

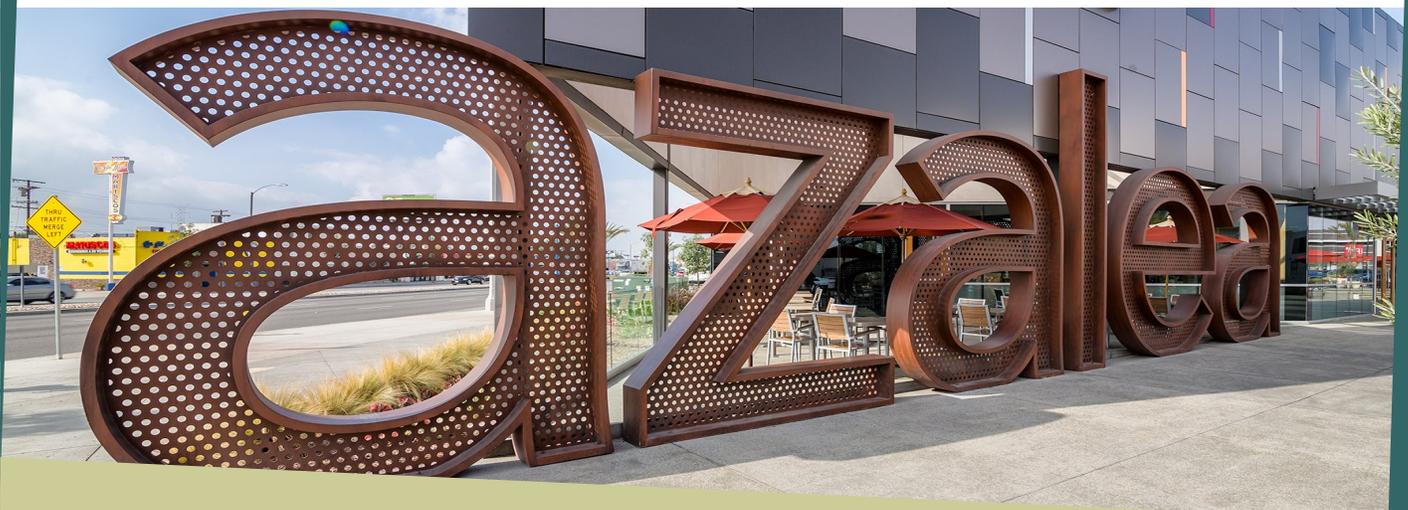


CITY OF SOUTH GATE

CALIFORNIA



COMPREHENSIVE ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED JUNE 30, 2018



City of South Gate

South Gate, California

Comprehensive Annual Financial Report and Independent Auditors' Report

For the Year Ended June 30, 2018

Prepared by:
Administrative Services Department

City of South Gate
Comprehensive Annual Financial Report
For the Year Ended June 30, 2018

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City of South Gate

8650 California Avenue, South Gate, CA 90280

February 28, 2019

Honorable Mayor and Members of the City Council:

The Comprehensive Annual Financial Report (CAFR) of the City of South Gate for the Fiscal Year Ended June 30, 2018, is hereby presented as mandated by both local ordinances and state statutes. These ordinances and statutes require that the City of South Gate issue annually a report on its financial position and activity, and that an independent firm of certified public accountants audit this report. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the various funds and component units of the City of South Gate. To the best of our knowledge, there are no misstatements of material fact within the financial statements or omissions of material fact which would cause the financial statements to be misleading. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The financial section of the CAFR includes Management's Discussion and Analysis (MD&A) of the financial activity. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

The financial reporting entity (the government) includes all the funds of the primary government (i.e., the City of South Gate as legally defined), as well as its component units, the South Gate Utility Authority, the South Gate Housing Authority and the South Gate Public Financing Authority. A component unit is a legally separate entity for which the primary government is financially accountable.

PROFILE OF THE CITY OF SOUTH GATE

The City of South Gate was incorporated on January 20, 1923, under the general laws of the State of California. South Gate encompasses 7.49 square miles and is located in the heart of the Los Angeles Metropolitan area, approximately 10 miles south of downtown Los Angeles. Services provided by the City include administration, police, public works, planning, building & safety, and parks & recreation. The official population is 98,133 as of January 1, 2018. The City of South Gate is a full service city, meaning that, except for library, refuse collection and fire protection services, all services are delivered by the City's own employees.

The population of this working class city is predominately Latino and overwhelmingly young with nearly one-third of the population under the age of 18 years.

Centrally located, South Gate is an ideal location for commerce within a 15-mile radius of downtown Los Angeles, Los Angeles International Airport, and the Ports of Los Angeles and Long Beach. The City is linked to these sites by several major transportation thoroughfares, including the I-710 (Long Beach) and I-105 (Century) freeways, Firestone and Alameda Boulevards, and an extensive rail system with services provided by the Union Pacific and Southern Pacific Railroads. With a diverse mix of residential, commercial and industrial areas, the City has promoted itself as an area rich in economic opportunities and continues to have many projects slated for development that will play a significant role in revitalizing the community.

The City has operated under the council-manager form of government since incorporation. Policy-making and legislative authority are vested in the governing City Council, which consists of five Council Members, including the Mayor and Vice Mayor. The City Council is responsible for, among other things, passing ordinances, adopting the budget, appointing committees and hiring the City Manager and the City Attorney. The City Council is elected on a non-partisan, at-large basis. Council Members are elected to four-year staggered terms with two or three Council Members elected every two years. The City Council designates the Mayor and Vice Mayor for a one-year term. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and for appointing the heads of the City's departments.

FINANCIAL INFORMATION

Internal Control

The Administrative Services department of the City is responsible for establishing and maintaining an appropriate internal control structure. The internal control system is designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgetary Controls

The City of South Gate maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions contained in the annual appropriated budgets approved by the City Council. Activities of the General Fund, Special Revenue funds, Capital Projects funds, Debt Service funds and the Proprietary funds are included in the annual appropriated budgets of the government units. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the department level within each fund. Formal budgetary integration is employed as a management control device. The City also maintains an encumbrance accounting system as one method of maintaining budgetary control.

Budget to Actual Comparison

For the fiscal year ended June 30, 2018, the City experienced a \$5.5M favorable budget variance in general fund revenues and a favorable \$3M budget variance in general fund operating expenditures resulting in

\$8.5M net positive budgetary variance. The total actual general fund revenues exceeded operating expenditures by \$7.3M. The City also transferred out money to fund capital projects in the Capital Improvement Fund. This year, a total of \$11.8M was transferred out, which comprised \$1.9M for capital projects and \$9.9M to establish the Capital Asset Equipment Replacement Fund, the Building and Infrastructure Maintenance Fund, and the Courthouse Rehabilitation project reserve. The actual net gain of \$7.3 million less the total \$11.8M transfers out brought the prior fiscal year general fund balance from \$47.7M to \$43.2M for the fiscal year ended June 30, 2018. Many of the favorable revenue and expenditure variances were the result of conservative budget practices and continued careful management of resources during FY 2017-18.

Significant Financial Events

The Governmental Accounting Standards Board (GASB) is a private non-governmental organization that creates accounting reporting standards, or generally accepted accounting principles (GAAP), for state and local governments. Changes in accounting policies issued by the Board, known as GASB Statements, will impact how the City reports and compiles its financial report. During the fiscal year ended June 30, 2018, the City implemented several new GASB Statements.

GASB Statement No. 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB) - improves the prior accounting and financial reporting requirements for OPEB plans by addressing transparency, reporting disclosures, and how OPEB benefits are recognized and measured. It replaces GASB No. 45 and parallels GASB No. 68 for Pension. With the implementation of this Statement, the City reported an increase of \$21.5M to its long-term debt compared to \$2M in the prior year. At June 30, 2018, the City's OPEB liability is \$30.3M.

Application of the following GASB statements did not have a significant effect on the City's fiscal year ending June 30, 2018. *GASB Statement No. 81 – Irrevocable Split-Interest Agreements* – requires that when a government receives resources pursuant to an irrevocable split-interest agreement, such as a charitable trust, it must recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. *GASB Statement No. 85 – Omnibus 2017* - addresses various miscellaneous accounting issues related to blending component units, goodwill, fair value measurement, and postemployment benefits. *GASB Statement No. 86 – Certain Debt Extinguishment Issues* – improves consistency in accounting and financial reporting for in-substance defeasance of debt.

OTHER INFORMATION

Independent Audit

The City requires an annual audit by independent certified public accountants. The accounting firm of The Pun Group, LLP conducted this year's audit. The auditors' report on the government-wide financial statements, combining and individual fund statements and schedules is included in the financial section of this report.

Single Audit

As a recipient of federal, state, and county financial assistance, the City is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management. Beginning with the single audits of fiscal years beginning on or after Jan. 1, 2015, the Office of Management and Budget (OMB) raised the single audit (OMB Circular A-133) threshold for federal awards from \$500,000 to \$750,000. When over \$750,000 from Federal financial assistance programs is expended, the City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. For the year ended June 30, 2018, approximately \$9M in Federal financial assistance program funds were expended.

GFOA Certificate of Achievement Award

The Government Finance Officer's Association of the United States and Canada (GFOA) oversees a prestigious national award program to recognize conformance with the highest standards of report preparation. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR). This report must satisfy both Generally Accepted Accounting Principles and applicable legal requirements.

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of South Gate for its CAFR for the fiscal year ended June 30, 2017. The City of South Gate strives to achieve this prestigious award each year. A copy of the GFOA Certificate is included later in the introductory section of this year's CAFR. A Certificate of Achievement is valid for a period of one year only. We believe our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

Preparation of this report could not have been accomplished without the hard work and loyal service of the Administrative Services Department staff. We would like to express our appreciation to all members of the Department and to The Pun Group, LLP, the City's independent auditors, for their expertise and professionalism in preparing this year's report. Finally, we would like to express our appreciation to the City Council, whose strong leadership and constant support has made the preparation of this report possible.

Respectfully submitted,



Michael Flad
City Manager

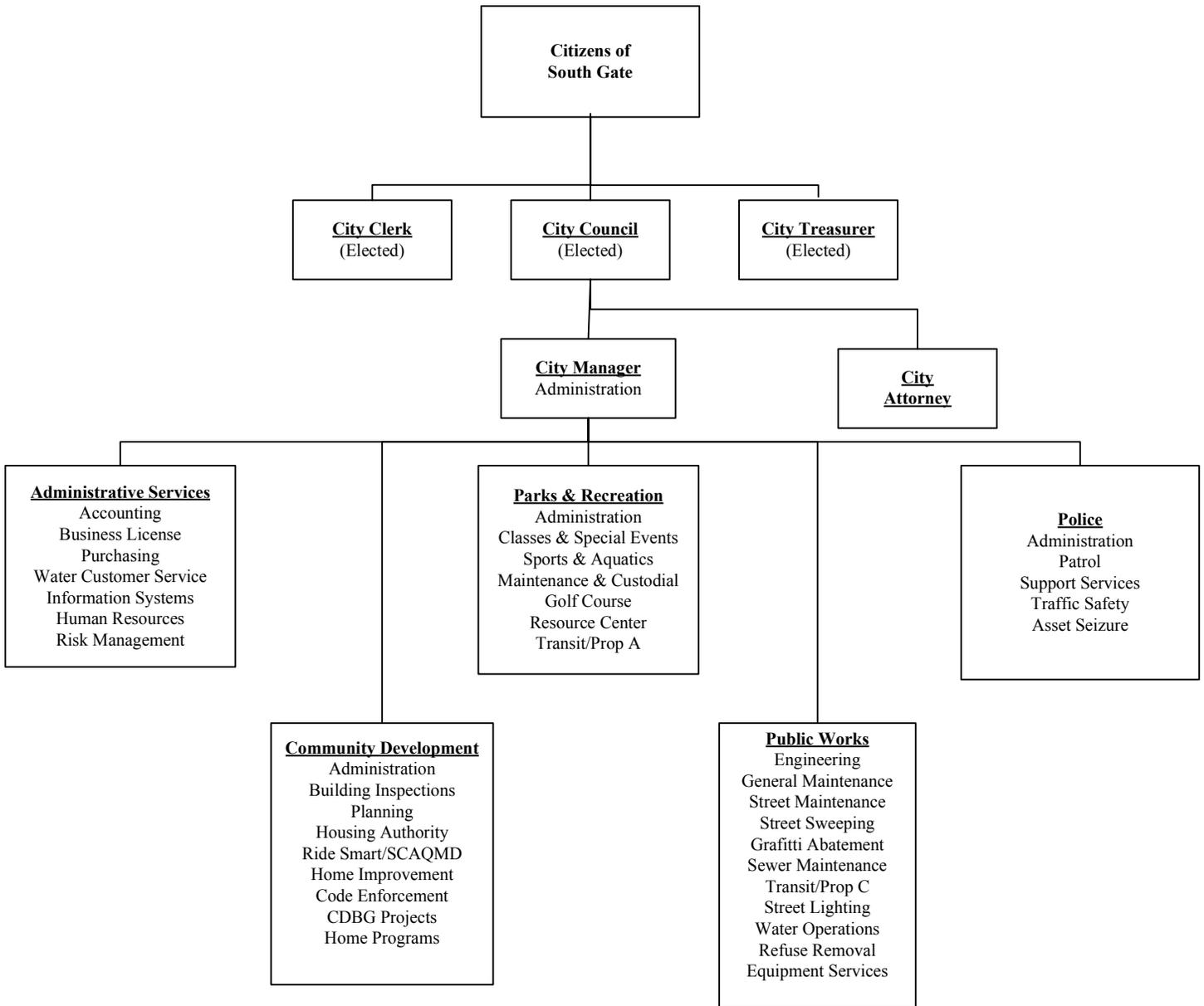


Jackie Acosta
Director of Administrative Services

**CITY OF SOUTH GATE
ELECTED AND ADMINISTRATIVE OFFICIALS**

Mayor	Maria Belen Bernal
Vice Mayor	Jorge Morales
Councilmember	Maria Davila
Councilmember	Denise Diaz
Councilmember	Al Rios
City Clerk	Carmen Avalos
City Treasurer	Greg Martinez
City Manager	Michael Flad
City Attorney	Raul Salinas
Chief of Police	Randy Davis
Director of Administrative Services	Jackie Acosta
Director of Community Development	Joe Perez
Director of Parks and Recreation	Paul Adams
Director of Public Works	Arturo Cervantes

CITY OF SOUTH GATE





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of South Gate
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council
of the City of South Gate
South Gate, California

Report on Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2018, the City adopted new accounting guidance, GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The adoption of this statement requires retrospective application of previously reported net position at July 1, 2017 as described in Note 11 to the basic financial statements. In addition, Total OPEB Liability is reported in the Statement of Net Position in the amount of \$30,256,302 as of June 30, 2017, the measurement date. This Total OPEB Liability is calculated by actuaries using estimates and actuarial techniques from an actuarial valuation as of June 30, 2018. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedules – General Fund and Grants Special Revenue Fund, the Schedules of Changes in Net Pension Liability and Related Ratios, the Schedule of Proportionate Share of the Net Pension Liability and Related Ratios, the Schedules of Contributions – Pension, and the Schedules of Proportionate Share of the Net Pension Liability and Related Ratios – Other Post-Employment Benefits on pages 5 to 14 and 99 to 109 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Introductory Section, Combining and Individual Nonmajor Fund Financial Statements, the Schedules of Revenue, Expenditures, and Changes in Fund Balances – Budget and Actual, and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining and Individual Nonmajor Fund Financial Statements and the Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining and Individual Nonmajor Fund Financial Statements and the Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

To the Honorable Mayor and Members of the City Council
of the City of South Gate
South Gate, California
Page 3

Other Reporting Required by *Government Auditing Standards*

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

A handwritten signature in black ink that reads "The PwC Group, LLP". The signature is written in a cursive, flowing style.

Santa Ana, California
February 28, 2019

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City of South Gate
Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2018

The following discussion and analysis of the financial performance of the City of South Gate provides an overview of the City's financial activities for the fiscal year ended June 30, 2018. It should be read in conjunction with the financial statements identified in the accompanying table of contents.

Financial Highlights

Government-wide Financial Statements

- **Net Position:** The total assets and deferred outflows of the City of South Gate exceeded total liabilities and deferred inflows at the close of this fiscal year ended June 30, 2018, by \$232.5M. This amount is referred to as the net position of the City. Of this amount, \$253.5M is invested in capital assets, \$36.1M is restricted mainly for the public works, community development projects, public safety, and housing activities, and \$56M is an unrestricted deficit amount.

Changes in Net Position: The City's net position decreased by \$20.9M or 8% from the prior fiscal year mainly due to the implementation of GASB 75, which resulted in the reporting of an additional Other Post-Employment Benefits (OPEB) liability of \$21.5M, compare to about \$2M in the prior year.

- **Long-Term Debt:** The City's total long-term liabilities increased \$33.7M or 22% as of June 30, 2018, from \$151.4M to \$185M mainly from the increases in net pension of \$11.1M, other post-employment benefits (OPEB) liabilities of \$22.5M, and claims and judgments of \$5.3M.

Fund Financial Statements

- **Governmental Funds:** As of June 30, 2018, the City's governmental funds reported a combined ending fund balance of \$77.8M, with an increase of \$599K over the prior year balance.
- **General Fund:** At June 30, 2018, revenues exceeded expenditures by \$7.3M; however, it was offset by transfers out to other funds of \$11.7M, decreasing the general fund balance to \$43.2M. The City transferred out \$9.9M to establish the Capital Asset Equipment Replacement Fund (\$3.9M), the Building Infrastructure Maintenance Fund (\$2M), and the Courthouse Rehabilitation project fund (4.0M). Of the \$43.2M fund balance, \$11.6M is unassigned and is available for spending at the City's discretion. During the year, the City transferred
- The City's capital assets totaled \$287.6M at June 30, 2018, a net increase of \$1.7 million over prior year. The increase is due mainly to additions in capital improvement projects of \$8M.

Using the Accompanying Financial Statements

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the City of South Gate as a whole and present a longer-term view of the City's finances. Also included in the accompanying reports are fund financial statements. For governmental activities, the fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This comprehensive annual financial report also contains other supplementary information in addition to the basic financial statements themselves.

City of South Gate
Management's Discussion and Analysis (Unaudited) (Continued)
Year Ended June 30, 2018

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

The *statement of net position* presents information on all of the City of South Gate's assets (including deferred outflows of resources) and liabilities (including deferred inflows of resources), with the difference between them reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of South Gate is improving or deteriorating.

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

Both statements include not only the City of South Gate itself (known as the *primary government*) but also the South Gate Utility Authority, the South Gate Housing Authority and the South Gate Public Financing Authority, for which the City of South Gate is financially accountable. Financial information on these *component units* is reported separately from the financial information presented for the primary government itself.

After the dissolution of the South Gate Community Redevelopment Agency, the City of South Gate elected to become the Successor Agency for the former Community Development Commission and the remaining assets and activities of the dissolved redevelopment agency were reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

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

- **Governmental funds.** Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using the *modified accrual* basis of accounting, which measures cash and all other *current* financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The relationship or differences between *governmental activities* (reported in the Statement of Net Position and the Statement of Activities) and *governmental funds* are described in the reconciliation at the bottom of the fund financial statements.
- **Proprietary funds.** When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities reported in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. Internal service funds (the other component of proprietary funds) are used to report activities that provide supplies and services for the City's other programs and activities.
- **Fiduciary funds.** The City of South Gate is an agent for certain assets held for, and under the control of, other organizations and individuals. All of the City's fiduciary activities are reported in a separate Statement of Fiduciary Assets. These activities are excluded from the other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

City of South Gate
Management's Discussion and Analysis (Unaudited) (Continued)
Year Ended June 30, 2018

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on the pages 47-98 immediately following the basic financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this comprehensive annual financial report also presents certain *required supplementary information*, providing budgetary comparison schedules for budgeted versus actual revenues and expenditures of the City's major funds.

The combining statements referred to earlier in connection with the non-major governmental funds and internal service funds are presented immediately following the required supplementary information on budget comparisons.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For South Gate, assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$232.5M at June 30, 2018, as shown in Table 1.

Table 1

	Governmental		Business-type		Total	
	Activities		Activities			
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 105,696,019	\$ 96,760,702	\$ 31,174,386	\$ 25,690,955	\$ 136,870,405	\$ 122,451,657
Capital assets	234,507,851	232,545,436	53,162,625	53,401,385	287,670,476	285,946,821
Total assets	340,203,870	329,306,138	84,337,011	79,092,340	424,540,881	408,398,478
Deferred Outflows	19,762,990	19,947,114	1,375,639	2,142,704	21,138,629	22,089,818
Total Deferred Outflows	19,762,990	19,947,114	1,375,639	2,142,704	21,138,629	22,089,818
Long-term debt outstanding	145,222,500	108,753,243	41,875,796	42,678,342	187,098,296	151,431,585
Other liabilities	13,146,663	10,203,288	6,185,437	6,812,541	19,332,100	17,015,829
Total liabilities	158,369,163	118,956,531	48,061,233	49,490,883	206,430,396	168,447,414
Deferred Inflows	6,577,579	8,058,521	154,553	672,540	6,732,132	8,731,061
Total Deferred Inflows of Resources	6,577,579	8,058,521	154,553	672,540	6,732,132	8,731,061
Net position:						
Invested in net capital assets	233,266,944	214,310,182	19,086,358	17,878,795	252,353,302	232,188,977
Restricted	34,187,022	32,489,297	1,888,102	2,168,421	36,075,124	34,657,718
Unrestricted	(72,432,848)	(24,561,277)	16,522,404	11,024,405	(55,910,444)	(13,536,872)
Total net position	\$ 195,021,118	\$ 222,238,202	\$ 37,496,864	\$ 31,071,621	\$ 232,517,982	\$ 253,309,823

By far, the largest portion of the City's net position reflects its investment in capital assets (e.g. land, buildings, machinery and equipment) of \$252M, less any related debt used to acquire those assets that is still outstanding. The City of South Gate uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Another portion of the City's net position, \$36.1M, represents resources that are subject to external restrictions in how they may be used. The remaining deficit balance of \$55.9M resulted from the increase of long-term liabilities, namely pension and other post-employment liabilities.

City of South Gate
Management's Discussion and Analysis (Unaudited) (Continued)
Year Ended June 30, 2018

Table 2

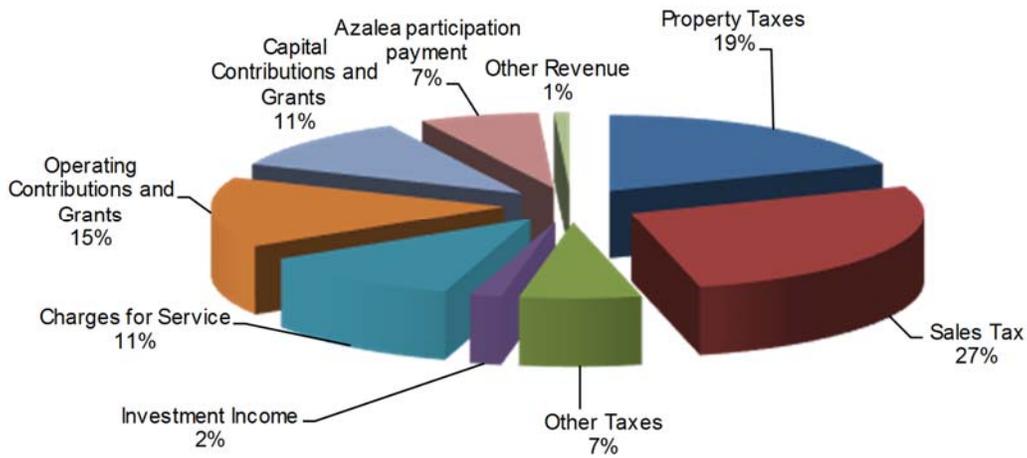
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Program revenues:						
Charges for services	\$ 8,913,042	\$ 13,319,008	\$ 25,978,228	\$ 24,797,766	\$ 34,891,270	\$ 38,116,774
Operating grants/contributions	11,846,539	14,090,011	36,752	35,577	11,883,291	14,125,588
Capital contributions/grants	8,747,741	8,221,221	-	-	8,747,741	8,221,221
General revenues:						
Property taxes	14,907,434	12,131,259	-	-	14,907,434	12,131,259
Sales taxes	21,121,209	20,622,540	-	-	21,121,209	20,622,540
Other taxes	5,230,571	5,105,256	-	-	5,230,571	5,105,256
Investment income	1,355,872	1,538,718	-	-	1,355,872	1,538,718
Azalea participation payment	5,135,307	-	-	-	5,135,307	-
Other revenue	664,817	575,952	-	-	664,817	575,952
Total revenues	77,922,532	75,603,965	26,014,980	24,833,343	103,937,512	100,437,308
Program expenses						
General government	8,663,086	6,847,154	-	-	8,663,086	6,847,154
Public works	31,153,749	18,512,944	-	-	31,153,749	18,512,944
Parks and recreation	12,533,023	7,544,002	-	-	12,533,023	7,544,002
Police	10,115,376	27,043,487	-	-	10,115,376	27,043,487
Community development	21,474,737	10,987,169	-	-	21,474,737	10,987,169
Interest expense	910,811	1,309,624	-	-	910,811	1,309,624
Sewer	-	-	1,739,746	1,766,544	1,739,746	1,766,544
Water	-	-	14,033,674	12,516,306	14,033,674	12,516,306
Refuse (Integrated Wasted)	-	-	3,809,917	3,715,089	3,809,917	3,715,089
Total expenses	84,850,782	72,244,380	19,583,337	17,997,939	104,434,119	90,242,319
		17.4%				
Increase in net assets before transfers and write-offs	(6,928,250)	3,359,585	6,431,643	6,835,404	(496,607)	10,194,989
Transfers	6,400	(1,294,242)	(6,400)	1,294,242	-	-
Increase/(Dec) in net position	(6,921,850)	2,065,343	6,425,243	8,129,646	(496,607)	10,194,989
Beginning net position	222,238,202	218,138,280	31,071,621	22,941,975	253,309,823	241,080,255
Restatement of net position	(20,295,234)	2,034,579	-	-	(20,295,234)	2,034,579
Ending net position	\$ 195,021,118	\$ 222,238,202	\$ 37,496,864	\$ 31,071,621	\$ 232,517,982	\$ 253,309,823

Governmental Activities. The Net Position of the Governmental Activities decreased by \$6.9M at June 30, 2018. General revenues such as property taxes increased by \$2.8M (22.8%), sales taxes by \$499K (2.4%), and a one-time revenue of \$5.1M helped improve the total revenue. While general revenues increased this year, they are offset by the decrease in program revenues of \$5.9M due to decreases in operating grants and charges for services. The total revenue still came out higher than prior year by \$2.9M. While total revenues improved at \$78.1M compared to \$75.6M in prior year, total program expenses increased by 17.7% from \$72.2M in FY 2016/17 to \$85M in FY 2017/18 as a result of increases in all program area.

The City of South Gate relies heavily on federal, state and local grant funds (27%) as a major funding source for capital projects and eligible operating costs. Sales tax (27%), property taxes (19%) and charges for services (11%) remain the most significant portion of the Governmental Activities revenue stream.

City of South Gate
Management's Discussion and Analysis (Unaudited) (Continued)
Year Ended June 30, 2018

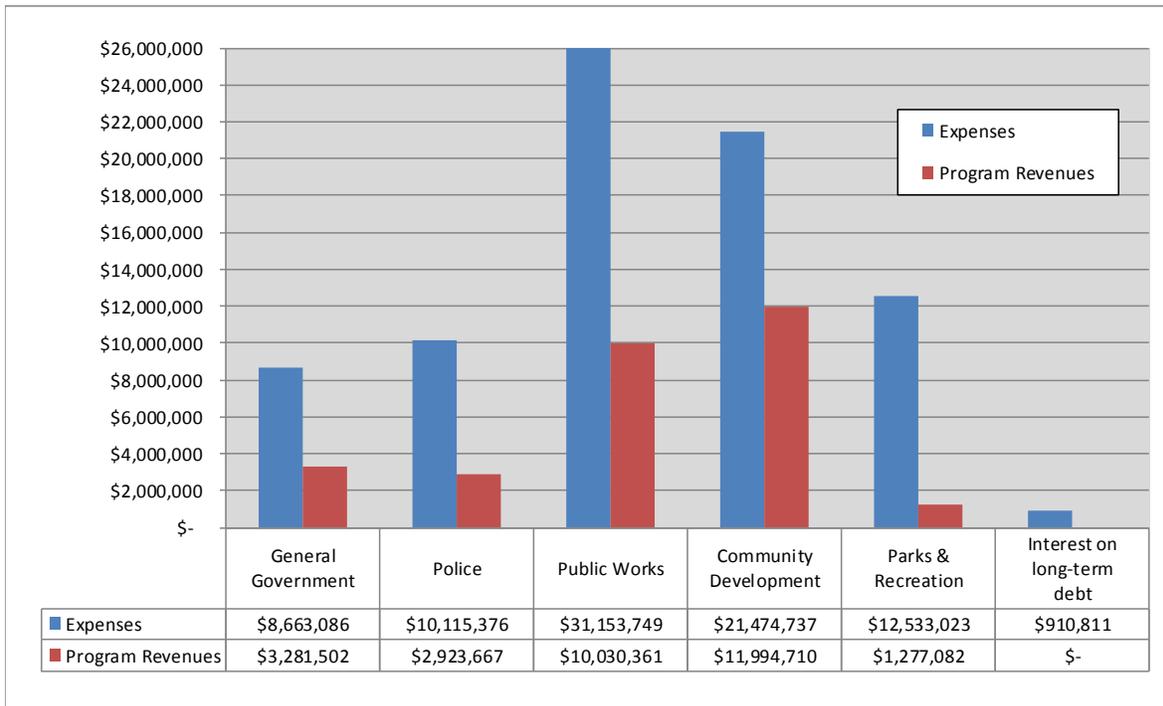
Revenues by Source – Governmental Activities



The cost of all Governmental activities this year was \$85M. Of this amount, \$8.9M was paid for by those who directly benefited from programs provided, \$20.8 was subsidized by grants received from other governmental organizations for both capital and operating activities, and \$48.3M was financed through general taxes and other revenues.

Expenses and Program Revenues – Governmental Activities

Graph 1



City of South Gate
Management's Discussion and Analysis (Unaudited) (Continued)
Year Ended June 30, 2018

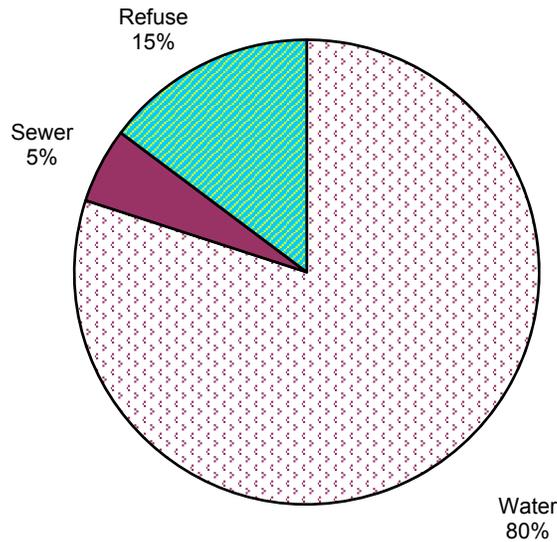
The City's largest expense is the Police Department, whose operations totaled \$31.1M in 2018. Public Works followed with \$21.5M of expenses, which included expenses related to several large capital improvement projects. Community Development was the third largest in expenses, at \$12.7M, which includes Federal Housing and Urban Development (HUD) funds.

Business-Type Activities. During the year ended June 30, 2018, the financial condition of the City's business-type activities improved, as indicated by the increase in business-type net position in the amount of \$6,484,273 compared to prior fiscal year.

These business-type activities consisted of the water, sewer and refuse utilities. The cost of providing all business-type activities this year was \$19.6M. The revenue paid by users of these utilities was \$26M of which 80% comes from Water fees, 15% from Refuse fees and 5% from Sewer fees. When capital improvements are made, the assets are capitalized, and no expense is incurred even though current assets have been converted to long-term capital assets.

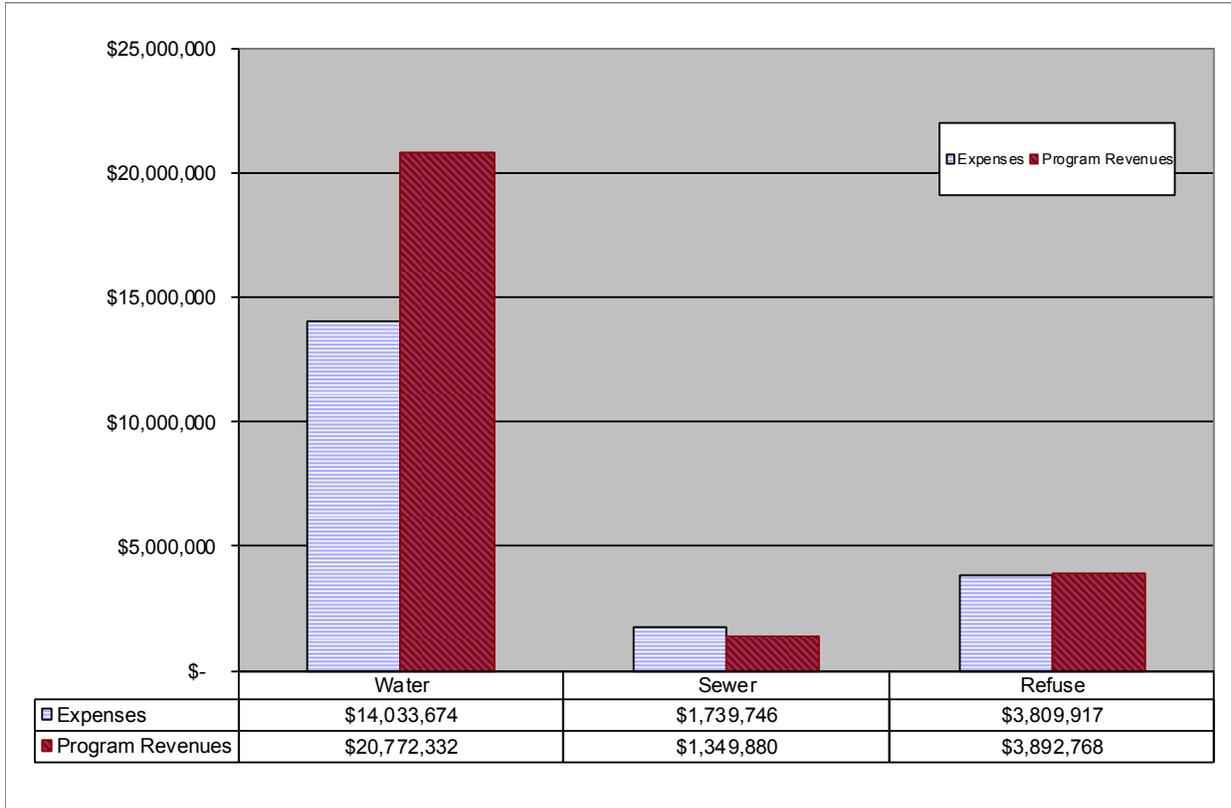
The water activity generates an excess of revenue over expenses in an effort to maintain a reasonable reserve for capital improvements and debt service requirements. The increase in charges for services revenues is a result of rate increases over the past few years.

Revenues by Source – Business-Type Activities



City of South Gate
Management's Discussion and Analysis (Unaudited) (Continued)
Year Ended June 30, 2018

Expenses and Program Revenues – Business-Type Activities



Financial Analysis of the City's Funds

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

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

As of June 30, 2018, the City's governmental funds reported combined ending fund balances of \$77.8M, a slight increase of \$600K from the prior year balance. Of that amount, \$8.1M constitutes *nonspendable* fund balance. Of the remaining \$69.7M *spendable* fund balance, \$34.2M is *restricted* because it is subject to external enforceable legal obligations, \$20.5M, is *committed* for emergency reserves, the courthouse rehabilitation, operating reserves, and capital projects, \$7.5M has been *assigned* by management for specific purposes, and \$7.6M is *unassigned*. and can be spent at the City's discretion.

The General Fund is the chief operating fund of the City of South Gate. As of the end of the fiscal year, the total general fund balance was \$43.2M, a decrease of \$4.5M over the prior year. The unassigned, spendable fund balance totaled \$11.6M.

City of South Gate
Management's Discussion and Analysis (Unaudited) (Continued)
Year Ended June 30, 2018

General fund Operating revenues increased by \$6.6M or 12% over prior year because of a \$5.1M one-time payment received in FY 2017/18. Although, operating revenue for the year exceeded expenditures by \$7,262,525, it was offset by transfers of \$3.9M to the Capital Asset Equipment Replacement Fund, \$2M to the Building and Infrastructure Maintenance Fund, and \$4M to the Capital Improvement Fund for the courthouse rehabilitation project that will create a new Employment Resource center adjacent to City Hall. In regards to general fund expenditures, they increased approximately \$3.1M (7%) over the prior year due to increases in salaries, health benefits and pension costs.

