



CITY OF SOUTH GATE

CALIFORNIA



Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2019



City of South Gate

South Gate, California

Comprehensive Annual Financial Report and Independent Auditors' Report

For the Year Ended June 30, 2019

Prepared by:
Administrative Services Department

**City of South Gate
Comprehensive Annual Financial Report
For the Year Ended June 30, 2019**

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July 16, 2020

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, 2020, 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 and belief, 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 7.41 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 96,777 as of January 1, 2019. 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 28% 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. Each year, the City Council selects 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, 2019, the City experienced a \$3.2M favorable budget variance in general fund revenues and a favorable \$2.6M budget variance in general fund operating

expenditures resulting in \$5.8M net positive budgetary variance. The total actual general fund revenues exceeded operating expenditures by \$2.7M. The City also transferred out \$976K to other funds, \$971K of which was to fund capital projects in the Capital Improvement Fund. A total of \$1.3M was transferred in from other funds and \$1M of that amount came from the Water Fund for a water lease payment pursuant to the 2001 lease agreement between the City and the Utility Authority. The actual net gain of \$3M, which includes transfers in and out, brought the prior fiscal year restated general fund balance from \$57.3M to \$60.3M for the fiscal year ended June 30, 2019. Many of the favorable revenue and expenditure variances were the result of conservative budget practices and continued careful management of resources during FY 2018/19.

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.

Application of the following GASB statements did not have a significant effect on the City's fiscal year ending June 30, 2019. GASB Statement No. 83 – *Certain Asset Retirement Obligations* – requires that when a government has a legal obligation to perform future asset retirement of a tangible capital asset, it should recognize a liability. GASB Statement No. 88 – *Certain Disclosures Related to Debt, including Direct Borrowing and Direct Placements* - improves the information disclosed in the notes to government financial statements related to debt, and clarifies which liabilities should be included when disclosing information related to 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 and the 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 audit of fiscal years beginning on or after January 1, 2015, the U. S. Office of Management and Budget (OMB) raised the single audit threshold for federal awards from \$500,000 to \$750,000. When over \$750,000 from Federal financial assistance programs is expended in any one fiscal year, the City is required to undergo a single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). For the year

ended June 30, 2019, approximately \$8M in Federal financial assistance program funds were expended.

GFOA Certificate of Achievement Award

The Government Finance Officers 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, 2018. 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 June 30, 2019 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

The preparation of this report could not have been accomplished without the hard work and dedicated service of the Finance Division staff. We would like to express our appreciation to all members of the Finance Division and to The Pun Group, LLP, the City's independent auditors, for their expertise, guidance, assistance and professionalism in preparing this year's report. Finally, we would like to express our sincere thanks to the City Council, whose strong and effective leadership and continuous support has made the preparation of this report possible.

Respectfully submitted,

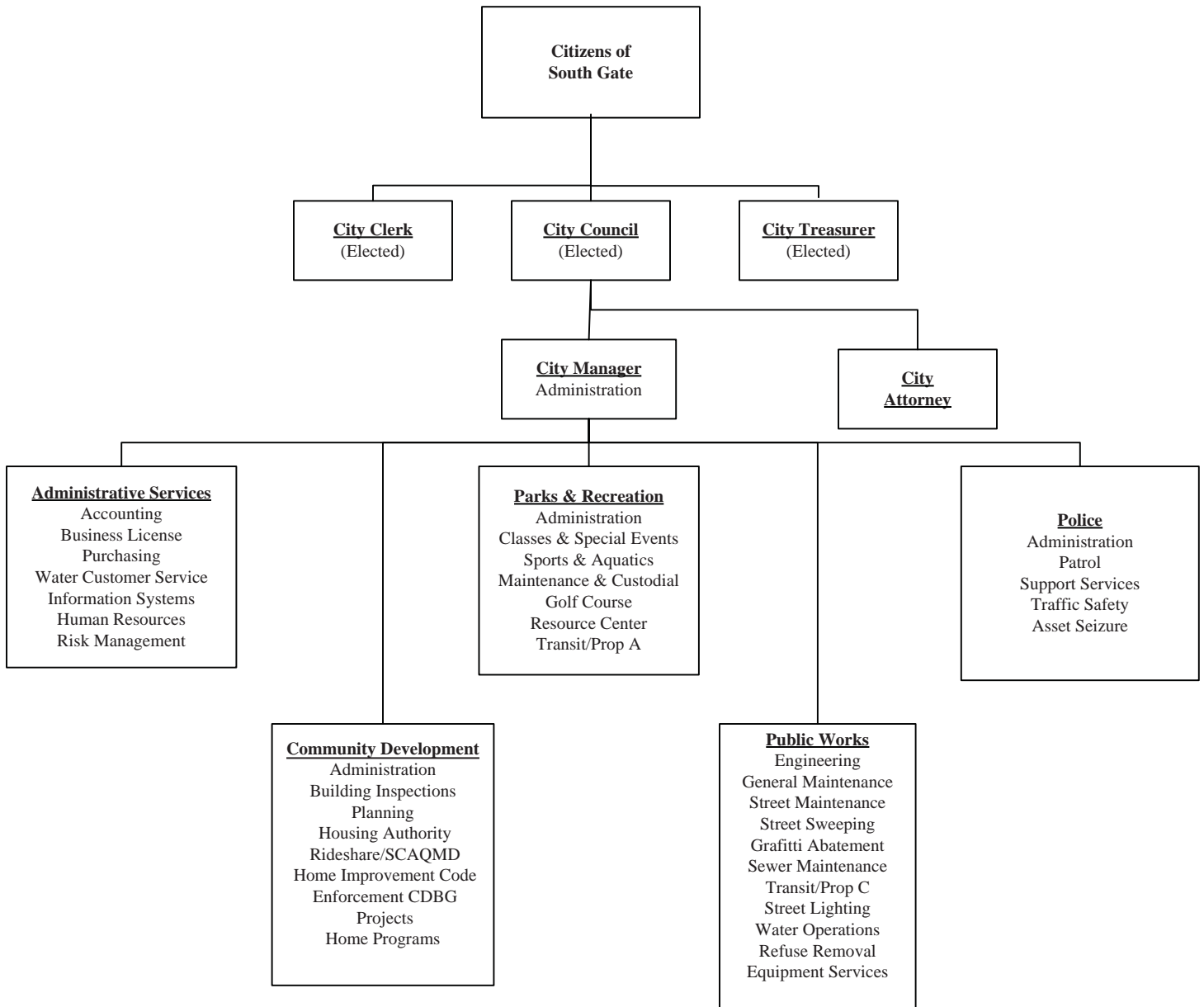

Michael Flad
City Manager


Jackie Acosta
Director of Administrative Services

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

| | |
|---|------------------|
| Mayor | Jorge Morales |
| Vice Mayor | Denise Diaz |
| Councilmember | Belén Bernal |
| Councilmember | Maria Davila |
| Councilmember | Al Rios |
| City Clerk | Carmen Avalos |
| City Treasurer | Greg Martinez |
| City Manager | Michael Flad |
| City Attorney | Raul Salinas |
| Assistant City Manager/Director of Public Works | Arturo Cervantes |
| Police Chief | Randall J. Davis |
| Director of Administrative Services | Jackie Acosta |
| Director of Community Development | Joseph T. Perez |
| Director of Parks & Recreation | Paul Adams |

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, 2018

Christopher P. Morrill

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, 2019, 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, 2019, 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

Prior Period Adjustments

As discussed in Note 16 to the basic financial statements, the City recorded a prior period adjustment related to an advance to the Sewer Enterprise Fund in the amount of \$21,985,000 and corrected advances erroneously recorded in the Water Enterprise Fund in the amount of (\$7,883,842) from the General Fund, for a net total of \$14,101,158. 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, 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 101 to 111 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, 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 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 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 July 16, 2020, 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 Per Group, LLP". The signature is written in a cursive, flowing style.

