenditures and  
 Changes in Fund Balance - Budget and Actual  
 Year ended June 30, 2007

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ -	\$ 582,309	\$ 582,309
Total revenues	<u>-</u>	<u>582,309</u>	<u>582,309</u>
Expenditures:			
Capital outlay	<u>748,008</u>	<u>575,134</u>	<u>172,874</u>
Total expenditures	<u>748,008</u>	<u>575,134</u>	<u>172,874</u>
Net change in fund balance	<u>(748,008)</u>	<u>7,175</u>	<u>755,183</u>
Fund balance (deficit) at beginning of year	<u>(49,113)</u>	<u>(49,113)</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ (797,121)</u>	<u>\$ (41,938)</u>	<u>\$ 755,183</u>

CITY OF MAYWOOD  
UDAG Special Revenue Fund  
Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
Year ended June 30, 2007

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive <u>(Negative)</u>
Revenues:			
Use of money and property	\$ -	\$ 46,161	\$ 46,161
Total revenues	<u>-</u>	<u>46,161</u>	<u>46,161</u>
Expenditures:			
Capital outlay	<u>-</u>	<u>342,811</u>	<u>(342,811)</u>
Total expenditures	<u>-</u>	<u>342,811</u>	<u>(342,811)</u>
Net change in fund balance	<u>-</u>	<u>(296,650)</u>	<u>(296,650)</u>
Fund balance (deficit) at beginning of year	<u>(53,273)</u>	<u>(53,273)</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ (53,273)</u>	<u>\$ (349,923)</u>	<u>\$ (296,650)</u>

CITY OF MAYWOOD  
Section 108 Loan Special Revenue Fund  
Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
Year ended June 30, 2007

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ -	\$ -	\$ -
Use of money and property	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:			
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	-
Fund balance at beginning of year	<u>101,099</u>	<u>101,099</u>	<u>-</u>
Fund balance at end of year	<u>\$ 101,099</u>	<u>\$ 101,099</u>	<u>\$ -</u>

CITY OF MAYWOOD  
 Air Quality Improvement Special Revenue Fund  
 Schedule of Revenues, Expenditures and  
 Changes in Fund Balance - Budget and Actual  
 Year ended June 30, 2007

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive <u>(Negative)</u>
Revenues:			
Intergovernmental	\$ 32,000	\$ 34,051	\$ 2,051
Use of money and property	<u>800</u>	<u>555</u>	<u>(245)</u>
Total revenues	<u>32,800</u>	<u>34,606</u>	<u>1,806</u>
Expenditures:			
Capital outlay	<u>45,000</u>	<u>36,891</u>	<u>8,109</u>
Total expenditures	<u>45,000</u>	<u>36,891</u>	<u>8,109</u>
Net change in fund balance	(12,200)	(2,285)	9,915
Fund balance at beginning of year	<u>35,168</u>	<u>35,168</u>	<u>-</u>
Fund balance at end of year	<u>\$ 22,968</u>	<u>\$ 32,883</u>	<u>\$ 9,915</u>

CITY OF MAYWOOD  
 OTS Grant Special Revenue Fund  
 Schedule of Revenues, Expenditures and  
 Changes in Fund Balance - Budget and Actual  
 Year ended June 30, 2007

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive <u>(Negative)</u>
Revenues:			
Charges for services	\$ 110,000	\$ -	\$ (110,000)
Use of money and property	<u>1,500</u>	<u>1,986</u>	<u>486</u>
Total revenues	<u>111,500</u>	<u>1,986</u>	<u>(109,514)</u>
Expenditures:			
Public safety	<u>152,600</u>	<u>-</u>	<u>152,600</u>
Total expenditures	<u>152,600</u>	<u>-</u>	<u>152,600</u>
Net change in fund balance	(41,100)	1,986	43,086
Fund balance at beginning of year	<u>87,564</u>	<u>87,564</u>	<u>-</u>
Fund balance at end of year	<u>\$ 46,464</u>	<u>\$ 89,550</u>	<u>\$ 43,086</u>

CITY OF MAYWOOD  
C.O.P.S. AB 3229 Special Revenue Fund  
Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
Year ended June 30, 2007

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive <u>(Negative)</u>
Revenues:			
Intergovernmental	\$ 100,000	\$ 100,000	\$ -
Use of money and property	<u>1,300</u>	<u>333</u>	<u>(967)</u>
Total revenues	<u>101,300</u>	<u>100,333</u>	<u>(967)</u>
Expenditures:			
Public safety	<u>132,100</u>	<u>134,149</u>	<u>(2,049)</u>
Total expenditures	<u>132,100</u>	<u>134,149</u>	<u>(2,049)</u>
Net change in fund balance	(30,800)	(33,816)	(3,016)
Fund balance (deficit) at beginning of year	<u>(19,468)</u>	<u>(19,468)</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ (50,268)</u>	<u>\$ (53,284)</u>	<u>\$ (3,016)</u>

CITY OF MAYWOOD  
 Local Law Enforcement Grant Special Revenue Fund  
 Schedule of Revenues, Expenditures and  
 Changes in Fund Balance - Budget and Actual  
 Year ended June 30, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Intergovernmental	\$ 11,000	\$ -	\$ (11,000)
Use of money and property	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>11,000</u>	<u>-</u>	<u>(11,000)</u>
Expenditures:			
Public safety	<u>11,000</u>	<u>-</u>	<u>11,000</u>
Total expenditures	<u>11,000</u>	<u>-</u>	<u>11,000</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance (deficit) at beginning of year	<u>(15,690)</u>	<u>(15,690)</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ (15,690)</u>	<u>\$ (15,690)</u>	<u>\$ -</u>