The Capital Improvements Capital Projects Fund accounts for most of the capital improvement activity in the City, such as buildings and street infrastructure. Expenditures are charged directly to this fund and reimbursed with transfers from other funds, primarily the Grants Fund as the funding sources are received. The fund balance of \$4.1M is designated mainly for the Courthouse rehabilitation project and other specific future projects.

The other non-major governmental funds include several special revenue funds used exclusively to account for intergovernmental and assessment proceeds which are restricted as to use by law. This group of funds includes the Community Development Block Grant, Gas Tax, Asset Seizure, Proposition A and C Local Returns, Measure R, Street Lighting and Landscaping, and various other grant funds.

Proprietary Funds: The City's proprietary funds consist of the Water, Sewer and Refuse Funds, which are the business-type activities that account for the operation of those utilities. Also included are the internal service funds, which provide for supporting governmental activities including vehicle, computer maintenance, building maintenance, equipment replacement, as well as insurance activities.

In the business-type activities, the Water and Sewer Funds are considered major funds. The Refuse Fund is considered non-major. At fiscal year end, the combined net position of these funds totaled \$37.5M, an increase of \$6.4M from the prior year mainly as a result of revenues exceeding expenses. Resources used for the construction of capital facilities do not result in expenses because the assets are capitalized.

The internal service funds are considered non-major. At the end of the fiscal year, the net position totaled \$750K, an increase of \$1.4M from the prior fiscal year. Approximately \$5.9M was transferred from the General Fund to create two new funds in this category, the Capital Asset Equipment Replacement Fund and the Building and Infrastructure Maintenance Fund.

General Fund Budgetary Highlights

For many years, the City's General Fund revenues had not kept pace with increases in expenditures. In June 2008, the voters approved a one-cent local sales tax, which was implemented in October 2008. The additional revenue generated from this action was expected to eliminate future budget deficits. Due to the economic recession and slow recovery, this measure only slightly reduced the structural deficit. To close this ongoing structural gap, the City implemented a ten percent (10%) compensation reduction for all employees in fiscal year 2009-10, staff reductions and an early retirement incentive program for fiscal year 2010-11.

However, since then the economy has improved and a major shopping center opened, both of which have contributed to bringing the City's General Fund back to a fiscally sound position. For fiscal year 2017-18, the adopted general fund revenue budget was \$47.9M. The actual revenues came in \$6M (12%) higher than projected at \$53.9M due to increases in property taxes, sales taxes, and a one-time payment from Primestor. (See Note 18 for more information.)

The expenditure budget of \$47.9M, came in \$995K lower than projected at \$46.6M, due to staff vacancies and strong fiscal management, but the City transferred approximately \$11M from the General Fund to establish the Capital Asset Equipment Replacement Fund, the Building and Infrastructure Maintenance Fund, and the Courthouse rehabilitation fund, resulting in the total actual expenditures of \$58.4M.

City of South Gate
Management's Discussion and Analysis (Unaudited) (Continued)
Year Ended June 30, 2018

Capital Asset and Debt Administration

Capital Assets: The capital assets of the City are those that are used in the performance of City functions including infrastructure assets. Capital Assets include equipment, buildings, land, park facilities and roads. As of June 30, 2018, the City's net investment in capital assets for governmental activities totaled \$234.5M and net investment in capital assets in business-type activities totaled \$53.2M. Governmental capital assets increased by \$2M and business-type capital assets decreased by \$239K. The increase is due mainly to increases in new and ongoing capital projects. The Governmental capital assets reported \$8.1M addition to construction in progress, and for business-type, \$1.5M.

City of South Gate Capital Assets
(Net of depreciation)

	Governmental		Business-Type		Total	
	Activities		Activities			
	2018	2017	2018	2017	2018	2017
Structures & improvements	\$ 12,948,589	\$ 13,748,546	\$ 2,890,942	\$ 2,989,250	\$ 15,839,531	\$ 16,737,796
Machinery and equipment	2,405,779	2,108,002	2,242,624	2,554,976	4,648,403	4,662,978
Infrastructure	191,577,693	188,520,194	-	-	191,577,693	188,520,194
Utility distribution system	-	-	29,728,196	29,841,790	29,728,196	29,841,790
Land	3,738,993	3,738,993	1,290,602	1,290,602	5,029,595	5,029,595
Construction in progress	23,836,797	24,429,702	15,077,117	14,791,623	38,913,914	39,221,325
Water rights	-	-	1,933,144	1,933,144	1,933,144	1,933,144
Total	\$234,507,851	\$232,545,437	\$ 53,162,625	\$ 53,401,385	\$287,670,476	\$285,946,822

Additional information on the City's capital assets can be found in Note 7 of the Notes to the Basic Financial Statements of this report.

Long-Term Debt. At the end of the fiscal year, the City of South Gate had total long-term outstanding debt of \$192M. This amount represents an increase over the prior year of \$35.3M due to the increase of other post-employment benefits of \$21.5M, net pension liability of \$11.1M, and claims and judgment of \$5.3 million.

City of South Gate Outstanding Debt

	Governmental		Business-Type		Total	
	Activities		Activities			
	2018	2017	2018	2017	2018	2017
Revenue bonds	\$ -	\$ -	\$ 38,298,991	\$ 39,776,721	\$ 38,298,991	\$ 39,776,721
Certificates of participation	-	-	-	-	-	-
Pension obligation bonds	15,245,000	16,375,000	-	-	15,245,000	16,375,000
SCE Edison financing agreement	640,907	730,255	-	-	640,907	730,255
Capital lease obligations	-	-	-	-	-	-
Notes/Loans payable	600,000	1,130,000	-	-	600,000	1,130,000
Claims and judgments	14,630,525	9,364,462	-	-	14,630,525	9,364,462
Compensated Absences	5,192,065	4,623,484	357,706	368,324	5,549,771	4,991,808
Other post employment benefits	30,256,302	8,705,428	-	-	30,256,302	8,705,428
Net Pension Liability	81,825,233	71,411,108	4,931,001	4,235,199	86,756,234	75,646,307
Total	\$148,390,032	\$112,339,737	\$ 43,587,698	\$ 44,380,244	\$191,977,730	\$156,719,981

Additional information on the City's long-term debt can be found in Note 8 of the Notes to the Basic Financial Statements of this report.

City of South Gate
Management's Discussion and Analysis (Unaudited) (Continued)
Year Ended June 30, 2018

Economic Factors and Next Year's Budget

The FY 2017-18 budget was balanced by maintaining the same service level of the prior year while continuing to fill only essential positions and controlling maintenance and operations costs.

When preparing the City's budget for fiscal year 2018-19, the following assumptions were made:

- Negotiated employee salary increases and increased CalPERS costs were expected to continue to increase the budget over the next few years, with the increase to the FY 2018-19 Budget expected to be approximately \$3M.
- Most revenues were expected to grow by 1% in FY 2018-19. The General Fund projected operating revenues of \$48,452,992 and operating expenditures of \$50,057,890, leaving an operating shortfall of \$1,604,898. This operating shortfall will be covered with funds from the CalPERS/Budget Stabilization account, which has a balance \$6M.

Requests for Information

This comprehensive annual financial report (CAFR) is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's transparency and accountability for the money it receives and expends. If you have questions about this report or need additional financial information, please contact Jackie Acosta, Director of Administrative Services, by phone at (323) 563-9524, by e-mail at jacosta@sogate.org or by mail at 8650 California Avenue, South Gate, California 90280.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

City of South Gate
Statement of Net Position
June 30, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 71,939,920	\$ 28,142,026	\$ 100,081,946
Receivables:			
Accounts	1,299,832	4,509,319	5,809,151
Accrued interest	409,098	118,271	527,369
Settlement	76,712	-	76,712
Internal balances	7,882,191	(7,882,191)	-
Advance to Successor Agency	600,005	-	600,005
Prepaid items	28,263	2,500	30,763
Prepaid bond insurance	-	274,632	274,632
Due from other governments	11,119,286	24,634	11,143,920
Inventories	145,519	-	145,519
Property held for resale	2,190,000	-	2,190,000
Restricted cash and investments:			
Cash and investments with fiscal agents	232,248	-	232,248
Total current assets	<u>95,923,074</u>	<u>25,189,191</u>	<u>121,112,265</u>
Noncurrent assets:			
Restricted cash and investments:			
Cash and investments with fiscal agents	-	5,985,195	5,985,195
Receivables:			
Notes and loans	9,772,945	-	9,772,945
Non-depreciable capital assets	27,575,790	18,300,863	45,876,653
Depreciable capital assets, net	<u>206,932,061</u>	<u>34,861,762</u>	<u>241,793,823</u>
Total noncurrent assets	<u>244,280,796</u>	<u>59,147,820</u>	<u>303,428,616</u>
Total assets	<u>340,203,870</u>	<u>84,337,011</u>	<u>424,540,881</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding of debt	-	125,631	125,631
Deferred outflows of resources related to pensions	18,565,633	1,250,008	19,815,641
Deferred inflows of resources related to OPEB	<u>1,197,357</u>	<u>-</u>	<u>1,197,357</u>
Total deferred outflows of resources	<u>19,762,990</u>	<u>1,375,639</u>	<u>21,138,629</u>

City of South Gate
Statement of Net Position (Continued)
June 30, 2018

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 6,685,892	\$ 1,801,215	\$ 8,487,107
Accrued liabilities	608,505	54,274	662,779
Retention payable	207,950	6,192	214,142
Accrued interest	362,891	378,013	740,904
Unearned revenue	479,062	115,694	594,756
Deposits payable	1,515,160	2,118,147	3,633,307
Due to other governments	118,671	-	118,671
Compensated absences - due within one year	366,164	28,333	394,497
Claims payable - due within one year	916,506	-	916,506
Long-term debt - due within one year	1,884,862	1,683,569	3,568,431
Total current liabilities	<u>13,145,663</u>	<u>6,185,437</u>	<u>19,331,100</u>
Noncurrent liabilities:			
Compensated absences - due in more than one year	4,825,901	329,373	5,155,274
Claims payable - due in more than one year	13,714,019	-	13,714,019
Long-term debt - due in more than one year	14,601,045	36,615,422	51,216,467
Aggregate net pension liability	81,825,233	4,931,001	86,756,234
Total OPEB liability	<u>30,256,302</u>	<u>-</u>	<u>30,256,302</u>
Total noncurrent liabilities	<u>145,222,500</u>	<u>41,875,796</u>	<u>187,098,296</u>
Total liabilities	<u>158,368,163</u>	<u>48,061,233</u>	<u>206,429,396</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	5,286,295	154,553	5,440,848
Deferred inflows of resources related to OPEB	1,291,284	-	1,291,284
Total deferred inflows of resources	<u>6,577,579</u>	<u>154,553</u>	<u>6,732,132</u>
NET POSITION			
Net investment in capital assets	<u>233,266,944</u>	<u>19,086,358</u>	<u>252,353,302</u>
Restricted:			
Community development projects	6,383,068	-	6,383,068
Asset forfeiture program	4,603,708	-	4,603,708
Law enforcement	557,626	-	557,626
Public works	11,285,780	-	11,285,780
Capital projects	2,000	-	2,000
Debt service	230,248	1,888,102	2,118,350
Low and moderate housing activities	11,124,592	-	11,124,592
Total restricted	<u>34,187,022</u>	<u>1,888,102</u>	<u>36,075,124</u>
Unrestricted (deficit)	<u>(72,432,848)</u>	<u>16,522,404</u>	<u>(55,910,444)</u>
Total net position	<u>\$ 195,021,118</u>	<u>\$ 37,496,864</u>	<u>\$ 232,517,982</u>

City of South Gate
Statement of Activities
For the Year Ended June 30, 2018

Functions/Programs	Program Revenues				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Program Revenues
Primary government:					
Governmental activities:					
General government	\$ 8,663,086	\$ 2,899,672	\$ 381,830	\$ -	\$ 3,281,502
Public safety	31,153,749	1,836,865	1,086,802	-	2,923,667
Community development	12,533,023	1,619,303	10,375,407	-	11,994,710
Parks and recreation	10,115,376	1,274,582	2,500	-	1,277,082
Public works	21,474,737	1,282,620	-	8,747,741	10,030,361
Interest on long-term debt	910,811	-	-	-	-
Total governmental activities	<u>84,850,782</u>	<u>8,913,042</u>	<u>11,846,539</u>	<u>8,747,741</u>	<u>29,507,322</u>
Business-type activities:					
Water	14,033,674	20,772,332	-	-	20,772,332
Sewer	1,739,746	1,349,880	-	-	1,349,880
Refuse	3,809,917	3,856,016	36,752	-	3,892,768
Total business-type activities	<u>19,583,337</u>	<u>25,978,228</u>	<u>36,752</u>	<u>-</u>	<u>26,014,980</u>
Total primary government	<u>\$ 104,434,119</u>	<u>\$ 34,891,270</u>	<u>\$ 11,883,291</u>	<u>\$ 8,747,741</u>	<u>\$ 55,522,302</u>

City of South Gate
Statement of Activities (Continued)
For the Year Ended June 30, 2018

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-type Activities	Total
Primary government:			
Governmental activities:			
General government	\$ (5,381,584)	\$ -	\$ (5,381,584)
Public safety	(28,230,082)	-	(28,230,082)
Community development	(538,313)	-	(538,313)
Parks and recreation	(8,838,294)	-	(8,838,294)
Public works	(11,444,376)	-	(11,444,376)
Interest on long-term debt	(910,811)	-	(910,811)
Total governmental activities	(55,343,460)	-	(55,343,460)
Business-type activities:			
Water	-	6,738,658	6,738,658
Sewer	-	(389,866)	(389,866)
Refuse	-	82,851	82,851
Total business-type activities	-	6,431,643	6,431,643
Total primary government	(55,343,460)	6,431,643	(48,911,817)
General revenues and transfers:			
Taxes:			
Property taxes, levied for general purpose	14,907,434	-	14,907,434
Transient occupancy taxes	419,789	-	419,789
Sales taxes	21,121,209	-	21,121,209
Franchise taxes	2,707,721	-	2,707,721
Business licenses taxes	1,461,046	-	1,461,046
Motor vehicle in lieu	51,919	-	51,919
Other taxes	590,096	-	590,096
Total taxes	41,259,214	-	41,259,214
Use of money and property	1,355,872	-	1,355,872
Azalea participation payment	5,135,307	-	5,135,307
Other	664,817	-	664,817
Transfers	6,400	(6,400)	-
Total general revenues and transfers	48,421,610	(6,400)	48,415,210
Changes in net position	(6,921,850)	6,425,243	(496,607)
Net Position:			
Beginning of year, as restated (Note 16)	201,942,968	31,071,621	233,014,589
End of year	\$ 195,021,118	\$ 37,496,864	\$ 232,517,982

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FUND FINANCIAL STATEMENTS

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

General Fund – The General Fund accounts for resources traditionally associated with government which are not legally required or by sound financial management to be accounted for in another fund.

Grants Special Revenue Fund - This fund is used to account for all Federal, State, and local grants not specified in other funds.

Capital Improvements Capital Projects Fund - This fund accounts for various capital projects from resources designated by the City Council.

**City of South Gate
Balance Sheet
Governmental Funds
June 30, 2018**

	Major Funds				
	General Fund	Grants Special Revenue Fund	Capital Improvement Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 25,489,340	\$ -	\$ 8,340,937	\$ 22,045,947	\$ 55,876,224
Receivables:					
Accounts	1,036,041	-	-	262,881	1,298,922
Notes and loans	17,433	392,680	-	9,362,832	9,772,945
Accrued interest	256,293	-	-	92,802	349,095
Settlement	76,712	-	-	-	76,712
Prepaid items	22,375	-	-	-	22,375
Due from other governments	4,273,046	6,109,099	-	737,141	11,119,286
Due from other funds	7,313,636	-	-	-	7,313,636
Inventories	145,519	-	-	-	145,519
Property held for resale	-	-	-	2,190,000	2,190,000
Advances to other funds	7,883,841	-	-	-	7,883,841
Advances to Successor Agency	5	-	-	600,000	600,005
Restricted cash and investments held by fiscal agent	230,248	-	2,000	-	232,248
Total assets	\$ 46,744,489	\$ 6,501,779	\$ 8,342,937	\$ 35,291,603	\$ 96,880,808

**City of South Gate
Balance Sheet (Continued)
Governmental Funds
June 30, 2018**

	Major Funds				
	General Fund	Grants Special Revenue Fund	Capital Improvement Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 1,159,688	\$ 630	\$ 3,766,538	\$ 1,038,416	\$ 5,965,272
Accrued liabilities	526,170	-	-	67,631	593,801
Unearned revenue	-	49,959	220,000	209,103	479,062
Deposits	1,415,849	-	96,257	3,054	1,515,160
Retentions payable	886	-	202,822	-	203,708
Due to other governments	92,540	13,254	-	12,877	118,671
Due to other funds	-	6,056,270	-	1,282,937	7,339,207
Total liabilities	3,195,133	6,120,113	4,285,617	2,614,018	16,214,881
Deferred inflows of resources:					
Unavailable revenues	314,842	2,540,934	-	-	2,855,776
Total deferred inflows of resources	314,842	2,540,934	-	-	2,855,776
Fund Balances:					
Nonspendable					
Inventories	145,519	-	-	-	145,519
Prepaid items	22,375	-	-	-	22,375
Notes and loans	17,433	-	-	-	17,433
Advances to other funds	7,883,846	-	-	-	7,883,846
Restricted					
Community development projects	-	392,680	-	5,990,388	6,383,068
Asset forfeiture program	-	-	-	4,603,708	4,603,708
Law enforcement	-	-	-	557,626	557,626
Public works	-	-	-	11,285,780	11,285,780
Capital projects	-	-	2,000	-	2,000
Debt service	230,248	-	-	-	230,248
Low and moderate housing activities	-	-	-	11,124,592	11,124,592
Committed					
Emergency reserve	10,000,000	-	-	-	10,000,000
Employment resource center	1,870,000	-	3,954,725	-	5,824,725
Budget stabilization	6,000,000	-	-	-	6,000,000
OPEB section 115 trust	1,000,000	-	-	-	1,000,000
Revolving loan program (ED)	1,000,000	-	-	-	1,000,000
Capital Projects	-	-	100,595	-	100,595
Assigned					
Public works	115,000	-	-	-	115,000
Capital Projects	3,388,438	-	-	-	3,388,438
Unassigned (deficit)	11,561,655	(2,551,948)	-	(884,509)	8,125,198
Total fund balances	43,234,514	(2,159,268)	4,057,320	32,677,585	77,810,151
Total liabilities, deferred inflows of resources and fund balances	\$ 46,744,489	\$ 6,501,779	\$ 8,342,937	\$ 35,291,603	\$ 96,880,808

City of South Gate
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2018

Total Fund Balances - Total Governmental Funds	\$ 77,810,151
Amounts reported for governmental activities in the Statement of Net Position were different because:	
Capital assets used in governmental activities were not financial resources and therefore were not reported in governmental funds.	
Government-Wide Financial Statements	234,507,851
Less: Internal Service Funds' capital assets	<u>(1,411,529)</u>
Total capital assets adjustment	233,096,322
Long-term debt are not due and payable in the current period and, therefore, are not reported in the governmental fund activity:	
Pension Obligation Bonds	(15,245,000)
Notes and loans payable	(600,000)
Financing agreements	(640,907)
Compensated absences	<u>(5,192,065)</u>
Total long-term debt adjustment	(21,677,972)
Governmental funds report all pension contributions as expenditures; however, in the statement of net position, the excess of the total pension liability over the plan fiduciary net position is reported as a net pension liability, net of \$1,782,473 reported in Internal Service Funds.	(80,042,760)
Deferred outflows of resources related to pensions, net of \$386,440 reported in Internal Service Funds.	18,179,193
Deferred inflows of resources related to pensions, net of \$56,422 reported in Internal Service Funds.	(5,236,250)
Governmental funds report all OPEB contributions as expenditures; however, in the statement of net position, the Total OPEB liability is reported as a Total OPEB liability.	(30,256,302)
Deferred outflows of resources related to OPEB.	1,197,357
Deferred inflows of resources related to OPEB.	(1,291,284)
Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds.	(362,891)
Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.	2,855,776
Internal service funds were used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds were included in governmental activities in the Government-Wide Statement of Net Position.	<u>749,778</u>
Net Position of Governmental Activities	<u><u>\$ 195,021,118</u></u>

City of South Gate
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2018

	Major Funds				
	General Fund	Grants Special Revenue Fund	Capital Improvement Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:					
Taxes	\$ 38,966,080	\$ -	\$ -	\$ 2,241,215	\$ 41,207,295
Licenses and permits	1,443,497	-	-	20,765	1,464,262
Intergovernmental	433,749	5,076,095	135,000	16,014,907	21,659,751
Charges for services	2,312,937	-	-	1,137,608	3,450,545
Use of money and property	1,102,252	-	-	253,620	1,355,872
Fines and forfeitures	1,009,431	-	-	115,479	1,124,910
Miscellaneous	8,641,534	-	2,922	27,492	8,671,948
Total revenues	53,909,480	5,076,095	137,922	19,811,086	78,934,583
EXPENDITURES:					
Current:					
General government	6,643,571	-	-	42,739	6,686,310
Public safety	24,086,284	-	-	1,165,708	25,251,992
Community development	2,576,420	266,449	-	8,036,778	10,879,647
Parks and recreation	7,147,848	-	-	75	7,147,923
Public works	4,015,847	-	-	6,072,911	10,088,758
Capital outlay	160,033	-	9,016,035	512,641	9,688,709
Debt service:					
Principal	1,130,000	-	-	619,348	1,749,348
Interest and fiscal charges	886,952	-	-	58,864	945,816
Total expenditures	46,646,955	266,449	9,016,035	16,509,064	72,438,503
REVENUES OVER (UNDER) EXPENDITURES	7,262,525	4,809,646	(8,878,113)	3,302,022	6,496,080
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	12,800,344	436,829	13,237,173
Transfers out	(11,769,745)	(4,820,660)	-	(2,543,447)	(19,133,852)
Total other financing sources (uses)	(11,769,745)	(4,820,660)	12,800,344	(2,106,618)	(5,896,679)
CHANGES IN FUND BALANCES	(4,507,220)	(11,014)	3,922,231	1,195,404	599,401
FUND BALANCES:					
Beginning of year, as restated (Note 16)	47,741,734	(2,148,254)	135,089	31,482,181	77,210,750
End of year	\$ 43,234,514	\$ (2,159,268)	\$ 4,057,320	\$ 32,677,585	\$ 77,810,151

City of South Gate
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balances to the Government-Wide Statement of Activities
For the Year Ended June 30, 2018

Net Change in Fund Balances - Total Governmental Funds	\$ 599,401
Amounts reported for governmental activities in the Statement of Activities were different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	
Capital outlay, net of \$1,072,813 reported in Internal Service Fund	9,512,732
Depreciation, net of \$95,466 reported in Internal Service Fund	(8,527,665)
	985,067
Repayment of long-term liabilities was an expenditures in governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Position.	
Principal payment of long-term debt	1,749,348
Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period.	
	35,005
Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
	(568,581)
Governmental funds report all contributions in relation to the annual required contribution (ARC) for OPEB as expenditures, however in the statement of activities only the ARC is an expense.	
	(1,349,567)
Pension expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
	(8,769,315)
Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.	
	(1,012,051)
Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The net revenues (expenses) of the internal service funds is reported with governmental activities.	
	1,408,843
Change in Net Position of Governmental Activities	\$ (6,921,850)

PROPRIETARY FUND FINANCIAL STATEMENTS

Utility Authority - Water Fund – This fund accounts for the operations of the City's water utility. All activities necessary to provide this service are accounted for in this fund including administration, operations, maintenance, capital improvements, billing, collection and depreciation.

Utility Authority - Sewer Fund – This fund accounts for the provision of sewer maintenance services to the residents of the City. All activities necessary to provide this service are accounted for in this fund including, but not limited to, operations, maintenance, capital improvements and depreciation.

Refuse Fund (Nonmajor) – This fund accounts for the provision of waste management services to the residents of the City. All activities necessary to provide this service are accounted for in this fund including, but not limited to, operations, maintenance, capital improvements and depreciation.

**City of South Gate
Statement of Net Position
Proprietary Funds
June 30, 2018**

	Enterprise Funds			Total	Governmental
	Major		Nonmajor		Activities
	Water	Sewer	Refuse		Internal
				Service Funds	
ASSETS					
Current assets:					
Cash and investments	\$ 25,500,291	\$ 1,439,797	\$ 1,201,938	\$ 28,142,026	\$ 16,063,696
Receivables:					
Accounts	3,523,074	379,496	606,749	4,509,319	910
Accrued interest	107,447	6,906	3,918	118,271	60,003
Prepaid items	2,500	-	-	2,500	5,888
Prepaid bond insurance	274,632	-	-	274,632	-
Due from other governments	-	-	24,634	24,634	-
Due from other funds	1,650	-	-	1,650	23,921
Total current assets	29,409,594	1,826,199	1,837,239	33,073,032	16,154,418
Noncurrent assets:					
Restricted assets:					
Cash and investments	5,985,195	-	-	5,985,195	-
Capital assets:					
Non-depreciable assets	18,192,277	108,586	-	18,300,863	308,973
Depreciable assets, net of accumulated depreciation	17,520,166	17,341,596	-	34,861,762	1,102,556
Total capital assets, net	35,712,443	17,450,182	-	53,162,625	1,411,529
Total noncurrent assets	41,697,638	17,450,182	-	59,147,820	1,411,529
Total assets	71,107,232	19,276,381	1,837,239	92,220,852	17,565,947
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding of debt	125,631	-	-	125,631	-
Deferred outflows of resources related to pensions	1,011,273	238,735	-	1,250,008	386,440
Total deferred outflows of resources	1,136,904	238,735	-	1,375,639	386,440

City of South Gate
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2018

	Enterprise Funds			Total	Governmental
	Major		Nonmajor		Activities
	Water	Sewer	Refuse		Internal Service Funds
LIABILITIES					
Liabilities:					
Current liabilities:					
Accounts payable	1,070,965	113,362	616,888	1,801,215	720,620
Unearned revenues	-	-	115,694	115,694	-
Deposits payable	2,118,147	-	-	2,118,147	-
Retentions payable	6,192	-	-	6,192	4,242
Compensated absences, due within one year	21,819	6,514	-	28,333	-
Claims and judgments, due within one year	-	-	-	-	916,506
Bonds payable, due within one year	1,683,569	-	-	1,683,569	-
Total current liabilities	<u>5,324,741</u>	<u>126,954</u>	<u>733,742</u>	<u>6,185,437</u>	<u>1,656,072</u>
Noncurrent liabilities:					
Advances from other funds	7,883,841	-	-	7,883,841	-
Compensated absences, due in more than one year	274,917	54,456	-	329,373	-
Claims and judgments, due in more than one year	-	-	-	-	13,714,019
Bonds payable, due in more than one year	36,615,422	-	-	36,615,422	-
Net OPEB liability	-	-	-	-	-
Aggregate net pension liability	3,907,510	1,023,491	-	4,931,001	1,782,473
Total noncurrent liabilities	<u>48,681,690</u>	<u>1,077,947</u>	<u>-</u>	<u>49,759,637</u>	<u>15,496,492</u>
Total liabilities	<u>54,006,431</u>	<u>1,204,901</u>	<u>733,742</u>	<u>55,945,074</u>	<u>17,152,564</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred charge on refunding	-	-	-	-	-
Deferred inflows of resources related to pensions	125,405	29,148	-	154,553	50,045
Total deferred inflows of resources	<u>125,405</u>	<u>29,148</u>	<u>-</u>	<u>154,553</u>	<u>50,045</u>
NET POSITION					
Net investment in capital assets	1,636,176	17,450,182	-	19,086,358	1,411,529
Restricted for debt service	1,888,102	-	-	1,888,102	-
Unrestricted (deficit)	14,588,022	830,885	1,103,497	16,522,404	(661,751)
Total net position	<u>\$ 18,112,300</u>	<u>\$ 18,281,067</u>	<u>\$ 1,103,497</u>	<u>\$ 37,496,864</u>	<u>\$ 749,778</u>

City of South Gate
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2018

	Enterprise Funds			Total	Governmental
	Major		Nonmajor		Activities
	Water	Sewer	Refuse		Internal Service Funds
OPERATING REVENUES:					
Sales and service charges	\$ 19,573,252	\$ 1,348,403	\$ 3,850,521	\$ 24,772,176	\$ -
Interdepartmental charges	-	-	-	-	6,774,563
Miscellaneous	1,199,080	1,477	5,495	1,206,052	6,552
Total operating revenues	20,772,332	1,349,880	3,856,016	25,978,228	6,781,115
OPERATING EXPENSES:					
Personnel services	3,742,875	685,257	76,882	4,505,014	1,303,393
Utilities	640,149	2,214	3,540,392	4,182,755	54,947
Contractual services	3,838,891	154,144	8,765	4,001,800	304,281
Administrative services	2,310,984	267,115	187,791	2,765,890	348,516
Repair and maintenance	147,533	21,939	-	169,472	235,272
Supplies	281,540	24,212	-	305,752	666,834
Insurance	-	-	-	-	2,251,817
Claims expense	-	-	-	-	6,082,996
Depreciation expense	1,132,841	590,960	-	1,723,801	95,466
Total operating expenses	12,094,813	1,745,841	3,813,830	17,654,484	11,343,522
OPERATING INCOME (LOSS)	8,677,519	(395,961)	42,186	8,323,744	(4,562,407)
NONOPERATING REVENUES (EXPENSES):					
Investment income	202,144	6,095	3,913	212,152	68,171
Intergovernmental	-	-	36,752	36,752	-
Interest expense and fiscal charges	(2,141,005)	-	-	(2,141,005)	-
Total nonoperating revenues (expenses)	(1,938,861)	6,095	40,665	(1,892,101)	68,171
INCOME (LOSS) BEFORE TRANSFERS	6,738,658	(389,866)	82,851	6,431,643	(4,494,236)
TRANSFERS:					
Transfers in	203,595	-	-	203,595	5,929,504
Transfers out	(6,400)	(203,595)	-	(209,995)	(26,425)
Total transfers	197,195	(203,595)	-	(6,400)	5,903,079
CHANGES IN NET POSITION	6,935,853	(593,461)	82,851	6,425,243	1,408,843
NET POSITION:					
Beginning of year	11,176,447	18,874,528	1,020,646	31,071,621	(659,065)
End of year	\$ 18,112,300	\$ 18,281,067	\$ 1,103,497	\$ 37,496,864	\$ 749,778

City of South Gate
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2018

	Enterprise Funds			Total	Governmental Activities Internal Service Funds	
	Major		Nonmajor		Total	Service Funds
	Water	Sewer	Refuse			
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash received from customers and users	\$ 21,003,427	\$ 1,346,829	\$ 3,963,753	\$ 26,314,009	\$ -	
Cash received from interfund service provided	472	-	-	472	6,801,173	
Cash paid to suppliers for goods and services	(5,649,060)	(149,058)	(3,525,258)	(9,323,376)	(4,142,566)	
Cash paid to employees for services	(5,291,344)	(809,272)	(264,475)	(6,365,091)	(1,047,299)	
Net cash provided by (used in) operating activities	10,063,495	388,499	174,020	10,626,014	1,611,308	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Acquisition and construction of capital assets	(1,416,046)	(68,994)	-	(1,485,040)	(1,072,813)	
Principal paid on capital-related debt	(1,615,000)	-	-	(1,615,000)	-	
Interest paid on capital-related debt	(1,974,629)	-	-	(1,974,629)	-	
Repayment of advance from other funds	(986,633)	-	-	(986,633)	-	
Net cash (used in) capital and related financing activities	(5,992,308)	(68,994)	-	(6,061,302)	(1,072,813)	
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Intergovernmental	-	-	12,118	12,118	-	
Transfers in	203,595	-	-	203,595	5,929,504	
Transfers (out)	(6,400)	(203,595)	-	(209,995)	(26,425)	
Net cash provided by noncapital financing activities	197,195	(203,595)	12,118	5,718	5,903,079	
CASH FLOWS FROM INVESTING ACTIVITIES:						
Investment income	139,951	2,776	1,576	144,303	24,117	
Net cash provided by investing activities	139,951	2,776	1,576	144,303	24,117	
Net change in cash and cash equivalents	4,408,333	118,686	187,714	4,714,733	6,465,691	
CASH AND CASH EQUIVALENTS:						
Beginning of year	27,077,153	1,321,111	1,014,224	29,412,488	9,598,005	
End of year	<u>\$ 31,485,486</u>	<u>\$ 1,439,797</u>	<u>\$ 1,201,938</u>	<u>\$ 34,127,221</u>	<u>\$ 16,063,696</u>	
RECONCILIATION TO STATEMENT OF NET POSITION:						
Cash and investments	\$ 25,500,291	\$ 1,439,797	\$ 1,201,938	\$ 28,142,026	\$ 16,063,696	
Restricted cash and investment	5,985,195	-	-	5,985,195	-	
Total cash and cash equivalents	<u>\$ 31,485,486</u>	<u>\$ 1,439,797</u>	<u>\$ 1,201,938</u>	<u>\$ 34,127,221</u>	<u>\$ 16,063,696</u>	

City of South Gate
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2018

	Enterprise Funds			Total	Governmental
	Major		Nonmajor		Activities
	Water	Sewer	Refuse		Internal Service Funds
RECONCILIATION OF OPERATING INCOME					
(LOSS) TO NET CASH PROVIDED BY (USED IN)					
OPERATING ACTIVITIES:					
Operating income (loss)	\$ 8,677,519	\$ (395,961)	\$ 42,186	\$ 8,323,744	\$ (4,562,407)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	1,132,841	590,960	-	1,723,801	95,466
(Increase) decrease in accounts receivable	231,095	(3,051)	68,170	296,214	(910)
(Increase) decrease in prepaid items	13,732	-	-	13,732	13,612
(Increase) decrease in due from other funds	472	-	-	472	20,968
(Increase) decrease in deferred outflows of resources related to pension plan	601,248	134,410	-	735,658	226,585
Increase (decrease) in accounts payable	(87,033)	53,451	23,899	(9,683)	518,180
Increase (decrease) in accrued liabilities	4,689	(1,929)	198	2,958	2,029
Increase (decrease) in unearned revenue	-	-	39,567	39,567	-
Increase (decrease) in deposits payable	(175,417)	-	-	(175,417)	-
Increase (decrease) in retentions payable	(492,229)	-	-	(492,229)	4,242
Increase (decrease) in claims and judgments	-	-	-	-	5,266,063
Increase (decrease) in compensated absences	(17,097)	6,479	-	(10,618)	-
Increase (decrease) in net pension liability	582,532	113,270	-	695,802	212,381
Increase (decrease) in deferred inflows of resources related to pension plan	(408,857)	(109,130)	-	(517,987)	(184,901)
Total adjustments	1,385,976	784,460	131,834	2,302,270	6,173,715
Net cash provided by operating activities	\$ 10,063,495	\$ 388,499	\$ 174,020	\$ 10,626,014	\$ 1,611,308

FIDUCIARY FUND

FINANCIAL STATEMENTS

Agency Funds – This fund accounts for assets received and held by the City while acting in the capacity of agents or custodians. Cash and deposits are maintained for activities associated with various associations and third party projects.

Successor Agency to the Economic Development Agency Private Purpose Trust Fund – This fund accounts for the assets and liabilities of the former Community Development Commission and the allocated revenue to pay estimated installment payments of enforceable obligations until the obligations of the former redevelopment agency are paid in full and assets have been liquidated.

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City of South Gate
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

	Agency Funds	Successor Agency of the Former Community Development Commission
ASSETS		
Cash and investments	\$ 409,487	\$ 1,191,482
Cash and investments with fiscal agents	-	3,743,736
Receivables:		
Accounts	-	5,397
Notes and loans	-	484,544
Due from other governments	-	105,417
Prepaid bond insurance	-	113,021
Property held for resale	-	1,463,492
Capital assets:		
Non-depreciable	-	1,686,000
Depreciable, net	-	160,671
Total assets	\$ 409,487	8,953,760
LIABILITIES		
Accounts payable	\$ 11,147	49,330
Interest payable	-	529,691
Due to other governments	-	481,246
Deposit payable	398,340	50,036
Long-term debt:		
Due within one year	-	4,114,663
Due in more than one year	-	24,233,064
Total liabilities	\$ 409,487	29,458,030
NET POSITION (DEFICIT)		
Held in trust		\$ (20,504,270)

City of South Gate
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2018

	Successor Agency of the Former Community Development Commission
ADDITIONS:	
Redevelopment property tax trust fund	\$ 6,060,414
Use of money and property	42,297
Total additions	6,102,711
DEDUCTIONS:	
Contractual services	289,305
Administrative services	171,290
Depreciation expense	19,089
Interest expense and fiscal charges	927,613
Total deductions	1,407,519
Changes in Net Position	4,695,192
NET POSITION:	
Beginning of year	(25,199,462)
End of year	\$ (20,504,270)

NOTES TO THE BASIC FINANCIAL STATEMENTS

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City of South Gate
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For the Year Ended June 30, 2018

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For the Year Ended June 30, 2018

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City of South Gate
Notes to the Basic Financial Statements
For the Year Ended June 30, 2018

Note 1 - Summary of Significant Accounting Policies

A. Description of the Reporting Entity

The City of South Gate (the "City") was incorporated January 20, 1923, under the general laws of the state of California and enjoys all the rights and privileges pertaining to such "General Law" cities. The City is a municipal corporation governed by an elected five-member council.