Santa Ana, California
July 16, 2020

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City of South Gate
Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2019

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, 2019. 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 the fiscal year ended June 30, 2019, by \$244.5M. This amount is referred to as the net position of the City. Of this amount, \$257.3M is invested in capital assets, \$38.7M is restricted for public works, housing activities, community development projects, public safety and debt service, and \$51.5M is an unrestricted deficit amount.
- **Changes in Net Position:** The City's net position increased by \$12.4M (5.3%) from the prior fiscal year mainly due to a \$6.8M (6.9%) increase in total revenues, after excluding the one-time \$5.1M azalea payment that the City received in FY 2017/18, and an overall decrease in expenditures of \$11.2M (10.7%).
- **Long-Term Debt:** The City's total long-term liabilities decreased \$3.3M (1.7%) as of June 30, 2019, from \$192.0M to \$188.7M mainly from reductions in water revenue and pension obligation bonds and claims and adjustments. Although payments were made to reduce certain liabilities, the OPEB liability increased by \$807K and the pension liability increased by \$1.3M.
- **Capital Assets:** The City's capital assets totaled \$291.2M at June 30, 2019, a net increase of \$3.8M over the prior year adjusted amount. The increase is due mainly to additions of capital improvement projects of \$14.2M and equipment of \$.8M, less depreciation of \$11.2M.

Fund Financial Statements

- **Governmental Funds:** As of June 30, 2019, the City's governmental funds reported a combined ending fund balance of \$95.2M, with an increase of \$3.3M (3.6%) over the prior year restated balance.
- **General Fund Restated Fund Balance:** The City restated the beginning fund balance by \$14.1M from \$43.2M to \$57.3M at July 1, 2018, due to a reclassification of advances to the City's Water Fund and a correction of advances to the Sewer Fund.
- **General Fund:** At June 30, 2019, revenues and transfers-in exceeded expenditures and transfers-out by \$3M, increasing the fund balance from \$57.3M to \$60.3M. Of the \$60.3M fund balance, \$14.5M is unassigned and is available for spending at the City's discretion.

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 others 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, 2019

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 of 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 Development Commission (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, 2019

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 page 45 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 \$244.6M at June 30, 2019, as shown in Table 1.

Table 1

| | Governmental | | Business-Type | | Total | |
|--|-----------------------|-----------------------|----------------------|----------------------|-----------------------|-----------------------|
| | Activities | | Activities | | | |
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Current and other assets | \$ 122,046,349 | \$ 119,797,177 | \$ 21,824,948 | \$ 17,073,228 | \$ 143,871,297 | \$ 136,870,405 |
| Capital assets | 239,220,784 | 234,507,851 | 51,937,538 | 52,831,431 | 291,158,322 | 287,339,282 |
| Total assets | 361,267,133 | 354,305,028 | 73,762,486 | 69,904,659 | 435,029,619 | 424,209,687 |
| Deferred Outflows | 18,267,022 | 19,762,990 | 1,046,572 | 1,375,639 | 19,313,594 | 21,138,629 |
| Total Deferred Outflows | 18,267,022 | 19,762,990 | 1,046,572 | 1,375,639 | 19,313,594 | 21,138,629 |
| Long-term debt outstanding | 143,314,694 | 145,222,500 | 40,443,335 | 41,875,796 | 183,758,029 | 187,098,296 |
| Other liabilities | 13,042,397 | 13,145,663 | 6,037,771 | 6,185,437 | 19,080,168 | 19,331,100 |
| Total liabilities | 156,357,091 | 158,368,163 | 46,481,106 | 48,061,233 | 202,838,197 | 206,429,396 |
| Deferred Inflows | 6,866,146 | 6,577,579 | 81,037 | 154,553 | 6,947,183 | 6,732,132 |
| Total Deferred Inflows of Resources | 6,866,146 | 6,577,579 | 81,037 | 154,553 | 6,947,183 | 6,732,132 |
| Net position: | | | | | | |
| Invested in net capital assets | 237,923,691 | 233,266,944 | 19,378,936 | 18,755,164 | 257,302,627 | 252,022,108 |
| Restricted | 36,758,966 | 34,187,022 | 1,973,734 | 1,888,102 | 38,732,700 | 36,075,124 |
| Unrestricted (deficit) | (58,371,739) | (58,331,690) | 6,894,245 | 2,421,246 | (51,477,494) | (55,910,444) |
| Total net position | \$ 216,310,918 | \$ 209,122,276 | \$ 28,246,915 | \$ 23,064,512 | \$ 244,557,833 | \$ 232,186,788 |

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 \$257.3M, 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, \$38.7M, represents resources that are subject to external restrictions in how they may be used. The remaining deficit balance of \$51.5M is 4.47M less than it was in FY 2017/18 which is another indication that things are trending in the right direction.

City of South Gate
Management's Discussion and Analysis (Unaudited) (Continued)
Year Ended June 30, 2019

In FY 2018/19, it was discovered that the \$21,985,000 which the City advanced from the General Fund to the Sewer Fund for a major sewer re-lining project was erroneously recorded as an advance to the Water Fund. Therefore, at June 30, 2019, a correction was made to record the \$21,985,000 advance to the City's Sewer Fund and to eliminate the remaining advance to the Water Fund of \$7.9M. The correction resulted in a \$14.1M increase to the net position of governmental activities and a \$14.1M decrease to business-type activities. Additional information can be found in Notes 6 and 16 of the Notes to the Basic Financial Statements of this report.

Table 2

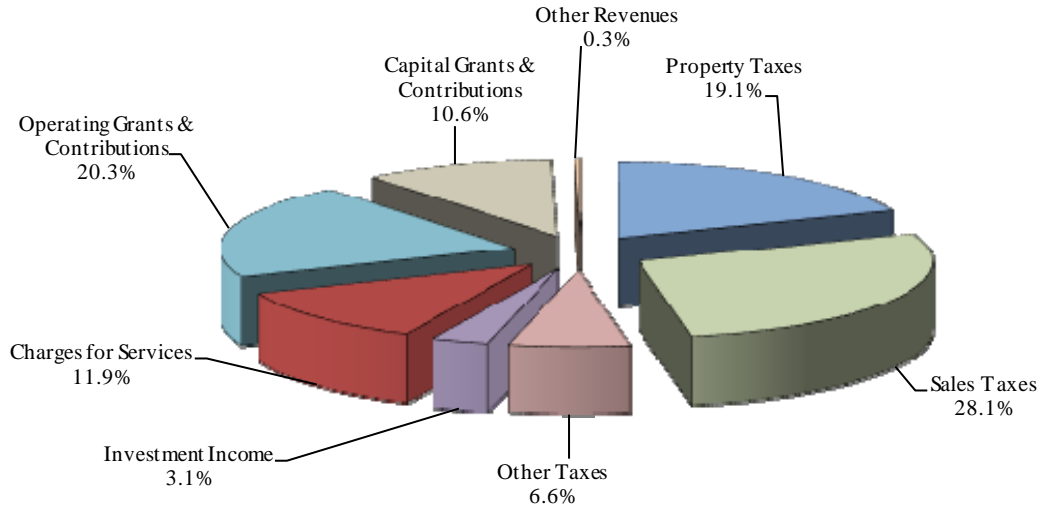
| | Governmental Activities | | Business-type Activities | | Total | |
|--------------------------------------|----------------------------|-----------------------|-----------------------------|----------------------|-----------------------|-----------------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Revenues | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 9,598,058 | \$ 8,913,042 | \$ 25,151,793 | \$ 25,978,228 | \$ 34,749,851 | \$ 34,891,270 |
| Operating grants & contribution | 16,278,389 | 11,846,539 | 68,850 | 36,752 | 16,347,239 | 11,883,291 |
| Capital grants & contributions | 8,496,079 | 8,747,741 | - | - | 8,496,079 | 8,747,741 |
| General revenues: | | | | | | |
| Property taxes | 15,357,852 | 14,907,434 | - | - | 15,357,852 | 14,907,434 |
| Sales taxes | 22,560,623 | 21,121,209 | - | - | 22,560,623 | 21,121,209 |
| Other taxes | 5,303,304 | 5,230,571 | - | - | 5,303,304 | 5,230,571 |
| Investment income | 2,531,566 | 1,355,872 | - | - | 2,531,566 | 1,355,872 |
| Azalea participation payment | - | 5,135,307 | - | - | - | 5,135,307 |
| Other revenues | 240,031 | 664,817 | - | - | 240,031 | 664,817 |
| Total revenues | 80,365,902 | 77,922,532 | 25,220,643 | 26,014,980 | 105,586,545 | 103,937,512 |
| Program expenses | | | | | | |
| General government | 7,567,891 | 8,663,086 | - | - | 7,567,891 | 8,663,086 |
| Public works | 18,862,259 | 21,474,737 | - | - | 18,862,259 | 21,474,737 |
| Parks & recreation | 8,494,815 | 10,115,376 | - | - | 8,494,815 | 10,115,376 |
| Police | 27,470,764 | 31,153,749 | - | - | 27,470,764 | 31,153,749 |
| Community development | 11,033,297 | 12,533,023 | - | - | 11,033,297 | 12,533,023 |
| Interest expense | 796,726 | 910,811 | - | - | 796,726 | 910,811 |
| Sewer | - | - | 1,481,038 | 1,739,746 | 1,481,038 | 1,739,746 |
| Water | - | - | 13,567,229 | 14,033,674 | 13,567,229 | 14,033,674 |
| Refuse | - | - | 3,941,481 | 3,809,917 | 3,941,481 | 3,809,917 |
| Total expenses | 74,225,752 | 84,850,782 | 18,989,748 | 19,583,337 | 93,215,500 | 104,434,119 |
| Transfers | 1,048,492 | 6,400 | (1,048,492) | (6,400) | - | - |
| Changes in Net Position | 7,188,642 | (6,921,850) | 5,182,403 | 6,425,243 | 12,371,045 | (496,607) |
| Beginning net position, restated | 209,122,276 | 216,044,126 | 23,064,512 | 16,639,269 | 232,186,788 | 232,683,395 |
| Ending net position, restated | \$ 216,310,918 | \$ 209,122,276 | \$ 28,246,915 | \$ 23,064,512 | \$ 244,557,833 | \$ 232,186,788 |