CITY OF MAYWOOD  
Parks Grant Special Revenue Fund  
Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
Year ended June 30, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Intergovernmental	\$ -	\$ -	\$ -
Use of money and property	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:			
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	-
Fund balance at beginning of year	<u>(433,355)</u>	<u>(433,355)</u>	<u>-</u>
Fund balance at end of year	<u>\$ (433,355)</u>	<u>\$ (433,355)</u>	<u>\$ -</u>

CITY OF MAYWOOD  
 Street Lighting Special Revenue Fund  
 Schedule of Revenues, Expenditures and  
 Changes in Fund Balance - Budget and Actual  
 Year ended June 30, 2007

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive <u>(Negative)</u>
Revenues:			
Taxes	\$ 178,800	\$ 178,980	\$ 180
Use of money and property	<u>3,000</u>	<u>13,240</u>	<u>10,240</u>
Total revenues	<u>181,800</u>	<u>192,220</u>	<u>10,420</u>
Expenditures:			
Capital outlay	178,000	66,973	111,027
Public works	<u>127,300</u>	<u>127,594</u>	<u>(294)</u>
Total expenditures	<u>305,300</u>	<u>194,567</u>	<u>110,733</u>
Net change in fund balance	<u>(123,500)</u>	<u>(2,347)</u>	<u>121,153</u>
Fund balance at beginning of year	<u>631,260</u>	<u>631,260</u>	<u>-</u>
Fund balance at end of year	<u>\$ 507,760</u>	<u>\$ 628,913</u>	<u>\$ 121,153</u>

DEBT SERVICE FUNDS

Debt service funds are used to account for the accumulation of resources and the payment of principal, interest and other related costs associated with general long-term debt of the City. Funds included are:

Community Development Commission Debt Service Fund - To account for tax increment revenues accumulated for the payment of principal and interest associated with long-term debt, the proceeds of which were used to further the goals and objectives of the Community Development Commission.

CITY OF MAYWOOD  
Debt Service Community Development Commission  
Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
Year ended June 30, 2007

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes	\$ 2,026,200	\$ 2,674,430	\$ 648,230
Use of money and property	-	145,920	145,920
Miscellaneous	-	17,808	17,808
	<u>2,026,200</u>	<u>2,838,158</u>	<u>811,958</u>
Total revenues			
Expenditures:			
Community development	-	1,855,495	(1,855,495)
Debt service:			
Pass-through agreement payments	174,500	213,671	(39,171)
Bond issuance costs	-	39,199	(39,199)
	<u>174,500</u>	<u>2,108,365</u>	<u>(1,933,865)</u>
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	<u>1,851,700</u>	<u>729,793</u>	<u>(1,121,907)</u>
Other financing sources (uses):			
Transfers - in	-	2,203,244	2,203,244
Transfers - out	-	(414,896)	(414,896)
Total other financing sources (uses)	<u>-</u>	<u>1,788,348</u>	<u>1,788,348</u>
Net change in fund balance	1,851,700	2,518,141	666,441
Fund balance at beginning of year	<u>3,250,423</u>	<u>3,250,423</u>	<u>-</u>
Fund balance at end of year	<u>\$ 5,102,123</u>	<u>\$ 5,768,564</u>	<u>\$ 666,441</u>

## CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for the acquisition or construction of major capital items. Funds included are:

Capital Projects Community Development Commission Fund (CDC) – This fund is used to account for the financial resources to be used for the development and redevelopment of the CDC project areas, including acquisition of properties, cost of site improvements, other costs of benefit to the project area, and administrative expenses incurred in sustaining the Community Development Commission for the City of Maywood.

CITY OF MAYWOOD  
 Capital Projects Community Development Commission Fund  
 Schedule of Revenues, Expenditures and  
 Changes in Fund Balance - Budget and Actual  
 Year ended June 30, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Taxes	\$ 560,000	\$ 668,607	\$ 668,607
Intergovernmental	-	1,589,356	1,589,356
Use of money and property	60,000	75,446	75,446
Miscellaneous	-	279,736	279,736
Total revenues	<u>620,000</u>	<u>2,613,145</u>	<u>1,993,145</u>
Expenditures:			
General government	396,700	-	396,700
Community development	520,000	2,936,246	(2,416,246)
Debt service:			
Principal	245,000	245,000	-
Bond issuance costs	95,000	926,972	(831,972)
Interest and fiscal charges	225,000	943,242	(718,242)
Pass-through agreement payments	-	66,539	(66,539)
Advance refunding escrow	-	2,203,244	(2,203,244)
Total expenditures	<u>1,481,700</u>	<u>7,321,243</u>	<u>(5,839,543)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(861,700)</u>	<u>(4,708,098)</u>	<u>(3,846,398)</u>
Other financing sources (uses):			
Transfers - in	-	414,896	414,896
Transfers - out	-	(2,203,244)	(2,203,244)
Payment to refunded bond escrow agent	(4,940,000)	(6,036,756)	(1,096,756)
Tax allocation bonds issued	3,950,000	21,650,000	17,700,000
Total other financing sources (uses)	<u>(990,000)</u>	<u>13,824,896</u>	<u>14,814,896</u>
Net change in fund balance	(1,851,700)	9,116,798	10,968,498
Fund balance (deficit) at beginning of year	<u>(947,352)</u>	<u>(947,352)</u>	<u>-</u>
Fund balance at end of year	<u>\$ (2,799,052)</u>	<u>\$ 8,169,446</u>	<u>\$ 10,968,498</u>