As required by generally accepted accounting principles, these basic financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The following blended component units, although legally separate entities are, in substance, part of the City's operations and data from these units are combined with the data of the City. They are reported as blended for the following reasons: (1) the governing board is substantively the same as the primary government and there is a financial benefit or burden relationship between the primary government and the component unit; (2) the component unit provides services entirely, or almost entirely, to the primary government or otherwise exclusively, or almost exclusively, benefits the primary government even though it does not provide services directly to it; and (3) the component unit's total debt outstanding, including leases, is expected to be repaid entirely or almost entirely with the resources of the primary government. A brief description of each component unit is discussed below.

Blended Component Units

Blended component units, although legally separate entities, are, in substance part of the government's operation and so data from these units are combined with data of the primary government. Discretely presents component units, on the other hand, are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the government.

The City Council acts as the governing body and is able to impose its will on the following organizations and establishing financial accountability. 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 City is either able to impose its will on that organization, or there is a potential for that organization 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 upon the City (i.e., it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval from the City). As a result, these organizations are considered component units of the City and are included within the financial statements of the City using the blended method. All component units have a June 30 year-end.

The **South Gate Utility Authority ("Utility Authority")** is a joint powers authority that was established by the City and Authority on August 28, 2001. The Utility Authority is governed by a board of five members comprised of the same individuals who comprise the City Council of the City. The Utility Authority was created for the purpose of providing financing for public capital improvements for the City. Separate financial statements are not prepared for the Utility Authority.

The **Housing Authority of the City of South Gate ("Housing Authority")** was established on September 23, 1974, pursuant to the State of California Health and Safety Code 34200 entitled, "Housing Authorities Law." The Housing Authority is governed by a board of five members comprised of the same individuals who comprise the City Council of the City. The purpose of the Housing Authority of the City of South Gate is to provide safe and sanitary dwelling accommodations in the City to persons of low income. Separate financial statements are not prepared for the Housing Authority.

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 1 - Summary of Significant Accounting Policies (Continued)

A. Description of the Reporting Entity (Continued)

The South Gate Public Financing Authority (“Financing Authority”) was formed on September 11, 1989. The purpose of the South Gate Public Financing Authority is to issue debt to finance public improvements and other capital purchases for the City. The Public Financing Authority is governed by a board of five members comprised of the same individuals who comprise the City Council of the City. Separate financial statements are not available for the Financing Authority.

The following specific criteria were used in determining the status of these component units:

- Members of the City Council also act as the governing body of the Utility Authority, the Housing Authority, and the Financing Authority.
- The City, the Utility Authority, the Housing Authority, and the Financing Authority are financially interdependent.
- The Utility Authority, the Housing Authority, and the Financing Authority are managed, at least in part, by employees of the City, who provide various support functions including financial reporting and investment decisions.

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The City’s basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”). The Government Accounting Standards Board is the acknowledged standard-setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the primary government. These statements include the financial activities of the overall City government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal service fund and similar activities. The effect of inter-fund services provided and used between functions is not eliminated in the process of consolidation. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other no exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The government-wide financial statements are reported using the “*economic resources*” measurement focus and the *accrual basis* of accounting. Accordingly, all of the City’s assets and liabilities, including capital assets (as well as infrastructure assets) and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City’s governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program and (c) fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. Certain indirect costs are included in program expenses reported for individual functions and activities.

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 1 - Summary of Significant Accounting Policies (Continued)

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Governmental Fund Financial Statements

Governmental fund financial statements are reported using the “*current financial resources*” measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, with the exception of grants, for which the revenue recognition period is 270 days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

- *General Fund* – The General Fund accounts for resources traditionally associated with government which are not legally required or by sound financial management to be accounted for in another fund.
- *Grants Special Revenue Fund* - This fund is used to account for all Federal, State, and local grants not specified in other funds.
- *Capital Improvements Capital Projects Fund* – This fund accounts for various capital projects from resources committed by the City Council.

Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows for each proprietary fund.

Proprietary funds are accounted for using the “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. In these funds, receivables have been recorded as revenue and provisions have been made for uncollectible amounts.05

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 1 - Summary of Significant Accounting Policies (Continued)

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Proprietary Fund Financial Statements (Continued)

Proprietary fund *operating* revenues and expenses, such as charges for services, and payments to employees and vendors, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Non-operating* revenues and expenses, such as subsidies, investment earnings, changes in fair value of investments and interest charges result from non-exchange transactions or ancillary activities.

The concept of major funds extends to Proprietary Funds. The City has identified the funds below as major proprietary funds. Individual non-major funds may be found in the supplemental section.

- *Utility Authority - Water Fund* – This fund accounts for the operations of the City's water utility. All activities necessary to provide this service are accounted for in this fund including administration, operations, maintenance, capital improvements, billing, collection and depreciation.
- *Utility Authority - Sewer Fund* – This fund accounts for the provision of sewer maintenance services to the residents of the City. All activities necessary to provide this service are accounted for in this fund including, but not limited to, operations, maintenance, capital improvements and depreciation.

The City also reports the following proprietary funds:

- *Internal Service Funds* – These funds have been established to finance and account for goods and services provided by one City department to other City departments or agencies. Such goods and services include: worker's compensation, employee accrued liability, information technology equipment and services, and vehicle maintenance and repair.

Fiduciary Fund Financial Statements

The City's fiduciary funds consist of an agency fund and a private purpose trust fund. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Private purpose trust funds are accounted for using the "*economic resources*" measurement focus and the accrual basis of accounting.

The City also reports the following fiduciary funds:

- *Agency Fund* – This fund accounts for assets received and held by the City while acting in the capacity of agents or custodians. Cash and deposits are maintained for activities associated with various associations and third party projects.
- *Private-purpose Trust Fund* – This fund accounts for the assets and liabilities of the former Community Development Commission and the allocated revenue to pay estimated installment payments of enforceable obligations until the obligations of the former redevelopment agency are paid in full and assets have been liquidated.

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 1 - Summary of Significant Accounting Policies (Continued)

C. Cash, Investments, and Cash Equivalent

In order to maximize investment return, the City pools its available cash for investment purposes. The City's cash management pool is used essentially as a demand deposit account by the various funds. The City has defined, for purposes of the preparation of its statements of cash flows, cash and cash equivalents as demand deposits plus all investments maintained in its cash management pool, regardless of maturity period.

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. 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, except investment income for the Internal Service Funds and the Capital Improvement Fund which is allocated to the General Fund.

Certain disclosure requirements, if applicable, for Deposits and Investment Risks in the following areas are presented in the footnotes:

- Interest Rate Risk
- Credit Risk
 - Overall
 - Custodial Credit Risk
 - Concentration of Credit Risk
- Foreign Currency Risk

In addition, other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year end and other disclosures.

D. Fair Value Measurement

U.S. GAAP defines fair value, establishes a framework for measuring fair value and establishes disclosure about fair value measurement. Investments, unless otherwise specified at fair value in the financial statements, are categorized based upon the level of judgment associated with the inputs used to measure their fair value.

Levels of inputs are as follows:

Level 1 – Inputs are unadjusted, quoted prices for identical assets and liabilities in active markets at the measurement date.

Level 2 – Inputs, other than quoted prices included in Level 1, that are observable for the assets and liabilities through corroboration with market data at the measurement date.

Level 3 – Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the assets and liabilities at the measurement date.

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 1 - Summary of Significant Accounting Policies (Continued)

E. 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) or "advances to / from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to / from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown net of an allowance for uncollectibles.

Property tax revenue is recognized in the fiscal year for which the taxes have been levied providing they become available. Available means when due, or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter (not to exceed 60 days) to be used to pay liabilities of the current period. The County of Los Angeles collects property taxes for the City. Tax liens attach annually as of 12:01 A.M. on the first day in January preceding the fiscal year for which the taxes are levied. Taxes are levied on both real and personal property as it exists on that date. The tax levy covers the fiscal period July 1 to June 30. All secured personal property taxes and one-half of the taxes on real property are due November 1; the second installment is due February 1. All taxes are delinquent, if unpaid, on December 10 and April 10, respectively. Unsecured personal property taxes become due on the first of March each year and are delinquent on August 31.

F. Prepaid Items

The prepaid items are payments made to vendors for costs applicable to future accounting periods and are recorded under the consumption method in both government-wide and fund financial statements. .

G. Inventories

Inventories of supplies are recorded at cost, whereas inventories held for resale are recorded at lower of cost or market using the first-in, first-out (FIFO) method. The cost of inventory is recorded as an asset when purchased and is expensed when consumed.

H. Property Held for Resale

Land held for resale is recorded in the City's Housing Successor Special Revenue Fund and in the Private-Purpose Trust Fund – Successor Agency of the Former Community Development Commission at the lower of acquisition cost or estimated net realizable value when such amount becomes determinable as a result of the City entering into a contract for sale of property. Land held for resale at June 30, 2018, in the City's Housing Successor Special Revenue Fund and in the Private-Purpose Trust Fund – Successor Agency of the Former CDC are \$2,190,000 and \$1,463,492, respectively.

I. 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 acquisition value at the date of the contribution. Generally, capital asset purchases in excess of \$5,000 are capitalized if they have an expected useful life of three years or more.

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 1 - Summary of Significant Accounting Policies (Continued)

I. Capital Assets (Continued)

Capital assets, which include property, plant, equipment, infrastructure (e.g., roads, bridges, sidewalks and similar items) and intangible assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City's infrastructure assets are recorded at historical cost or at estimated historical cost if actual historical cost was not available. All current year additions to infrastructure assets are depreciated.

Depreciation has been provided using the straight-line method over the estimated useful life of the asset in the government-wide financial statements and in the fund financial statements of the proprietary funds.

For infrastructure systems, the City elected to use the Basic Approach as defined by GASB Statement No. 34 for infrastructure reporting.

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of borrowing until completion of the project with interest earned on invested proceeds over the same period.

The following schedule summarizes capital asset useful lives:

Building and improvements	10-50 years
Equipment and furniture	3-50 years
Vehicles	5-10 years
Infrastructure	10-65 years
Wells	20 years
Pumping and purification equipment	5-50 years
Distribution and service equipment	5-50 years
Eastside reservoir	45 years
Westside reservoir	45 years

J. Deferred Outflows/Inflows of Resources

The Statement of Net Position and the Balance Sheet report separate sections for Deferred Outflows of Resources and Deferred Inflows of Resources, when applicable.

Deferred Outflows of Resources represent outflows of resources (consumption of net position) that apply to future periods and that, therefore, will not be recognized as an expense until that time.

Deferred Inflows of Resources represent inflows of resources (acquisition of net position) that apply to future periods and that, therefore, will not be recognized as revenue until that time.

K. Net Pension Liability

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

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 1 - Summary of Significant Accounting Policies (Continued)

K. Net Pension Liability (Continued)

The following timeframes are used for pension reporting:

CalPERS

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Measurement Period	July 1, 2016 to June 30, 2017

PARS

Valuation Date	June 30, 2017
Measurement Date	June 30, 2017
Measurement Period	July 1, 2016 to June 30, 2017

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

L. Other Postemployment Benefits (“OPEB”)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District Retiree Benefits Plan (“OPEB Plan”) and additions to/deductions from OPEB Plan’s fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments, which are reported at amortized cost.

The following timeframes are used for pension reporting:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2017
Measurement Period	July 1, 2016 to June 30, 2017

M. Compensated Absences

Employees can carry forward, for use in subsequent years, earned but unused vacation and sick leave benefits to a specific limit. Upon termination, the City is obligated to compensate employees for all accrued earned but unused vacation days. Upon termination, employees that have provided at least 15 years of service to the City are reimbursed for 50% to 75% of earned but unused sick leave benefits.

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.

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 1 - Summary of Significant Accounting Policies (Continued)

M. *Compensated Absences (Continued)*

A liability is also recorded for unused sick leave balances for an estimated amount based on active employee's eligibility. The estimated amount is calculated based on accrued value of the sick leave balances at June 30, 2018, and the City of South Gate Memorandum of Understanding Sick Leave Payoff eligibility calculation. Other amounts of unused sick leave are excluded from the liability since their payment is contingent solely upon the occurrence of a future event which is outside the control of the City and the employee.

A liability is accrued for all leave benefits relating to the operations of the proprietary funds. A current liability is accrued in the governmental funds for material leave benefits due on demand to governmental fund employees that have terminated prior to year-end. All other amounts are recorded in the statement of net position. These non-current amounts will be recorded as fund expenditures in the year in which they are paid or become due.

N. *Long-Term Obligations*

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities, business type activities or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

O. *Net Position*

In the governmental-wide financial statements and proprietary fund financial statements, net position is classified as follows:

Net Investment in Capital Assets – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt and any deferred outflows or inflows of resources that are attributed to the acquisition, construction, or improvement of the assets, net of unspent debt proceeds and deferred gain/loss on refunding.

Restricted Net Position – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted Net Position – This component of net position is the amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 1 - Summary of Significant Accounting Policies (Continued)

P. Fund Balance

In the fund financial statements, governmental funds report the following fund balance classification:

Nonspendable – This portion of a fund balance that includes amounts that cannot be spent because they are either (a) not in a spendable form, such as prepaid items, inventories of supplies, loans receivable, and property held for resale, unless the proceeds from the collection of those receivables or from sale of the properties is restricted, committed, or assigned; or (b) legally or contractually required to be maintained intact.

Restricted – This portion of a fund balance that reflects constraints placed on the use of resources (other than non-spendable items) that are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – This portion of a fund balance that includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision making authority (City Council), and remain binding unless removed in the same manner. The City Council, as the City's highest level of decision-making authority, may commit fund balance for specific purposes pursuant to constraints imposed by the adoption of a resolution. These committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use through the same type of formal action taken to establish the commitment. City Council action to commit fund balance needs to occur within the fiscal reporting period; however, the amount can be determined subsequently.

As part of the City’s initiative to prepare for potential economic downturns or a major emergency, the City Council has committed funds as emergency reserves. As of June 30, 2018, the City has committed \$5,000,000 in the emergency reserves. The commitments are made through council approval establishing and amending the reserve amounts.

Assigned – This portion of a fund balance that includes amounts that are constrained by the government’s intent to be used for specific purposes, but that are neither restricted nor committed. The City Council has designated the City Finance Director as the City official to determine and define the amounts of those components of fund balance that are classified as “Assigned Fund Balance”.

Unassigned – This portion of a fund balance that includes amounts that do not fall into one of the above four categories. The General Fund is the only fund that should report this category of fund balance, unless a negative fund balance exists.

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. The City considers restricted fund balance to have been spent first when expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Similarly, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the City considers committed amounts to be reduced first, followed by assigned amounts and then unassigned amounts.

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 1 - Summary of Significant Accounting Policies (Continued)

Q. Use of Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

R. Change in Accounting Policy

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement applies to government employers who provide OPEB to their employees and for governments that finance OPEB for employees of other governments. This statement parallels GASB Statement 68 and replaces GASB Statement 45. Application of this statement is effective for the City's fiscal year ending June 30, 2018.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. Application of this statement did not have a significant effect on the City's fiscal year ending June 30, 2018.

GASB Statement No. 85, *Omnibus 2017*. This Statement addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement also addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). Application of this statement did not have a significant effect on the City's fiscal year ending June 30, 2018.

GASB Statement No. 86, *Certain Debt Extinguishment Issues*. This Statement improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. Application of this statement did not have a significant effect on the City's fiscal year ending June 30, 2018.

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 2 - Cash and Investments

As of June 30, 2018, cash and investments were reported in the accompanying financial statements as follows:

	<u>Government-Wide Statement of Net Position</u>			<u>Fiduciary Funds</u>	
	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>	<u>Statement of</u> <u>Net Position</u>	<u>Total</u>
Cash and investments	\$ 71,939,920	\$ 28,142,026	\$ 100,081,946	\$ 1,600,969	\$ 101,682,915
Cash and investments with fiscal agent	232,248	5,985,195	6,217,443	\$ 3,743,736	9,961,179
Total cash and investments	<u>\$ 72,172,168</u>	<u>\$ 34,127,221</u>	<u>\$ 106,299,389</u>	<u>\$ 5,344,705</u>	<u>\$ 111,644,094</u>

Cash and investments as of June 30, 2018 consisted of the following:

Cash:	
Cash on hand	\$ 16,904
Deposits with financial institution	4,272,832
Total Cash	<u>4,289,736</u>
Investments:	
Investments	97,338,379
Investments held by bond trustee	10,015,979
Total Investments	<u>107,354,358</u>
Total Cash and Investments	<u>\$ 111,644,094</u>

The City maintains a cash and investment pool that is available for use for all funds. Each fund type's position in the pool is reported on the combined balance sheet as cash and investments. The City has adopted an investment policy, which authorizes it to invest in various investments.

A. Demand Deposits

At June 30, 2018, the carrying amount of the City's deposits was \$4,272,832 and the bank balance was \$4,702,669. The \$570,163 difference represents outstanding checks and other reconciling items.

The California Government Code requires California banks and savings and loan associations to secure a City's deposits by pledging government securities with a value of 110% of a City's deposits. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of a City's total deposits. The City Treasurer may waive the collateral requirement for deposits which are fully insured up to \$250,000 by the FDIC. The collateral for deposits in federal and state chartered banks is held in safekeeping by an authorized Agent of Depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an Agent of Depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an "Agent of Depository" has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California Agents of Depository are considered to be held for, and in the name of, the local governmental.

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 2 - Cash and Investments (Continued)

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

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

Investment Types Authorized by State Law	Authorized by Investment Policy	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	Yes	5 years	None	None
Federal Agency Obligations	Yes	5 years	None	None
U.S. Government Sponsored Enterprise Securities	Yes	5 years	None	None
Bankers' Acceptances	Yes	180 days	40%	30%
Commercial Papers	Yes	270 days	25%	10%
Non-Negotiable Certificates of Deposit	Yes	5 years	None	None
Medium-Term Notes	Yes	5 years	30%	10%
Money Market Mutual Funds	Yes	N/A	None	None
Local Agency Investment Fund (LAIF)	Yes	N/A	None	None

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

C. Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustee is governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The following table 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.

Authorized Investment Types	Maximum Maturity	Percentage Allowed	Investment in One Issuer
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	None	None	None
Bankers' Acceptances	1 year	40%	30%
Commercial Papers	1 year	25%	10%
Repurchase Agreements	30 days	None	None
Money Market Mutual Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Investment Agreements	N/A	None	None

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 2 - Cash and Investments (Continued)

D. Investment in State Investment Pool

The City is a voluntary participant in the LAIF that is regulated by the California Government Code Section 16429 under the oversight of the Treasurer of the State of California. LAIF is not registered with the Securities and Exchange Commission. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. The City's investments with LAIF at June 30, 2018, included a portion of the pool funds invested in Structured Notes and Asset-Backed Securities:

Structured Notes: debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities: generally, mortgage-backed securities that entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (for example, Collateralized Mortgage Obligations) or credit card receivables.

As of June 30, 2018, the City had \$34,346,538 invested in LAIF, which had invested 1.89% of the pool investment funds in Structured Notes and Asset-Backed Securities.

E. Fair Value Measurement

At June 30, 2018, investments are reported at fair value. The following table presents the fair value measurement of investments on a recurring basis and the levels within the fair value hierarchy in which the fair value measurements fall at June 30, 2018:

Investment Type	Measurement Input		Total
	Level 2	Not subject to measurement	
Local Agency Investment Fund	\$ -	\$ 34,346,538	\$ 34,346,538
Certificates of deposits		5,700,000	5,700,000
Money market funds	-	363,791	363,791
U.S. government sponsored enterprise securities	56,928,050	-	56,928,050
Held by bond trustee:			-
Life insurance contracts	-	1,385,000	1,385,000
Money market funds	-	8,630,979	8,630,979
Total	\$ 56,928,050	\$ 50,426,308	\$ 107,354,358

F. Risk Disclosures

Credit Risk

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. LAIF does not have a rating provided by a nationally recognized statistical rating organization.

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 2 - Cash and Investments (Continued)

F. Risk Disclosures (Continued)

Credit Risk (Continued)

At June 30, 2018, the City's investments are rated as following:

<u>Investment Type</u>	<u>Total</u>	<u>Minimum Legal Rating</u>	<u>Ratings at Year-End AA or AAA</u>	<u>Not Rated</u>
Local Agency Investment Fund	\$ 34,346,538	N/A	\$ -	\$ 34,346,538
Certificates of Deposits	5,700,000	N/A	-	5,700,000
Money market funds	363,791	AAA	363,791	-
U.S. government sponsored enterprise securities	56,928,050	AAA	56,928,050	-
Held by Bond Trustee:				
Life insurance contracts	1,385,000	N/A	-	1,385,000
Money market funds	8,630,979	AAA	8,630,979	-
	<u>\$ 107,354,358</u>		<u>\$ 65,922,820</u>	<u>\$ 41,431,538</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 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. As of June 30, 2018, none of the City's deposits or investments was exposed to custodial credit risk.

Concentration of Credit Risk

The City's investment policy imposes restrictions with the exception of U.S. Treasury securities, federal agency securities, U.S. government sponsored enterprise securities, overnight sweep accounts, and authorized pools that no more than 20% of the City's total investment portfolio to be invested in a single security type or 10% in any one corporate or bank issuer. With respect to concentration risk, as of June 30, 2018, the City is in compliance with its investment policy.

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. The City has elected to use the segmented time distribution method of disclosure for its interest rate risk.

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 2 - Cash and Investments (Continued)

F. Risk Disclosures (Continued)

Interest Rate Risk (Continued)

As of June 30, 2018, the City had the following investments and original maturities:

Investment Type	Totals	Remaining Maturing (In Months)			
		12 Months Or Less	13 to 24 Months	25 to 60 Months	More than 60 Months
Local Agency Investment Fund	\$ 34,346,538	\$ 34,346,538	\$ -	\$ -	\$ -
Certificates of deposits	5,700,000	5,700,000	-	-	-
Money market funds	363,791	363,791	-	-	-
U.S. government sponsored enterprise securities	56,928,050	23,854,200	10,839,920	22,233,930	-
Held by bond trustee:					
Life insurance contracts	1,385,000	-	-	-	1,385,000
Money market funds	8,630,979	5,727,129	-	-	2,903,850
Total	\$ 107,354,358	\$ 69,991,658	\$ 10,839,920	\$ 22,233,930	\$ 4,288,850

Note 3 - Settlement Receivable

The City has two settlement agreements totaling \$76,712, one for the September 2, 2005, filing against Strategy Workshop and the second one for the March 1, 2005, filing against ECM Group Inc. The City contends that Strategy Workshop and ECM Group Inc. submitted false claims concerning certain service performed. The balance is also unavailable as of June 30, 2018. See Note 5.

Note 4 - Notes and Loans Receivable

Summary of changes in notes and loans receivable is as follows:

	Balance				Balance
	July 1, 2017	Additions	Deletions	Allowance	June 30, 2018
Rental Rehabilitation	\$ 17,433	\$ -	\$ -	\$ -	\$ 17,433
Section 8 Repayment Program	14,415	28,233	24,494	(3,739)	14,415
Housing and Urban Development	306,250	-	282,500	-	23,750
CDBG and First Time Home Buyers	9,189,670	370,507	235,509	-	9,324,668
CalHome Loan Program	400,000	-	7,321	-	392,679
Total	\$ 9,927,768	\$ 398,740	\$ 549,824	\$ (3,739)	\$ 9,772,945

A. Rental Rehabilitation

The City participates in a Rental Rehabilitation Program. The purpose of the Rental Rehabilitation Loan Program is to assist owners of smaller rental properties which are occupied by persons or families that have an income less than 80% of the statewide median income. At June 30, 2018, the City has one rental rehabilitation outstanding balance in the amount of \$17,433.

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 4 - Notes and Loans Receivable (Continued)

B. Section 8 Repayment Program

The City of South Gate also participates in a Section 8 Repayment Program. The program was authorized by Congress in 1974 and developed by HUD to provide rental subsidies for eligible tenant families (including single persons) residing in newly constructed, rehabilitated and existing rental and cooperative apartment projects. At June 30, 2018, the outstanding balance is \$14,415.

C. Housing and Urban Development

During 1998 the City received \$5,000,000 upon issuance of a promissory note. The note is guaranteed by the U.S. Department of Housing and Urban Development (HUD) under Section 108 of the Housing and Community Development Act, and is related to the 1998 Section 108 HUD Note Payable. As of June 30, 2018, the City has an outstanding loan balance from Llovio Ford, Inc. in the amount of \$23,750.

D. CDBG First Time Home Buyer

The Community Development Department of the City of South Gate operates various loan programs under the Federal Community Development Block Grant Program which includes the First Time Homebuyer Program. This program provides zero percent interest silent second down payment assistance loans to residents who meet certain qualifications for the purpose of providing homeownership assistance to low and moderate income families.

The loans are secured by a deed of trust and monthly payments are not required. The loans become due and payable when any of the following occurs: 1) the property is sold or transferred, 2) property is no longer owner-occupied, 3) property is refinanced, 4) the last surviving borrower dies, at which time full repayment would be required, the loan is never forgiven. At June 30, 2018, the outstanding balance is \$9,324,668.

E. CalHome Loan Program

The Community Development Department of the City of South Gate operates a Homeowner Rehabilitation Program to assist low-income qualified residents make needed home repairs. Home repairs include such things as new energy efficient windows, new roof, upgraded electrical and plumbing, and to address other substandard conditions.

A one-time funding of \$1,000,000 was awarded by the State of California Housing and Community Development Department to assist at least 15 residents with zero percent interest loans. This loan program is capped at \$50,000 per household and is due and payable when any of the following occurs: 1) the property is sold or transferred, 2) property is no longer owner-occupied, 3) property is refinanced, 4) the last surviving borrower dies, or 5) at the end of thirty (30) years from loan origination, at which time full repayment would be required. The loan is never forgiven. At June 30, 2018, the outstanding balance is \$392,679.

Note 5 - Unavailable Revenue

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 5 - Unavailable Revenue (Continued)

At the end of the current fiscal year, the various components of unavailable revenue reported in the governmental funds were as follows:

	General Fund	Grants Special Revenue Fund	Total
Unavailable federal and state grant revenue	\$ -	\$ 2,541,046	\$ 2,541,046
Settlement receivable (Note 3)	76,712	-	76,712
Towne Center Plaza security receivable	238,130	-	238,130
Total	<u>\$ 314,842</u>	<u>\$ 2,541,046</u>	<u>\$ 2,855,888</u>

Note 6 - Interfund Transactions

A. Due To/From Other Funds

Due from Other Funds	Due to Other Funds		
	Grants Special Revenue Fund	Nonmajor Governmental Funds	
		Total	Total
General Fund	\$ 6,056,270	\$ 1,257,366	\$ 7,313,636
Federal and State Grants Fund			
Water Fund	-	1,650	1,650
Internal Service Fund	-	23,921	23,921
Total	<u>\$ 6,056,270</u>	<u>\$ 1,282,937</u>	<u>\$ 7,339,207</u>

Current interfund receivables and payables are the result of short-term borrowings at June 30, 2017.

B. Advances To/From Other Funds

On November 1, 2001, a \$21,985,000 advance was made between the General Fund and the Water Fund to fund certain improvements to the water system. On June 13, 2006, the City adopted repayment terms for the advance. The advance accrues interest at a rate of 5%. Annual payments of \$1,430,156 began on June 30, 2006, and will continue for 30 years. The amount outstanding at June 30, 2018, is \$7,883,841.

The annual requirement to repay the advance is as follows:

	\$21,985,000 Advance	
	Principal	Interest
2019	1,035,964	394,192
2020	1,087,762	342,394
2021	1,142,150	288,006
2022	1,199,257	230,898
2023-2025	3,418,708	320,775
	<u>\$ 7,883,841</u>	<u>\$ 1,576,265</u>

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 6 - Interfund Transactions (Continued)

C. Interfund Transfers

Transfers In	Transfers Out						Total
	General Fund	Special Revenue Grants Fund	Nonmajor Governmental Funds	Utility Authority Water Enterprise Fund	Utility Authority Sewer Enterprise Fund	Internal Service Fund	
Capital Improvement							
Capital Projects Fund	\$ 5,486,971	\$ 4,820,660	\$ 2,459,888	\$ 6,400	\$ -	\$ 26,425	\$ 12,800,344
Nonmajor Governmental Funds	353,270	-	83,559	-	-	-	436,829
Utility Authority Water Enterprise Fund	-	-	-	-	203,595	-	203,595
Internal Service Funds	5,929,504	-	-	-	-	-	5,929,504
Total	\$ 11,769,745	\$ 4,820,660	\$ 2,543,447	\$ 6,400	\$ 203,595	\$ 26,425	\$ 19,370,272

The General Fund transferred \$5,486,971 to the Capital Improvement Fund to pay for capital improvement projects. The transfers to the Capital Improvement Fund from the Grants Special Revenue Fund and nonmajor governmental funds were to pay for capital improvement projects. The Internal Service Fund transferred \$26,425 to the Capital Improvement Fund to pay for capital improvement projects.

The transfer from General Fund to the Park Enhancement Revenue Fund (nonmajor) in the amount of \$215,780 was to transfer reserves to the fund. The transfer from General Fund to the Internal Service Funds in the amount \$5,929,504 was to transfer reserves to the fund. The Water Fund transferred funds to the Capital Improvement Fund to pay for capital improvement projects

Note 7 - Capital Assets

Capital assets activity for Governmental Activities for the year ended June 30, 2018, follows

	Balance July 1, 2017	Additions	Deletions	Transfers	Balance June 30, 2018
Capital assets, not being depreciated:					
Land	\$ 3,738,993	\$ -	\$ -	\$ -	\$ 3,738,993
Construction in progress	24,429,702	8,088,612	-	(8,681,517)	23,836,797
Total capital assets, not being depreciated	28,168,695	8,088,612	-	(8,681,517)	27,575,790
Capital assets, being depreciated:					
Structures and improvements	28,066,943	-	-	-	28,066,943
Machinery and equipment	12,385,744	1,212,381	(148,529)	-	13,449,596
Infrastructure street network	350,076,002	1,284,552	-	8,681,517	360,042,071
Subtotal	390,528,689	2,496,933	(148,529)	8,681,517	401,558,610
Less accumulated depreciation					
Structures and improvements	(14,318,397)	(799,957)	-	-	(15,118,354)
Machinery and equipment	(10,277,742)	(914,604)	148,529	-	(11,043,817)
Infrastructure street network	(161,555,808)	(6,908,570)	-	-	(168,464,378)
Subtotal	(186,151,947)	(8,623,131)	148,529	-	(194,626,549)
Total capital assets, being depreciated	204,376,742	(6,126,198)	-	8,681,517	206,932,061
Total capital assets, net	\$ 232,545,437	\$ 1,962,414	\$ -	\$ -	\$ 234,507,851

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 7 - Capital Assets (Continued)

Depreciation expense was charged to functions/programs of the primary government in the Governmental Activities as follows:

General government	\$	33,525
Public safety		307,654
Parks and recreation		760,121
Community development		43,240
Public works		7,383,125
Fleet management		11,664
Information system		83,802
Total depreciation expense	\$	8,623,131

Capital assets activity for Business-Type Activities for the year ended June 30, 2018, follows:

	Balance		Deletions		Balance
	July 1, 2017	Additions		Transfers	June 30, 2018
Capital assets, not being depreciated:					
Water rights	\$ 1,933,144	\$ -	\$ -	\$ -	\$ 1,933,144
Land	1,290,602	-	-	-	1,290,602
Construction in progress	14,791,623	1,461,594	-	(1,176,100)	15,077,117
Total capital assets, not being depreciated	18,015,369	1,461,594	-	(1,176,100)	18,300,863
Capital assets, being depreciated:					
Structures and improvements	4,190,415	-	-	-	4,190,415
Machinery and equipment	6,744,831	-	-	-	6,744,831
Infrastructure street network	56,247,240	23,447	-	1,176,100	57,446,787
Subtotal	67,182,486	23,447	-	1,176,100	68,382,033
Less accumulated depreciation					
Structures and improvements	(1,201,165)	(98,308)	-	-	(1,299,473)
Machinery and equipment	(4,189,855)	(312,352)	-	-	(4,502,207)
Infrastructure street network	(26,405,450)	(1,313,141)	-	-	(27,718,591)
Subtotal	(31,796,470)	(1,723,801)	-	-	(33,520,271)
Total capital assets, being depreciated	35,386,016	(1,700,354)	-	1,176,100	34,861,762
Total capital assets, net	\$ 53,401,385	\$ (238,760)	\$ -	\$ -	\$ 53,162,625

Depreciation expense was charged to functions/programs of the primary government in the Business-Type Activities as follows:

Water Enterprise Fund	\$	1,132,841
Sewer Enterprise Fund		590,960
Total depreciation expense	\$	1,723,801

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 8 - Long-Term Liabilities

A. Governmental Activities

The following is summary of changes in governmental activities long-term liabilities for the year ended June 30, 2018:

	Balance July 1, 2017	Addition	Deletion	Balance June 30, 2018	Classification	
					Due within One Year	Due in More Than One Year
Governmental Activities:						
SCE Edison financing agreements	\$ 730,255	\$ -	\$ (89,348)	\$ 640,907	\$ 94,862	\$ 546,045
Notes payable:						
1998 Section 108 HUD Note	255,000	-	(255,000)	-	-	-
2000A Section 108 HUD Note	875,000	-	(275,000)	600,000	600,000	-
Total notes payable	1,130,000	-	(530,000)	600,000	600,000	-
Pension obligation bonds:						
2005 Pension obligation bonds	16,375,000	-	(1,130,000)	15,245,000	1,190,000	14,055,000
Total pension obligation bonds	16,375,000	-	(1,130,000)	15,245,000	1,190,000	14,055,000
Claims and judgments	9,364,462	5,633,846	(367,783)	14,630,525	916,506	13,714,019
Compensated absences	4,623,484	3,393,192	(2,824,611)	5,192,065	366,164	4,825,901
Other post employment benefits obligations	8,705,428	21,550,874	-	30,256,302	-	30,256,302
Net pension liabilities	71,411,108	10,414,125	-	81,825,233	-	81,825,233
Total	\$ 112,339,737	\$ 40,992,037	\$ (4,941,742)	\$ 148,390,032	\$ 3,167,532	\$ 145,222,500

Southern California Edison On-Bill Financing

The City entered into a financing agreement with Southern California Edison to provide five loans for a total of \$882,556 for the implementation of certain energy conservation measures at City facilities. The City is to make monthly payments of \$7,946 over a ten year period. Payments commenced on December 30, 2015, and the last payment will be made on June 30, 2026. The loan has no interest. At June 30, 2018, the outstanding balance is \$635,394.

The annual requirements to amortize the outstanding loan as of June 30, 2018, are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 94,862	\$ -	\$ 94,862
2020	94,862	-	94,862
2021	94,862	-	94,862
2022	94,862	-	94,862
2023	95,396	-	95,396
2024-2026	160,550	-	160,550
	\$ 635,394	\$ -	\$ 635,394

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 8 - Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

1998 Section 108 HUD Note

On January 31, 1998, the City received \$5,000,000 upon issuance of a promissory note to City National Bank. The note is guaranteed by the Department of Housing and Urban Development (HUD) under section 108 of the Housing and Community Development Act. The proceeds were used to reimburse the City's Community Development Commission for HUD eligible expenses related to the sale of land to Llovio Ford Inc. Principal payments are due annually in amounts ranging from \$35,000 to \$305,000 beginning on August 1, 1998 through 2017. This note was rewritten in 2010 to allow for a variable interest rate. Interest is payable on August 1 at a variable rate. The amount has been paid-off as of June 30, 2018.

2000A Section 108 HUD Note

In July 1999, the City received \$3,625,000 upon issuance of a promissory note. The note is guaranteed by the U.S. Department of Housing and Urban Development (HUD) under Section 108 of the Housing and Community Development Act. The proceeds were advanced to the City's Community Development Commission and were used by the Commission to fund loans. The note accrues interest of 6%. The loan was refunded by 2000-A Section 108 Loan during the year ended June 30, 2000, the 2000-A loan bears interest ranges from 7.808 to 7.858%. As of June 30, 2018, the outstanding balance is \$600,000.