Governmental Activities. The net position of governmental activities increased by \$7.2M at June 30, 2019. Program revenues had a positive change of \$4.9M (16.5%), with a \$4.2M (20.3%) increase in grants & contributions and a \$685K (7.7%) increase in charges for services. Excluding the one-time azalea receipt of \$5.1M in FY 2017/18, the FY2018/19 general revenues increased by \$2.7M (6.3%) over the prior year. The specific revenues with the largest increases that were part of the overall \$2.7M increase were investment income up by \$1.2M (86.7%), sales taxes up by \$1.4M (6.8%) and property taxes up by \$450K (3.0%). Overall, total revenues in Governmental Activities improved by 3.1%, from \$78.0M in FY 2017/18 to \$80.4M in FY 2018/19. Total program expenses decreased by \$10.7M (12.5%), from \$84.9M in FY 2017/18 to \$74.2M in FY 2018/19 as a result of decreases in all program areas.

The City of South Gate relies heavily on federal, state and local grant funds (30.8%) as a major funding source for capital projects and eligible operating costs. After grants, sales tax (28.1%), property taxes (19.1%) and charges for services (11.9%) remain the most significant sources of the Governmental Activities revenue stream.

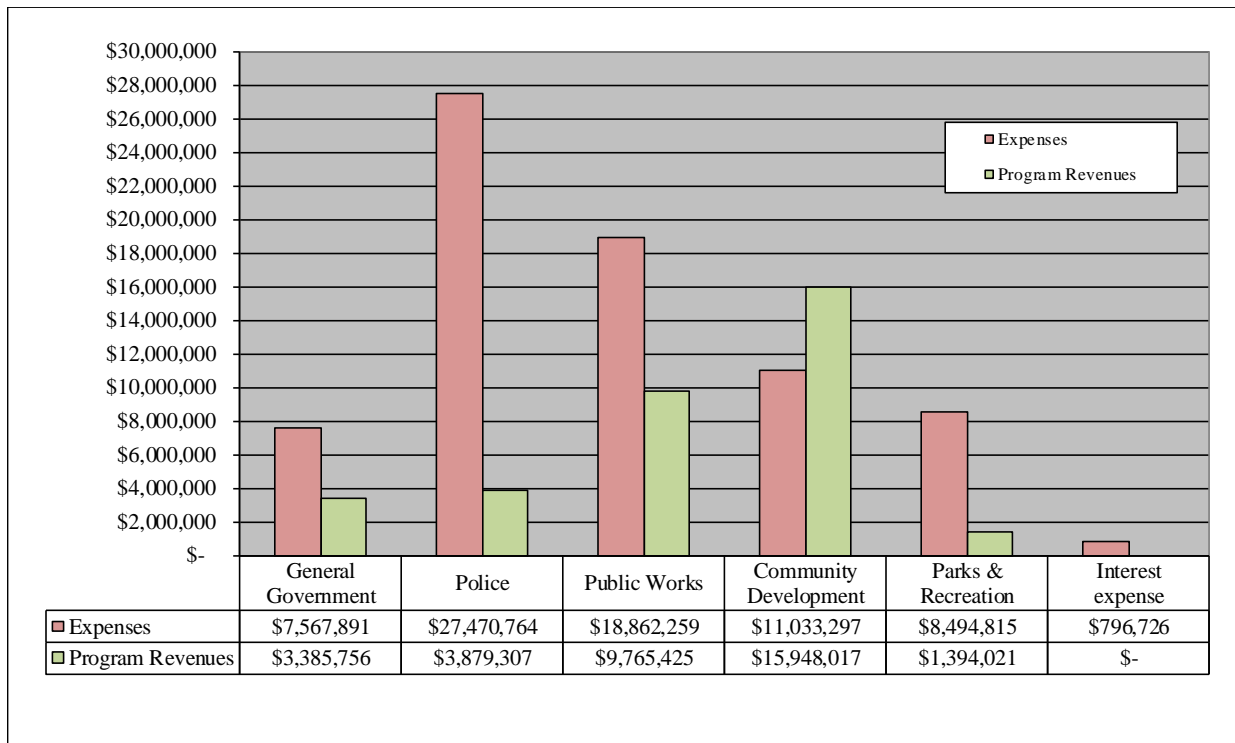
City of South Gate
Management's Discussion and Analysis (Unaudited) (Continued)
Year Ended June 30, 2019

Revenues by Source – Governmental Activities



The cost of all governmental activities this year was \$74.2M compared to \$84.9M in the prior year. Governmental activities generated sufficient revenues to pay these costs with \$9.6M paid for by those who directly benefited from programs provided, \$24.8 being subsidized by grants received from other governmental organizations for both capital and operating activities, and \$46M coming from general taxes and other revenues.

Expenses and Program Revenues – Governmental Activities



City of South Gate
Management's Discussion and Analysis (Unaudited) (Continued)
Year Ended June 30, 2019

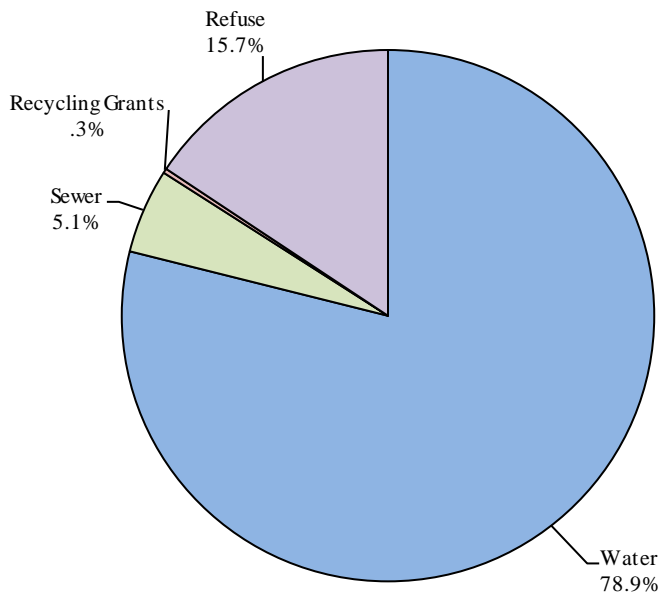
The City's largest expense is the Police Department, whose operations totaled \$27.5M in 2019. Public Works followed with \$18.9M of expenses, which included expenses related to several large capital improvement projects. Community Development was the third largest in expenses, at \$11.0M, which included Federal Housing and Urban Development (HUD) funds.