The annual requirements to amortize the outstanding notes payable as of June 30, 2018, is as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 600,000	\$ 48,500	\$ 648,500
Total	\$ 600,000	\$ 48,500	\$ 648,500

2005 Pension Obligation Bond

In March 2005, the City of South Gate issued \$24,400,000 in Pension Obligation Bonds. The proceeds were used to provide funds to cover the City's unfunded actuarial liability for safety employees through June 30, 2004. Proceeds were also used to advance refund \$6,675,000 of outstanding 2001 Taxable Certificates of Participation. The net proceeds were deposited in an escrow account with U.S. Bank National Association. The Certificates of Participation are considered defeased and have been paid in full.

The bonds mature in amounts ranging from \$1,070,000 to \$1,910,000 with interest ranging from 4.6% to 5.42%. Interest on the bonds is payable on December 1, 2005 and semi-annually thereafter on June 1 and December 1 of each year. The bonds were issued at face value. At June 30, 2018, the outstanding balance on the bonds is \$15,245,000.

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 8 - Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

Debt Service Requirements

The following schedule summarizes the debt service to maturity requirements for governmental activities bonds payable outstanding as of June 30, 2018:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 1,190,000	\$ 822,439	\$ 2,012,439
2020	1,255,000	689,920	1,944,920
2021	1,320,000	618,772	1,938,772
2022	1,395,000	543,582	1,938,582
2023	1,470,000	464,349	1,934,349
2024-2028	8,615,000	977,747	9,592,747
Total	\$ 15,245,000	\$ 4,116,808	\$ 19,361,808

Claims and Judgments

The City's liability regarding self-insurance is described in Note 12 of the Notes to Basic Financial Statements. The liability will be paid in future years from the Self-Insurance Fund.

Compensated Absences

For governmental activities, accumulated vacation, sick leave benefits, holiday and compensatory time payable at June 30, 2018, was \$5,192,065. Vacation, sick leave, holiday and compensatory time are recorded as expenditures in the related funds when used.

B. Business-Type Activities

The following is summary of changes in business-type activities long-term liabilities for the year ended June 30, 2018:

	Balance July 1, 2017	Addition	Deletion	Balance June 30, 2018	Classification	
					Due within One Year	Due in More Than One Year
Business-Type Activities:						
2001 Subordinate Revenue Bonds	\$ 5,140,344	\$ 195,839	\$ (1,385,000)	\$ 3,951,183	\$ 1,385,000	\$ 2,566,183
2012 Water Revenue Bonds	33,465,000	-	(230,000)	33,235,000	240,000	32,995,000
Unamortized premium	1,171,377	-	(58,569)	1,112,808	58,569	1,054,239
Total revenue bonds	39,776,721	195,839	(1,673,569)	38,298,991	1,683,569	36,615,422
Compensated absences	368,324	167,768	(178,386)	357,706	28,333	329,373
Net Pension Liability	4,235,199	695,802	-	4,931,001	-	4,931,001
Total	\$ 44,380,244	\$ 1,059,409	\$ (1,851,955)	\$ 43,587,698	\$ 1,711,902	\$ 41,875,796

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 8 - Long-Term Liabilities (Continued)

B. Business-Type Activities (Continued)

2001 Subordinate Revenue Bonds

On November 13, 2001, \$30,965,451 of Subordinate Revenue Bonds (2001 Series) were issued by the Utility Authority, a public financing authority established by the City for the sole purpose of issuing debt on behalf of the City. The bond proceeds were used to finance an up-front lease payment for the Utility Authority's right to use the Water Enterprise, to finance certain capital improvements of the Sewer Enterprise, and to satisfy reserve requirements. In accordance with generally accepted accounting principles, the assets and debt of the Utility Authority have been reported as debt and assets of the primary government and the underlying intra-entity lease has been eliminated.

The bonds consist of \$25,690,000 Current Interest Bonds and \$5,275,451 Capital Appreciation Bonds. Interest on the Current Interest Bonds is payable April 1, 2002, and semi-annually thereafter on April 1 and October 1 of each year at rates ranging from 1.75% to 5% per annum. Principal installments are payable annually ranging in amounts from \$115,000 to \$285,000 through October 1, 2032. The Capital Appreciation bonds will appreciate in value based upon semi-annual accretion of the initial amount thereof on each April 1 and October 1, commencing April 1, 2002, at a rate of interest that will result in each such Capital Appreciation Bond appreciating to \$5,000 (or the applicable integral multiple thereof) on its final maturity date.

Interest is accreted at rates ranging from 4.55% to 5.2%. By their nature, there are no regular interest payments associated with Capital Appreciation Bonds. The "interest" on the debt results from the difference between the amounts paid by the investors when the debt was issued and the significantly larger value at maturity. Each year, the outstanding balance is increased for the interest associated with the bonds.

A reserve account is required to be maintained equal to the lease of: (i) 10% of the net proceeds of the Certificates, (ii) the maximum annual debt service on the bonds, or (iii) 125% of the average Lease Payments to be paid in the then-current or any future Certificate Year. As of June 30, 2017, the reserve requirement was \$1,385,000. The balance held in the reserve account as of June 30, 2018, was \$1,385,000.

On August 15, 2012, the South Gate Utility authority issued the 2012 Series Water Revenue Bonds to refund the outstanding interest bonds of the 2001 Subordinate Revenue Bonds. As a result, the interest bonds have been paid off and the capital appreciation bonds of the 2012 Series Water Revenue Bonds remain outstanding with a balance of \$3,951,183 at June 30, 2018.

The following schedule summarizes the debt service to maturity requirements for the bonds outstanding as of June 30, 2018:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 1,385,000	\$ -	\$ 1,385,000
2020	1,385,000	-	1,385,000
2021	1,385,000	-	1,385,000
Total	4,155,000	\$ -	\$ 4,155,000
Unaccreted Discount	(203,817)		
	<u>\$ 3,951,183</u>		

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 8 - Long-Term Liabilities (Continued)

B. Business-Type Activities (Continued)

2001 Subordinate Revenue Bonds (Continued)

Debt covenants of the 2001 Subordinate Revenue Bonds require that the Utility Authority set its charges at rates that will produce net Water and Sewer revenues that are at least equal to 115% of the proportionate share of certain debt service payments (as defined in the official statement). Total net water and sewer revenue received during the year was \$9,801,727. Total principal and interest paid for the fiscal year was \$3,131,650.

2012 Series Water Revenue Bonds

On August 15, 2012, the South Gate Utility authority issued \$34,170,000 of 2012 Series Water Revenue Bonds. The proceeds of the Bonds was used to: i) refund the portion of the Authority's Subordinate Revenue Bonds, 2001 Series (Water and Sewer System Projects) constituting current interest bonds, ii) finance a lease payment under the Lease Agreements, iii) finance certain capital improvements to the Water Enterprise, iv) fund the Reserve account for the Bonds, and v) pay costs of issuance of the Bonds.

The bonds consist of \$25,000,000 in Serial Bonds and \$9,710,000 in Term Bonds. Interest on the Serial Bonds is payable on April 1, 2013 and semi-annually thereafter on April 1 and October 1 of each year at rates ranging from 2.00% to 5.250% per annum. Principal installments are payable annually in increasing amounts from \$60,000 to \$2,400,000 on October 1 of each year from 2013 through 2032. The Term Bonds mature from 2033 through 2037 in annual installments of \$1,780,000 to \$2,110,000 and bear interest at 4.250%.

A reserve account is required to be maintained equal to the lease of: (i) 10% of the net proceeds of the Certificates, (ii) the maximum annual debt service on the bonds, or (iii) 125% of the average Lease Payments to be paid in the then-current or any future Certificate Year. As of June 30, 2017, the reserve requirement was \$2,936,225. The balance held in the reserve account as of June 30, 2017, was \$2,905,127 in investment contracts and an insurance policy to cover the remaining \$31,098. At June 30, 2017, the unamortized bond premium balance is \$1,171,377 and the outstanding balance on the bonds is \$33,465,000. Revenue Rate Covenants Debt covenants of the 2012 Series Water Revenue Bonds require that the Utility Authority set its charges at rates that will produce net water revenues that are at least equal to 115% of the proportionate share of certain debt service payments (as defined in the official statement). Total net water revenue received during the year was \$9,761,010. Total principal and interest paid for the fiscal year was \$3,131,650.

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 8 - Long-Term Liabilities (Continued)

B. Business-Type Activities (Continued)

2012 Series Water Revenue Bonds (Continued)

The following schedule summarizes the debt service to maturity requirements for the bonds outstanding as of June 30, 2018:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 240,000	\$ 1,512,050	\$ 1,752,050
2020	250,000	1,502,450	1,752,450
2021	260,000	1,492,450	1,752,450
2022	1,450,000	1,482,050	2,932,050
2023-2026	6,475,000	5,263,263	11,738,263
2027-2030	7,920,000	3,815,026	11,735,026
2031-2034	8,710,000	2,284,300	10,994,300
2035-2038	7,930,000	860,200	8,790,200
Total	\$ 33,235,000	\$ 18,211,789	\$ 51,446,789

Compensated Absences

For the enterprise funds, accumulated vacation, sick leave, holiday and compensatory time amounted to \$357,707 at June 30, 2018. The liability will be paid in future years by the Utility Authority Water Fund and the Utility Authority Sewer Fund.

Note 9 - Defined Contribution Plan

The City has established a defined contribution plan in accordance with Internal Revenue Code Section 401(a) to provide tax deferred payments towards retirement for Top Management employees. Under this plan, the City will provide a matching payment of up to 50% of the contributions paid by the employee into a 457 deferred compensation plan. For the year ended June 30, 2018, the City contributed \$17,443 to the plan.

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 10 – Retirement Plans

The following is the summary of net pension liability and related deferred outflows of resources and deferred inflows of resources at June 30, 2018 and pension expense for the year then ended.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Deferred outflows of resources:			
Pension contribution made after measurement date:			
CalPERS Miscellaneous	\$ 1,218,778	\$ 194,462	\$ 1,413,240
CalPERS Safety	1,638,924	-	1,638,924
PARS	67,311	-	67,311
Total pension contribution made after measurement date	<u>2,925,013</u>	<u>194,462</u>	<u>3,119,475</u>
Change in assumption			
CalPERS Miscellaneous	\$ 4,559,362	\$ 727,468	\$ 5,286,830
CalPERS Safety	7,101,962	-	7,101,962
PARS	12,199	-	12,199
Total change in assumption	<u>11,673,523</u>	<u>727,468</u>	<u>12,400,991</u>
Difference between expected and actual experience			
CalPERS Miscellaneous	-	-	-
CalPERS Safety	489,706	-	489,706
Total difference between expected and actual experience	<u>489,706</u>	<u>-</u>	<u>489,706</u>
Projected earnings on pension plan investments in excess of actual earnings:			
CalPERS Miscellaneous	1,276,329	328,078	1,604,407
CalPERS Safety	1,548,506	-	1,548,506
PARS	31,009	-	31,009
Total projected earnings on pension plan investments in excess of actual earnings	<u>2,855,844</u>	<u>328,078</u>	<u>3,183,922</u>
Adjustment due to difference in proportions			
CalPERS Safety	621,547	-	621,547
Total deferred outflows of resources	<u>\$ 18,565,633</u>	<u>\$ 1,250,008</u>	<u>\$ 19,815,641</u>
Net pension liabilities:			
CalPERS Miscellaneous	\$ 31,853,028	\$ 4,931,001	\$ 36,784,029
CalPERS Safety	49,525,601	-	49,525,601
PARS	446,604	-	446,604
Total net pension liabilities	<u>\$ 81,825,233</u>	<u>\$ 4,931,001</u>	<u>\$ 86,756,234</u>
Deferred inflows of Resources:			
Change in assumption			
CalPERS Miscellaneous	\$ -	\$ -	\$ -
CalPERS Safety	544,881	-	544,881
Total change in assumption	<u>544,881</u>	<u>-</u>	<u>544,881</u>
Adjustment due to difference in proportions			
CalPERS Safety	1,609,710	-	1,609,710
Employer contributions in excess of proportionate share of contribution			
CalPERS Safety	2,053,752	-	2,053,752
Difference between expected and actual experience			
CalPERS Miscellaneous	935,148	154,553	1,089,701
CalPERS Safety	127,680	-	127,680
Total difference between expected and actual experience	<u>1,062,828</u>	<u>154,553</u>	<u>1,217,381</u>
Projected earnings on pension plan investments in excess of actual earnings:			
PARS	15,124	-	15,124
Total projected earnings on pension plan investments in excess of actual earnings	<u>15,124</u>	<u>-</u>	<u>15,124</u>
Total deferred inflows of resources	<u>\$ 5,286,295</u>	<u>\$ 154,553</u>	<u>\$ 5,440,848</u>
Pension expenses:			
CalPERS Miscellaneous	\$ 5,143,682	\$ 1,167,536	\$ 6,311,218
CalPERS Safety	4,307,458	-	4,307,458
PARS	16,367	-	16,367
Total net pension expenses	<u>\$ 9,467,507</u>	<u>\$ 1,167,536</u>	<u>\$ 10,635,043</u>

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 10 – Retirement Plans (Continued)

A. California Public Employees’ Retirement System (“CalPERS”)

General Information about the Pension Plan

Plan Description

The City contribution to the California Public Employees Retirement System (“CalPERS”), an agent multiple-employer defined benefit pension plan for miscellaneous employees and a cost-sharing multiple-employer defined benefit plan for safety employees. CalPERS act as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and City ordinance. A full description of the pension plan regarding number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the June 30, 2016 Annual Actuarial Valuation Report. This report and CalPERS’ audited financial statements are publicly available reports that can be obtained at CalPERS’ website under Forms and Publications.

Benefit Provided

CalPERS provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits provisions under both plans are established by the State statute and City resolution as follows:

	Miscellaneous Plan		Safety Plan	
	Classic	PEPRA	Classic	PEPRA
	Prior to	On or after	Prior to	On or after
Hire date	January 1, 2013	January 1, 2013	January 1, 2013	January 1, 2013
Benefit formula	2.7% @ 55	2.0% @ 62	3.0% @ 50	2.7% @ 55
Benefit vesting schedule	5 years of service			
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	minimum 50	minimum 50	minimum 50	minimum 50
Monthly benefits, as a % of eligible compensation	2.000% - 2.700%	1.000% - 2.500%	2.400% - 3.000%	1.426% - 2.418%
Required employee contribution rates	8.000%	6.750%	9.000%	12.250%
Required employer contribution rates	18.099%	18.099%	20.230%	12.250%

* Closed to new entrants

Participants are eligible for non-industrial disability retirement if becomes disabled and has at least 5 years credited service. There is no special age requirement. The standard non-industrial disability retirement benefit is a monthly allowance equal to 1.8 percent of final compensation, multiplied by service.

Industrial disability benefits are not offered to miscellaneous employees. The City provides industrial disability retirement benefit to safety employees. The industrial disability retirement benefit is a monthly allowance equal to 50 percent of final compensation.

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 10 – Retirement Plans (Continued)

A. California Public Employees’ Retirement System (“CalPERS”) (Continued)

General Information about the Pension Plan (Continued)

Benefit Provided (Continued)

An employee's beneficiary may receive the basic death benefit if the employee dies while actively employed. The employee must be actively employed with the City to be eligible for this benefit. An employee's survivor who is eligible for any other pre-retirement death benefit may choose to receive that death benefit instead of this basic death benefit. The basic death benefit is a lump sum in the amount of the employee's accumulated contributions, where interest is currently credited at 7.5 percent per year, plus a lump sum in the amount of one month's salary for each completed year of current service, up to a maximum of six months' salary. For purposes of this benefit, one month's salary is defined as the member's average monthly full-time rate of compensation during the 12 months preceding death. Upon the death of a retiree, a one-time lump sum payment of \$500 will be made to the retiree’s designated survivor(s), or to the retiree’s estate.

Benefit terms provide for annual cost-of-living adjustments to each employee’s retirement allowance. Beginning the second calendar year after the year of retirement, retirement and survivor allowances will be annually adjusted on a compound basis by 2 percent.

Employees Covered by Benefit Terms

At June 30, 2016, valuation date, the following employees were covered by the benefit terms:

	Miscellaneous	Safety	
		Classic	PEPRA
Active employees	234	62	13
Transferred and terminated employees	395	49	2
Retired Employees and Beneficiaries	331	215	-
Total	960	326	15

Contribution Description

Section 20814(c) of the California Public Employees’ Retirement Law (“PERL”) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS’ annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Net Pension Liability

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2017 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2016 total pension liability. The June 30, 2016 and the June 30, 2017 total pension liabilities were based on the following actuarial methods and assumptions:

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 10 – Retirement Plans (Continued)

A. California Public Employees’ Retirement System (“CalPERS”) (Continued)

Net Pension Liability (Continued)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability (Continued)

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.50% includes inflation
Mortality Rate Table	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

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

Change in Assumption

GASB 68, paragraph 68 states that the long- term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate was changed from 7.65% (net of administrative expense in 2015) to 7.15 percent as of the June 30, 2017 measurement date to correct the adjustment which previously reduced the discount rate for administrative expense.

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. The tests revealed the assets would not run out. Therefore, the current 7.15 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15 percent is applied to all plans in the Public Employees Retirement Fund (“PERF”). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained at CalPERS’ website under the GASB 68 section.

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 10 – Retirement Plans (Continued)

A. California Public Employees’ Retirement System (“CalPERS”) (Continued)

Net Pension Liability (Continued)

Discount Rate (Continued)

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

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

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the Board effective on July 1, 2016.

Asset Class	Current Target Allocation	Real Return Years 1 - 10 ¹	Real Return Years 11+ ²
Global Equity	57.00%	4.90%	5.38%
Global Fixed Income	19.00%	0.80%	2.27%
Inflation Sensitive	6.00%	0.60%	1.39%
Private Equity	12.00%	6.60%	6.63%
Real Estate	11.00%	2.80%	5.21%
Infrastructure and Forestland	3.00%	3.90%	5.36%
Liquidity	2.00%	-0.40%	-0.90%
	<u>100.00%</u>		

¹ An expected inflation of 2.5% used.

² An expected inflation of 3.0% used.

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 10 – Retirement Plans (Continued)

A. California Public Employees’ Retirement System (“CalPERS”) (Continued)

Changes in the Net Pension Liability

The following table shows the changes in net pension liability for the miscellaneous plan recognized over the measurement period.

	Miscellaneous Plan		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2016 (Valuation Date)	\$ 136,342,528	\$ 104,615,198	\$ 31,727,330
Changes Recognized for the Measurement Period:			
Service Cost	2,604,468	-	2,604,468
Interest on the total pension liability	10,183,905	-	10,183,905
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(1,443,448)	-	(1,443,448)
Changes of assumptions	9,063,137	-	9,063,137
Contributions from the employer	-	2,807,597	(2,807,597)
Contributions from employees	-	1,119,350	(1,119,350)
Net investment income	-	11,577,937	(11,577,937)
Administrative expenses	-	(154,457)	154,457
Plan to plan resource movement	-	936	(936)
Benefit payments, including refunds of employee contributions	(5,664,414)	(5,664,414)	-
Net Changes during July 1, 2016 to June 30, 2017	\$ 14,743,648	\$ 9,686,949	\$ 5,056,699
Balance at June 30, 2017 (Measurement Date)	\$ 151,086,176	\$ 114,302,147	\$ 36,784,029

Proportionate Share of Net Pension Liability and Pension Expense

The following table shows the City’s safety plan’s proportionate share of the risk pool collective net pension liability over the measure period.

	Safety Plan		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2016 (Measurement Date)	\$ 154,174,120	\$ 110,687,826	\$ 43,486,293
Balance at June 30, 2017 (Measurement Date)	167,684,615	118,159,014	49,525,601
Net Changes during 2016-2017	13,510,495	7,471,188	6,039,308

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 10 – Retirement Plans (Continued)

A. California Public Employees’ Retirement System (“CalPERS”) (Continued)

Changes in the Net Pension Liability (Continued)

Proportionate Share of Net Pension Liability and Pension Expense (Continued)

The following is the approach established by the plan actuary to allocate the net pension liability and pension expense to the individual employers within the risk pool.

- (1) In determining a cost-sharing plan’s proportionate share, total amounts of liabilities and assets are first calculated for the risk pool as a whole on the valuation date (June 30, 2016). The risk pool’s fiduciary net position (“FNP”) subtracted from its total pension liability (“TPL”) determines the net pension liability (“NPL”) at the valuation date.
- (2) Using standard actuarial roll forward methods, the risk pool TPL is then computed at the measurement date (June 30, 2017). Risk pool FNP at the measurement date is then subtracted from this number to compute the NPL for the risk pool at the measurement date. For purposes of FNP in this step and any later reference thereto, the risk pool’s FNP at the measurement date denotes the aggregate risk pool’s FNP at June 30, 2016 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2015-16).
- (3) The individual plan’s TPL, FNP and NPL are also calculated at the valuation date. TPL is allocated based on the rate plan’s share of the actuarial accrued liability. FNP is allocated based on the rate plan’s share of market value assets.
- (4) Two ratios are created by dividing the plan’s individual TPL and FNP as of the valuation date from (3) by the amounts in step (1), the risk pool’s total TPL and FNP, respectively.
- (5) The plan’s TPL as of the Measurement Date is equal to the risk pool TPL generated in (2) multiplied by the TPL ratio generated in (4). The plan’s FNP as of the Measurement Date is equal to the FNP generated in (2) multiplied by the FNP ratio generated in (4) plus any additional side fund (or unfunded liability) contributions made by the employer on behalf of the plan during the measurement period.
- (6) The plan’s NPL at the Measurement Date is the difference between the TPL and FNP calculated in (5).

Deferred outflows of resources, deferred inflows of resources, and pension expense are allocated based on the City’s share of contributions made during the measurement period.

The City’s proportionate share of the net pension liability was as follows:

	Safety Plan
June 30, 2016	0.502550%
June 30, 2017	0.499388%
Change - Increase (Decrease)	-0.003162%

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 10 – Retirement Plans (Continued)

A. California Public Employees’ Retirement System (“CalPERS”) (Continued)

Changes in the Net Pension Liability (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.15 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15 percent) or 1 percentage-point higher (8.15 percent) than the current rate:

	Plan's Net Pension Liability/(Asset)		
	Discount Rate - 1%	Current Discount	Discount Rate + 1%
	(6.15%)	Rate (7.15%)	(8.15%)
Miscellaneous Plan	\$ 59,072,316	\$ 36,784,029	\$ 18,677,171
Safety Plan	\$ 72,987,540	\$ 49,525,601	\$ 30,346,636

Pension Plan Fiduciary Net Position

Detailed information about the plan’s fiduciary net position is available in the separately issued CalPERS financial report.

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2018, the City recognized pension expense in the amounts of \$6,311,218 and \$4,307,458 for the miscellaneous plan and safety plan, respectively.

As of measurement date of June 30, 2017, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

	Miscellaneous Plan	
	Deferred outflows of Resources	Deferred inflows of Resources
Pension contribution after measurement date	\$ 1,413,240	\$ -
Changes of assumptions	5,286,830	-
Difference between expected and actual experience	-	(1,089,701)
Net difference between projected and actual earning on pension plan investments	1,604,407	-
Total	\$ 8,304,477	\$ (1,089,701)

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 10 – Retirement Plans (Continued)

A. California Public Employees’ Retirement System (“CalPERS”) (Continued)

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions (Continued)

	Safety Plan	
	Deferred outflows of Resources	Deferred inflows of Resources
Pension contribution after measurement date	\$ 1,638,924	\$ -
Changes of assumptions	7,101,962	(544,881)
Difference between expected and actual experience	489,706	(127,680)
Adjustment due to differences in proportions	621,547	(1,609,710)
Employer contributions in excess (under) proportionate contributions		(2,053,752)
Net difference between projected and actual earning on pension plan investments	1,548,506	-
Total	\$ 11,400,645	\$ (4,336,023)

The expected average remaining service lifetime (“EARSL”) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired). The EARSL for the miscellaneous plan and the safety risk pool for the 2016-17 measurement period is 2.4 and 3.8 years, which was obtained by dividing the total service years of 2,309 and 490,088 (the sum of remaining service lifetimes of the active employees) by 960 and 130,595 (the total number of participants: active, inactive, and retired), respectively.

\$1,413,240 and \$1,638,924 reported as deferred outflows of resources related to pensions for miscellaneous plan and safety plan, respectively, resulting from the City’s contributions subsequent to the measurement date during the year ended June 30, 2018 will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

	Deferred Outflows/ (Inflows) of Resources	Deferred Outflows/ (Inflows) of Resources
Measurement Period Ended June 30	Miscellaneous	Safety
2018	\$ 2,906,713	\$ 226,184
2019	3,068,847	3,888,971
2020	664,110	2,216,628
2021	(838,134)	(906,085)
2022	-	-
Thereafter	-	-
	5,801,536	5,425,698

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 10 – Retirement Plans (Continued)

B. Supplemental Retirement Plan

General Information about the Pension Plan

Plan Description

Effective July 1, 2002, the City established a supplemental retirement plan with the Public Agency Retirement System (“PARS”). The supplemental retirement plan administered by PARS (the “PARS plan”) is an agent multiple-employer defined benefit pension plan. The PARS plan is separated into two tiers. The PARS plan was organized under the authority of the City Council and may be amended by the City Council.

Benefits Provided

Tier one provides for the difference between the 3% at 55 benefits and the 2.7% at 55 benefits for years of service to the City. Eligibility to receive benefits is as follows:

- Must be a full-time Top Management miscellaneous (non-safety) employee of the City of South Gate on or after July 1, 2002.
- Must have completed three years of full-time continuous employment with the City prior to retirement.
- Must concurrently retire from PERS at the time of application for benefits under this plan.
- Must either 1) be at least fifty-five years of age, if retirement is concurrent with separation from the City or 2) be at least sixty years of age.
- Must apply for the benefits, and meet the age requirements.

Tier two provides a monthly lifetime annuity payment to eligible employees in lieu of post-employment health care benefits. Eligibility to receive benefits is as follows:

- Must have retired from the City with 20 or more years of service.
- Must remain retired.
- Must not participate in the PERS health plan offered by the City

Employees Covered by Benefit Terms

At June 30, 2017, the valuation date, plan membership consisted of the following:

Active employees	2
Terminated employees	7
Retired Employees and Beneficiaries	23
Total	<u>32</u>

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 10 – Retirement Plans (Continued)

B. Supplemental Retirement Plan (Continued)

General Information about the Pension Plan (Continued)

Contributions

The employer contribution rates for all public employees are determined on an annual basis by the actuary and are effective on the July 1 following notice of a change in the rate. The total plan contributions are determined by an independent pension actuary using information furnished by the City and by PARS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. For the measurement period ended June 30, 2018 (the measurement date), the employer's contribution rate was 11.97% of annual payroll. For the year ended June 30, 2018, the City contributed \$89,262 to the plan. No contributions are required from the employees.

Net Pension Liability

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2018 (the measurement date), the total pension liability was determined by June 30, 2017 valuation. The June 30, 2017 and the June 30, 2018 total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level dollar, closed 17 years, 0.00% growth
Actuarial Assumptions:	
Discount Rate	6.75%
Inflation	2.75%
Salary Increases	2.875% (same as CalPERS). The salary increase is used to determine the growth in the aggregate payroll.
Investment return	6.75%
Cost of Living Adjustment	2.00%
Mortality	Consistent with non-industrial rates used to value the Miscellaneous CalPERS Pension Plans
Retirement	Varies by Age, 100% for 75+

Changes in Actuarial Assumptions

Actuarial assumptions were updated by Milliman for pre-retirement mortality, disability, salary increases and retirement based on a CalPERS experience study released in January 2014. Post-retirement mortality was updated to apply full generational projections using scale AA. The inflation assumption was lowered from 3.0% to 2.75%.

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 10 – Retirement Plans (Continued)

B. Supplemental Retirement Plan (Continued)

Net Pension Liability (Continued)

Discount Rate

The plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The table below reflects long-term expected real return adjusted for inflation by asset classes:

Asset Class	Index	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return	Long-Term Expected Geometric Real Rate of Return
Cash	BofA Merrill Lynch 90-Day T-Bills	6.69%	0.31%	0.31%
Core Fixed Income	Barclays Aggregate	63.82%	2.14%	2.02%
Broad US Equities	Russell 3000	21.45%	4.59%	3.32%
Developed Foreign Equity	MSCI EAFE	5.18%	5.52%	3.91%
Emerging Market Equities	MSCI Emerging Markets	2.07%	7.82%	4.59%
U.S. REITs	FTSE NAREIT Equity REIT	0.79%	5.04%	3.27%
		<u>100.00%</u>		
Assumed Inflation - Mean			2.32%	2.30%
Assumed Inflation - Standard Deviation			1.85%	1.85%
Portfolio Real Mean Return			3.54%	3.15%
Portfolio Nominal Mean Return			5.85%	5.52%
Portfolio Standard Deviation				8.57%
Long-Term Expected Rate of Return				7.00%

A blended discount rate is generally required to be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan’s Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate will often require that the actuary perform complex projects of future benefit payments and asset values. Alternative evaluations of projected solvency are allowed, if such evaluation can reliably be made.

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 10 – Retirement Plans (Continued)

B. Supplemental Retirement Plan (Continued)

Change in Net Pension Liability

The following table shows the changes in net pension liability recognized over the measurement period.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2017	\$ 1,428,865	\$ 996,181	\$ 432,684
Changes Recognized for the Measurement Period:			
Service Cost	-	-	-
Interest on the total pension liability	-	-	-
Changes of benefit terms	-	-	-
Difference between expected and actual experience	-	-	-
Changes of assumptions	13,920	-	13,920
Contributions from the employer	-	-	-
Contributions from employees	-	-	-
Net investment income	-	-	-
Benefit payments, including refunds	-	-	-
Administrative expense	-	-	-
Net Changes during July 1, 2017 to June 30, 2018	\$ 13,920	\$ -	\$ 13,920
Balance at June 30, 2018 (Measurement Date)	\$ 1,442,785	\$ 996,181	\$ 446,604

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current rate.

	Discount Rate 1% Decrease (5.75%)	Current Discount Rate (6.75%)	Discount Rate 1% Increase (7.75%)
Plan's Net Pension Liability	\$ 574,229	\$ 446,604	\$ 313,963

Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available upon request.

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 10 – Retirement Plans (Continued)

B. Supplemental Retirement Plan (Continued)

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

For the measurement period ended June 30, 2018, the City incurred pension income in the amount of \$30,288 for the PARS plan. As of the measurement date, June 30, 2018, the net pension liability is \$446,604.

As of June 30, 2018, the City reported deferred outflows and deferred inflows of resources related to PARS plan as follows:

	Deferred outflows of Resources	Deferred inflows of Resources
Pension contribution after measurement date	\$ 67,311	\$ -
Changes of assumptions	12,199	-
Projected earning on pension plan investments in excess of actual earnings	31,009	15,124
Total	\$ 110,519	\$ 15,124

The amount above reflects the net difference between the projected and actual earnings of the pension plan investment. Amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Measurement Period Ended June 30	Deferred Outflows/(Inflows) of Resources
2020	\$ 16,367
2021	8,000
2022	(3,319)
2023	1,721
2024	1,721
Thereafter	3,594
	\$ 28,084

The EARSL for the PARS plan is 1 year by dividing the total service years of the active employees by total number of participants: active, inactive, and retired).

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 11 - Post Employment Benefits

Aggregate net other post-employment benefit (“OPEB”) liability and deferred outflows of resources are reported in the accompanying Statement of Net Position as follows:

Deferred outflows of resources:	
Changes of Assumptions	\$ 558,793
Contribution after measurement date	638,564
Total deferred outflows of resources	<u>\$ 1,197,357</u>
Deferred inflows of resources:	
Differences Between Expected and Actual Experience	\$ 1,291,284
Total deferred inflows of resources	<u>\$ 1,291,284</u>
Total OPEB liabilities:	
Total OPEB liabilities	\$ 30,256,302
Total net OPEB liabilities	<u>\$ 30,256,302</u>

A. Plan Description

The City provides extended health care benefits to eligible employees as required by collective bargaining agreements through a single-employer defined benefit post-employment healthcare plan. Miscellaneous employees, safety employees and top management who retire from the City with a minimum of 20 years of continuous PERS service and at least age 50, are eligible for this benefit.

Employees are eligible for retiree health benefits if they retire from the City on or after age 50 (unless disabled), with five years of service and are eligible for a PERS pension and are enrolled in a CalPERS retiree health plan. The City pays an administrative fee to CalPERS for retirees enrolled in a PERS health plan for five or more years. For the year ended June 30, 2018, the premiums paid by the city were \$150, \$200, and \$250 per month for miscellaneous employees, top management, and safety employees retired before July 1, 2005 respectively. For safety employees retired after July 1, 2005, the City pays up to the two-party Kaiser rate in effect on July 1, 2005 and increased up to 5% annually for those hired before November 26, 2014 and up to the two-party Kaiser rate in effect on date of retirement for those hired on or after November 26, 2014. The benefits are available only to employees who retire from the City. Membership in the plan consisted of the following at June 30, 2017, the date of the latest actuarial valuation:

Active employees	298
Retired employees and beneficiaries	192
	<u>490</u>

B. Funding Policy

Retirees participating in PEMHCA are responsible for the payment of their medical insurance premiums except that the City contributes the minimum amount provided under Government Code Section 22825 of the Public Employees Medical and Hospital Care Act. The amount contributed by the City during the year ended June 30, 2017 was \$590,635, on a pay-as-you-go basis.

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 11 - Post Employment Benefits (Continued)

C. Actuarial Assumptions

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

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	3.50%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	6.00%
Mortality Rate Table	2014 CalPERS Active Mortality for Miscellaneous Employees
Retirement Rates	Hired before 2013: 2009 CalPERS 2.0%@55 Rates for Miscellaneous Employees. Hired after 2012: 2009 CalPERS Retirement Rates for Miscellaneous Employees 2%@60 adjusted to minimum retirement age of 52

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2016 to June 30, 2017

D. Discount Rate

The discount rate used to measure the total OPEB liability was 3.5%. This discount rate assumes the City continues to fully fund for its retiree health benefits through the California Employers' Retiree Benefit Trust (CERBT) under its investment allocation strategy 1. The rate reflects the CERBT published median interest rate for strategy 1 of 7.28% with an additional margin for adverse deviation.

Asset Class	Percentage of Portfolio	Real Return ¹
US Large Cap	24.00%	7.795%
Long-Term Corporate Bonds	34.00%	5.295%
Long-Term Government Bonds	8.00%	4.500%
US Small Cap	8.00%	7.795%
Treasury Inflation Protected Securities (TIPS)	15.00%	7.795%
US Real Estate	8.00%	7.795%
All Commodities	3.00%	7.795%
	<u>100.00%</u>	

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 11 - Post Employment Benefits (Continued)

E. Change in the Total OPEB Liability

Balance at June 30, 2016 (Valuation Date)	\$	29,800,422
Changes Recognized for the Measurement Period:		
Service Cost		1,071,923
Interest on the total OPEB liability		1,036,683
Difference between expected and actual experience		(1,503,666)
Changes of assumptions		650,700
Contributions from the employer		-
Net investment income, net of administrative expense		-
Benefit payments, including refunds of employee contributions		(799,760)
Net Changes during July 1, 2016 to June 30, 2017		455,880
Balance at June 30, 2017 (Measurement Date)	\$	30,256,302

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate 1-percentage point lower (5.00%) or 1-percentage point higher (7.00%) than the current discount rate:

	Plan's OPEB Liability/(Asset)		
	Discount Rate - 1% (2.50%)	Current Discount Rate (3.50%)	Discount Rate + 1% (4.50%)
June 30, 2017 Measurement Date	\$ 35,830,353	\$ 30,256,302	\$ 25,867,640

Sensitivity of the Total OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.80% to 2.94%) or 1-percentage-point higher (6.80%-4.94%) than the current healthcare cost trend rates:

	Plan's OPEB Liability/(Asset)		
	Discount Rate - 1% (4.80% -2.94%)	Current Discount Rate (5.80% -3.94%)	Discount Rate + 1% (6.80% -4.94%)
June 30, 2017 Measurement Date	\$ 29,297,665	\$ 30,256,302	\$ 35,215,804

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 11 - Post Employment Benefits (Continued)

F. OPEB Liabilities, OPEB Expense and Deferred Outflows/Inflows of Resources to OPEB

For the year ended June 30, 2018, the City recognized OPEB expense of \$1,118,700 for the City Plan. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred outflows of Resources</u>	<u>Deferred inflows of Resources</u>
OPEB contribution made after the measurement period	\$ 638,564	\$ -
Difference between expected and actual experience	-	1,291,284
Changes of assumptions	558,793	-
Total	<u>\$ 1,197,357</u>	<u>\$ 1,291,284</u>

Note 12 - Self Insurance

The City is self-insured for general, automobile, public liability and worker's compensation claims. The City has purchased an excess insurance policy for worker compensation claims from Safety National Casualty Corporation. Under this policy, Safety National covers all workers' compensation claim expenses over \$1,000,000 per claim for safety and over \$750,000 for non-safety. An Internal Service Fund is used to account for the collection of premiums from various City departments related to the amount of workers' compensation policy premium paid and general claims liabilities. Premiums assessed for general claim liabilities are established based on historical claims experience. The City is a member of the Independent Cities Risk Management Authority ("ICRMA"), a joint powers authority formed to provide liability insurance coverage for independent cities. Under the terms of the agreement with the Authority, the City is insured for losses above \$250,000 per claim. For the past three years, claim payments have not exceeded the amount of applicable insurance coverage.

Claims liability of \$14,630,525 reported in the Self-Insurance Internal Service Fund at June 30, 2018. Claims are reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Claims activities for the three years ended June 30, 2018 are presented as follows:

<u>Years Ended</u>	<u>Beginning Balance</u>	<u>Addition</u>	<u>Deletion</u>	<u>Ending Balance</u>
Worker's Compensation:				
June 30, 2016	\$ 6,157,810	\$ 1,136,108	\$ (410,769)	6,883,149
June 30, 2017	6,883,149	134,320	(282,908)	6,734,561
June 30, 2018	6,734,561	591,144	(337,157)	6,988,548
General Liability:				
June 30, 2016	2,633,237	502,401	(1,688,059)	1,447,579
June 30, 2017	1,447,579	1,182,322	-	2,629,901
June 30, 2018	2,629,901	5,042,702	(30,626)	7,641,977

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 13 - Contingencies

The City is presently involved in other matters of litigation that have arisen in the normal course of the City's business. City management believes, based upon consultation with the City Attorney, that these cases, in aggregate, are not expected to have a material adverse financial impact on the City. Additionally, City management believes that sufficient reserves are available to the City to cover any potential losses, should an unfavorable outcome materialize.

In addition, the City of South Gate has land held for resale in the amount \$2,190,000 which was acquired and recorded at acquisition cost. Due to the potential sale of the land in the future, the City may recognize a potential loss due to the fair market of the asset at the time of sale.

Note 14 - Construction Commitments

The following material construction commitments existed at June 30, 2018:

Project Name	Contract Amount	Expenditures to date as of June 30, 2018	Remaining Commitments
Sport's Center Roof Replacement	\$ 1,123,597	\$ 273,032	\$ 850,565
Firestone Blvd Median Island-Alameda	1,260,027	617,167	642,860
Upgrade Water Facilities	228,000	73,084	154,916
New Cranes Installation	12,069	-	12,069
Software for Business License and Building Permit	339,000	198,750	140,250

Note 15 – Deficit Fund Balances and Net Position

The following funds contained a deficit at June 30, 2018:

Funds	Deficit
Governmental Funds:	
Grants Special Revenue	\$ 2,159,268
Nonmajor Governmental Funds:	
Traffic Safety Special Revenue	884,509
Internal Service Funds:	
Insurance	6,176,277
Fleet Management	589,906
Fiduciary Funds:	
Successor Agency of the Former CDC	20,504,270

These deficits will be funded with future revenue.

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 16 - Prior Period Adjustments

A. Government-Wide Financial Statements

The beginning net position at July 1, 2017 of the Government-wide Financial Statements was restated as follows:

	Governmental Activities
Net position at July 1, 2017, as originally reported	\$ 222,238,202
Prior period adjustments:	
Other post-employment benefits	(20,295,234)
Net position at July 1, 2017, as restated	201,942,968

Note 17 - Excess Expenditures over Appropriations

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

Fund	Appropriations	Expenditures	Excess
Major Governmental Funds:			
General Fund			
General government	\$ 6,464,010	\$ 6,643,571	\$ (179,561)
Interest and fiscal charges	886,685	886,952	(267)
Grants Special Revenue Fund			
Capital outlay	269	266,449	(266,180)
Nonmajor Governmental Funds:			
Special Revenue Funds:			
Housing Successor			
Community development	4,500	29,035	(24,535)
Gas Tax			
Community development	-	761	(761)
Street Sweeping Special Revenue Fund			
General government	15,837	16,071	(234)

Note 18 – Azalea Participation Payment

During the fiscal year, the City of South Gate received \$5,135,307 from Primestor Development, Inc., property developer for Azalea Regional Shopping Center, located on Atlantic Avenue and Firestone Boulevard in South Gate. The payment received was for a one-time performance-based share of profits if Azalea Regional Shopping Center exceeded valuation targets upon sale or recapitalization based on the Project Agreement between the City and Primestor. As part of a recapitalization, the City received \$5,135,307 from Primestor.

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 19 - Successor Agency Trust for Assets of Former Community Development Commission

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 (“the Bill”) that provided for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of South Gate that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit. The Bill provided that upon dissolution of a redevelopment agency, either the City or another unit of local government will agree to serve as the “successor agency” to hold the assets until they are distributed to other units of state and local government. On January 11, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City resolution number 7473.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

The Successor Agency to the Former Improvement Agency is reported as a fiduciary fund (private purpose trust fund).

A. Cash and Investments

Cash and investments reported in the accompanying financial statements consisted of the following:

Cash and investments	\$ 1,191,482
Cash and investments with fiscal agent	<u>3,743,736</u>
Total cash and investments	<u><u>\$ 4,935,218</u></u>

The Successor Agency’s funds are pooled with the City’s cash and investments in order to generate optimum interest income. See Note 2 for additional disclosures.

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 19 - Successor Agency Trust for Assets of Former Community Development Commission (Continued)

B. Notes and Loans Receivable

	Balance			Balance
	July 1, 2017	Additions	Deletions	June 30, 2018
Family Trust Dudlext Housing Project	\$ 409,766	\$ -	\$ 51,222	\$ 358,544
Llovio Ford, Inc	150,000	-	24,000	126,000
Total	\$ 559,766	\$ -	\$ 75,222	\$ 484,544

On April 5, 1994, the Community Development Commission of the City of South Gate entered into a Disposition and Development Agreement with South Gate Realty Group for the development of certain Real property. South Gate Realty Group owns and operates a housing project located within the boundaries of the South Gate Community Development Commission at 8931 Dudlext Avenue consisting of 20 senior 1-bedroom units. South Gate Realty Group must comply with Housing and Urban Development (HUD) rents for 30 years from the certificate of occupancy date. The agreement states that 1/30th of the loan amount (\$51,222) will be forgiven each fiscal year starting from the occupancy date if South Gate Realty Group can illustrate compliance with the Disposition and Development Agreement (DDA). The DDA limits the rent at \$620 per unit less \$50 utility allowance for a net of \$570 per month or less. The compliance report is required to be submitted to the City each month in order to receive the \$51,222 annual forgiveness. At June 30, 2018, the outstanding balance on the loan is \$358,544.

On October 3, 1996, the Community Development Commission of the City of South Gate entered into a Disposition and Development Agreement with Llovio Ford Inc. to finance improvement of certain real property on which Llovio Ford Inc. operates an automobile dealership included within the boundaries of the South Gate Community Development Commission. Starting February 1, 1998, Llovio Ford Inc. shall make monthly payments on the 1st day of each month in the amount of \$2,000 for 25 years to be paid toward the principal of the note. At June 30, 2018, the outstanding balance is \$126,000.

C. Capital Assets

The summary of changes in the successor agency's capital assets for the year ended June 30, 2018 is as follows:

	Balance			Balance
	July 1, 2017	Additions	Deletions	June 30, 2018
Capital assets, not being depreciated:				
Land	\$ 1,686,000	\$ -	\$ -	\$ 1,686,000
Total capital assets, not being depreciated	1,686,000	-	-	1,686,000
Capital assets, being depreciated:				
Structures and improvements	381,785	-	-	381,785
Machinery and equipment	19,359	-	-	19,359
Subtotal	401,144	-	-	401,144
Less accumulated depreciation				
Structures and improvements	(202,025)	(19,089)	-	(221,114)
Machinery and equipment	(19,359)	-	-	(19,359)
Subtotal	(221,384)	(19,089)	-	(240,473)
Total capital assets, being depreciated	179,760	(19,089)	-	160,671
Total capital assets, net	\$ 1,865,760	\$ (19,089)	\$ -	\$ 1,846,671

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 19 - Successor Agency Trust for Assets of Former Community Development Commission (Continued)

D. Long-Term Liabilities

The summary of changes in the successor agency's long-term liabilities for the year ended June 30, 2018 is as follows:

	Balance July 1, 2017	Debt Issued	Debt Retired	Balance June 30, 2018	Classification	
					Due within One Year	Due in More Than One Year
Fiduciary Activities:						
Advances from City	\$ 1,327,447	\$ -	\$ (727,442)	\$ 600,005	\$ 600,005	\$ -
Tax allocation bonds:						
2014A Tax Allocation Bonds	24,860,000	-	(2,645,000)	22,215,000	2,755,000	19,460,000
Unamortized premium	3,118,153	-	(389,769)	2,728,384	389,769	2,338,615
2014B Tax Allocation Bonds	3,205,000	-	(370,000)	2,835,000	375,000	2,460,000
Unamortized discount	(35,773)	-	5,111	(30,662)	(5,111)	(25,551)
Total tax allocation bonds	31,147,380	-	(3,399,658)	27,747,722	3,514,658	24,233,064
Total	\$ 32,474,827	\$ -	\$ (4,127,100)	\$ 28,347,727	\$ 4,114,663	\$ 24,233,064

Advances from the City

A description of the advances payable to the City of South Gate as of June 30, 2018, consists of the following:

\$3,625,000 Advance

In July 1999, a \$3,625,000 advance was made between the Community Development Block Grant Special Revenue Fund and the Community Development Commission. The Community Development Block Grant Special Revenue fund received a \$3,625,000 Section 108 loan from the U.S. Department of Housing and Urban Development and loaned the proceeds to the Commission to help fund the development of the Towne Center Plaza. The interest rate on the note is 6% and the repayment date corresponds with the repayment of the Towne Center Plaza loan receivable, which is semi-annually on August 1st and February 1st of each year. The amount outstanding at June 30, 2018, is \$600,000.

On May 16, 2014, the Department of Finance issued a letter to the City stating that the \$3,625,000 advance was not an enforceable obligation. On April 24, 2015, the City formally filed a Court petition against the Department of Finance for disapproving the loan as an enforceable obligation. The City won a court hearing on May 6, 2016 that resulted in the enforcement of the obligation.

\$12,000,000 Advance

A \$12,000,000 advance was made during the fiscal year ended June 30, 2002, to provide funds for redevelopment purposes. The repayment of the advance is due annually on March 1st of each year. The amount outstanding at June 30, 2018, is \$5.

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 19 - Successor Agency Trust for Assets of Former Community Development Commission (Continued)

D. Long-Term Liabilities (Continued)

Advances from the City (Continued)

\$12,000,000 Advance (Continued)

On April 9, 2014, the Department of Finance approved the advance of \$12,000,000, with an outstanding balance of \$3,388,080 as an enforceable obligation. The Department of Finance reversed its original decision and deemed this advance an enforceable obligation beginning on the ROPS 14-15A. However, the repayment of the City loan is subject to the repayment formula outlined in HSC section 34191.4 (b) (2) (A).

HSC section 34191.4 (b) (2) (A) allows this repayment to be equal to one-half of the increase between the ROPS residual pass-through distributed to the taxing entities in that fiscal year and the ROPS residual pass-through distributed to the taxing entities in the 2012-13 base year. Since the formula does not allow for estimates, the Agency must wait until the ROPS residual pass-through distributions are known for the current fiscal year before requesting funding for this obligation. Also, the Agency is required to set aside 20% to LMIHF from the available funds after the residual pass-through distributions.

In addition, HSC section 34191.4 (b) (2) requires the interest be calculated from loan origination at the Local Agency Investment Fund (LAIF) rate. The accumulated interest on the loan is recalculated from the date of loan origination using the quarterly LAIF interest rate at the time when the Agency's Oversight Board makes a finding that the City loan was for legitimate redevelopment purposes. This will supersede any existing interest rates in the loan agreement.

2014 Tax Allocation Revenue Refunding Bonds

In July 2014, the County of Los Angeles Redevelopment Refunding Authority issued \$29,835,000 in 2014 Tax Allocation Revenue Refunding Bonds, Series A, South Gate Redevelopment Project No. 1 with an average interest rate of 4.36% and \$3,920,000 in 2014 Tax Allocation Revenue Refunding Bonds, Series B, South Gate Redevelopment Project No. 1 with an average interest rate of 2.65% to refund the outstanding balance of the 2002 Certificates of Participation Series A and Series B, the 2002 Tax Allocation Revenue Bonds and the 2003 Tax Allocation Revenue Bonds.

The 2014 Tax Allocation Revenue Bonds, Series A mature in amounts ranging from \$2,570,000 to \$3,650,000 with interest rates ranging from 2% to 5% through September 1, 2024. Interest on the bonds is payable on March 1, 2015 and semi-annually thereafter on September 1 and March 1 of each year.

A reserve account is required to be maintained in an amount equal to the least of: (i) 10% of the original aggregate principal amount of the bonds; (ii) 125% of average annual debt service; or (iii) maximum annual debt service. As of June 30, 2018, the reserve requirement was \$2,983,500 and the balance held in the reserve account was \$3,040,440.

The bonds were issued at a premium of \$4,287,460. At June 30, 2018, the unamortized premium is \$2,728,384 and the outstanding balance on the bonds is \$22,215,000.

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 19 - Successor Agency Trust for Assets of Former Community Development Commission (Continued)

D. Long-Term Liabilities (Continued)

2014 Tax Allocation Revenue Refunding Bonds (Continued)

The following schedule summarizes the debt service to maturity requirements for bonds payable outstanding as of June 30, 2018:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 2,755,000	\$ 1,028,100	\$ 3,783,100
2020	2,870,000	901,250	3,771,250
2021	3,000,000	754,500	3,754,500
2022	3,155,000	600,625	3,755,625
2023	3,310,000	439,000	3,749,000
2024-2025	7,125,000	538,750	7,663,750
Total	\$ 22,215,000	\$ 4,262,225	\$ 26,477,225

The 2014 Tax Allocation Revenue Bonds, Series B mature in amounts ranging from \$365,000 to \$445,000 with interest rates ranging from .70% to 4% through September 1, 2024. Interest on the bonds is payable on March 1, 2015 and semi-annually thereafter on September 1 and March 1 of each year.

A reserve account is required to be maintained in an amount equal to the least of: (i) 10% of the original aggregate principal amount of the bonds; (ii) 125% of average annual debt service; or (iii) maximum annual debt service. As of June 30, 2018, the reserve requirement was \$392,000 and the balance held in the reserve account was \$335,060.

The bonds were issued at a discount of \$51,106. At June 30, 2018, the unamortized discount is \$30,664 and the outstanding balance on the bonds is \$2,835,000.

The following schedule summarizes the debt service to maturity requirements for bonds payable outstanding as of June 30, 2018:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 375,000	\$ 89,223	\$ 464,223
2020	380,000	79,874	459,874
2021	390,000	68,894	458,894
2022	400,000	56,544	456,544
2023	415,000	42,522	457,522
2024-2025	875,000	35,300	910,300
Total	\$ 2,835,000	\$ 372,357	\$ 3,207,357

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

Note 19 - Successor Agency Trust for Assets of Former Community Development Commission (Continued)

D. Long-Term Liabilities (Continued)

2014 Tax Allocation Revenue Refunding Bonds (Continued)

The net proceeds of \$38.0 million of the 2014 Tax Allocation Revenue Refunding Bonds Series A and Series B South Gate Redevelopment Project No. 1 (after a net \$4.2 million of bond premium, discount and cost of issuance) and with \$15.6 million of amounts released from prior obligations were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded 2002 Certificates of Participation Series A and Series B, the 2002 Tax Allocation Revenue Bonds and the 2003 Tax Allocation Revenue Bonds. As a result, the refunded bonds are considered to be defeased and the liability of the 2002 Certificates of Participation Series A and Series B, the 2002 Tax Allocation Revenue Bonds and the 2003 Tax Allocation Revenue Bonds has been removed from long term debt. The refunding decreased the total debt service payment by \$3.1 million over the next 10 years and resulted in an economic gain of \$0.8 million.

The Former Redevelopment Agency pledged, as security for bonds issued, either directly or through the Financing Authority, a portion of tax increment revenue (including Low and Moderate Income Housing set-aside and pass through allocations) that it receives. The bonds issued were to provide financing for various capital projects, accomplish Low and Moderate Income Housing projects and to defease previously issued bonds. Assembly Bill 1X 26 provided that upon dissolution of the Redevelopment Agency, property taxes allocated to redevelopment agencies no longer are deemed tax increment but rather property tax revenues and will be allocated first to successor agencies to make payments on the indebtedness incurred by the dissolved redevelopment agency. Total principal and interest remaining on the debt is \$29,684,582 with annual debt service requirements as indicated in the following table. For the current year, the total property tax revenue recognized by the Authority for the payment of indebtedness incurred by the dissolved redevelopment agency was \$6,060,414 and the debt service obligation on the bonds \$4,247,323.

E. Commitments and Contingencies

On May 13, 1998, the Community Development Commission of the City of South Gate entered into a Disposition and Development Agreement with South Gate Villas, LLC. In accordance with this agreement, a promissory note, dated October 27, 1998, was written whereby South Gate Villas, LLC, would pay the Commission \$7,030,000. However, subject to certain provisions included in the disposition and development agreement, \$243,333 would be forgiven annually for each of the next twenty-nine years. Since the provisions indicated in the disposition and development agreement have been significantly met and the possibility of repayment is remote, no receivable has been reflected. The accounting treatment is in accordance with generally accepted accounting principles.

In addition, the Community Development Commission of the City of South Gate has land held for resale in the amount \$1,463,492 which was acquired and recorded at acquisition cost. Due to the downturn of the economic condition of the State and potential sale of the land in the future, the City may record a potential loss due to the fair market of the asset at the time of the sale.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

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City of South Gate
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes	\$ 38,369,525	\$ 38,369,525	\$ 38,966,080	\$ 596,555
Licenses and permits	1,492,892	1,492,892	1,443,497	(49,395)
Intergovernmental	67,500	337,500	433,749	96,249
Charges for services	2,300,029	2,305,429	2,312,937	7,508
Use of money and property	1,116,489	1,116,489	1,102,252	(14,237)
Fines and forfeitures	950,600	950,600	1,009,431	58,831
Miscellaneous	3,655,380	3,865,380	8,641,534	4,776,154
Total revenues	47,952,415	48,437,815	53,909,480	5,471,665
EXPENDITURES:				
Current:				
General government				
City Council	321,786	326,786	290,985	35,801
City Clerk	475,101	475,101	427,257	47,844
City Treasurer	36,078	36,078	40,861	(4,783)
City Attorney	1,098,236	1,098,236	1,510,361	(412,125)
City Manager	1,110,356	1,125,356	783,350	342,006
Administrative Services	3,608,183	3,402,453	3,590,757	(188,304)
Total general government	6,649,740	6,464,010	6,643,571	(179,561)
Public safety	24,739,540	24,746,967	24,086,284	660,683
Community development	2,873,612	3,329,581	2,576,420	753,161
Parks and recreation	7,434,370	7,568,879	7,147,848	421,031
Public works	3,909,437	4,453,839	4,015,847	437,992
Capital outlay	18,600	1,105,218	160,033	945,185
Debt service:				
Principal retirement	1,130,000	1,130,000	1,130,000	-
Interest and fiscal charges	886,685	886,685	886,952	(267)
Total expenditures	47,641,984	49,685,179	46,646,955	3,038,224
REVENUES OVER (UNDER) EXPENDITURES	310,431	(1,247,364)	7,262,525	8,509,889
OTHER FINANCING SOURCES (USES)				
Transfers out	(300,000)	(6,915,031)	(11,769,745)	(4,854,714)
Total other financing sources (uses)	(300,000)	(6,915,031)	(11,769,745)	(4,854,714)
Net change in fund balance	\$ 10,431	\$ (8,162,395)	(4,507,220)	\$ 3,655,175
Fund Balance:				
Beginning of year			47,741,734	
End of year			\$ 43,234,514	

City of South Gate
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule - Grants Special Revenue Fund
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 5,924,706	\$ 6,267,632	\$ 5,076,095	\$ (1,191,537)
Total revenues	<u>5,924,706</u>	<u>6,267,632</u>	<u>5,076,095</u>	<u>(1,191,537)</u>
EXPENDITURES:				
Current:				
Community development	-	269	266,449	(266,180)
Total expenditures	<u>-</u>	<u>269</u>	<u>266,449</u>	<u>(266,180)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>5,924,706</u>	<u>6,267,363</u>	<u>4,809,646</u>	<u>(1,457,717)</u>
OTHER FINANCING SOURCES:				
Transfers out	-	(49,304,980)	(4,820,660)	44,484,320
Total other financing sources	<u>-</u>	<u>(49,304,980)</u>	<u>(4,820,660)</u>	<u>44,484,320</u>
CHANGE IN FUND BALANCE	<u>\$ 5,924,706</u>	<u>\$ (43,037,617)</u>	<u>\$ (11,014)</u>	<u>\$ 43,026,603</u>
FUND BALANCE (DEFICIT):				
Beginning of year, as restated (Note 16)			<u>(2,148,254)</u>	
End of year			<u>\$ (2,159,268)</u>	

City of South Gate
Required Supplementary Information (Unaudited)
Notes to the Budgetary Comparison Schedules
For the Year Ended June 30, 2018

Budgets and Budgetary Accounting

The City adheres to general procedures in establishing its annual budget, which is reflected in the accompanying budgetary statements and schedules. The annual budget adopted by the City Council provides for the general operations of the City. It includes proposed expenditures and the means of financing them. Budgeted appropriations lapse at the end of the year. The City Council approves total budgeted appropriations and amendments to appropriations throughout the year. The City Council must approve budget appropriation transfers between departments within funds. The departments of the General Fund are considered to be departments for purposes of this requirement. Actual expenditures may not legally exceed budgeted appropriations at the department level.

Annual budgets are adopted for all Governmental Funds on a basis substantially consistent with Generally Accepted Accounting Principles (GAAP). Formal budgetary information is employed as a management control device. Commitments for materials and services, such as purchase orders and contracts are recorded during the year as encumbrances to assist in controlling expenditures. Appropriations, which are encumbered at year-end lapse, and then are added to the following years budgeted appropriations.

City of South Gate
Required Supplementary Information (Unaudited)
Schedule of Changes in the Net Pension Liability and Related Ratios
For the Year Ended June 30, 2018

Last Ten Fiscal Years

California Public Employees' Retirement System ("CalPERS") Miscellaneous Plan

Measurement Period	2016-17	2015-16	2014-15	2013-14¹
Service cost	\$ 2,604,468	\$2,261,496	\$2,160,710	\$ 2,209,895
Interest on total pension liability	10,183,905	9,807,665	9,431,040	9,016,106
Differences between expected and actual experience	(1,443,448)	(1,238,446)	(399,523)	-
Changes in assumptions	9,063,137	-	(2,453,625)	-
Changes in benefit terms	-	-	-	-
Benefit payments, including refunds of employee contributions	(5,664,414)	(5,601,315)	(5,359,664)	(5,203,224)
Net change in total pension liability	14,743,648	5,229,400	3,378,938	6,022,777
Total pension liability - beginning	136,342,528	131,113,128	127,734,190	121,711,413
Total pension liability - ending (a)	\$ 151,086,176	\$ 136,342,528	\$ 131,113,128	\$ 127,734,190
Plan fiduciary net position				
Contributions - employer	\$ 2,807,597	\$ 2,371,025	\$ 1,749,186	\$ 1,971,806
Contributions - employee	1,119,350	1,117,889	1,028,703	963,778
Net investment income ²	11,577,937	511,739	2,339,332	15,942,156
Benefit payments	(5,664,414)	(5,601,315)	(5,359,664)	(5,203,224)
Plan to plan resources movement	936	(254)	(119,756)	-
Administrative expense	(154,457)	(64,773)	4,871	-
Net change in plan fiduciary net position	9,686,949	(1,665,689)	(357,328)	13,674,516
Plan fiduciary net position - beginning	104,615,198	106,280,887	106,638,215	92,963,699
Plan fiduciary net position - ending (b)	\$ 114,302,147	\$ 104,615,198	\$ 106,280,887	\$ 106,638,215
Net pension liability - ending (a)-(b)	\$ 36,784,029	\$ 31,727,330	\$ 24,832,241	\$ 21,095,975
Plan fiduciary net position as a percentage of the total pension liability	75.65%	76.73%	81.06%	83.48%
Covered payroll	\$ 13,777,340	\$ 13,452,475	\$ 13,060,655	\$ 12,254,729
Net pension liability as a percentage of covered payroll	266.99%	235.85%	190.13%	172.15%

¹ Historical information is required only for measurement periods for which GASB 68 is applicable.

² Net of administrative expenses for measurement period 2013-14.

Notes:

Benefit changes: the figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2015. This applies for voluntary benefit changes as well as any offers of Two Years of Additional Service Credit (a.k.a. Golden Handshakes).

Changes in assumptions: There were no changes in discount rate.

City of South Gate
Required Supplementary Information (Unaudited)
Schedule of Changes in the Net Pension Liability and Related Ratios (Continued)
For the Year Ended June 30, 2018

Last Ten Fiscal Years

PARS - Supplemental Retirement Plan

Measurement Period	2016-17	2016-17	2015-16	2014-15¹
Service cost	\$ -	\$ 9,276	\$ 9,006	\$ 20,273
Interest on total pension liability	-	95,683	94,489	91,587
Differences between expected and actual experience	-	-	(29,211)	-
Changes in assumptions	13,920	-	63,351	-
Benefit payments, including refunds of employee contributions	-	(85,995)	(86,885)	(80,278)
Net change in total pension liability	13,920	18,964	50,750	31,582
Total pension liability - beginning	\$ 1,428,865	\$ 1,409,901	\$1,359,151	1,327,569
Total pension liability - ending (a)	\$ 1,442,785	\$ 1,428,865	\$ 1,409,901	\$ 1,359,151
Plan fiduciary net position				
Contributions - employer	\$ -	\$ 89,262	\$ 92,402	\$ 108,819
Net investment income	-	91,701	10,118	18,658
Benefit payments	-	(85,995)	(86,885)	(80,278)
Administrative expense	-	(4,851)	(4,517)	(4,503)
Net change in plan fiduciary net position	-	90,117	11,118	42,696
Plan fiduciary net position - beginning	996,181	906,064	894,946	852,250
Plan fiduciary net position - ending (b)	\$ 996,181	\$ 996,181	\$ 906,064	\$ 894,946
Net pension liability - ending (a)-(b)	\$ 446,604	\$ 432,684	\$ 503,837	\$ 464,205
Plan fiduciary net position as a percentage of the total pension liability	69.05%	69.72%	64.26%	65.85%
Covered payroll	\$ 282,012	\$ 277,966	\$ 260,000	\$ 720,372
Net pension liability as a percentage of covered payroll	158.36%	155.66%	193.78%	64.44%

¹ Historical information is required only for measurement periods for which GASB 68 is applicable.

City of South Gate
Required Supplementary Information (Unaudited)
Schedule of Proportionate Share of the Net Pension Liability and Related Ratios
For the Year Ended June 30, 2018

Last Ten Fiscal Years

California Public Employees' Retirement System ("CalPERS") Safety Plan

Measurement Period	2016-17	2015-16	2014-15	2013-14¹
Proportion of the Net Pension Liability	0.49939%	0.50255%	0.49730%	0.46523%
Proportionate Share of the Net Pension Liability	\$ 49,525,601	\$ 43,486,293	\$ 34,133,907	\$ 28,948,876
Covered Payroll	\$ 7,367,602	\$ 7,508,515	\$ 7,077,495	\$ 6,919,179
Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll	672.21%	579.16%	482.29%	418.39%
Plan Fiduciary Net Position	\$ 118,159,014	\$ 110,687,826	\$ 117,370,165	\$ 123,534,054
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.47%	71.79%	77.47%	81.02%

¹ Historical information is required only for measurement periods for which GASB 68 is applicable.

City of South Gate
Required Supplementary Information (Unaudited)
Schedule of Contributions
For the Year Ended June 30, 2018

Last Ten Fiscal Years

California Public Employees' Retirement System ("CalPERS") Miscellaneous

	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14 ¹</u>
Actuarially determined contribution	\$ 1,413,240	\$ 3,913,282	\$ 2,406,820	\$ 1,947,828	\$ 1,971,806
Contributions in relation to the actuarially determined contributions	(1,413,240)	(3,913,282)	(2,406,820)	(1,947,828)	(1,971,806)
Contribution deficiency (excess)	<u>\$ -</u>				
Covered payroll ^{2,3}	\$ 13,376,058	\$ 13,856,049	\$ 13,452,475	\$ 13,060,655	\$ 12,254,729
Contributions as a percentage of covered payroll ²	10.57%	28.24%	17.89%	14.91%	16.09%

¹ Historical information is required only for measurement periods for which GASB 68 is applicable.

² Covered Payroll represented above is based on pensionable earnings provided by the employer.

³ Payroll from 2015-16 \$13,452,475 was assumed to increase by the 3.00% payroll growth assumption.

Notes to Schedule

Valuation date:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2016-17 were from the June 30, 2013 funding valuation report.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	For details, see June 30, 2013 Funding Valuation Report.
Asset valuation method	Market value
Inflation	2.15%
Salary increases	Varies by entry age and service
Payroll growth	3.00%
Investment rate of return	7.50%, net of pension plan investment and administrative expenses, including inflation
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

City of South Gate
Required Supplementary Information (Unaudited)
Schedule of Contributions (Continued)
For the Year Ended June 30, 2018

Last Ten Fiscal Years

PARS - Supplemental Retirement Plan

	<u>2016-17</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u> ¹
Actuarially determined contribution	\$ 62,388	\$ 65,461	\$ 61,230	\$ 89,000	\$ 84,594
Contributions in relation to the actuarially determined contributions	-	(89,262)	(92,402)	(108,819)	(144,907)
Contribution deficiency (excess)	<u>\$ 62,388</u>	<u>\$ (23,801)</u>	<u>\$ (31,172)</u>	<u>\$ (19,819)</u>	<u>\$ (60,313)</u>
Covered payroll	\$ 282,012	\$ 277,966	\$ 260,000	\$ 720,372	\$ 720,372
Contributions as a percentage of covered payroll	0.00%	32.11%	35.54%	15.11%	20.12%

¹ Historical information is required only for measurement periods for which GASB 68 is applicable.

Notes to Schedule

Valuation date:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2016-17 were from the June 30, 2015 valuations.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method/period	Level dollar, closed
Asset valuation method	Market value
Inflation	2.75%
Salary increases	Varies by entry age and service
Cost of living adjustment	2.00%
Investment rate of return	6.75%
Retirement age	Consistent with Non-Industrial rates used to value the Miscellaneous CalPERS Pension Plans.
Mortality	Consistent with Non-Industrial rates used to value the Miscellaneous CalPERS Pension Plans.

City of South Gate
Required Supplementary Information (Unaudited)
Schedule of Contributions (Continued)
For the Year Ended June 30, 2018

Last Ten Fiscal Years

California Public Employees' Retirement System ("CalPERS") Safety

	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14 ¹</u>
Actuarially determined contribution	\$ 1,638,924	\$ 2,345,934	\$ 3,005,619	\$ 2,086,240	\$ 1,976,256
Contributions in relation to the actuarially determined contributions	(1,638,924)	(2,345,934)	(3,005,619)	(2,086,240)	(1,976,256)
Contribution deficiency (excess)	<u>\$ -</u>				
Covered payroll ^{2,3}	\$ 7,367,602	\$ 7,508,515	\$ 7,289,820	\$ 7,077,495	\$ 6,919,179
Contributions as a percentage of covered payroll ²	22.25%	31.24%	41.23%	29.48%	28.56%

¹ Historical information is required only for measurement periods for which GASB 68 is applicable.

² Covered Payroll represented above is based on pensionable earnings provided by the employer.

³ Payroll from 2015-16 \$7,289,820 was assumed to increase by the 3.00% payroll growth assumption.

Notes to Schedule

Valuation date:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2016-17 were from the June 30, 2013 public agency valuations.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method/period	For details, see June 30, 2013 Funding Valuation Report.
Asset valuation method	Market value
Inflation	2.15%
Salary increases	Varies by entry age and service
Payroll growth	3.00%
Investment rate of return	7.50%, net of pension plan investment and administrative expenses, including inflation
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

City of South Gate
Required Supplementary Information (Unaudited)
Schedule of Changes in the Other Post-Employment Benefit Plan
For the Year Ended June 30, 2018

Last Ten Fiscal Years

Measurement Period	2016-17¹
Service cost	\$ 1,071,923
Interest on total OPEB liability	1,036,683
Differences between expected and actual experience	(1,503,666)
Changes in assumptions	650,700
Changes in benefit terms	-
Benefit payments, including refunds of employee contributions	(799,760)
Net change in total OPEB liability	455,880
Total OPEB liability - beginning	29,800,422
Total OPEB liability - ending (a)	\$ 30,256,302
Plan fiduciary net position	
Contributions - employer	\$ -
Contributions - employee	-
Net investment income ²	-
Benefit payments	-
Recognized difference in proportion	-
Plan to plan resources movement	-
Administrative expense	-
Net change in plan fiduciary net position	-
Plan fiduciary net position - beginning	-
Plan fiduciary net position - ending (b)	\$ -
Net OPEB liability - ending (a)-(b)	\$ 30,256,302
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%
Covered payroll	\$ 20,184,723
Net OPEB liability as a percentage of covered payroll	149.90%

¹ Historical information is required only for measurement periods for which GASB 75 is applicable.

² Net of administrative expenses for measurement period 2016-17.

City of South Gate
Required Supplementary Information (Unaudited)
Schedule of Contributions in the Other Post-Employment Benefit Plan
For the Year Ended June 30, 2018

Last Ten Fiscal Years

	2016-17 ¹
Actuarially determined contribution determined contributions	\$ -
Contribution deficiency (excess)	\$ -
Covered payroll ^{2,3}	\$ 20,184,723
Contributions as a percentage of covered payroll ²	0.00%

¹ Historical information is available only for measurement periods for which GASB No. 75 is applicable.

² Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.

³ Covered Payroll represented above is based on pensionable earnings provided by the employer. However, GASB No. 75 defines covered payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

³ Payroll from prior year was assumed to increase by the three percent payroll growth assumption.

Notes to Schedule

Valuation date:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2016-17 were from the June 30, 2017 funding valuation report.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of pay
Asset valuation method	Market value
Inflation	2.75%
Salary increases	2.88%
Investment rate of return	6.75%
Retirement age	According to the retirement rates under the most recent CalPERS pension plan experience
Mortality	According to the mortality rates under the CalPERS pension plan updated to reflect the most recent experience study

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SUPPLEMENTARY INFORMATION

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City of South Gate
Schedules of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual
Capital Improvement Capital Projects Fund
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 135,000	\$ 135,000
Use of money and property	-	9,250	-	(9,250)
Miscellaneous	-	-	2,922	2,922
Total revenues	-	9,250	137,922	128,672
EXPENDITURES:				
Capital outlay	65,871,219	65,871,219	9,016,035	56,855,184
Total expenditures	65,871,219	65,871,219	9,016,035	56,855,184
REVENUES OVER (UNDER) EXPENDITURES	(65,871,219)	(65,861,969)	(8,878,113)	56,983,856
OTHER FINANCING SOURCES:				
Transfers in	1,105,803	65,351,969	12,800,344	(52,551,625)
Total other financing sources	1,105,803	65,351,969	12,800,344	(52,551,625)
CHANGE IN FUND BALANCE	\$ (64,765,416)	\$ (510,000)	3,922,231	\$ 4,432,231
FUND BALANCE:				
Beginning of year			135,089	
End of year			<u>\$ 4,057,320</u>	

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NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS:

Community Development Block Grant Fund - This fund accounts for revenues received from the U.S. Department of Housing and Urban Development for housing rehabilitation and other community improvement projects

Housing Authority Fund - This fund is used to account for revenues from the U.S. Department of Housing and Urban Development for housing assistance payments to eligible participants

HOME Program Fund - This fund accounts for revenues received from the U.S. Department of Housing and Urban Development's Affordable Housing program to assist low income households.

Housing Successor Fund - This fund accounts for the housing assets of the former Community Development Commission.

Law Enforcement Grants Fund - To account for revenues received from federal, state and local law enforcement grants to be used for public safety.

Asset Seizure Fund - To account for revenues received from asset seizures to augment law enforcement expenditures.

Air Quality Improvement Fund - To account for local revenue received from the Southern California Air Quality Management District to be used for clean air programs.

Traffic Safety Fund - To account for traffic safety programs funded by moving vehicle violations collected by the County court system and remitted to the City.

Gas Tax Fund - To account for gas tax and other transportation revenues received from the State for construction and maintenance of street projects.

Street Sweeping Fund - To account for street sweeping fees used to fund the City's street sweeping and storm drain maintenance.

Prop A Transit Fund - To account for revenues received from a one-half cent sales tax collected by L.A. County Metro and distributed to cities for use in transportation and related programs.

Prop C Transit Fund - To account for revenues received from a one-half cent sales tax collected by L.A. County Metro and distributed to cities for use in street improvement projects along major bus routes.

UDAG Fund - To account for former Urban Development Assistance Grant funds that the City uses for community development projects.