Business-Type Activities. At June 30, 2019, the financial condition of the City's business-type activities was a positive net position of \$28.2M, a \$5.2M increase from \$32.3M restated beginning net position. The restatement of beginning net position at July 1, 2018 was in the total amount of \$14.4M, and was related to the reclassification and correction of prior advances from the general fund and prior year capital asset depreciation expenses.

These business-type activities consisted of the water, sewer and refuse utilities. The cost of providing all business-type activities this year was \$19M. The revenue paid by users of these utilities was \$25.2M of which 78.9% comes from water fees, 15.7% from refuse fees and 5.1% from sewer fees. There was also \$69K (.3%) in recycling grant funds received for used oil and beverage container recycling programs. When capital improvements are made, the assets are capitalized and no expenses are incurred even though current assets have been converted to long-term capital assets.

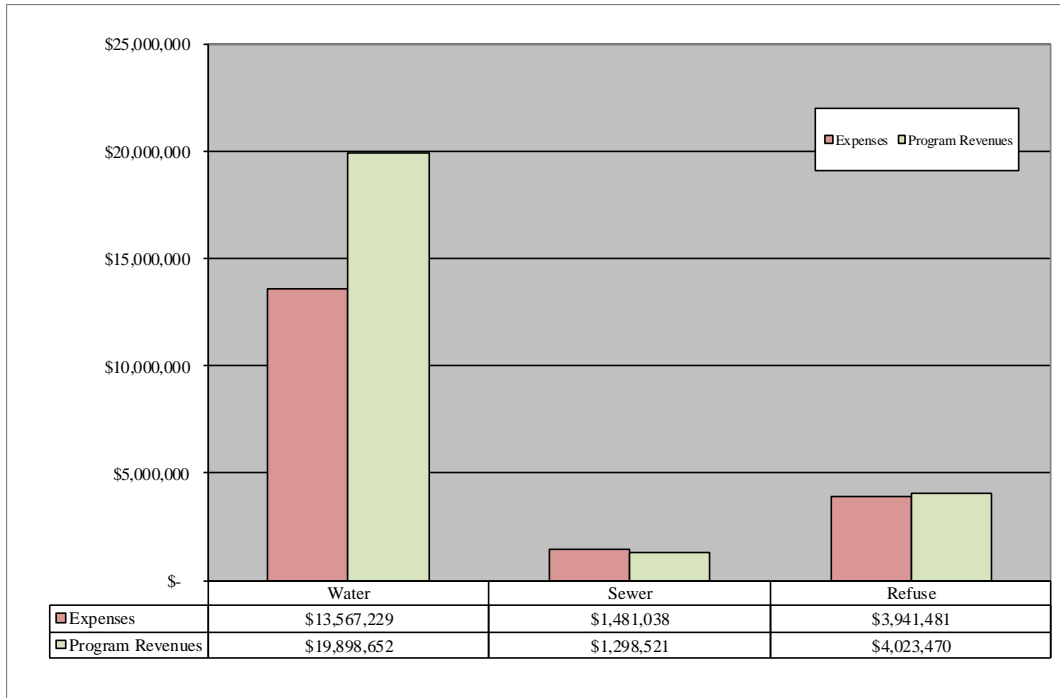
The water utility generates an excess of revenues over expenses in an effort to maintain a reasonable reserve for capital improvements and debt service requirements.

Revenues by Source – Business-Type Activities



City of South Gate
Management’s Discussion and Analysis (Unaudited) (Continued)
Year Ended June 30, 2019

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, 2019, the City’s governmental funds reported combined ending fund balances of \$95.2M, an increase of \$3.3M from the restated beginning fund balance. Of that amount, \$22.2M constitutes *nonspendable* fund balance. Of the remaining \$73M *spendable* fund balance, \$34.7M is *restricted* because it is subject to external enforceable legal obligations, \$23.9M, is *committed* for such things as an emergency reserve, the employment resource center, a budget stabilization fund, an OPEB Section 115 trust, a revolving loan program, and capital projects, \$3.5M has been *assigned* by management for specific purposes, and \$10.9M 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 \$60.3M, an increase of \$3M over the restated beginning fund balance. The unassigned fund balance totaled \$14.5M. As noted earlier, a restatement was made which increased the general fund beginning fund balance at July 1, 2018 by \$14.1M due to a reclassification and correction of advances to the Water Fund and Sewer Fund.

General fund revenues increased by \$2.8M (5.9%) over the prior year, after excluding the one-time \$5.1M azalea payment received in FY 2017/18. For FY 2018/19, revenues exceeded operating expenditures by \$2.7M; although general fund expenditures did increase approximately \$2.3M (5.0%) over the prior year due to increases in salaries, health benefits and pension costs.

City of South Gate
Management's Discussion and Analysis (Unaudited) (Continued)
Year Ended June 30, 2019

The Capital Improvement 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 as these funds are received from the various funding sources, primarily grants. The total fund balance of \$4.1M at June 30, 2019, is designated mainly for the Courthouse rehabilitation project, which envisions the reuse of this building for an employment resource center.

The other non-major governmental funds include several special revenue funds used exclusively to account for intergovernmental and assessment proceeds which are restricted by law as to their use. This group of funds includes the Community Development Block Grant, HOME Program, Housing Successor, Gas Tax, Asset Forfeiture, Prop A and C Local Returns, Measure R, Measure M, Street Lighting & 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 insurance activities, information systems, fleet management, capital asset & equipment replacement, and building & infrastructure maintenance.

For FY 2018/19, the City restated the July 1, 2018 beginning fund balance of the Water and Sewer Funds. The restatement decreased the prior year's original reported fund balance from \$37.5M to \$23.1M resulting from a correction to record a liability in the Sewer Fund of \$21,985,000 for an advance from the General Fund and the elimination of a liability in the Water Fund of \$7.8M for advances from the General Fund. Additional information can be found in Notes 6 and 16 of the Notes to the Basic Financial Statements of this report.

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 \$28.2M, an increase of \$5.2M (22.5%) from the restated beginning fund balance 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. The net position increased by \$2.8M from \$750K in prior year to \$3.6M at June 30, 2019, as a result of a significant adjustment to the reserve for liability claims.

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 Great Recession of 2008/09 and the slow recovery from it, 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, the economy has since improved. Major shopping centers, such as the azalea, opened and have contributed to bringing the City's General Fund back to a fiscally sound position beginning in FY 2014/15. For FY 2018/19, the final adopted general fund revenue budget was \$48.5M. The actual revenues came in \$3.1M (6.5%) higher than projected at \$51.6M due to positive variances in many revenue sources, but primarily property taxes, sales taxes, and the use of money and property. Total actual expenditures came in at \$49.0M, which is \$2.6M (5.1%) lower than the final projected expenditure budget of \$51.6M due to staff vacancies and strong fiscal management.

City of South Gate
Management's Discussion and Analysis (Unaudited) (Continued)
Year Ended June 30, 2019

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, 2019, the City's net investment in capital assets for governmental activities totaled \$239.2M and net investment in capital assets for business-type activities totaled \$51.9M. Governmental capital assets increased by \$4.7M mainly due to the addition of \$13.1M in new construction in progress and \$.8M of new equipment, less depreciation of \$9.2M. Business-type capital assets decreased by \$.9M, after the \$331K reduction in accumulated depreciation that resulted from a prior period adjustment, and additions to construction in progress and equipment of \$1.1M that was reduced by accumulated depreciation of \$2M.