Public Access Corporation Fund - To account for revenues received from the City's cable television operator through a franchise agreement. This nonprofit corporation was established to promote community access through media.

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS (Continued):

Street Light & Landscaping Fund - To account for revenues received through a citywide street lighting assessment for street lighting and traffic signal maintenance.

Measure-R Transit Fund - To account for revenues received from a one-half cent sales tax collected by L.A. County Metro and distributed to cities for use in transportation, street and road improvements.

Road Repair and Accountability Act Fund - To account for revenues received from the 12 cent gasoline tax, 20 cent diesel fuel tax, and \$100 vehicle registration tax collected by the State of California, Department of Transportation and distributed to Cities for the purpose of repairing roads, improving traffic safety, and expanding public transit systems across the state.

Measure-M Transit Fund - To account for revenues received from a 1/2 cent sales tax collected by L.A. County Metro and distributed to cities for use in transportation, street and road improvements.

Park Enhancement Fund - To account for revenues received from the lease of the goal soccer facilities, cell tower, and other sources collected by the City for use in park improvement projects.

Measure A Parks Fund - To account for revenues received from a portion of the property tax collected by Los Angeles County Regional Park and Open Space District (RPOSD) and distributed to cities for use in maintenance of safe and clean neighborhood parks.

CASP Certification and Training Fund - To account for revenues received under the SB 1186 (\$1) and the SB 1379 (\$4) State legislation that assessed a fee when business licenses and equivalent permits are issued or renewed. The CASP program is designed to meet the public's need for experienced, trained, and tested individuals who can inspect buildings and sites for compliance with applicable state and federal construction.

CAPITAL PROJECTS FUNDS:

Bikeway Fund - To account for Transportation Development Act (TDA) Article 3 funds to enhance the Citywide bikeway network.

DEBT SERVICE FUNDS:

Ardine Assessment District Fund - To account for the payment of principal and interest on long-term debt of the Ardine Assessment District.

**City of South Gate
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2018**

	Special Revenue				
	Community Development Block Grant	Housing Authority	HOME Program	Housing Successor	Law Enforcement Grants
ASSETS					
Cash and investments	\$ -	\$ 684,659	\$ -	\$ 946,815	\$ 507,270
Accounts	-	55,245	-	3,546	-
Notes and loans	1,802,814	14,415	6,807,761	737,842	-
Accrued interest	-	1,297	-	3,782	2,131
Due from other governments	274,906	22,761	90,910	-	55,222
Advances to Successor Agency	600,000	-	-	-	-
Land held for resale	-	-	-	2,190,000	-
Total assets	\$ 2,677,720	\$ 778,377	\$ 6,898,671	\$ 3,881,985	\$ 564,623
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 203,104	\$ 5,897	\$ 39,512	\$ 9,867	\$ 628
Accrued liabilities	8,191	7,808	1,609	-	6,369
Unearned revenue	134,699	-	112	-	-
Deposits	-	-	-	3,054	-
Due to other governments	-	-	-	12,877	-
Due to other funds	50,141	304,028	49,677	-	-
Total liabilities	396,135	317,733	90,910	25,798	6,997
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	2,281,585	460,644	6,807,761	3,856,187	557,626
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-
Total fund balances	2,281,585	460,644	6,807,761	3,856,187	557,626
Total liabilities, deferred inflows of resources and fund balances	\$ 2,677,720	\$ 778,377	\$ 6,898,671	\$ 3,881,985	\$ 564,623

(Continued)

City of South Gate
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2018

	Special Revenue				
	Asset Seizure	Air Quality Improvement	Traffic Safety	Gas Tax	Street Sweeping
ASSETS					
Cash and investments	\$ 4,722,323	\$ 407,748	\$ -	\$ 204,706	\$ 271,236
Accounts	-	-	-	337	111,536
Loans	-	-	-	-	-
Interest	22,201	1,982	-	1,937	1,288
Due from other governments	-	32,473	16,961	-	-
Advances to Successor Agency	-	-	-	-	-
Land held for resale	-	-	-	-	-
Total assets	\$ 4,744,524	\$ 442,203	\$ 16,961	\$ 206,980	\$ 384,060
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 137,474	\$ -	\$ 22,406	\$ 107,590	\$ 18,146
Accrued payroll and related liabilities	3,342	-	-	20,378	3,502
Unearned revenue	-	-	-	74,292	-
Deposits	-	-	-	-	-
Due to other governments	-	-	-	-	-
Due to other funds	-	-	879,064	-	-
Total liabilities	140,816	-	901,470	202,260	21,648
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	4,603,708	442,203	-	4,720	362,412
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned (deficit)	-	-	(884,509)	-	-
Total fund balances	4,603,708	442,203	(884,509)	4,720	362,412
Total liabilities, deferred inflows of resources and fund balances	\$ 4,744,524	\$ 442,203	\$ 16,961	\$ 206,980	\$ 384,060

(Continued)

City of South Gate
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2018

	Special Revenue				
	Prop A Transit	Prop C Transit	UDAG	Public Access Corporation	Street Light & Landscaping
ASSETS					
Cash and investments	\$ 2,927,998	\$ 4,307,462	\$ 460,495	\$ 89,250	\$ 607,230
Accounts	-	-	-	-	6,448
Loans	-	-	-	-	-
Interest	12,301	18,545	2,023	446	3,178
Due from other governments	-	-	-	-	47,028
Advances to Successor Agency	-	-	-	-	-
Land held for resale	-	-	-	-	-
Total assets	\$ 2,940,299	\$ 4,326,007	\$ 462,518	\$ 89,696	\$ 663,884
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 241,092	\$ 9,504	\$ -	\$ 1,934	\$ 241,262
Accrued payroll and related liabilities	3,652	-	-	-	12,780
Unearned revenue	-	-	-	-	-
Deposits	-	-	-	-	-
Due to other governments	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	244,744	9,504	-	1,934	254,042
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	2,695,555	4,316,503	462,518	87,762	409,842
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-
Total fund balances	2,695,555	4,316,503	462,518	87,762	409,842
Total liabilities, deferred inflows of resources and fund balances	\$ 2,940,299	\$ 4,326,007	\$ 462,518	\$ 89,696	\$ 663,884

(Continued)

City of South Gate
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2018

	Special Revenue				
	Measure R Transit	Road Repair and Accountability Act	Measure M Transit	Park Enhancement	Measure A Parks
ASSETS					
Cash and investments	\$ 4,525,309	\$ 202,073	\$ 722,661	\$ 437,947	\$ -
Accounts	-	85,769	-	-	-
Loans	-	-	-	-	-
Interest	17,973	360	1,776	1,582	-
Due from other governments	73,571	123,282	-	-	-
Advances to Successor Agency	-	-	-	-	-
Land held for resale	-	-	-	-	-
Total assets	\$ 4,616,853	\$ 411,484	\$ 724,437	\$ 439,529	\$ -
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and related liabilities	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Deposits	-	-	-	-	-
Due to other governments	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	-	-	-	-	-
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	4,616,853	411,484	724,437	439,529	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-
Total fund balances	4,616,853	411,484	724,437	439,529	-
Total liabilities, deferred inflows of resources and fund balances	\$ 4,616,853	\$ 411,484	\$ 724,437	\$ 439,529	\$ -

City of South Gate
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2018

	Special Revenue	Capital Projects	Debt Service	
	CASP Certification and Training	Bikeway	Ardine Assessment District	Total Other Governmental Funds
ASSETS				
Cash and investments	\$ 20,765	\$ -	\$ -	\$ 22,045,947
Accounts	-	-	-	262,881
Loans	-	-	-	9,362,832
Interest	-	-	-	92,802
Due from other governments	-	27	-	737,141
Advances to Successor Agency	-	-	-	600,000
Land held for resale	-	-	-	2,190,000
Total assets	\$ 20,765	\$ 27	\$ -	\$ 35,291,603
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 1,038,416
Accrued payroll and related liabilities	-	-	-	67,631
Unearned revenue	-	-	-	209,103
Deposits	-	-	-	3,054
Due to other governments	-	-	-	12,877
Due to other funds	-	27	-	1,282,937
Total liabilities	-	27	-	2,614,018
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	20,765	-	-	33,562,094
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned (deficit)	-	-	-	(884,509)
Total fund balances	20,765	-	-	32,677,585
Total liabilities, deferred inflows of resources and fund balances	\$ 20,765	\$ 27	\$ -	\$ 35,291,603

(Concluded)

City of South Gate
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2018

	Special Revenue				
	Community Development Block Grant	Housing Authority	HOME Program	Housing Successor	Law Enforcement Grants
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ 225,554	\$ -
Licenses and Permits	-	-	-	-	-
Intergovernmental	1,705,144	4,411,354	492,267	-	342,738
Charges for Services	16,570	-	-	-	-
Use of money and property	58,963	5,311	-	29,784	1,927
Fines and forfeitures	-	-	-	-	-
Miscellaneous	(1,500)	-	-	-	-
Total revenues	<u>1,779,177</u>	<u>4,416,665</u>	<u>492,267</u>	<u>255,338</u>	<u>344,665</u>
EXPENDITURES:					
Current:					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	344,470
Community Development	774,150	4,670,394	403,658	29,035	-
Parks and Recreation	-	-	-	-	-
Public Works	111,865	-	-	-	12,233
Capital outlay	-	-	-	-	-
Debt service:					
Principal	530,000	-	-	-	-
Interest and fiscal charges	58,864	-	-	-	-
Total expenditures	<u>1,474,879</u>	<u>4,670,394</u>	<u>403,658</u>	<u>29,035</u>	<u>356,703</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>304,298</u>	<u>(253,729)</u>	<u>88,609</u>	<u>226,303</u>	<u>(12,038)</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	83,560	-	30,000
Transfers out	(933,277)	-	-	-	-
Total other financing sources (uses)	<u>(933,277)</u>	<u>-</u>	<u>83,560</u>	<u>-</u>	<u>30,000</u>
CHANGE IN FUND BALANCE	<u>(628,979)</u>	<u>(253,729)</u>	<u>172,169</u>	<u>226,303</u>	<u>17,962</u>
FUND BALANCE:					
Beginning of year, as restated (Note 16)	<u>2,910,564</u>	<u>714,373</u>	<u>6,635,592</u>	<u>3,629,884</u>	<u>539,664</u>
End of year	<u>\$ 2,281,585</u>	<u>\$ 460,644</u>	<u>\$ 6,807,761</u>	<u>\$ 3,856,187</u>	<u>\$ 557,626</u>

(Continued)

City of South Gate
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Non-Major Governmental Funds
For the Year Ended June 30, 2018

	Special Revenue				
	Asset Seizure	Air Quality Improvement	Traffic Safety	Gas Tax	Street Sweeping
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-	-
Intergovernmental	489,492	124,739	-	2,061,824	-
Charges for Services	-	-	-	-	682,752
Use of money and property	21,877	2,077	-	-	1,419
Fines and forfeitures	-	-	115,479	-	-
Miscellaneous	-	-	-	162	-
Total revenues	511,369	126,816	115,479	2,061,986	684,171
EXPENDITURES:					
Current:					
General Government	-	-	-	-	16,071
Public Safety	519,754	-	301,484	-	-
Community Development	-	6,000	-	761	-
Parks and Recreation	-	-	-	-	-
Public Works	-	-	-	2,549,056	612,921
Capital outlay	365,903	139,537	-	130	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	885,657	145,537	301,484	2,549,947	628,992
REVENUES OVER (UNDER) EXPENDITURES	(374,288)	(18,721)	(186,005)	(487,961)	55,179
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	81,402	-
Transfers out	(91,620)	-	-	(35,993)	-
Total other financing sources (uses)	(91,620)	-	-	45,409	-
CHANGES IN FUND BALANCES	(465,908)	(18,721)	(186,005)	(442,552)	55,179
FUND BALANCES:					
Beginning of year, as restated (Note 16)	5,069,616	460,924	(698,504)	447,272	307,233
End of year	<u>\$ 4,603,708</u>	<u>\$ 442,203</u>	<u>\$ (884,509)</u>	<u>\$ 4,720</u>	<u>\$ 362,412</u>

(Continued)

City of South Gate
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Non-Major Governmental Funds
For the Year Ended June 30, 2018

	Special Revenue				
	Prop A Transit	Prop C Transit	UDAG	Public Access Corporation	Street Light & Landscaping
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 2,015,661
Licenses and Permits	-	-	-	-	-
Intergovernmental	2,000,832	1,535,349	-	-	-
Charges for Services	188,258	-	-	-	-
Use of money and property	87,284	19,147	-	274	1,711
Fines and forfeitures	-	-	-	-	-
Miscellaneous	10,333	-	-	-	3,712
Total revenues	2,286,707	1,554,496	-	274	2,021,084
EXPENDITURES:					
Current:					
General Government	-	-	-	26,668	-
Public Safety	-	-	-	-	-
Community Development	2,151,343	-	1,437	-	-
Parks and Recreation	-	-	-	-	-
Public Works	-	154,476	-	-	2,549,287
Capital outlay	-	-	-	7,071	-
Debt service:					
Principal	-	-	-	-	89,348
Interest and fiscal charges	-	-	-	-	-
Total expenditures	2,151,343	154,476	1,437	33,739	2,638,635
REVENUES OVER (UNDER) EXPENDITURES	135,364	1,400,020	(1,437)	(33,465)	(617,551)
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	-	(778,026)	-	-	-
Total other financing sources (uses)	-	(778,026)	-	-	-
CHANGES IN FUND BALANCES	135,364	621,994	(1,437)	(33,465)	(617,551)
FUND BALANCES:					
Beginning of year, as restated (Note 16)	2,560,191	3,694,509	463,955	121,227	1,027,393
End of year	<u>\$ 2,695,555</u>	<u>\$ 4,316,503</u>	<u>\$ 462,518</u>	<u>\$ 87,762</u>	<u>\$ 409,842</u>

(Continued)

City of South Gate
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Non-Major Governmental Funds
For the Year Ended June 30, 2018

	Special Revenue				
	Measure R Transit	Road Repair and Accountability Act	Measure M Transit	Park Enhancement	Measure A Parks
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-	-
Intergovernmental	1,227,430	577,945	1,045,766	-	-
Charges for Services	-	-	-	250,028	-
Use of money and property	18,635	504	2,489	2,218	-
Fines and forfeitures	-	-	-	-	-
Miscellaneous	-	-	-	14,785	-
Total revenues	1,246,065	578,449	1,048,255	267,031	-
EXPENDITURES:					
Current:					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Community Development	-	-	-	-	-
Parks and Recreation	-	-	-	75	-
Public Works	82,972	17	84	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	82,972	17	84	75	-
REVENUES OVER (UNDER) EXPENDITURES	1,163,093	578,432	1,048,171	266,956	-
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	215,780	-
Transfers out	(170,642)	(166,948)	(323,734)	(43,207)	-
Total other financing sources (uses)	(170,642)	(166,948)	(323,734)	172,573	-
CHANGES IN FUND BALANCES	992,451	411,484	724,437	439,529	-
FUND BALANCES:					
Beginning of year, as restated (Note 16)	3,624,402	-	-	-	-
End of year	<u>\$ 4,616,853</u>	<u>\$ 411,484</u>	<u>\$ 724,437</u>	<u>\$ 439,529</u>	<u>\$ -</u>

City of South Gate
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Non-Major Governmental Funds
For the Year Ended June 30, 2018

	Special Revenue	Capital Projects	Debt Service	Total Other Governmental Funds
	CASP Certification and Training	Bikeway	Ardine Assessment District	
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ 2,241,215
Licenses and Permits	20,765	-	-	20,765
Intergovernmental	-	27	-	16,014,907
Charges for Services	-	-	-	1,137,608
Use of money and property	-	-	-	253,620
Fines and forfeitures	-	-	-	115,479
Miscellaneous	-	-	-	27,492
Total revenues	<u>20,765</u>	<u>27</u>	<u>-</u>	<u>19,811,086</u>
EXPENDITURES:				
Current:				
General Government	-	-	-	42,739
Public Safety	-	-	-	1,165,708
Community Development	-	-	-	8,036,778
Parks and Recreation	-	-	-	75
Public Works	-	-	-	6,072,911
Capital outlay	-	-	-	512,641
Debt service:				
Principal	-	-	-	619,348
Interest and fiscal charges	-	-	-	58,864
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,509,064</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>20,765</u>	<u>27</u>	<u>-</u>	<u>3,302,022</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	26,087	436,829
Transfers out	-	-	-	(2,543,447)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>26,087</u>	<u>(2,106,618)</u>
CHANGES IN FUND BALANCES	<u>20,765</u>	<u>27</u>	<u>26,087</u>	<u>1,195,404</u>
FUND BALANCES:				
Beginning of year, as restated (Note 16)	-	(27)	(26,087)	31,482,181
End of year	<u>\$ 20,765</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,677,585</u>

(Concluded)

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Community Development Block Grant Special Revenue Fund
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 1,994,262	\$ 1,994,262	\$ 1,705,144	\$ (289,118)
Charges for services	-	-	16,570	16,570
Use of money and property	-	-	58,963	58,963
Total revenues	<u>1,994,262</u>	<u>1,994,262</u>	<u>1,779,177</u>	<u>(215,085)</u>
EXPENDITURES:				
Current:				
Community development	2,599,096	2,614,448	774,150	1,840,298
Public works	135,000	135,000	111,865	23,135
Debt service:				
Principal retirement	530,000	530,000	530,000	-
Interest and fiscal charges	62,235	62,235	58,864	3,371
Total expenditures	<u>3,326,331</u>	<u>3,341,683</u>	<u>1,474,879</u>	<u>1,866,804</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,332,069)</u>	<u>(1,347,421)</u>	<u>304,298</u>	<u>1,651,719</u>
OTHER FINANCING SOURCES (USES):				
Transfers in			-	-
Transfers out	(905,803)	(905,803)	(933,277)	(27,474)
Total other financing sources (uses)	<u>(905,803)</u>	<u>(905,803)</u>	<u>(933,277)</u>	<u>(27,474)</u>
CHANGE IN FUND BALANCE	<u>\$ (2,237,872)</u>	<u>\$ (2,253,224)</u>	<u>(628,979)</u>	<u>\$ 1,624,245</u>
FUND BALANCE:				
Beginning of year			2,910,564	
End of year			<u>\$ 2,281,585</u>	

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Housing Authority Special Revenue Fund
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 4,469,700	\$ 4,469,700	\$ 4,411,354	\$ (58,346)
Use of money and property	1,500	1,500	5,311	3,811
Total revenues	<u>4,471,200</u>	<u>4,471,200</u>	<u>4,416,665</u>	<u>(54,535)</u>
EXPENDITURES:				
Current:				
Community development	4,783,369	4,783,369	4,670,394	112,975
Total expenditures	<u>4,783,369</u>	<u>4,783,369</u>	<u>4,670,394</u>	<u>112,975</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(312,169)</u>	<u>(312,169)</u>	<u>(253,729)</u>	<u>58,440</u>
CHANGE IN FUND BALANCE	<u>\$ (312,169)</u>	<u>\$ (312,169)</u>	<u>(253,729)</u>	<u>\$ 58,440</u>
FUND BALANCE:				
Beginning of year			<u>714,373</u>	
End of year			<u>\$ 460,644</u>	

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
HOME Program Special Revenue Fund
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 448,587	\$ 453,967	\$ 492,267	\$ 38,300
Total revenues	<u>448,587</u>	<u>453,967</u>	<u>492,267</u>	<u>38,300</u>
EXPENDITURES:				
Current:				
Community development	593,446	595,497	403,658	191,839
Total expenditures	<u>593,446</u>	<u>595,497</u>	<u>403,658</u>	<u>191,839</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(144,859)</u>	<u>(141,530)</u>	<u>88,609</u>	<u>230,139</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	100,000	100,000	83,560	(16,440)
Total other financing sources (uses)	<u>100,000</u>	<u>100,000</u>	<u>83,560</u>	<u>(16,440)</u>
CHANGE IN FUND BALANCE	<u>\$ (44,859)</u>	<u>\$ (41,530)</u>	<u>172,169</u>	<u>\$ 213,699</u>
FUND BALANCE:				
Beginning of year, as restated (Note 16)			<u>6,635,592</u>	
End of year			<u>\$ 6,807,761</u>	

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Housing Successor Special Revenue Fund
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes	\$ 190,000	\$ 225,554	\$ 225,554	\$ -
Use of money and property	21,437	23,916	29,784	5,868
Total revenues	<u>211,437</u>	<u>249,470</u>	<u>255,338</u>	<u>5,868</u>
EXPENDITURES:				
Current:				
Community development	4,500	4,500	29,035	(24,535)
Total expenditures	<u>4,500</u>	<u>4,500</u>	<u>29,035</u>	<u>(24,535)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>206,937</u>	<u>244,970</u>	<u>226,303</u>	<u>(18,667)</u>
CHANGE IN FUND BALANCE	<u>\$ 206,937</u>	<u>\$ 244,970</u>	<u>226,303</u>	<u>\$ (18,667)</u>
FUND BALANCE:				
Beginning of year			<u>3,629,884</u>	
End of year			<u>\$ 3,856,187</u>	

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Law Enforcement Grants Special Revenue Fund
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 330,000	\$ 373,902	\$ 342,738	\$ (31,164)
Use of money and property	2,500	4,000	1,927	(2,073)
Total revenues	<u>332,500</u>	<u>377,902</u>	<u>344,665</u>	<u>(33,237)</u>
EXPENDITURES:				
Current:				
Public safety	481,266	481,266	344,470	136,796
Total expenditures	<u>481,266</u>	<u>481,266</u>	<u>356,703</u>	<u>124,563</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(148,766)</u>	<u>(103,364)</u>	<u>(12,038)</u>	<u>91,326</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	30,000	30,000	-
Total other financing sources (uses)	<u>-</u>	<u>30,000</u>	<u>30,000</u>	<u>-</u>
CHANGE IN FUND BALANCE	<u>\$ (148,766)</u>	<u>\$ (73,364)</u>	17,962	<u>\$ 91,326</u>
FUND BALANCE:				
Beginning of year			<u>539,664</u>	
End of year			<u>\$ 557,626</u>	

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Asset Seizure Special Revenue Fund
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 1,500,000	\$ 500,000	\$ 489,492	\$ (10,508)
Use of money and property	19,380	34,665	21,877	(12,788)
Total revenues	<u>1,519,380</u>	<u>534,665</u>	<u>511,369</u>	<u>(23,296)</u>
EXPENDITURES:				
Current:				
Public safety	840,227	844,109	519,754	324,355
Capital outlay	435,030	593,850	365,903	227,947
Total expenditures	<u>1,275,257</u>	<u>1,437,959</u>	<u>885,657</u>	<u>552,302</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>244,123</u>	<u>(903,294)</u>	<u>(374,288)</u>	<u>529,006</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(91,620)	(91,620)	-
Total other financing sources (uses)	<u>-</u>	<u>(91,620)</u>	<u>(91,620)</u>	<u>-</u>
CHANGE IN FUND BALANCE	<u>\$ 244,123</u>	<u>\$ (994,914)</u>	<u>(465,908)</u>	<u>\$ 529,006</u>
FUND BALANCE:				
Beginning of year			<u>5,069,616</u>	
End of year			<u>\$ 4,603,708</u>	

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Air Quality Improvement Special Revenue Fund
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 126,064	\$ 119,668	\$ 124,739	\$ 5,071
Use of money and property	1,326	3,000	2,077	(923)
Total revenues	<u>127,390</u>	<u>122,668</u>	<u>126,816</u>	<u>4,148</u>
EXPENDITURES:				
Current:				
Community development	24,383	24,383	6,000	18,383
Capital outlay	150,000	150,000	139,537	10,463
Total expenditures	<u>174,383</u>	<u>174,383</u>	<u>145,537</u>	<u>28,846</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(46,993)</u>	<u>(51,715)</u>	<u>(18,721)</u>	<u>32,994</u>
CHANGE IN FUND BALANCE	<u>\$ (46,993)</u>	<u>\$ (51,715)</u>	<u>(18,721)</u>	<u>\$ 32,994</u>
FUND BALANCE:				
Beginning of year			<u>460,924</u>	
End of year			<u>\$ 442,203</u>	

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Traffic Safety Special Revenue Fund
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Fines and forfeitures	\$ 165,240	\$ 116,808	\$ 115,479	\$ (1,329)
Total revenues	<u>165,240</u>	<u>116,808</u>	<u>115,479</u>	<u>(1,329)</u>
EXPENDITURES:				
Current:				
Public safety	305,515	305,515	301,484	4,031
Total expenditures	<u>305,515</u>	<u>305,515</u>	<u>301,484</u>	<u>4,031</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(140,275)</u>	<u>(188,707)</u>	<u>(186,005)</u>	<u>2,702</u>
CHANGE IN FUND BALANCE	<u>\$ (140,275)</u>	<u>\$ (188,707)</u>	<u>(186,005)</u>	<u>\$ 2,702</u>
FUND BALANCE:				
Beginning of year			<u>(698,504)</u>	
End of year			<u>\$ (884,509)</u>	

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Gas Tax Special Revenue Fund
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 1,922,130	\$ 2,053,729	\$ 2,061,824	\$ 8,095
Use of money and property	18,053	18,053	-	(18,053)
Total revenues	<u>1,940,183</u>	<u>2,071,782</u>	<u>2,061,986</u>	<u>(9,796)</u>
EXPENDITURES:				
Current:				
Community development	-	-	761	(761)
Public works	3,154,690	3,294,400	2,549,056	745,344
Capital outlay	30,000	30,000	130	29,870
Total expenditures	<u>3,184,690</u>	<u>3,324,400</u>	<u>2,549,947</u>	<u>774,453</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,244,507)</u>	<u>(1,252,618)</u>	<u>(487,961)</u>	<u>764,657</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	81,402	81,402
Transfers out	-	(1,024,082)	(35,993)	988,089
Total other financing sources (uses)	<u>-</u>	<u>(1,024,082)</u>	<u>45,409</u>	<u>1,069,491</u>
CHANGE IN FUND BALANCE	<u>\$ (1,244,507)</u>	<u>\$ (2,276,700)</u>	<u>(442,552)</u>	<u>\$ 1,834,148</u>
FUND BALANCE:				
Beginning of year			<u>447,272</u>	
End of year			<u>\$ 4,720</u>	

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Street Sweeping Special Revenue Fund
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Charges for services	\$ 705,204	\$ 693,286	\$ 682,752	\$ (10,534)
Use of money and property	816	2,500	1,419	(1,081)
Total revenues	<u>706,020</u>	<u>695,786</u>	<u>684,171</u>	<u>(11,615)</u>
EXPENDITURES:				
Current:				
General government	15,837	15,837	16,071	(234)
Public works	658,524	688,321	612,921	75,400
Total expenditures	<u>674,361</u>	<u>704,158</u>	<u>628,992</u>	<u>75,166</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>31,659</u>	<u>(8,372)</u>	<u>55,179</u>	<u>63,551</u>
CHANGE IN FUND BALANCE	<u>\$ 31,659</u>	<u>\$ (8,372)</u>	<u>55,179</u>	<u>\$ 63,551</u>
FUND BALANCE:				
Beginning of year			<u>307,233</u>	
End of year			<u>\$ 362,412</u>	

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Proposition A Transit Special Revenue Fund
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 1,940,340	\$ 2,013,398	\$ 2,000,832	\$ (12,566)
Charges for services	207,289	189,885	188,258	(1,627)
Use of money and property	85,200	97,000	87,284	(9,716)
Miscellaneous	8,122	8,000	10,333	2,333
Total revenues	<u>2,240,951</u>	<u>2,308,283</u>	<u>2,286,707</u>	<u>(21,576)</u>
EXPENDITURES:				
Current:				
Community development	2,484,052	2,484,052	2,151,343	332,709
Total expenditures	<u>2,484,052</u>	<u>2,484,052</u>	<u>2,151,343</u>	<u>332,709</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(243,101)</u>	<u>(175,769)</u>	<u>135,364</u>	<u>311,133</u>
CHANGE IN FUND BALANCE	<u>\$ (243,101)</u>	<u>\$ (175,769)</u>	<u>135,364</u>	<u>\$ 311,133</u>
FUND BALANCE:				
Beginning of year			<u>2,560,191</u>	
End of year			<u>\$ 2,695,555</u>	

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Proposition C Transit Special Revenue Fund
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 1,502,211	\$ 1,545,598	\$ 1,535,349	\$ (10,249)
Use of money and property	15,300	30,000	19,147	(10,853)
Total revenues	<u>1,517,511</u>	<u>1,575,598</u>	<u>1,554,496</u>	<u>(21,102)</u>
EXPENDITURES:				
Current:				
Public works	411,408	466,208	154,476	311,732
Capital outlay	-	75,000	-	75,000
Total expenditures	<u>411,408</u>	<u>541,208</u>	<u>154,476</u>	<u>386,732</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>1,106,103</u>	<u>1,034,390</u>	<u>1,400,020</u>	<u>365,630</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(3,991,191)	(778,026)	3,213,165
Total other financing sources (uses)	<u>-</u>	<u>(3,991,191)</u>	<u>(778,026)</u>	<u>3,213,165</u>
CHANGE IN FUND BALANCE	<u>\$ 1,106,103</u>	<u>\$ (2,956,801)</u>	<u>621,994</u>	<u>\$ 3,578,795</u>
FUND BALANCE:				
Beginning of year			3,694,509	
End of year			<u>\$ 4,316,503</u>	

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
UDAG Special Revenue Fund
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ 14,851	\$ -	\$ (14,851)
Use of money and property	2,000	2,000	-	(2,000)
Total revenues	<u>2,000</u>	<u>16,851</u>	<u>-</u>	<u>(16,851)</u>
EXPENDITURES:				
Current:				
Community development	104,800	104,800	1,437	103,363
Total expenditures	<u>104,800</u>	<u>104,800</u>	<u>1,437</u>	<u>103,363</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(102,800)</u>	<u>(87,949)</u>	<u>(1,437)</u>	<u>86,512</u>
CHANGE IN FUND BALANCE	<u>\$ (102,800)</u>	<u>\$ (87,949)</u>	<u>(1,437)</u>	<u>\$ 86,512</u>
FUND BALANCE:				
Beginning of year			<u>463,955</u>	
End of year			<u>\$ 462,518</u>	

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Public Access Corporation Special Revenue Fund
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ 900	\$ 274	\$ (626)
Total revenues	<u>-</u>	<u>900</u>	<u>274</u>	<u>(626)</u>
EXPENDITURES:				
Current:				
General government	43,695	45,945	26,668	19,277
Capital outlay	<u>8,056</u>	<u>18,056</u>	<u>7,071</u>	<u>10,985</u>
Total expenditures	<u>51,751</u>	<u>64,001</u>	<u>33,739</u>	<u>30,262</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(51,751)</u>	<u>(63,101)</u>	<u>(33,465)</u>	<u>29,636</u>
CHANGE IN FUND BALANCE	<u>\$ (51,751)</u>	<u>\$ (63,101)</u>	<u>(33,465)</u>	<u>\$ 29,636</u>
FUND BALANCE:				
Beginning of year			<u>121,227</u>	
End of year			<u>\$ 87,762</u>	

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Street Light and Landscaping Special Revenue Fund
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes	\$ 1,992,506	\$ 1,990,546	\$ 2,015,661	\$ 25,115
Use of money and property	5,000	10,000	1,711	(8,289)
Miscellaneous	10,000	15,030	3,712	(11,318)
Total revenues	<u>2,007,506</u>	<u>2,015,576</u>	<u>2,021,084</u>	<u>5,508</u>
EXPENDITURES:				
Current:				
Public works	2,893,310	3,089,187	2,549,287	539,900
Capital outlay	4,000	11,373	-	11,373
Debt service:				
Principal retirement	95,351	95,351	89,348	6,003
Total expenditures	<u>2,992,661</u>	<u>3,195,911</u>	<u>2,638,635</u>	<u>557,276</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(985,155)</u>	<u>(1,180,335)</u>	<u>(617,551)</u>	<u>562,784</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(878,240)	-	878,240
Total other financing sources (uses)	<u>-</u>	<u>(878,240)</u>	<u>-</u>	<u>878,240</u>
CHANGE IN FUND BALANCE	<u>\$ (985,155)</u>	<u>\$ (2,058,575)</u>	<u>(617,551)</u>	<u>\$ 1,441,024</u>
FUND BALANCE:				
Beginning of year			<u>1,027,393</u>	
End of year			<u>\$ 409,842</u>	

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Measure R Transit Special Revenue Fund
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 1,083,960	\$ 1,165,132	\$ 1,227,430	\$ 62,298
Use of money and property	14,280	20,000	18,635	(1,365)
Total revenues	<u>1,098,240</u>	<u>1,185,132</u>	<u>1,246,065</u>	<u>60,933</u>
EXPENDITURES:				
Current:				
Public works	8,665	85,377	82,972	2,405
Total expenditures	<u>8,665</u>	<u>85,377</u>	<u>82,972</u>	<u>2,405</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>1,089,575</u>	<u>1,099,755</u>	<u>1,163,093</u>	<u>63,338</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(747,003)	(170,642)	576,361
Total other financing sources (uses)	<u>-</u>	<u>(747,003)</u>	<u>(170,642)</u>	<u>576,361</u>
CHANGE IN FUND BALANCE	<u>\$ 1,089,575</u>	<u>\$ 352,752</u>	992,451	<u>\$ 639,699</u>
FUND BALANCE:				
Beginning of year			<u>3,624,402</u>	
End of year			<u>\$ 4,616,853</u>	

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Road Repair and Accountability Act Special Revenue Fund
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 688,175	\$ 468,799	\$ 577,945	\$ 109,146
Use of money and property	1,720	1,665	504	(1,161)
Total revenues	689,895	470,464	578,449	107,985
EXPENDITURES:				
Current:				
Public works	-	-	17	(17)
Total expenditures	-	-	17	(17)
REVENUES OVER (UNDER) EXPENDITURES	689,895	470,464	578,432	107,968
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	(166,948)	(166,948)
Total other financing sources (uses)	-	-	(166,948)	(166,948)
CHANGE IN FUND BALANCE	\$ 689,895	\$ 470,464	411,484	\$ (58,980)
FUND BALANCE:				
Beginning of year			-	
End of year			\$ 411,484	

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Measure M Transit Special Revenue Fund
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 1,322,348	\$ 1,048,320	\$ 1,045,766	\$ (2,554)
Use of money and property	661	7,439	2,489	(4,950)
Total revenues	<u>1,323,009</u>	<u>1,055,759</u>	<u>1,048,255</u>	<u>(7,504)</u>
EXPENDITURES:				
Current:				
Public works	-	-	84	(84)
Total expenditures	<u>-</u>	<u>-</u>	<u>84</u>	<u>(84)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>1,323,009</u>	<u>1,055,759</u>	<u>1,048,171</u>	<u>(7,588)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(2,471,060)	(323,734)	2,147,326
Total other financing sources (uses)	<u>-</u>	<u>(2,471,060)</u>	<u>(323,734)</u>	<u>2,147,326</u>
CHANGE IN FUND BALANCE	<u>\$ 1,323,009</u>	<u>\$ (1,415,301)</u>	<u>724,437</u>	<u>\$ 2,139,738</u>
FUND BALANCE:				
Beginning of year			-	
End of year			<u>\$ 724,437</u>	

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Park Enhancement Special Revenue Fund
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Charges for services	271,017	249,921	250,028	107
Use of money and property	1,500	1,500	2,218	718
Miscellaneous	-	14,786	14,785	(1)
Total revenues	<u>272,517</u>	<u>266,207</u>	<u>267,031</u>	<u>824</u>
EXPENDITURES:				
Current:				
Parks and recreation	-	-	75	(75)
Total expenditures	<u>-</u>	<u>-</u>	<u>75</u>	<u>(75)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>272,517</u>	<u>266,207</u>	<u>266,956</u>	<u>749</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	215,780	215,780	-
Transfers out	-	(30,000)	(43,207)	(13,207)
Total other financing sources (uses)	<u>-</u>	<u>185,780</u>	<u>172,573</u>	<u>(13,207)</u>
CHANGE IN FUND BALANCE	<u>\$ 272,517</u>	<u>\$ 451,987</u>	<u>439,529</u>	<u>\$ (12,458)</u>
FUND BALANCE:				
Beginning of year			<u>-</u>	
End of year			<u>\$ 439,529</u>	

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Measure A Parks Special Revenue Fund
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 250,000	\$ 250,000	\$ -	\$ (250,000)
Total revenues	<u>250,000</u>	<u>250,000</u>	<u>-</u>	<u>(250,000)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>250,000</u>	<u>250,000</u>	<u>-</u>	<u>(250,000)</u>
CHANGE IN FUND BALANCE	<u>\$ 250,000</u>	<u>\$ 250,000</u>	<u>-</u>	<u>\$ (250,000)</u>
FUND BALANCE:				
Beginning of year			<u>-</u>	
End of year			<u>\$ -</u>	

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
CASP Certification and Training Special Revenue Fund
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Licenses and permits	\$ -	\$ -	\$ 20,765	\$ 20,765
Total revenues	<u>-</u>	<u>-</u>	<u>20,765</u>	<u>20,765</u>
REVENUES OVER (UNDER) EXPENDITURES				
	<u>-</u>	<u>-</u>	<u>20,765</u>	<u>20,765</u>
CHANGE IN FUND BALANCE				
	<u>\$ -</u>	<u>\$ -</u>	<u>20,765</u>	<u>\$ 20,765</u>
FUND BALANCE:				
Beginning of year			<u>-</u>	
End of year			<u>\$ 20,765</u>	

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Bike Way Capital Projects Fund
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 127,968	\$ 127,968	\$ 577,945	\$ 449,977
Total revenues	<u>127,968</u>	<u>127,968</u>	<u>578,449</u>	<u>450,481</u>
EXPENDITURES:				
Current:				
Public works	-	-	17	(17)
Total expenditures	<u>-</u>	<u>-</u>	<u>17</u>	<u>(17)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>127,968</u>	<u>127,968</u>	<u>578,432</u>	<u>450,464</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	(166,948)	(166,948)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(166,948)</u>	<u>(166,948)</u>
CHANGE IN FUND BALANCE	<u>\$ 127,968</u>	<u>\$ 127,968</u>	<u>411,484</u>	<u>\$ 283,516</u>
FUND BALANCE:				
Beginning of year			-	
End of year			<u>\$ 411,484</u>	

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Ardine Debt Service Fund
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 1,045,766	\$ 1,045,766
Use of money and property	-	-	2,489	2,489
Total revenues	-	-	1,048,255	1,048,255
EXPENDITURES:				
Current:				
Public works	-	-	84	(84)
Total expenditures	-	-	84	(84)
REVENUES OVER (UNDER) EXPENDITURES	-	-	1,048,171	1,048,171
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	(323,734)	(323,734)
Total other financing sources (uses)	-	-	(323,734)	(323,734)
CHANGE IN FUND BALANCE	\$ -	\$ -	724,437	\$ 724,437
FUND BALANCE:				
Beginning of year			-	
End of year			<u>\$ 724,437</u>	

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INTERNAL SERVICE FUNDS

Internal Service Funds have been established to finance and account for goods and services provided by one City department to other City departments or agencies:

Insurance Fund - To administer the City's self-insured workers' compensation, health insurance and general liability programs. The fund collects premiums from departments and employees, records the related liability and makes benefit payments through outside settlement agents.