City of South Gate Capital Assets
(Net of depreciation)

| | Governmental Activities | | Business-Type Activities | | Total | |
|-----------------------------|----------------------------|----------------------|-----------------------------|---------------------|----------------------|----------------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Structures and improvements | 12,148,632 | 12,948,589 | 2,793,434 | 2,890,942 | 14,942,066 | 15,839,531 |
| Machinery and equipment | 2,382,917 | 2,405,779 | 1,994,835 | 2,242,624 | 4,377,752 | 4,648,403 |
| Infrastructure | 183,983,068 | 191,577,693 | - | - | 183,983,068 | 191,577,693 |
| Utility distribution system | - | - | 29,858,310 | 30,721,781 | 29,858,310 | 30,721,781 |
| Land | 3,738,993 | 3,738,993 | 1,290,602 | 1,290,602 | 5,029,595 | 5,029,595 |
| Construction in progress | 36,967,174 | 23,836,797 | 14,067,213 | 13,752,339 | 51,034,387 | 37,589,136 |
| Water rights | - | - | 1,933,144 | 1,933,144 | 1,933,144 | 1,933,144 |
| Total | \$239,220,784 | \$234,507,851 | \$51,937,538 | \$52,831,432 | \$291,158,322 | \$287,339,283 |

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 \$188.7M. This amount represents a decrease over the prior year of \$3.3M due to the reduction of revenue and pension obligation bonds of \$2.7M, notes payable of \$290K, and claims and judgements of \$3.3M. While certain debts were reduced through payments, there were increases in compensated absences of \$633K, OPEB of \$807K, net pension liability of \$1.3M, and the addition of a new purchasing lease for Motorola radios of \$441K.

City of South Gate Outstanding Debt

| | Governmental Activities | | Business-Type Activities | | Total | |
|--------------------------------|----------------------------|----------------------|-----------------------------|---------------------|----------------------|----------------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Revenue bonds | \$ - | \$ - | \$36,749,919 | \$38,298,991 | \$36,749,919 | \$38,298,991 |
| Pension obligation bonds | 14,055,000 | 15,245,000 | - | - | 14,055,000 | 15,245,000 |
| Financing agreements | 987,093 | 640,907 | - | - | 987,093 | 640,907 |
| Notes/loans payable | 310,000 | 600,000 | - | - | 310,000 | 600,000 |
| Claims and judgments | 11,285,126 | 14,630,525 | - | - | 11,285,126 | 14,630,525 |
| Compensated Absences | 5,788,467 | 5,192,065 | 393,986 | 357,706 | 6,182,453 | 5,549,771 |
| Other post-employment benefits | 31,063,109 | 30,256,302 | - | - | 31,063,109 | 30,256,302 |
| Net pension liability | 83,023,528 | 81,825,233 | 5,024,851 | 4,931,001 | 88,048,379 | 86,756,234 |
| Total | \$146,512,323 | \$148,390,032 | \$42,168,756 | \$43,587,698 | \$188,681,079 | \$191,977,730 |

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, 2019

Economic Factors and Next Year's Budget

The FY 2018/19 budget was balanced by using \$1,604,896 from the budget stabilization fund to fill in the shortfall while also maintaining the same service level of the prior year and continuing to fill only essential positions and controlling maintenance and operations costs. At the end of the fiscal year, the actual revenues and expenditures came out better than projected and the City did not have use its budget stabilization fund after all.

When preparing the City's budget for fiscal year 2019/20, the following revenue and expenditure increases were made:

- General Fund revenues, in total, were projected to increase over FY 2018/19 adopted revenues by \$3.1M, or 6.5%.
- Previously-negotiated employee salary increases and increased CalPERS costs were included in the General Fund budget, and along with slight increases in other budgeted expenditures, totaled an overall increase of \$3.9M, or 7.8%, over the FY 2018/19 adopted budget.
- As a result, General Fund operating revenues were estimated at \$51,157,664, while operating expenditures were budgeted at \$53,860,337, creating an operating shortfall of \$2,702,673. The operating shortfall was to be covered with one-time funds, as well as with funds from the budget stabilization fund, which had 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, 2019

| | Primary Government | | Total |
|--|----------------------------|-----------------------------|--------------------|
| | Governmental Activities | Business-Type Activities | |
| ASSETS | | | |
| Current assets: | | | |
| Cash and investments | \$ 73,634,926 | \$ 33,149,605 | \$ 106,784,531 |
| Receivables: | | | |
| Accounts | 1,729,045 | 4,150,432 | 5,879,477 |
| Accrued interest | 391,980 | 178,479 | 570,459 |
| Settlements | 76,712 | - | 76,712 |
| Internal balances | 21,984,573 | (21,984,573) | - |
| Advance to Successor Agency | 310,000 | - | 310,000 |
| Prepaid items | 65,000 | - | 65,000 |
| Prepaid bond insurance | - | 260,178 | 260,178 |
| Due from other governments | 11,466,917 | - | 11,466,917 |
| Inventories | 163,709 | - | 163,709 |
| Property held for resale | 2,190,000 | - | 2,190,000 |
| Total current assets | 112,012,862 | 15,754,121 | 127,766,983 |
| Noncurrent assets: | | | |
| Restricted cash and investments: | | | |
| Cash and investments with fiscal agent | 283,154 | 6,070,827 | 6,353,981 |
| Receivables: | | | |
| Notes and loans | 9,750,333 | - | 9,750,333 |
| Non-depreciable capital assets | 40,706,167 | 17,290,959 | 57,997,126 |
| Depreciable capital assets, net | 198,514,617 | 34,646,579 | 233,161,196 |
| Total noncurrent assets | 249,254,271 | 58,008,365 | 307,262,636 |
| Total assets | 361,267,133 | 73,762,486 | 435,029,619 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred loss on refunding of debt | - | 94,224 | 94,224 |
| Deferred outflows of resources related to pensions | 16,897,244 | 952,348 | 17,849,592 |
| Deferred outflows of resources related to OPEB | 1,369,778 | - | 1,369,778 |
| Total deferred outflows of resources | 18,267,022 | 1,046,572 | 19,313,594 |

City of South Gate
Statement of Net Position (Continued)
June 30, 2019

| | Primary Government | | Total |
|---|----------------------------|-----------------------------|-----------------------|
| | Governmental Activities | Business-Type Activities | |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable | \$ 6,120,222 | \$ 1,450,351 | \$ 7,570,573 |
| Accrued liabilities | 618,253 | 54,880 | 673,133 |
| Retention payable | 681,151 | 15,125 | 696,276 |
| Accrued interest | 297,746 | 375,613 | 673,359 |
| Unearned revenue | 476,682 | 98,362 | 575,044 |
| Deposits payable | 1,645,094 | 2,318,019 | 3,963,113 |
| Due to other governments | 5,620 | - | 5,620 |
| Compensated absences - due within one year | 467,983 | 31,852 | 499,835 |
| Claims payable - due within one year | 916,506 | - | 916,506 |
| Long-term debt - due within one year | 1,813,140 | 1,693,569 | 3,506,709 |
| Total current liabilities | <u>13,042,397</u> | <u>6,037,771</u> | <u>19,080,168</u> |
| Noncurrent liabilities: | | | |
| Compensated absences - due in more than one year | 5,320,484 | 362,134 | 5,682,618 |
| Claims payable - due in more than one year | 10,368,620 | - | 10,368,620 |
| Long-term debt - due in more than one year | 13,538,953 | 35,056,350 | 48,595,303 |
| Aggregate net pension liability | 83,023,528 | 5,024,851 | 88,048,379 |
| Total OPEB liability | <u>31,063,109</u> | <u>-</u> | <u>31,063,109</u> |
| Total noncurrent liabilities | <u>143,314,694</u> | <u>40,443,335</u> | <u>183,758,029</u> |
| Total liabilities | <u>156,357,091</u> | <u>46,481,106</u> | <u>202,838,197</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred inflows of resources related to pensions | 5,335,263 | 81,037 | 5,416,300 |
| Deferred inflows of resources related to OPEB | 1,530,883 | - | 1,530,883 |
| Total deferred inflows of resources | <u>6,866,146</u> | <u>81,037</u> | <u>6,947,183</u> |
| NET POSITION | | | |
| Net investment in capital assets | <u>237,923,691</u> | <u>19,378,936</u> | <u>257,302,627</u> |
| Restricted: | | | |
| Community development projects | 5,533,381 | - | 5,533,381 |
| Asset forfeiture program | 4,442,680 | - | 4,442,680 |
| Law enforcement | 620,569 | - | 620,569 |
| Public works | 12,771,021 | - | 12,771,021 |
| Capital projects | 2,000 | - | 2,000 |
| Debt service | 281,154 | 1,973,734 | 2,254,888 |
| Low/mod income housing activities | 13,108,161 | - | 13,108,161 |
| Total restricted | <u>36,758,966</u> | <u>1,973,734</u> | <u>38,732,700</u> |
| Unrestricted (deficit) | <u>(58,371,739)</u> | <u>6,894,245</u> | <u>(51,477,494)</u> |
| Total net position | <u>\$ 216,310,918</u> | <u>\$ 28,246,915</u> | <u>\$ 244,557,833</u> |

City of South Gate
Statement of Activities
For the Year Ended June 30, 2019

| Functions/Programs | Expenses | Program Revenues | | | Total Program Revenues |
|----------------------------------|----------------------|-------------------------|--|--|------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| Primary government: | | | | | |
| Governmental activities: | | | | | |
| General government | \$ 7,567,891 | \$ 3,103,964 | \$ 281,792 | \$ - | \$ 3,385,756 |
| Police | 27,470,764 | 2,160,079 | 1,719,228 | - | 3,879,307 |
| Community development | 11,033,297 | 1,670,648 | 14,277,369 | - | 15,948,017 |
| Parks & recreation | 8,494,815 | 1,394,021 | - | - | 1,394,021 |
| Public works | 18,862,259 | 1,269,346 | - | 8,496,079 | 9,765,425 |
| Interest on long-term debt | 796,726 | - | - | - | - |
| Total governmental activities | <u>74,225,752</u> | <u>9,598,058</u> | <u>16,278,389</u> | <u>8,496,079</u> | <u>34,372,526</u> |
| Business-type activities: | | | | | |
| Water | 13,567,229 | 19,898,652 | - | - | 19,898,652 |
| Sewer | 1,481,038 | 1,298,521 | - | - | 1,298,521 |
| Refuse | 3,941,481 | 3,954,620 | 68,850 | - | 4,023,470 |
| Total business-type activities | <u>18,989,748</u> | <u>25,151,793</u> | <u>68,850</u> | <u>-</u> | <u>25,220,643</u> |
| Total primary government | <u>\$ 93,215,500</u> | <u>\$ 34,749,851</u> | <u>\$ 16,347,239</u> | <u>\$ 8,496,079</u> | <u>\$ 59,593,169</u> |

City of South Gate
Statement of Activities (Continued)
For the Year Ended June 30, 2019

| Functions/Programs | Net (Expense) Revenue and Changes in Net Position | | |
|---|--|-----------------------------|----------------|
| | Primary Government | | |
| | Governmental Activities | Business-Type Activities | Total |
| Primary government: | | | |
| Governmental activities: | | | |
| General government | \$ (4,182,135) | \$ - | \$ (4,182,135) |
| Police | (23,591,457) | - | (23,591,457) |
| Community development | 4,914,720 | - | 4,914,720 |
| Parks & recreation | (7,100,794) | - | (7,100,794) |
| Public works | (9,096,834) | - | (9,096,834) |
| Interest on long-term debt | (796,726) | - | (796,726) |
| Total governmental activities | (39,853,226) | - | (39,853,226) |
| Business-type activities: | | | |
| Water | - | 6,331,423 | 6,331,423 |
| Sewer | - | (182,517) | (182,517) |
| Refuse | - | 81,989 | 81,989 |
| Total business-type activities | - | 6,230,895 | 6,230,895 |
| Total primary government | (39,853,226) | 6,230,895 | (33,622,331) |
| General revenues and transfers: | | | |
| Taxes: | | | |
| Property taxes, levied for general purpose | 15,357,852 | - | 15,357,852 |
| Transient occupancy taxes | 449,908 | - | 449,908 |
| Sales taxes | 22,560,623 | - | 22,560,623 |
| Franchise taxes | 2,687,645 | - | 2,687,645 |
| Business licenses taxes | 1,560,035 | - | 1,560,035 |
| Excess motor vehicle license fees | 47,105 | - | 47,105 |
| Other taxes | 558,611 | - | 558,611 |
| Total taxes | 43,221,779 | - | 43,221,779 |
| Use of money and property | 2,531,566 | - | 2,531,566 |
| Other | 240,031 | - | 240,031 |
| Transfers | 1,048,492 | (1,048,492) | - |
| Total general revenues and transfers | 47,041,868 | (1,048,492) | 45,993,376 |
| Changes in net position | 7,188,642 | 5,182,403 | 12,371,045 |
| Net Position: | | | |
| Beginning of year, as restated (Note 16) | 209,122,276 | 23,064,512 | 232,186,788 |
| End of year | \$ 216,310,918 | \$ 28,246,915 | \$ 244,557,833 |

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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 determined 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 Improvement Projects Fund - This fund accounts for various capital projects funded by grants, other governmental entities or designated by the City Council.

**City of South Gate
Balance Sheet
Governmental Funds
June 30, 2019**

| | Major Funds | | | | |
|---|----------------------|--------------------------------|---|--------------------------------|--------------------------------|
| | General Fund | Grants Special Revenue Fund | Capital Improvement Projects Fund | Other Governmental Funds | Total Governmental Funds |
| ASSETS | | | | | |
| Cash and investments | \$ 27,090,684 | \$ - | \$ 8,342,082 | \$ 22,950,806 | \$ 58,383,572 |
| Receivables: | | | | | |
| Accounts | 1,250,524 | - | 15,000 | 463,521 | 1,729,045 |
| Notes and loans | 17,433 | 392,680 | - | 9,340,220 | 9,750,333 |
| Accrued interest | 187,146 | - | - | 129,759 | 316,905 |
| Settlements | 76,712 | - | - | - | 76,712 |
| Prepaid items | 25,275 | - | - | 32,716 | 57,991 |
| Due from other governments | 4,330,879 | 6,336,751 | - | 799,287 | 11,466,917 |
| Due from other funds | 8,732,608 | - | - | - | 8,732,608 |
| Inventories | 163,709 | - | - | - | 163,709 |
| Land held for resale | - | - | - | 2,190,000 | 2,190,000 |
| Advances to other funds | 21,985,000 | - | - | - | 21,985,000 |
| Advances to Successor Agency | - | - | - | 310,000 | 310,000 |
| Restricted cash and investments held by fiscal agent | 281,154 | - | 2,000 | - | 283,154 |
| Total assets | \$ 64,141,124 | \$ 6,729,431 | \$ 8,359,082 | \$ 36,216,309 | \$ 115,445,946 |