Information Systems Fund - To account for the operation of data processing equipment and data processing services provided to other departments within the City.

Fleet Management Fund - To account for the regular maintenance and repair of all City owned vehicles and other pieces of equipment.

Capital Asset & Equipment Replacement Fund - To account for the funding and replacement of the City's fixed assets.

Building & Infrastructure Maintenance Fund - To account for the funding and maintenance of the City's buildings and infrastructure.

City of South Gate
Combining Statement of Net Position
All Internal Service Funds
June 30, 2017

	Insurance	Information Systems	Fleet Management	Capital Asset and Equipment Replacement
ASSETS				
Current assets:				
Cash and investments	\$ 8,714,166	\$ 796,379	\$ 262,452	\$ 4,563,618
Receivables:				
Accounts	50	-	860	-
Accrued interest	31,774	3,176	39	16,671
Prepaid items	5,888	-	-	-
Due from other funds	18,326	4,119	1,476	-
Total current assets	<u>8,770,204</u>	<u>803,674</u>	<u>264,827</u>	<u>4,580,289</u>
Noncurrent assets:				
Capital assets:				
Non-depreciable assets	-	-	-	-
Depreciable assets, net of accumulated depreciation	-	499,451	38,015	565,090
Total capital assets, net	<u>-</u>	<u>499,451</u>	<u>38,015</u>	<u>565,090</u>
Total noncurrent assets	<u>-</u>	<u>499,451</u>	<u>38,015</u>	<u>565,090</u>
Total assets	<u>8,770,204</u>	<u>1,303,125</u>	<u>302,842</u>	<u>5,145,379</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources related to pension plan	79,841	89,020	217,579	-
Total deferred outflows of resources	<u>79,841</u>	<u>89,020</u>	<u>217,579</u>	<u>-</u>
LIABILITIES				
Current liabilities:				
Accounts payable	24,801	141,458	78,772	380,459
Retentions payable	-	-	-	-
Claims and judgments, due within one year	916,506	-	-	-
Total current liabilities	<u>942,488</u>	<u>146,068</u>	<u>87,685</u>	<u>380,459</u>
Noncurrent liabilities:				
Claims and judgments, due in more than one year	13,714,019	-	-	-
Net pension liability	360,798	427,372	994,303	-
Total noncurrent liabilities	<u>14,074,817</u>	<u>427,372</u>	<u>994,303</u>	<u>-</u>
Total liabilities	<u>15,017,305</u>	<u>573,440</u>	<u>1,081,988</u>	<u>380,459</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pension plan	9,017	12,689	28,339	-
Total deferred inflows of resources	<u>9,017</u>	<u>12,689</u>	<u>28,339</u>	<u>-</u>
NET POSITION				
Investment in capital assets	-	499,451	38,015	565,090
Unrestricted (deficit)	(6,176,277)	306,565	(627,921)	4,199,830
Total net position	<u>\$ (6,176,277)</u>	<u>\$ 806,016</u>	<u>\$ (589,906)</u>	<u>\$ 4,764,920</u>

City of South Gate
Combining Statement of Net Position (Continued)
All Internal Service Funds
June 30, 2017

	Building and Infrastructure Maintenance	Total
ASSETS		
Current assets:		
Cash and investments	\$ 1,727,081	\$ 16,063,696
Receivables:		
Accounts	-	910
Accrued interest	8,343	60,003
Prepaid items	-	5,888
Due from other funds	-	23,921
Total current assets	<u>1,735,424</u>	<u>16,154,418</u>
Noncurrent assets:		
Capital assets:		
Non-depreciable assets	308,973	308,973
Depreciable assets, net of accumulated depreciation	-	1,102,556
Total capital assets, net	<u>308,973</u>	<u>1,411,529</u>
Total noncurrent assets	<u>308,973</u>	<u>1,411,529</u>
Total assets	<u>2,044,397</u>	<u>17,565,947</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to pension plan	-	386,440
Total deferred outflows of resources	<u>-</u>	<u>386,440</u>
LIABILITIES		
Current liabilities:		
Accounts payable	95,130	720,620
Retentions payable	4,242	4,242
Claims and judgments, due within one year	-	916,506
Total current liabilities	<u>99,372</u>	<u>1,656,072</u>
Noncurrent liabilities:		
Claims and judgments, due in more than one year	-	13,714,019
Net pension liability	-	1,782,473
Total noncurrent liabilities	<u>-</u>	<u>15,496,492</u>
Total liabilities	<u>99,372</u>	<u>17,152,564</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to pension plan	-	50,045
Total deferred inflows of resources	<u>-</u>	<u>50,045</u>
NET POSITION		
Investment in capital assets	308,973	1,411,529
Unrestricted (deficit)	1,636,052	(661,751)
Total net position	<u>\$ 1,945,025</u>	<u>\$ 749,778</u>

City of South Gate
Combining Statement of Revenues, Expenses, and Changes in Net Position
All Internal Service Funds
For the Year Ended June 30, 2018

	Insurance	Information Systems	Fleet Management	Capital Asset and Equipment Replacement
OPERATING REVENUES:				
Interdepartmental charges	\$ 3,640,727	\$ 739,252	\$ 1,572,279	\$ 822,305
Miscellaneous	5,098	594	860	-
Total operating revenues	3,645,825	739,846	1,573,139	822,305
OPERATING EXPENSES:				
Personnel services	165,135	407,652	730,606	-
Utilities	-	50,902	4,045	-
Contractual services	146,812	21,722	134,561	790
Administrative services	20,243	105,194	223,079	-
Repair and maintenance	-	175,897	10,055	9,470
Supplies	979	25,335	640,520	-
Insurance	2,251,817	-	-	-
Claims expense	6,082,996	-	-	-
Depreciation expense	-	83,802	11,664	-
Total operating expenses	8,667,982	870,504	1,754,530	10,260
Operating income (loss)	(5,022,157)	(130,658)	(181,391)	812,045
NONOPERATING REVENUES:				
Interest income	30,265	3,015	(176)	23,371
Total nonoperating revenues	30,265	3,015	(176)	23,371
Income (loss) before transfers	(4,991,892)	(127,643)	(181,567)	835,416
TRANSFERS:				
Transfers in	-	-	-	3,929,504
Transfers out	-	-	-	-
Total transfers	-	-	-	3,929,504
Changes in net position	(4,991,892)	(127,643)	(181,567)	4,764,920
NET POSITION:				
Beginning of year	(1,184,385)	933,659	(408,339)	-
End of year	\$ (6,176,277)	\$ 806,016	\$ (589,906)	\$ 4,764,920

City of South Gate
Combining Statement of Revenues, Expenses, and Changes in Net Position (Continued)
All Internal Service Funds
For the Year Ended June 30, 2018

	Building and Infrastructure Maintenance	Total
OPERATING REVENUES:		
Interdepartmental charges	\$ -	\$ 6,774,563
Miscellaneous	-	6,552
Total operating revenues	-	6,781,115
OPERATING EXPENSES:		
Personnel services	-	1,303,393
Utilities	-	54,947
Contractual services	396	304,281
Administrative services	-	348,516
Repair and maintenance	39,850	235,272
Supplies	-	666,834
Insurance	-	2,251,817
Claims expense	-	6,082,996
Depreciation expense	-	95,466
Total operating expenses	40,246	11,343,522
Operating income (loss)	(40,246)	(4,562,407)
NONOPERATING REVENUES:		
Interest income	11,696	68,171
Total nonoperating revenues	11,696	68,171
Income (loss) before transfers	(28,550)	(4,494,236)
TRANSFERS:		
Transfers in	2,000,000	5,929,504
Transfers out	(26,425)	(26,425)
Total transfers	1,973,575	5,903,079
Changes in net position	1,945,025	1,408,843
NET POSITION:		
Beginning of year	-	(659,065)
End of year	\$ 1,945,025	\$ 749,778

City of South Gate
Combining Statement of Cash Flows
All Internal Service Funds
For the Year Ended June 30, 2018

	Insurance	Information Systems	Fleet Management	Capital Asset and Equipment Replacement
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from/interfund service provided	\$ 3,664,101	\$ 743,964	\$ 1,570,803	\$ 822,305
Cash paid to suppliers for goods and services	(3,211,410)	(325,835)	(1,034,646)	370,199
Cash paid to employees for services	(143,278)	(324,609)	(579,412)	-
Net cash provided by operating activities	309,413	93,520	(43,255)	1,192,504
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	-	(198,750)	-	(565,090)
Net cash (used in) capital and related financing activities	-	(198,750)	-	(565,090)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in	-	-	-	3,929,504
Transfers (out)	-	-	-	-
Net cash (used in) noncapital financing activities	-	-	-	3,929,504
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income	12,771	1,277	16	6,700
Net cash provided by investing activities	12,771	1,277	16	6,700
Net change in cash and cash equivalents	322,184	(103,953)	(43,239)	4,563,618
CASH AND CASH EQUIVALENTS:				
Beginning of year	8,391,982	900,332	305,691	-
End of year	<u>\$ 8,714,166</u>	<u>\$ 796,379</u>	<u>\$ 262,452</u>	<u>\$ 4,563,618</u>
RECONCILIATION TO STATEMENT OF NET POSITION:				
Cash and investments	<u>\$ 8,714,166</u>	<u>\$ 796,379</u>	<u>\$ 262,452</u>	<u>\$ 4,563,618</u>
Total cash and cash equivalents	<u>\$ 8,714,166</u>	<u>\$ 796,379</u>	<u>\$ 262,452</u>	<u>\$ 4,563,618</u>

City of South Gate
Combining Statement of Cash Flows (Continued)
All Internal Service Funds
For the Year Ended June 30, 2018

	Building and Infrastructure Maintenance	Total
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from/interfund service provided	\$ -	\$ 6,801,173
Cash paid to suppliers for goods and services	59,126	(4,142,566)
Cash paid to employees for services	-	(1,047,299)
Net cash provided by operating activities	59,126	1,611,308
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(308,973)	(1,072,813)
Net cash (used in) capital and related financing activities	(308,973)	(1,072,813)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfers in	2,000,000	5,929,504
Transfers (out)	(26,425)	(26,425)
Net cash (used in) noncapital financing activities	1,973,575	5,903,079
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income	3,353	24,117
Net cash provided by investing activities	3,353	24,117
Net change in cash and cash equivalents	1,727,081	6,465,691
CASH AND CASH EQUIVALENTS:		
Beginning of year	-	9,598,005
End of year	\$ 1,727,081	\$ 16,063,696
RECONCILIATION TO STATEMENT OF NET POSITION:		
Cash and investments	\$ 1,727,081	\$ 16,063,696
Total cash and cash equivalents	\$ 1,727,081	\$ 16,063,696

(Continued)

City of South Gate
Combining Statement of Cash Flows (Continued)
All Internal Service Funds
For the Year Ended June 30, 2018

	<u>Insurance</u>	<u>Information Systems</u>	<u>Fleet Management</u>	<u>Capital Asset and Equipment Replacement</u>
RECONCILIATION OF OPERATING INCOME (LOSS)				
TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ (5,022,157)	\$ (130,658)	\$ (181,391)	\$ 812,045
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	-	83,802	11,664	-
(Increase) decrease in accounts receivable	(50)	-	(860)	-
(Increase) decrease in prepaid items	12,612	1,000	-	-
(Increase) decrease in due from other funds	18,326	4,118	(1,476)	-
(Increase) decrease in deferred outflows of resources related to pension plan	40,099	57,573	128,913	-
Increase (decrease) in accounts payable	12,762	52,215	(22,386)	380,459
Increase (decrease) in accrued liabilities	(278)	1,230	1,077	-
Increase (decrease) in retentions payable	-	-	-	-
Increase (decrease) in claims and judgments	5,266,063	-	-	-
Increase (decrease) in net pension liability	22,249	66,243	123,889	-
Increase (decrease) in deferred inflows of resources related to pension plan	(40,213)	(42,003)	(102,685)	-
Total adjustments	<u>5,331,570</u>	<u>224,178</u>	<u>138,136</u>	<u>380,459</u>
Net cash provided by operating activities	<u><u>\$ 309,413</u></u>	<u><u>\$ 93,520</u></u>	<u><u>\$ (43,255)</u></u>	<u><u>\$ 1,192,504</u></u>

City of South Gate
Combining Statement of Cash Flows (Continued)
All Internal Service Funds
For the Year Ended June 30, 2018

	Building and Infrastructure Maintenance	Total
RECONCILIATION OF OPERATING INCOME (LOSS)		
TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ (40,246)	\$ (4,562,407)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	-	95,466
(Increase) decrease in accounts receivable	-	(910)
(Increase) decrease in prepaid items	-	13,612
(Increase) decrease in due from other funds	-	20,968
(Increase) decrease in deferred outflows of resources related to pension plan	-	226,585
Increase (decrease) in accounts payable	95,130	518,180
Increase (decrease) in accrued liabilities	-	2,029
Increase (decrease) in retentions payable	4,242	4,242
Increase (decrease) in claims and judgments	-	5,266,063
Increase (decrease) in net pension liability	-	212,381
Increase (decrease) in deferred inflows of resources related to pension plan	-	(184,901)
Total adjustments	99,372	6,173,715
Net cash provided by operating activities	\$ 59,126	\$ 1,611,308

(Concluded)

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AGENCY FUNDS

Agency Funds accounts for assets held by the City as an agent for individuals, private organizations, other governments and/or other funds. Cash resources are collected, held for a brief period and then distributed to the proper recipients. The City has a fiduciary responsibility for the assets, which it does not own. The following is classified as agency fund in the financial statements:

Special Deposits Fund - This fund is used to account for deposits placed with the City for future services, and trust funds awaiting remittance to relevant service provider.

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City of South Gate
Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2018

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
<u>Special Deposits</u>				
Assets:				
Cash and investments	\$ 353,224	\$ 225,579	\$ (169,316)	\$ 409,487
Total assets	<u>\$ 353,224</u>	<u>\$ 225,579</u>	<u>\$ (169,316)</u>	<u>\$ 409,487</u>
Liabilities:				
Accounts payable	\$ 669	\$ 101,129	\$ (90,651)	\$ 11,147
Deposits payable	352,555	226,819	(181,034)	398,340
Total liabilities	<u>\$ 353,224</u>	<u>\$ 327,948</u>	<u>\$ (271,685)</u>	<u>\$ 409,487</u>

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STATISTICAL SECTION (UNAUDITED)

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City of South Gate

Statistical Section Overview

(Unaudited)

This part of the City of South Gate's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the government's overall financial health.

Contents	Page
Financial Trends	168 - 181
<p>These schedules contain trend information to help the reader understand how the government's financial performance and well being have changed over time.</p>	
Revenue Capacity	183 - 189
<p>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</p>	
Debt Capacity	191 - 196
<p>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</p>	
Demographic and Economic Information	197
<p>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</p>	
Operating Information	199 - 203
<p>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</p>	

City of South Gate
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Governmental Activities					
Net Investment in capital assets	\$ 224,978	\$ 220,549	\$ 225,744	\$ 223,175	\$ 223,462
Restricted	13,046	27,732	27,636	16,603	19,734
Unrestricted	(21,792)	(28,701)	(19,889)	9,355	10,889
Total governmental activities net position	<u>\$ 216,232</u>	<u>\$ 219,580</u>	<u>\$ 233,491</u>	<u>\$ 249,133</u>	<u>\$ 254,085</u>
Business-type activities					
Net Investment in capital assets	\$ 36,267	\$ 37,212	\$ 38,113	\$ 39,090	\$ 44,813
Restricted	-	-	4,497	4,194	13,944
Unrestricted	(36,336)	(36,012)	(40,350)	(39,723)	(53,012)
Total business-type activities net position	<u>\$ (69)</u>	<u>\$ 1,200</u>	<u>\$ 2,260</u>	<u>\$ 3,561</u>	<u>\$ 5,745</u>
Primary government					
Net Investment in capital assets	\$ 261,245	\$ 257,761	\$ 263,857	\$ 262,265	\$ 268,275
Restricted	13,046	27,732	32,133	20,797	33,678
Unrestricted	(58,128)	(64,713)	(60,239)	(30,368)	(42,123)
Total primary government net position	<u>\$ 216,163</u>	<u>\$ 220,780</u>	<u>\$ 235,751</u>	<u>\$ 252,694</u>	<u>\$ 259,830</u>

Source: The information is derived from the City's financial statements.

City of South Gate
Net Position by Component (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Governmental Activities					
Net Investment in capital assets	\$ 227,259	\$ 225,811	\$ 228,683	\$ 214,310	\$ 234,397
Restricted	21,358	22,135	29,778	32,432	33,794
Unrestricted	13,875	(39,779)	(40,323)	(22,504)	(71,265)
Total governmental activities net position	<u>\$ 262,492</u>	<u>\$ 208,167</u>	<u>\$ 218,138</u>	<u>\$ 224,238</u>	<u>\$ 196,926</u>
Business-type activities					
Net Investment in capital assets	\$ 44,824	\$ 43,963	\$ 352	\$ 17,879	\$ 19,086
Restricted	14,492	6,517	2,002	2,169	1,888
Unrestricted	(48,245)	(36,142)	20,588	11,024	16,582
Total business-type activities net position	<u>\$ 11,071</u>	<u>\$ 14,338</u>	<u>\$ 22,942</u>	<u>\$ 31,072</u>	<u>\$ 37,556</u>
Primary government					
Net Investment in capital assets	\$ 272,083	\$ 269,774	\$ 229,035	\$ 232,189	\$ 253,483
Restricted	35,850	28,652	31,780	34,601	35,682
Unrestricted	(34,370)	(75,921)	(19,735)	(11,480)	(54,683)
Total primary government net position	<u>\$ 273,563</u>	<u>\$ 222,505</u>	<u>\$ 241,080</u>	<u>\$ 255,310</u>	<u>\$ 234,482</u>

Source: The information is derived from the City's financial statements.

City of South Gate
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Expenses					
Governmental activities:					
General government	\$ 6,294	\$ 5,425	\$ 7,314	\$ 5,917	\$ 5,591
Public works	20,976	14,034	13,291	15,255	15,504
Parks and recreation	5,608	4,739	4,552	4,963	5,174
Police	23,627	21,097	20,849	20,663	20,065
Community development	13,469	17,505	13,569	13,806	10,690
Interest expense	7,338	6,057	5,783	3,556	2,260
Total governmental activities expenses	<u>77,312</u>	<u>68,857</u>	<u>65,358</u>	<u>64,160</u>	<u>59,284</u>
Business-type activities:					
Sewer	1,251	1,405	1,483	1,508	1,496
Water	10,454	10,857	11,038	11,526	13,206
Refuse	3,417	3,267	3,276	3,860	3,499
Total business-type activities expenses	<u>15,122</u>	<u>15,529</u>	<u>15,797</u>	<u>16,894</u>	<u>18,201</u>
Total primary government expenses	<u>\$ 92,434</u>	<u>\$ 84,386</u>	<u>\$ 81,155</u>	<u>\$ 81,054</u>	<u>\$ 77,485</u>

Source: The information is derived from the City's financial statements. The City implemented GASB 34. Information prior to the implementation of GASB 34 is not available.

City of South Gate
Changes in Net Position (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Expenses					
Governmental activities:					
General government	\$ 4,648	\$ 6,830	\$ 6,312	\$ 6,847	\$ 8,678
Public works	15,988	15,753	16,794	18,513	21,473
Parks and recreation	5,454	6,155	6,951	7,544	10,116
Police	20,251	21,435	22,507	27,043	29,230
Community development	11,651	10,542	10,939	10,987	12,704
Interest expense	2,148	1,712	1,122	1,310	911
Total governmental activities expenses	<u>60,140</u>	<u>62,427</u>	<u>64,625</u>	<u>72,244</u>	<u>83,112</u>
Business-type activities:					
Sewer	1,591	1,543	1,672	1,767	1,741
Water	12,411	12,394	12,956	12,516	13,973
Refuse	3,498	3,433	3,493	3,715	3,810
Total business-type activities expenses	<u>17,500</u>	<u>17,370</u>	<u>18,121</u>	<u>17,998</u>	<u>19,524</u>
Total primary government expenses	<u>\$ 77,640</u>	<u>\$ 79,797</u>	<u>\$ 82,746</u>	<u>\$ 90,242</u>	<u>\$ 102,636</u>

Source: The information is derived from the City's financial statements. The City implemented GASB 34. Information prior to the implementation of GASB 34 is not available.

City of South Gate
Changes in Net Position (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Program Revenues					
Governmental activities:					
Charges for service:					
General government	\$ 2,529	\$ 3,157	\$ 3,159	\$ 3,157	\$ 3,032
Public works	5,698	945	1,091	1,185	1,163
Parks and recreation	882	495	526	558	685
Police	962	2,919	3,045	3,231	2,656
Community development	1,440	3,102	4,863	3,777	3,229
Operating grants and contributions	21,649	14,876	19,363	13,640	14,777
Capital grants and contributions	1,348	4,598	6,144	5,201	3,993
Total governmental activities program revenues	<u>34,508</u>	<u>30,092</u>	<u>38,191</u>	<u>30,749</u>	<u>29,535</u>
Business-type activities:					
Charges for service:					
Sewer	1,545	1,362	1,451	1,497	1,485
Water	12,146	11,723	11,818	12,787	15,061
Refuse	3,192	3,179	3,390	3,359	3,550
Operating grants and contributions	-	36	43	548	54
Capital grants and contributions	-	-	-	-	-
Total business-type activities program revenues	<u>16,883</u>	<u>16,300</u>	<u>16,702</u>	<u>18,191</u>	<u>20,150</u>
Total primary government program revenues	<u>\$ 51,391</u>	<u>\$ 46,392</u>	<u>\$ 54,893</u>	<u>\$ 48,940</u>	<u>\$ 49,685</u>
Net (expense)/revenue					
Governmental activities	\$ (42,804)	\$ (38,765)	\$ (27,167)	\$ (33,411)	\$ (29,749)
Business-type activities	1,761	771	905	1,297	1,949
Total primary government net expense	<u>\$ (41,043)</u>	<u>\$ (37,994)</u>	<u>\$ (26,262)</u>	<u>\$ (32,114)</u>	<u>\$ (27,800)</u>

Source: The information is derived from the City's financial statements. The City implemented GASB 34. Information prior to the implementation of GASB 34 is not available.

City of South Gate
Changes in Net Position (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Program Revenues					
Governmental activities:					
Charges for service:					
General government	\$ 3,102	\$ 3,105	\$ 3,037	\$ 2,949	\$ 2,900
Public works	1,101	1,231	1,146	1,456	1,283
Parks and recreation	894	986	966	1,106	1,274
Police	3,445	3,262	3,844	4,189	1,837
Community development	4,171	2,888	2,684	3,619	1,619
Operating grants and contributions	16,363	13,527	14,756	14,090	12,019
Capital grants and contributions	4,696	3,811	7,148	8,221	8,748
Total governmental activities program revenues	<u>33,772</u>	<u>28,810</u>	<u>33,581</u>	<u>35,630</u>	<u>29,680</u>
Business-type activities:					
Charges for service:					
Sewer	1,513	1,388	1,346	1,340	1,350
Water	17,255	18,279	20,524	19,720	20,772
Refuse	3,673	3,714	3,716	3,738	3,856
Operating grants and contributions	64	57	71	35	37
Capital grants and contributions	-	-	-	-	-
Total business-type activities program revenues	<u>22,505</u>	<u>23,438</u>	<u>25,657</u>	<u>24,833</u>	<u>26,015</u>
Total primary government program revenues	<u>\$ 56,277</u>	<u>\$ 52,248</u>	<u>\$ 59,238</u>	<u>\$ 60,463</u>	<u>\$ 55,695</u>
Net (expense)/revenue					
Governmental activities	\$ (26,368)	\$ (33,617)	\$ (31,044)	\$ (36,614)	\$ (53,432)
Business-type activities	5,005	6,068	7,536	6,835	6,491
Total primary government net expense	<u>\$ (21,363)</u>	<u>\$ (27,549)</u>	<u>\$ (23,508)</u>	<u>\$ (29,779)</u>	<u>\$ (46,941)</u>

Source: The information is derived from the City's financial statements. The City implemented GASB 34. Information prior to the implementation of GASB 34 is not available.

City of South Gate
Changes in Net Position (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Revenues and Other Changes in Position					
Governmental activities:					
Taxes					
Property taxes	\$ 20,209	\$ 21,443	\$ 21,156	\$ 17,371	\$ 13,346
Sales taxes	10,261	10,564	11,054	12,878	13,347
Transient occupancy taxes	234	223	278	230	250
Franchise taxes	2,264	1,995	2,032	1,980	2,031
Other taxes	3,347	1,778	1,786	1,880	1,745
Investment income	3,345	3,356	3,366	2,704	2,638
Motor vehicle in-lieu	349	301	521	53	44
Lawsuit settlements	871	-	-	-	-
Gain on sale of land	-	-	-	-	-
Miscellaneous	(3,314)	1,322	532	378	2,081
Transfers	365	209	354	450	51
Extraordinary gain/(loss) on dissolution of redevelopment agency	-	-	-	26,432	-
Total governmental activities	<u>37,931</u>	<u>41,191</u>	<u>41,079</u>	<u>64,356</u>	<u>35,533</u>
Business-type activities:					
Investment income	74	270	255	242	142
Miscellaneous	738	436	253	212	731
Transfers	(365)	(209)	(354)	(450)	(51)
Total business-type activities	<u>447</u>	<u>497</u>	<u>154</u>	<u>4</u>	<u>822</u>
Total primary government	<u>\$ 38,378</u>	<u>\$ 41,688</u>	<u>\$ 41,233</u>	<u>\$ 64,360</u>	<u>\$ 36,355</u>
Change in Net Position					
Governmental activities	\$ (4,873)	\$ 2,426	\$ 13,912	\$ 30,944	\$ 4,951
Business-type activities	2,208	1,268	1,060	1,301	2,184
Total primary government	<u>\$ (2,665)</u>	<u>\$ 3,694</u>	<u>\$ 14,972</u>	<u>\$ 32,245</u>	<u>\$ 7,135</u>

Source: The information is derived from the City's financial statements. The City implemented GASB 34. Information prior to the implementation of GASB 34 is not available.

City of South Gate
Changes in Net Position (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Revenues and Other Changes in Position					
Governmental activities:					
Taxes					
Property taxes	\$ 12,834	\$ 13,301	\$ 11,712	\$ 12,131	\$ 14,907
Sales taxes	14,186	17,838	21,838	20,623	21,121
Transient occupancy taxes	278	267	350	390	420
Franchise taxes	2,228	2,287	2,420	2,454	2,708
Other taxes	1,862	2,006	2,073	2,216	2,051
Investment income	2,487	1,784	2,412	1,539	1,350
Motor vehicle in-lieu	-	42	39	45	52
Lawsuit settlements	-	-	-	-	-
Gain on sale of land	-	-	-	-	-
Miscellaneous	832	1,538	1,237	576	5,800
Transfers	95	-	(1,066)	(1,294)	6
Extraordinary gain/(loss) on dissolution of redevelopment agency	-	-	-	-	-
Total governmental activities	<u>34,802</u>	<u>39,063</u>	<u>41,015</u>	<u>38,680</u>	<u>48,415</u>
Business-type activities:					
Investment income	118	127	-	-	-
Miscellaneous	298	532	-	-	-
Transfers	(95)	-	1,066	1,294	(6)
Total business-type activities	<u>321</u>	<u>659</u>	<u>1,066</u>	<u>1,294</u>	<u>(6)</u>
Total primary government	<u>\$ 35,123</u>	<u>\$ 39,722</u>	<u>\$ 42,081</u>	<u>\$ 39,974</u>	<u>\$ 48,409</u>
Change in Net Position					
Governmental activities	\$ 8,434	\$ 5,447	\$ 9,972	\$ 2,065	\$ (5,017)
Business-type activities	5,326	6,726	8,603	8,130	6,484
Total primary government	<u>\$ 13,760</u>	<u>\$ 12,173</u>	<u>\$ 18,575</u>	<u>\$ 10,195</u>	<u>\$ 1,467</u>

Source: The information is derived from the City's financial statements. The City implemented GASB 34. Information prior to the implementation of GASB 34 is not available.

City of South Gate
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	<u>2009</u>	<u>2010</u>	<u>2011*</u>	<u>2012</u>	<u>2013</u>
General fund					
Reserved	\$ 43,151	\$ 41,782	\$ -	\$ -	\$ -
Unreserved					
Designated	-	-	-	-	-
Undesignated	(132)	(45)	-	-	-
Nonspendable	-	-	39,714	38,089	36,768
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	4,716	7,216	11,136
Total general fund	<u>\$ 43,019</u>	<u>\$ 41,737</u>	<u>\$ 44,430</u>	<u>\$ 45,305</u>	<u>\$ 47,904</u>
All other governmental funds					
Reserved	\$ 10,721	\$ 11,272	\$ -	\$ -	\$ -
Unreserved, reported in:					
Special revenue funds	12,923	10,411	-	-	-
Capital project funds	691	6,096	-	-	-
Debt service funds	(7,996)	(12,013)	-	-	-
Nonspendable	-	-	7,399	4,726	4,479
Restricted					
Restricted, reported in:					
Special Revenue funds	-	-	16,089	13,147	14,557
Capital projects funds	-	-	4,228	916	750
Low and moderate housing activities	-	-	-	-	-
Committed					
Capital Project	-	-	-	-	-
Unassigned					
Unassigned, reported in:					
Special Revenue funds	-	-	(215)	(257)	(323)
Debt service funds	-	-	(11,962)	-	-
Total all other governmental funds	<u>\$ 16,339</u>	<u>\$ 15,766</u>	<u>\$ 15,539</u>	<u>\$ 18,532</u>	<u>\$ 19,463</u>

Source: The information is derived from the City's financial statements.

*GASB 54 was implemented in 2011, prior years have no comparable data

City of South Gate
Fund Balances of Governmental Funds (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General fund					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved					
Designated	-	-	-	-	-
Undesignated	-	-	-	-	-
Nonspendable	36,339	14,330	11,706	9,522	8,069
Restricted	280	391	280	224	230
Committed	1,000	1,000	16,000	15,930	19,870
Assigned	134	3,452	3,572	3,724	3,503
Unassigned	12,691	23,146	14,570	18,342	11,562
Total general fund	<u>\$ 50,444</u>	<u>\$ 42,319</u>	<u>\$ 46,128</u>	<u>\$ 47,742</u>	<u>\$ 43,234</u>
All other governmental funds					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:					
Special revenue funds	-	-	-	-	-
Capital project funds	-	-	-	-	-
Debt service funds	-	-	-	-	-
Nonspendable	4,274	4,005	1	400	-
Restricted					
Restricted, reported in:					
Special Revenue funds	15,041	16,281	21,168	21,227	22,831
Capital projects funds	655	681	128	2	2
Low and moderate housing activities	1,146	955	8,799	10,980	11,125
Committed					
Capital Project	-	-	558	558	4,055
Unassigned					
Unassigned, reported in:					
Special Revenue funds	(295)	(472)	(5,401)	(3,672)	(3,437)
Debt service funds	-	-	(26)	(26)	-
Total all other governmental funds	<u>\$ 20,821</u>	<u>\$ 21,450</u>	<u>\$ 25,227</u>	<u>\$ 29,469</u>	<u>\$ 34,576</u>

Source: The information is derived from the City's financial statements.

*GASB 54 was implemented in 2011, prior years have no comparable data

City of South Gate
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<u>Revenues</u>					
Taxes	\$ 33,822	\$ 37,547	\$ 36,329	\$ 33,956	\$ 30,855
Intergovernmental	25,013	19,777	23,812	21,378	20,733
Charges for service	2,881	5,342	5,357	5,213	5,672
Fines and forfeitures	4,301	2,530	2,660	2,940	2,135
Licenses and permits	1,438	1,073	963	1,030	1,025
Investment income	2,474	3,339	3,344	2,975	2,630
Lease income	2,353	-	-	-	-
Rental income	317	-	-	-	-
Lawsuit settlements	14	-	-	-	-
Other	3,028	1,459	577	1,345	2,137
Total revenues	<u>75,641</u>	<u>71,067</u>	<u>73,042</u>	<u>68,837</u>	<u>65,187</u>
<u>Expenditures</u>					
General government	6,213	5,347	5,259	5,436	5,154
Public works	24,662	7,642	7,130	7,708	8,250
Parks and recreation	4,407	4,237	4,022	4,355	4,616
Police	24,068	20,066	18,842	19,158	19,456
Community development	12,530	17,512	13,537	13,780	10,333
Capital Outlay	-	8,362	12,118	7,325	8,467
Debt service:					
Principal	3,683	4,355	4,648	4,569	2,799
Interest and fees	6,959	6,028	5,717	4,050	2,281
Bond issuance costs	-	-	-	-	-
Payment to bond escrow agent	-	-	-	-	-
Total expenditures	<u>82,522</u>	<u>73,549</u>	<u>71,273</u>	<u>66,381</u>	<u>61,356</u>
Excess of revenues over (under) expenditures	<u>(6,881)</u>	<u>(2,482)</u>	<u>1,769</u>	<u>2,456</u>	<u>3,831</u>

Source: The information is derived from the City's financial statements.

City of South Gate
Changes in Fund Balances of Governmental Funds (Continued)
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>Revenues</u>					
Taxes	\$ 31,279	\$ 35,065	\$ 39,966	\$ 39,925	\$ 41,207
Intergovernmental	23,835	18,920	20,009	27,090	21,660
Charges for service	5,708	5,968	3,365	3,227	3,451
Fines and forfeitures	2,915	2,477	1,249	1,183	1,125
Licenses and permits	1,468	1,322	1,557	1,482	1,464
Investment income	2,474	1,768	2,226	1,204	1,350
Lease income	-	-	-	-	-
Rental income	-	-	-	-	-
Lawsuit settlements	-	-	-	-	-
Other	841	1,802	3,943	3,635	8,844
Total revenues	<u>68,520</u>	<u>67,322</u>	<u>72,315</u>	<u>77,746</u>	<u>79,101</u>
<u>Expenditures</u>					
General government	4,889	5,568	6,369	6,545	6,686
Public works	8,602	7,764	8,405	9,276	10,088
Parks and recreation	4,890	5,593	6,027	6,429	7,148
Police	19,344	20,430	22,863	24,131	25,252
Community development	11,608	10,533	10,893	10,766	11,050
Capital Outlay	10,531	7,066	12,912	12,891	9,685
Debt service:					
Principal	2,686	16,251	1,823	1,725	1,749
Interest and fees	2,141	1,613	1,109	1,028	946
Bond issuance costs	-	-	-	-	-
Payment to bond escrow agent	-	-	-	-	-
Total expenditures	<u>64,691</u>	<u>74,818</u>	<u>70,401</u>	<u>72,791</u>	<u>72,604</u>
Excess of revenues over (under) expenditures	<u>3,829</u>	<u>(7,496)</u>	<u>1,914</u>	<u>4,955</u>	<u>6,497</u>

Source: The information is derived from the City's financial statements.