**City of South Gate
Balance Sheet (Continued)
Governmental Funds
June 30, 2019**

| | Major Funds | | | | Total Governmental Funds |
|---|----------------------|--------------------------------|---|--------------------------------|--------------------------------|
| | General Fund | Grants Special Revenue Fund | Capital Improvement Projects Fund | Other Governmental Funds | |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 1,370,748 | \$ - | \$ 3,267,390 | \$ 1,064,062 | \$ 5,702,200 |
| Accrued liabilities | 532,377 | - | - | 67,850 | 600,227 |
| Unearned revenue | - | 49,959 | 220,000 | 206,723 | 476,682 |
| Deposits | 1,545,783 | - | 96,257 | 3,054 | 1,645,094 |
| Retentions payable | 1,974 | - | 679,177 | - | 681,151 |
| Due to other governments | 5,620 | - | - | - | 5,620 |
| Due to other funds | - | 6,297,530 | - | 2,459,426 | 8,756,956 |
| Total liabilities | 3,456,502 | 6,347,489 | 4,262,824 | 3,801,115 | 17,867,930 |
| Deferred inflows of resources: | | | | | |
| Unavailable revenues | 314,841 | 2,088,871 | - | - | 2,403,712 |
| Total deferred inflows of resources | 314,841 | 2,088,871 | - | - | 2,403,712 |
| Fund Balances: | | | | | |
| Nonspendable | | | | | |
| Inventories | 163,709 | - | - | - | 163,709 |
| Prepaid items | 25,275 | - | - | - | 25,275 |
| Notes and loans | 17,433 | - | - | - | 17,433 |
| Advances to other funds | 21,985,000 | - | - | - | 21,985,000 |
| Restricted | | | | | |
| Community development projects | - | - | - | 5,533,381 | 5,533,381 |
| Asset forfeiture program | - | - | - | 4,442,680 | 4,442,680 |
| Law enforcement | - | - | - | 620,569 | 620,569 |
| Public works | - | - | - | 12,771,021 | 12,771,021 |
| Capital projects | - | - | 2,000 | - | 2,000 |
| Debt service | 281,154 | - | - | - | 281,154 |
| Low/mod income housing activities | - | - | - | 11,019,291 | 11,019,291 |
| 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 | 3,367,023 | - | - | - | 3,367,023 |
| Unassigned (deficit) | 14,545,187 | (1,706,929) | 38,938 | (1,971,748) | 10,905,448 |
| Total fund balances | 60,369,781 | (1,706,929) | 4,096,258 | 32,415,194 | 95,174,304 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 64,141,124 | \$ 6,729,431 | \$ 8,359,082 | \$ 36,216,309 | \$ 115,445,946 |

City of South Gate
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2019

Total Fund Balances - Total Governmental Funds \$ 95,174,304

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 | 239,220,784 |
| Less: Internal Service Funds' capital assets | <u>(1,464,034)</u> |
| Total capital assets adjustment | 237,756,750 |
| 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 | (14,055,000) |
| Notes and loans payable | (310,000) |
| Financing agreements | (987,093) |
| Compensated absences | <u>(5,788,467)</u> |
| Total long-term debt adjustment | (21,140,560) |
| 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 \$1,811,427 reported in Internal Service Funds. | (81,212,101) |
| Deferred outflows of resources related to pensions, net of \$294,609 reported in Internal Service Funds. | 16,602,635 |
| Deferred inflows of resources related to pensions, net of \$27,365 reported in Internal Service Funds. | (5,307,898) |
| 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. | (31,063,109) |
| Deferred outflows of resources related to OPEB. | 1,369,778 |
| Deferred inflows of resources related to OPEB. | (1,530,883) |
| Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds. | (297,746) |
| 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. | 2,403,712 |
| 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>3,556,036</u> |
| Net Position of Governmental Activities | <u><u>\$ 216,310,918</u></u> |

City of South Gate
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019

| | Major Funds | | | | |
|---|----------------------|--------------------------------|---|--------------------------------|--------------------------------|
| | General Fund | Grants Special Revenue Fund | Capital Improvement Projects Fund | Other Governmental Funds | Total Governmental Funds |
| REVENUES: | | | | | |
| Taxes | \$ 41,152,647 | \$ - | \$ - | \$ 2,022,027 | \$ 43,174,674 |
| Licenses and permits | 1,355,596 | - | - | 14,984 | 1,370,580 |
| Intergovernmental | 328,897 | 6,788,012 | 15,000 | 18,141,728 | 25,273,637 |
| Charges for services | 2,538,835 | - | - | 1,160,696 | 3,699,531 |
| Use of money and property | 1,672,318 | - | - | 859,224 | 2,531,542 |
| Fines and forfeitures | 1,296,564 | - | - | 146,708 | 1,443,272 |
| Miscellaneous | 3,304,023 | - | - | 20,707 | 3,324,730 |
| Total revenues | 51,648,880 | 6,788,012 | 15,000 | 22,366,074 | 80,817,966 |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| General government | 6,828,802 | - | - | 53,374 | 6,882,176 |
| Police | 25,240,214 | - | - | 1,318,157 | 26,558,371 |
| Community development | 2,975,469 | - | - | 8,167,224 | 11,142,693 |
| Parks & recreation | 7,434,938 | - | - | 76,583 | 7,511,521 |
| Public works | 4,074,621 | - | - | 6,009,462 | 10,084,083 |
| Capital outlay | 402,006 | - | 13,115,600 | 1,178,003 | 14,695,609 |
| Debt service: | | | | | |
| Principal | 1,190,000 | - | - | 384,786 | 1,574,786 |
| Interest and fiscal charges | 825,706 | - | - | 36,165 | 861,871 |
| Total expenditures | 48,971,756 | - | 13,115,600 | 17,223,754 | 79,311,110 |
| REVENUES OVER (UNDER) EXPENDITURES | 2,677,124 | 6,788,012 | (13,100,600) | 5,142,320 | 1,506,856 |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Issuance of financing agreements | - | - | - | 440,972 | 440,972 |
| Transfers in | 1,333,140 | - | 13,139,538 | 96,641 | 14,569,319 |
| Transfers out | (976,155) | (6,335,673) | - | (5,942,324) | (13,254,152) |
| Total other financing sources (uses) | 356,985 | (6,335,673) | 13,139,538 | (5,404,711) | 1,756,139 |
| CHANGES IN FUND BALANCES | 3,034,109 | 452,339 | 38,938 | (262,391) | 3,262,995 |
| FUND BALANCES: | | | | | |
| Beginning of year, as restated (Note 16) | 57,335,672 | (2,159,268) | 4,057,320 | 32,677,585 | 91,911,309 |
| End of year | <u>\$ 60,369,781</u> | <u>\$ (1,706,929)</u> | <u>\$ 4,096,258</u> | <u>\$ 32,415,194</u> | <u>\$ 95,174,304</u> |

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, 2019

Net Change in Fund Balances - Total Governmental Funds \$ 3,262,995

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 \$365,397 reported in Internal Service Fund | 13,548,145 |
| Depreciation, net of \$312,893 reported in Internal Service Fund | (8,887,717) |
| | 4,660,428 |

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 | 1,574,786 |
|-------------------------------------|-----------|

Issuance of long-term liabilities was a revenue in governmental funds, but the issuance increased long-term liabilities in the Government-Wide Statement of Net Position.

| | |
|---|-----------|
| Financing agreement with Southern California Edison | (440,972) |
|---|-----------|

| | |
|--|--------|
| Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period. | 65,145 |
|--|--------|

| | |
|---|-----------|
| 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. | (596,402) |
|---|-----------|

| | |
|--|-----------|
| 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. | (873,985) |
|--|-----------|

| | |
|--|-------------|
| 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. | (2,817,547) |
|--|-------------|

| | |
|---|-----------|
| 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. | (452,064) |
|---|-----------|

| | |
|--|-----------|
| Internal service funds are used by management to charge the costs of certain activities, such as fleet management and self-insurance, to individual funds. The net revenues (expenses) of the internal service funds is reported with governmental activities. | 2,806,258 |
|--|-----------|

| | |
|--|---------------------|
| Change in Net Position of Governmental Activities | \$ 7,188,642 |
|--|---------------------|

PROPRIETARY FUND FINANCIAL STATEMENTS

ENTERPRISE FUNDS:

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, collections 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, administration, operations, maintenance, capital improvements, billing, collections and depreciation.

Refuse Fund (Non-Major) – 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, administration, operations, maintenance, capital improvements, billing, collections and depreciation.