City of South Gate
Changes in Fund Balances of Governmental Funds (Continued)
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<u>Other financing sources (uses)</u>					
Transfers in	\$ 13,443	\$ 14,822	\$ 15,871	\$ 5,509	\$ 8,053
Transfers out	(13,252)	(14,603)	(15,345)	(5,094)	(8,001)
Proceeds from sale of land	-	-	-	-	-
Write-offs	(3,461)	-	-	-	-
Pension contribution	-	-	-	-	-
Capital leases	-	407	171	-	-
Debt issued	-	-	-	-	-
Payment to bond escrow agent	-	-	-	-	-
Contributions to Successor Agency	-	-	-	-	(353)
Total other financing sources (uses)	<u>(3,270)</u>	<u>626</u>	<u>697</u>	<u>415</u>	<u>(301)</u>
Extraordinary gain/(loss) on dissolution of redevelopment agency	<u>-</u>	<u>-</u>	<u>-</u>	<u>997</u>	<u>-</u>
Net change in fund balances	<u>\$ (10,151)</u>	<u>\$ (1,856)</u>	<u>\$ 2,466</u>	<u>\$ 3,868</u>	<u>\$ 3,530</u>
Debt service as a percentage of noncapital expenditures	12.9%	15.9%	17.5%	14.6%	9.6%

Source: The information is derived from the City's financial statements.

City of South Gate
Changes in Fund Balances of Governmental Funds (Continued)
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>Other financing sources (uses)</u>					
Transfers in	\$ 10,067	\$ 6,061	\$ 14,968	\$ 11,212	\$ 13,237
Transfers out	(9,972)	(6,061)	(16,034)	(12,345)	(19,134)
Proceeds from sale of land	-	-	-	-	-
Write-offs	-	-	-	-	-
Pension contribution	-	-	-	-	-
Capital leases	-	-	-	-	-
Debt issued	-	-	882	-	-
Payment to bond escrow agent	-	-	-	-	-
Contributions to Successor Agency	-	-	-	-	-
Total other financing sources (uses)	<u>95</u>	<u>-</u>	<u>(184)</u>	<u>(1,133)</u>	<u>(5,897)</u>
Extraordinary gain/(loss) on dissolution of redevelopment agency	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 3,924</u>	<u>\$ (7,496)</u>	<u>\$ 1,730</u>	<u>\$ 3,822</u>	<u>\$ 600</u>
Debt service as a percentage of noncapital expenditures	8.9%	26.4%	5.1%	4.6%	4.3%

Source: The information is derived from the City's financial statements.

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City of South Gate
Governmental Activities Tax Revenues by Source
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

<u>Type of Tax</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Property tax	\$ 20,209	\$ 21,443	\$ 21,156	\$ 17,371	\$ 13,346	\$ 12,834	\$ 13,301	\$ 11,712	\$ 12,131	\$ 14,907
Sales and use tax	10,261	10,564	11,054	12,877	13,347	14,186	17,838	21,838	20,623	21,121
Transient occupancy tax	234	223	278	229	250	278	267	350	390	420
Franchise tax	2,264	1,995	2,032	1,979	2,031	2,228	2,287	2,420	2,454	2,708
Business licenses tax	1,196	1,204	1,204	1,348	1,213	1,336	1,398	1,466	1,584	1,461
Motor vehicle in-lieu	349	302	521	53	43	-	42	39	45	52
Other taxes**	2,151	574	582	532	532	525	608	608	632	590
Total	<u>\$ 36,664</u>	<u>\$ 36,305</u>	<u>\$ 36,827</u>	<u>\$ 34,389</u>	<u>\$ 30,762</u>	<u>\$ 31,387</u>	<u>\$ 35,741</u>	<u>\$ 38,433</u>	<u>\$ 37,859</u>	<u>\$ 41,259</u>

Source: The information is derived from the City's financial statements.

** Beginning in FY 2010, Other taxes include Real Estate Transfer Tax and Material Recovery Facility Tax only

City of South Gate
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(Rate per \$100 of Taxable Value)

Agency	2009	2010	2011	2012	2013
Basic Levy *	1.00000	1.00000	1.00000	1.00000	1.00000
Cerritos Community College District	0.00994	0.01854	0.02677	0.01782	0.02594
Compton Community College District	0.01262	0.01296	0.01487	0.01481	0.01531
Downey Unified School District	0.05790	0.06507	0.07018	0.06725	0.07132
LA Community College District	0.02212	0.02311	0.04031	0.0353	0.04875
Los Angeles Unified School District	0.12478	0.15181	0.18695	0.16819	0.17561
Lynwood Unified School District	0.04498	0.04359	0.04945	0.05171	0.05059
Metropolitan Water District	0.00430	0.00430	0.00370	0.00370	0.00350
Paramount Unified School District	0.10826	0.11336	0.08384	0.10343	0.10930
Total Direct & Overlapping ** Tax Rates	1.38490	1.43274	1.47607	1.46221	1.50032
City's Share of 1% Levy per Prop 13***	0.06146	0.06146	0.06146	0.06146	0.06146
General Obligation Debt Rate	0.00000	0.00000	0.00000	0.00000	0.00000
Redevelopment Rate****	1.00436	1.00430	1.00370	1.00370	
Total Direct Rate*****	0.24958	0.25616	0.25692	0.25454	0.02675

Notes:

*In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.

**Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all city property owners.

***City's Share of 1% levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the City. ERAF general fund tax shifts may not be included in tax ratio figures.

****RDA rate is based on the largest RDA tax rate area (TRA) and includes only rate(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property tax values. The approval of ABX1 26 eliminated Redevelopment from the State of California for the fiscal year 2012/13 and years thereafter.

***** Total Direct Rate is the weighted average of all individual direct rates applied by the City/Agency preparing the statistical section information and excludes revenues derived from aircraft. Beginning in 2013/14 the Total Direct Rate no longer includes revenue generated from the former redevelopment tax rate areas. Challenges to recognized enforceable obligations are assumed to have been resolved during 2012/13. For the purposes of this report, residual revenue is assumed to be distributed to the City/Agency in the same proportions as general fund revenue.

Source: L. A. County Assessor 2008/09 - 2017/18 Tax Rate Table

City of South Gate
Direct and Overlapping Property Tax Rates (Continued)
Last Ten Fiscal Years
(Rate per \$100 of Taxable Value)

Agency	2014	2015	2016	2017	2018
Basic Levy *	1.00000	1.00000	1.00000	1.00000	1.00000
Cerritos Community College District	0.02502	0.04809	0.04809	0.04698	0.04370
Compton Community College District	0.00963	0.00987	0.00926	0.00920	0.00954
Downey Unified School District	0.06603	0.06549	0.11466	0.11473	0.10538
LA Community College District	0.04454	0.04017	0.03576	0.03596	0.04599
Los Angeles Unified School District	0.14644	0.14688	0.12971	0.13110	0.12219
Lynwood Unified School District	0.12005	0.08489	0.09583	0.10308	0.19014
Metropolitan Water District	0.00350	0.00350	0.00350	0.00350	0.00350
Paramount Unified School District	0.10457	0.10105	0.05266	0.10677	0.17409
Total Direct & Overlapping ** Tax Rates	1.51978	1.49995	1.48947	1.55132	1.69453
City's Share of 1% Levy per Prop 13***	0.06146	0.06146	0.06146	0.06146	0.06146
General Obligation Debt Rate	0.00000	0.00000	0.00000	0.00000	0.00000
Redevelopment Rate****					
Total Direct Rate*****	0.06078	0.06081	0.06084	0.06086	0.06073

Notes:

*In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.

**Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all city property owners.

***City's Share of 1% levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the City.

****RDA rate is based on the largest RDA tax rate area (TRA) and includes only rate(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property tax values. The approval of ABX1 26 eliminated Redevelopment from the State of California for the fiscal year 2012/13 and years thereafter.

***** Total Direct Rate is the weighted average of all individual direct rates applied by the City/Agency preparing the statistical section information and excludes revenues derived from aircraft. Beginning in 2013/14 the Total Direct Rate no longer includes revenue generated from the former redevelopment tax rate areas. Challenges to recognized enforceable obligations are assumed to have been resolved during 2012/13. For the purposes of this report, residual revenue is assumed to be distributed to the City/Agency in the same proportions as general fund revenue.

Source: L. A. County Assessor 2005/069 - 2014/15 Tax Rate Table

City of South Gate
Assessed Value of Taxable Property
Last Ten Fiscal Years
(amounts expressed in thousands)

<u>Type of Property</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Residential	\$ 3,404,368	\$ 3,142,928	\$ 3,051,130	\$ 3,075,232	\$ 3,133,928
Commercial	478,313	479,417	472,304	478,978	485,760
Industrial	576,183	600,356	564,224	575,910	572,896
Farm	607			622	635
Government	3,012			3,088	3,150
Institutional	8,595			18,826	12,443
Irrigated	11,700			10,676	10,355
Miscellaneous	435			446	454
Recreational	4,967			4,276	4,362
Vacant Land	95,905			86,292	87,607
SBE Nonunitary	486			419	419
Possessory Interest	8,765			-	-
Unsecured	299,476			296,719	304,312
Unknown	-			7,972	10,843
Other	433,948	442,176	444,219	429,336	434,580
Tax-Exempt	-	-	-	(59,538)	(54,662)
Total taxable Assesed Value	4,892,812	4,664,877	4,531,877	4,559,456	4,627,164
Total direct tax rate	0.24933%	0.24933%	0.25692%	0.25454%	0.26745%

Source: Los Angeles County Assessor

City of South Gate
Assessed Value of Taxable Property (Continued)
Last Ten Fiscal Years
(amounts expressed in thousands)

<u>Type of Property</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Residential	\$ 3,223,318	\$ 3,360,338	\$ 3,526,730	\$ 3,682,817	\$ 3,836,767
Commercial	495,030	502,898	526,371	553,697	597,645
Industrial	586,502	627,907	653,662	668,701	662,336
Farm	647	650	663	673	-
Government	3,213	3,227	3,292	3,595	479
Institutional	12,791	18,895	12,343	15,256	18,358
Irrigated	9,031	9,497	10,674	11,572	9,998
Miscellaneous	464	-	-	-	398
Recreational	4,449	4,715	4,372	6,675	7,165
Vacant Land	81,439	90,777	110,995	99,828	99,578
SBE Nonunitary	419	419	419	530	861
Possessory Interest	-	-	-	-	-
Unsecured	305,457	323,351	339,707	350,070	375,664
Unknown	14,705	10,852	11,327	11,674	13,478
Other	432,613	462,382	493,790	499,873	525,980
Tax-Exempt	(48,602)	(47,025)	(47,025)	(46,977)	(46,977)
Total taxable A.V.	4,737,463	4,953,525	5,200,554	5,405,089	5,622,727
Total direct tax rate	0.60780%	0.60810%	0.60840%	0.60860%	0.60730%

Source: Los Angeles County Assessor

City of South Gate
Principal Property Taxpayers
Current Year and Nine Years Ago
(amounts expressed in thousands)

<u>Taxpayer</u>	2018			2009		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>% of Total City Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>% of Total City Taxable Assessed Value</u>
Schultz Steel Company	\$ 121,700	1	2.16%	\$ 92,528	1	1.89%
El Paseo Southern Gate LLC	57,959	2	1.03%	51,211	2	1.05%
Tesoro Logistics Operations LLC	39,523	3	0.70%			0.00%
South Gate Business & Industrial Park	35,001	4	0.62%	29,095	5	0.59%
Azalea Joint Venture LLC	33,302	5	0.59%			0.00%
Armstrong Cork Company	30,140	6	0.54%	24,375	6	0.50%
Hudd Distribution Services Inc.	27,094	7	0.48%	23,866	7	0.49%
Lindenfield Properties LP	23,700	8	0.42%			0.00%
Rockview Dairies Inc.	22,035	9	0.39%	21,419	10	0.44%
World Oil Company	22,006	10	0.39%	22,046	9	0.45%
BP West Coast Products LLC				49,766	3	1.02%
South Gate Gateway LLC				40,088	4	0.82%
United States Gypsum Company				22,537	8	0.46%
	<u>\$ 412,460</u>		<u>7.32%</u>	<u>\$ 376,931</u>		<u>7.71%</u>
City Total Assessed Valuation	5,622,727			4,892,812		

Source: Los Angeles County Assessor and HdL Companies

City of South Gate
Property Tax Levies and Collections
Last Ten Fiscal Years
(amounts expressed in thousands)

<u>Fiscal Year Ended June 30</u>	<u>Total Tax Levy for Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date (1)</u>	
		<u>Amount</u>	<u>% of Levy</u>		<u>Amount</u>	<u>% of Levy</u>
2018	\$ 2,585	\$ 2,676	103.52%	N/A	N/A	N/A
2017	2,504	2,636	105.27%	N/A	N/A	N/A
2016	2,431	2,532	104.15%	N/A	N/A	N/A
2015	2,329	2,443	104.89%	N/A	N/A	N/A
2014	2,297	2,511	109.32%	N/A	N/A	N/A
2013	2,242	2,540	113.29%	N/A	N/A	N/A
2012	2,228	2,290	102.78%	N/A	N/A	N/A
2011	2,207	2,290	103.76%	N/A	N/A	N/A
2010	2,272	2,280	100.35%	N/A	N/A	N/A
2009	2,396	2,201	91.86%	N/A	N/A	N/A

Source: Los Angeles County Assessor and City of South Gate Finance Department

(1) Information is not available since the County of Los Angeles pools prior years taxes for remittance to the City.

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City of South Gate
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(amounts expressed in thousands, except for per capita amounts)

Fiscal Year Ended June 30	General Bonded Debt		Percentage of Actual Taxable Value of Property (1)	Per Capita (2)	Other Governmental Activities Debt			
	Revenue Bonds	Pension Obligation Bonds			Certificates of Participation	Assessment Bonds	Capital Leases	Notes/Loans
2018	\$ -	\$ 15,245	0.27%	155.35	\$ -	\$ -	\$ 641	\$ 600
2017	-	16,375	0.30%	166.02	-	-	730	1,130
2016	-	17,445	0.34%	175.19	-	-	825	1,690
2015	-	18,460	0.37%	192.09	-	-	221	2,220
2014	-	19,425	0.41%	202.22	14,395	30	582	2,720
2013	-	20,345	0.44%	213.90	15,315	60	927	3,190
2012	-	21,220	0.47%	224.98	16,185	85	1,516	3,630
2011	25,115	22,055	1.04%	462.84	17,010	110	2,085	4,045
2010	38,570	22,845	1.32%	599.83	18,095	130	2,445	4,435
2009	40,330	23,600	1.31%	626.39	19,130	150	2,444	4,821

Fiscal Year Ended June 30	Business Type Activities		Percentage of Personal Income (2)	Per Capita (2)
	Water Revenue Bonds	Total Primary Government (3)		
2018	\$ 38,299	\$ 54,785	3.76%	558.27
2017	39,777	58,012	4.19%	588.16
2016	41,187	61,147	4.49%	614.06
2015	42,540	63,441	4.68%	660.15
2014	43,839	80,991	5.96%	843.15
2013	44,941	84,778	6.38%	891.32
2012	34,749	77,385	5.87%	820.45
2011	35,713	106,133	7.98%	1,041.40
2010	36,627	123,147	9.57%	1,202.75
2009	37,177	127,652	9.73%	1,250.74

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

(1) See Assessed Value of Property schedule for taxable property value data.

(2) See Demographic & Economic Statistics schedule for population and personal income data. These ratios are calculated using personal income and population for the prior calendar year.

(3) Includes general bonded debt, other governmental activities debt, and business-type activities debt.

**City of South Gate
Direct & Overlapping Debt
June 30, 2018**

	<u>Gross Bonded Debt Balance</u>	<u>Percent Applicable To City</u>	<u>Net Bonded Debt</u>
Direct Debt			
264.01 2005 PENSION OBLIGATION BONDS	15,245,000	100.000	15,245,000
264.01 CAPITAL LEASE OBLIGATIONS	640,907	100.000	640,907
264.01 NOTES PAYABLE	600	100.000	600
Total Direct Debt			15,886,507
Overlapping Debt			
*315.05 METROPOLITAN WATER DISTRICT	29,354,442	0.371	109,047
790.53 CERRITOS CCD DS 2004 SERIES 2009C	2,560,000	1.162	29,741
790.54 CERRITOS CCD DS 2004 SERIES 2012D	81,210,988	1.162	943,482
790.55 CERRITOS CCD DS 2012 SERIES 2014A	73,900,000	1.162	858,545
790.56 CERRITOS CCD DS 2014 REF BONDS SERIES A	77,845,000	1.162	90,377
790.57 CERRITOS CCD DS 2014 REF BONDS SERIES B	13,840,000	1.162	160,788
790.58 CERRITOS CCD DS 2012 SERIES 2018B	75,000,000	1.162	871,325
793.51 COMPTON CCD DS 2002 SERIES 2008A	605,000	2.341	14,163
793.52 COMPTON CCD DS 2002 SERIES 2012C	14,429,048	2.341	337,783
793.53 COMPTON CCD DS 2012 REF BONDS	10,915,000	2.341	255,519
793.54 COMPTON CCD DS 2002 SERIES 2013D	16,444,972	2.341	384,976
793.55 COMPTON CCD DS 2014 REF	16,470,000	2.341	385,561
793.56 COMPTON CCD DS 2015 REF BONDS	12,635,000	2.341	295,784
805.55 LA CCD DS 2003 TAXABLE SERIES 2004B	2,115,000	0.583	12,326
805.56 LA CCD DS 2001 TAXABLE SERIES 2004A	31,555,000	0.583	183,899
805.60 LA CCD DS 2001, 2008 SER E-1	7,580,000	0.583	44,175
805.62 LA CCD DS 2003, 2008 SER F-1	7,575,000	0.583	44,146
805.65 LA CCD DS 2008, 2009 TAXABLE SER B	75,000,000	0.583	437,091
805.66 LA CCD DS 2008, 2010 TAX SERIES D	125,000,000	0.583	728,486
805.67 LA CCD DS 2008, 2010 TAX SER E (BABS)	900,000,000	0.583	5,245,098
805.69 LA CCD DS 2012 SERIES F	205,000,000	0.583	1,194,717
805.70 LA CCD DS 2013 REF BONDS	42,305,000	0.583	246,549
805.71 LA CCD DS 2008 SERIES G	1,664,870,000	0.583	9,702,673
805.73 LA CCD DS 2015 REF SERIES A	33,270,000	0.583	193,894
805.74 LA CCD DS 2015 REF SERIES B	272,085,000	0.583	1,585,680
805.75 LA CCD DS 2015 REF SERIES C	223,910,000	0.583	1,304,922
805.76 LA CCD DS 2008 SERIES I	175,565,000	0.583	1,023,173
805.78 LA CCD DS 2016 REF BONDS	300,000,000	0.583	1,748,366
805.79 LA CCD DS 2016, 2017 SER A	100,000,000	0.583	582,789
853.53 DOWNEY USD DS REFUNDING 1999 SERIES A	3,935,256	4.394	172,900
853.60 DOWNEY USD DS 2007 REF BDS	16,720,000	4.394	734,613
853.61 DOWNEY USD DS 2011 REFUNDING BONDS	7,000,000	4.394	307,553
853.62 DOWNEY USD DS 2012 REF BONDS	12,510,000	4.394	549,642
853.63 DOWNEY USD DS 2014 SERIES A	42,995,000	4.394	1,889,036
853.65 DOWNEY USD DS 2016 REF BONDS	6,595,000	4.394	289,759
887.56 LOS ANGELES UNIF DS 2002 REF BOND	15,215,000	0.732	111,427
887.59 LOS ANGELES USD DS 2004 SERIES A	125,535,000	0.718	901,542
887.66 LOS ANGELES UNIF DS 2005 REF BONDS A-1	38,035,000	0.718	273,136
887.67 LOS ANGELES UNIF DS 2005 REF BONDS A-2	14,790,000	0.718	106,209
887.86 LOS ANGELES UNIF DS 2002 SERIES E	200,000,000	0.718	1,436,233
887.87 LOS ANGELES UNIF DS 2004 SERIES J	739,280,000	0.718	5,308,893
887.89 LOS ANGELES UNIF DS 2005 SERIES H	609,075,000	0.718	4,373,869

City of South Gate
Direct & Overlapping Debt (Continued)
June 30, 2018

	<u>Gross Bonded Debt Balance</u>	<u>Percent Applicable To City</u>	<u>Net Bonded Debt</u>
Overlapping Debt (Continued)			
887.91 LAUSD MEASURE R SERIES 2009	47,425,000	0.718	340,567
887.92 LAUSD MEASURE R SERIES KRY BABS	363,005,000	0.718	2,606,799
887.93 LAUSD MEASURE Y 2009 SERIES KRY BABS	806,795,000	0.718	5,793,729
887.95 LAUSD MEASURE K 2010 SERIES KRY	145,250,000	0.718	1,043,064
887.96 LAUSD MEASURE R 2010 SERIES KRY	157,165,000	0.718	1,128,628
887.97 LAUSD MEASURE Y 2010 SERIES KRY	130,450,000	0.718	936,783
887.98 LAUSD MEASURE R 2010 SERIES RY BABS	477,630,000	0.718	3,429,941
887.99 LAUSD MEASURE Y 2010 SERIES RY BABS	772,955,000	0.718	5,550,719
888.57 LOS ANGELES UNIF DS 2011 REFUNDING BOND SERIES	127,870,000	0.718	918,256
888.58 LOS ANGELES UNIF DS 2011 REFUNDING BOND SERIES	143,980,000	0.718	1,033,944
888.60 LOS ANGELES UNIF DS 2014 REF BOND SERIES A	109,940,000	0.718	789,497
888.61 LOS ANGELES UNIF DS 2014 REF BOND SERIES B	283,135,000	0.718	2,033,240
888.62 LOS ANGELES UNIF DS 2014 REF BOND SERIES C	909,360,000	0.718	6,530,266
888.63 LOS ANGELES UNIF DS 2014 REF BOND SERIES D	153,385,000	0.718	1,101,483
888.66 LOS ANGELES UNIF DS 2005 SERIES K	8,035,000	0.718	57,701
888.68 LOS ANGELES UNIF DS 2015 REF BONDS SERIES A	318,085,000	0.718	2,284,221
888.69 LOS ANGELES UNIF DS 2008 SERIES A 2016	1,162,115,000	0.718	8,345,341
888.70 LOS ANGELES UNIF DS 2016 REF BONDS SERIES A	500,855,000	0.718	3,596,723
888.71 LOS ANGELES UNIF DS 2016 REF BONDS SERIES B	1,057,635,000	0.718	7,595,053
888.72 LOS ANGELES UNIF DS 2017 REF BONDS SER A PROP BB	1,202,445,000	0.718	8,634,958
891.51 LYNWOOD USD DS 2012 REF BONDS	14,103,904	0.957	134,992
891.52 LYNWOOD USD DS 2012 SERIES A	13,855,000	0.957	132,609
891.53 LYNWOOD USD DS 2012 SERIES B	10,485,000	0.957	100,354
891.54 LYNWOOD USD DS 2012 SERIES C	9,470,000	0.957	90,639
891.55 LYNWOOD USD DS 2016 SERIES A	9,578,701	0.957	91,680
891.57 LYNWOOD USD DS 2016 SERIES D	15,535,000	0.957	148,689
907.53 PARAMOUNT USD DS 2006, SERIES 2011 BONDS	41,468,001	7.683	3,185,814
907.54 PARAMOUNT USD DS 2006 2013 SERIES C	33,283,515	7.683	2,557,034
907.55 PARAMOUNT USD DS REF BOND SERIES 2015	34,380,000	7.683	2,641,272
907.57 PARAMOUNT USD DS 2016 SERIES 2017A	25,670,000	7.683	1,972,119
Total Overlapping Debt			120,978,576
Total Direct and Overlapping Debt			136,865,083

2017/18 Assessed Valuation: \$4,257,420,524 After Deducting \$1,365,306,563 Incremental Value.

Debt To Assessed Valuation Ratios:

Direct Debt	0.38%
Overlapping Debt	2.84%
Total Debt	3.23%

*This fund is a portion of a larger agency, and is responsible for debt in areas outside the city.

This report reflects debt which is being repaid through voter-approved property tax indebtedness. It excludes mortgage revenue, tax allocation bonds, interim financing obligations, non-bonded capital lease obligations, and certificates of participation, unless provided by the city.

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. The percentage of overlapping debt applicable is estimated by using taxable assessed values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the city's boundaries and dividing it by each unit's total taxable assessed value.

Data Source: HdL Coren & Cone, Los Angeles County Assessor and Auditor Combined 2017/18 Lien Date Tax Rolls

This report is not to be used in support of debt issuance or continuing disclosure statements without the written consent of HdL, Coren & Cone

City of South Gate
Legal Debt Margin Information
Last Ten Fiscal Years
(amounts expressed in thousands)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Debt Limit	\$ 733,922	\$ 711,913	\$ 686,435	\$ 697,223	\$ 708,842
Total net debt applicable to limit	-	-	-	-	-
Legal debt margin	733,922	711,913	686,435	697,223	708,842
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%

**Legal Debt Margin Calculation for
Fiscal Year 2017-2018:**

Assessed value	\$ 5,689,948
Add back: exempt real property	<u>67,221</u>
Total assessed value	<u><u>\$ 5,757,169</u></u>
Debt limit (15% of total assessed value)	\$ 863,575
Debt applicable to limit:	<u>-</u>
Legal debt margin	<u><u>\$ 863,575</u></u>

Source: L.A. County Assessor 2017/18 Combined Tax Rolls

Note: Under state finance law, the City of South Gate's outstanding general obligation debt should not exceed 15 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

City of South Gate
Legal Debt Margin Information (Continued)
Last Ten Fiscal Years
(amounts expressed in thousands)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Debt Limit	\$ 728,496	\$ 759,572	\$ 799,634	\$ 824,157	\$ 863,575
Total net debt applicable to limit	-	-	-	-	-
Legal debt margin	728,496	759,572	799,634	824,157	863,575
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%

Source: L.A. County Assessor 2017/18 Combined Tax Rolls

Note: Under state finance law, the City of South Gate's outstanding general obligation debt should not exceed 15 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

**City of South Gate
Pledge Revenue Coverage
Last Ten Fiscal Years**

2001 Utility Revenue Bonds

Fiscal Year	Utility Charges and Other (1)	Less: Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2018	\$ 20,975,927	\$ 10,961,972	\$ 10,013,955	\$ 1,615,000	\$ 1,521,250	\$ 3,136,250	319.30%
2017	19,924,023	9,359,674	10,564,349	1,605,000	1,525,650	3,130,650	337.45%
2016	20,727,981	9,665,349	11,062,632	1,600,000	1,534,350	3,134,350	352.95%
2015	19,011,746	8,619,311	10,392,435	1,595,000	1,541,800	3,136,800	331.31%
2014	17,756,659	8,967,497	8,789,162	1,445,000	1,543,675	2,988,675	294.08%
2013	17,952,236	9,460,882	8,491,354	1,450,000	1,208,125	2,658,125	319.45%
2012	13,394,320	8,278,829	5,115,491	1,375,000	1,366,533	2,741,533	186.59%
2011	12,472,953	7,719,720	4,753,233	1,305,000	1,441,389	2,746,389	173.07%
2010	12,553,014	7,037,537	5,515,477	1,240,000	1,512,402	2,752,402	200.39%
2009	12,860,069	6,925,612	5,934,457	1,175,000	1,569,082	2,744,082	216.26%

2012 Water Revenue Bonds

Fiscal Year	Utility Charges and Other	Less: Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2018	\$ 20,772,332	\$ 10,901,682	\$ 9,870,650	\$ 1,615,000	\$ 1,521,250	\$ 3,136,250	314.73%
2017	19,720,428	9,359,674	10,360,754	1,605,000	1,525,650	3,130,650	330.95%
2016	20,524,386	9,665,349	10,859,037	1,600,000	1,534,350	3,134,350	346.45%
2015	18,808,151	8,619,311	10,188,840	1,595,000	1,541,800	3,136,800	324.82%
2014	17,553,064	8,967,497	8,585,567	1,445,000	1,543,675	2,988,675	287.27%
2013	17,553,064	9,460,882	8,092,182	1,450,000	1,208,125	2,658,125	304.43%

Note: Details regarding the government's outstanding debt can be found in the notes to the financial statements.

Operating expenses do not include interest or depreciation.

1) Amount Includes transfer in from Sewer Fund for its share of the debt service payment.

City of South Gate
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income (amounts expressed in thousands) (2)	Per Capita Personal Income (2)	School Enrollment (3)	Unemployment Rate (4)
2017	98,133	\$ 1,455,568	\$ 14,832	29,076	6.3%
2016	98,633	1,384,879	14,040	28,859	6.9%
2015	99,578	1,361,700	13,674	28,920	8.8%
2014	96,101	1,354,544	14,095	28,956	10.7%
2013	96,057	1,358,150	14,139	29,699	9.8%
2012	95,115	1,327,805	13,960	29,830	11.9%
2011	94,320	1,317,273	13,966	30,174	15.6%
2010	101,914	1,329,570	13,046	30,678	16.0%
2009	102,388	1,286,554	12,565	31,211	14.8%
2008	102,061	1,311,858	12,854	35,659	9.6%
2007	101,247	1,292,067	12,762	35,457	6.6%
2006	101,260	1,251,875	12,363	34,643	6.2%
2005	101,439	1,193,256	11,763	33,844	6.9%

Sources:

- (1) State of California - Department of Finance
- (2) Bureau of Economic Analysis - reflects latest data available for Los Angeles Metro region
- (3) Factfinder.census.gov. 2009 - 2016. For 2007 - 2008, data were provided by local school districts.
- (4) California Employment Development Department/U.S. Dept. of Labor - Bureau of Labor Statistics

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City of South Gate
Full-Time Equivalent City Employees by Function
Last Ten Fiscal Years

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
City Manager	5.00	3.50	6.10	5.00	5.00	5.00	5.00	7.00	7.00	7.00
City Attorney	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
City Treasurer (1)	-	-	-	-	-	-	-	-	-	-
City Clerk	3.00	3.00	3.00	3.00	3.00	4.00	4.00	4.00	4.00	4.00
Personnel	5.00	3.40	2.90	4.00	4.00	4.00	4.00	5.00	5.00	5.00
Finance	23.00	22.90	21.00	18.00	20.00	20.00	20.00	20.00	24.00	23.00
Police										
Officers	93.00	99.00	80.00	80.00	82.00	82.00	82.00	82.00	82.00	85.00
Civilians	40.00	34.00	37.00	37.00	37.00	39.00	39.00	41.00	41.00	43.00
Public Works										
Administration/Engineering	8.00	8.00	7.00	8.00	8.00	8.00	8.00	8.00	8.00	10.00
Maintenance	47.00	43.15	36.15	35.00	37.00	37.00	36.00	37.00	37.00	40.00
Water/Sewer	22.00	25.85	28.85	19.00	26.00	27.00	27.00	26.00	29.00	29.00
Parks & Recreation	39.00	39.50	33.00	30.00	35.00	38.00	38.00	42.00	43.00	45.00
Community Development	33.00	33.00	28.00	22.00	26.00	25.00	25.00	24.00	25.00	24.00
Sub-Total	319.00	316.30	284.00	262.00	284.00	290.00	289.00	297.00	306.00	316.00
Part-Time Hours	121,464	85,368	100,378	125,070	109,385	114,095	129,005	121,757	109,880	126,794
Full-Time Equivalents	58.40	41.04	48.25	60.13	52.59	54.85	62.02	58.54	52.83	60.96
TOTAL POSITIONS	377.40	357.34	332.25	322.13	336.59	344.85	351.02	355.54	358.83	376.96

Source: City of South Gate Finance Department

City of South Gate
Operating Indicators by Function
Last Ten Fiscal Years

		<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<u>Function</u>						
Police	Calls for service	43,224	39,670	36,329	36,250	37,129
	Arrests	3,060	2,468	2,468	2,226	2,288
	Parking citations issued	16,770	23,339	22,512	20,491	13,809
	Moving citations/traffic violations	11,858	8,035	18,344	14,111	4,289
	Share of seized asset (in thousands)	\$ 1,335	\$ 810	\$ 758	\$ 1,360	\$ 744
Water	Customer accounts	14,906	15,570	15,578	14,350	15,445
	Average daily consumption (millions of gallons)	7.2	7.1	8.0	7.4	7.5
	Water samples taken	1,602	2,892	2,306	2,111	2,240
	New connections	27	8	8	5	9
Street Maintenance						
	Potholes repaired	504	476	211	135	206
	Sq.ft of graffiti removal (in thousands)	2,154	845	700	700	700
	Miles of streets swept	29,287	32,583	30,180	33,543	32,760
Culture and Recreation						
	Golf course participants	4,851	8,879	7,750	7,780	6,934
	Swimming participants	2,969	37,159	73,113	85,685	95,265
	Facility rentals	1,129	921	1,265	1,360	1,078
	Recreation classes provided	216	160	1,060	207	311
Community Development						
	Permits issued	8,154	4,588	4,796	4,599	4,459
	Code enforcement inspections	7,135	5,879	6,879	6,506	5,554
	Housing vouchers issued	111	63	51	54	36

Source: Various City Departments

City of South Gate
Operating Indicators by Function (Continued)
Last Ten Fiscal Years

<u>Function</u>		<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Police	Calls for service	35,528	37,658	44,565	44,829	44,565
	Arrests	2,559	2,612	3,203	3,055	3,023
	Parking citations issued	24,146	23,300	22,927	23,425	22,927
	Moving citations/traffic violations	3,676	3,139	4,604	4,258	4,604
	Share of seized asset (in thousands)	\$ 1,586	\$ 1,264	\$ 1,616	\$ 2,149	\$ 475
Water	Customer accounts	15,445	15,361	15,454	15,520	15,689
	Average daily consumption (millions of gallons)	7.5	6.7	6.8	6.4	7.4
	Water samples taken	2,240	1,940	2,173	2,169	2,225
	New connections	9	13	19	15	26
Street Maintenance	Potholes repaired	1,215	1,250	1,250	2,500	140
	Sq.ft of graffiti removal (in thousands)	1,000	980	711	904	942
	Miles of streets swept	32,760	33,040	32,760	36,400	36,400
Culture and Recreation	Golf course participants	6,238	5,579	8,475	6,550	5,276
	Swimming participants	88,280	88,688	83,553	86,924	88,070
	Facility rentals	1,115	1,160	1,413	1,534	1,900
	Recreation classes provided	568	498	417	328	328
Community Development	Permits issued	3,377	2,931	3,247	2,980	2,842
	Code enforcement inspections	6,893	5,019	4,870	5,831	6,587
	Housing vouchers issued	35	41	47	61	72

Source: Various City Departments

City of South Gate
Capital Asset Statistics by Function
Last Ten Fiscal Years

<u>Function</u>		<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Police	Stations	1	1	1	1	1
	Patrol Units	40	37	37	37	37
Water	Miles of lines and mains	135	135	135	135	135
	Number of wells	14	12	12	12	11
	Number of tanks	2	2	2	2	2
	Number of reservoirs	5	5	5	5	5
Sewer	Miles of sewers	125.8	125.8	125.8	125.8	125.8
	Miles of storm drains	25.2	25.2	25.2	25.2	25.2
Streets	Miles of streets	125.8	125.8	125.8	125.8	125.8
	Traffic signals	77	77	77	77	86
	Streetlights	3,936	3,936	3,936	3,936	4,400
Culture and Recreation	Parks	8	8	8	8	8
	Park acreage	182	182	182	182	182
	Playgrounds	8	8	8	8	8
	Ballfields	16	16	16	16	16
	Swimming pools	1	1	1	1	1
	Community Centers	7	7	7	7	7

Source: Various City Departments

City of South Gate
Capital Asset Statistics by Function (Continued)
Last Ten Fiscal Years

<u>Function</u>		<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Police	Stations	1	1	1	1	1
	Patrol Units	37	37	37	38	38
Water	Miles of lines and mains	135	135	135	135	135
	Number of wells	11	11	11	12	12
	Number of tanks	2	2	2	2	2
	Number of reservoirs	5	5	5	6	6
Sewer	Miles of sewers	125.8	125.8	125.8	125.8	125.8
	Miles of storm drains	25.2	25.2	25.2	25.2	25.2
Streets	Miles of streets	125.8	125.8	125.8	125.8	125.8
	Traffic signals	83	83	83	86	86
	Streetlights	4,400	4,400	4,400	4,400	4,400
Culture and Recreation	Parks	8	8	8	8	8
	Park acreage	182	182	182	182	182
	Playgrounds	8	12	12	14	14
	Ballfields	16	17	17	17	17
	Swimming pools	1	1	1	1	1
	Community Centers	7	7	7	7	7

Source: Various City Departments

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