INTERNAL SERVICE FUNDS: (Refer to page 149 for more details)

City of South Gate
Statement of Net Position
Proprietary Funds
June 30, 2019

| | Enterprise Funds | | | Total | Governmental |
|---|-------------------|-------------------|------------------|-------------------|-------------------|
| | Major | | Non-Major | | Activities |
| | Water | Sewer | Refuse | | Internal |
| | | | | Service Funds | |
| ASSETS | | | | | |
| Current assets: | | | | | |
| Cash and investments | \$ 30,609,294 | \$ 1,537,590 | \$ 1,002,721 | \$ 33,149,605 | \$ 15,251,354 |
| Receivables: | | | | | |
| Accounts | 3,138,786 | 359,223 | 652,423 | 4,150,432 | - |
| Accrued interest | 164,057 | 9,050 | 5,372 | 178,479 | 75,075 |
| Prepaid items | - | - | - | - | 7,009 |
| Prepaid bond insurance | 260,178 | - | - | 260,178 | - |
| Due from other funds | 427 | - | - | 427 | 23,921 |
| Total current assets | 34,172,742 | 1,905,863 | 1,660,516 | 37,739,121 | 15,357,359 |
| Noncurrent assets: | | | | | |
| Restricted assets: | | | | | |
| Cash and investments | 6,070,827 | - | - | 6,070,827 | - |
| Capital assets: | | | | | |
| Non-depreciable assets | 17,147,956 | 143,003 | - | 17,290,959 | 308,973 |
| Depreciable assets, net of accumulated depreciation | 17,843,959 | 16,802,620 | - | 34,646,579 | 1,155,061 |
| Total capital assets, net | 34,991,915 | 16,945,623 | - | 51,937,538 | 1,464,034 |
| Total noncurrent assets | 41,062,742 | 16,945,623 | - | 58,008,365 | 1,464,034 |
| Total assets | 75,235,484 | 18,851,486 | 1,660,516 | 95,747,486 | 16,821,393 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | |
| Deferred charge on refunding of debt | 94,224 | - | - | 94,224 | - |
| Deferred outflows of resources related to pensions | 755,201 | 197,147 | - | 952,348 | 294,609 |
| Total deferred outflows of resources | 849,425 | 197,147 | - | 1,046,572 | 294,609 |

City of South Gate
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2019

| | Enterprise Funds | | | Total | Governmental |
|---|----------------------|-----------------------|---------------------|----------------------|---------------------------|
| | Major | | Non-Major | | Activities |
| | Water | Sewer | Refuse | | Internal Service Funds |
| LIABILITIES | | | | | |
| Liabilities: | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | 1,030,265 | 44,623 | 375,463 | 1,450,351 | 418,022 |
| Accrued liabilities | 47,453 | 6,222 | 1,205 | 54,880 | 18,026 |
| Accrued interest | 375,613 | - | - | 375,613 | - |
| Unearned revenues | - | - | 98,362 | 98,362 | - |
| Deposits payable | 2,318,019 | - | - | 2,318,019 | - |
| Retentions payable | 15,125 | - | - | 15,125 | - |
| Compensated absences, due within one year | 28,024 | 3,828 | - | 31,852 | - |
| Claims and judgments, due within one year | - | - | - | - | 916,506 |
| Bonds payable, due within one year | 1,693,569 | - | - | 1,693,569 | - |
| Total current liabilities | <u>5,508,068</u> | <u>54,673</u> | <u>475,030</u> | <u>6,037,771</u> | <u>1,352,554</u> |
| Noncurrent liabilities: | | | | | |
| Advances from other funds | - | 21,985,000 | - | 21,985,000 | - |
| Compensated absences, due in more than one year | 318,608 | 43,526 | - | 362,134 | - |
| Claims and judgments, due in more than one year | - | - | - | - | 10,368,620 |
| Bonds payable, due in more than one year | 35,056,350 | - | - | 35,056,350 | - |
| Net OPEB liability | - | - | - | - | - |
| Aggregate net pension liability | 3,988,248 | 1,036,603 | - | 5,024,851 | 1,811,427 |
| Total noncurrent liabilities | <u>39,363,206</u> | <u>23,065,129</u> | <u>-</u> | <u>62,428,335</u> | <u>12,180,047</u> |
| Total liabilities | <u>44,871,274</u> | <u>23,119,802</u> | <u>475,030</u> | <u>68,466,106</u> | <u>13,532,601</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Deferred inflows of resources related to pensions | 62,161 | 18,876 | - | 81,037 | 27,365 |
| Total deferred inflows of resources | <u>62,161</u> | <u>18,876</u> | <u>-</u> | <u>81,037</u> | <u>27,365</u> |
| NET POSITION | | | | | |
| Net investment in capital assets | 2,433,313 | 16,945,623 | - | 19,378,936 | 1,464,034 |
| Restricted for debt service | 1,973,734 | - | - | 1,973,734 | - |
| Unrestricted (deficit) | 26,744,427 | (21,035,668) | 1,185,486 | 6,894,245 | 2,092,002 |
| Total net position | <u>\$ 31,151,474</u> | <u>\$ (4,090,045)</u> | <u>\$ 1,185,486</u> | <u>\$ 28,246,915</u> | <u>\$ 3,556,036</u> |

City of South Gate
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2019

| | Enterprise Funds | | | Total | Governmental |
|---|----------------------|-----------------------|---------------------|----------------------|---------------------|
| | Major | | Non-Major | | Activities |
| | Water | Sewer | Refuse | | Internal |
| | | | | Service Funds | |
| OPERATING REVENUES: | | | | | |
| Sales and service charges | \$ 19,303,712 | \$ 1,297,113 | \$ 3,949,048 | \$ 24,549,873 | \$ - |
| Interdepartmental charges | - | - | - | - | 6,040,924 |
| Miscellaneous | 594,940 | 1,408 | 5,572 | 601,920 | 99,495 |
| Total operating revenues | 19,898,652 | 1,298,521 | 3,954,620 | 25,151,793 | 6,140,419 |
| OPERATING EXPENSES: | | | | | |
| Personnel services | 3,608,057 | 547,924 | 83,899 | 4,239,880 | 1,303,515 |
| Utilities | 709,364 | 2,037 | 3,667,837 | 4,379,238 | 54,281 |
| Contractual services | 3,867,198 | 65,598 | - | 3,932,796 | 301,525 |
| Administrative services | 2,319,904 | 262,660 | 217,197 | 2,799,761 | 345,160 |
| Repairs and maintenance | 196,736 | 85,735 | - | 282,471 | 488,194 |
| Supplies | 346,493 | 24,959 | - | 371,452 | 733,305 |
| Insurance | - | - | - | - | 2,452,895 |
| Claims expense | - | - | - | - | (2,530,229) |
| Depreciation expense | 1,450,647 | 538,976 | - | 1,989,623 | 312,892 |
| Total operating expenses | 12,498,399 | 1,527,889 | 3,968,933 | 17,995,221 | 3,461,538 |
| OPERATING INCOME (LOSS) | 7,400,253 | (229,368) | (14,313) | 7,156,572 | 2,678,881 |
| NONOPERATING REVENUES (EXPENSES): | | | | | |
| Investment income | 952,001 | 46,851 | 27,452 | 1,026,304 | 394,052 |
| Intergovernmental | - | - | 68,850 | 68,850 | - |
| Interest expense and fiscal charges | (2,020,831) | - | - | (2,020,831) | - |
| Total nonoperating revenues (expenses) | (1,068,830) | 46,851 | 96,302 | (925,677) | 394,052 |
| INCOME (LOSS) BEFORE TRANSFERS | 6,331,423 | (182,517) | 81,989 | 6,230,895 | 3,072,933 |
| TRANSFERS: | | | | | |
| Transfers in | 271,404 | - | - | 271,404 | - |
| Transfers out | (1,116,301) | (203,595) | - | (1,319,896) | (266,675) |
| Total transfers | (844,897) | (203,595) | - | (1,048,492) | (266,675) |
| CHANGES IN NET POSITION | 5,486,526 | (386,112) | 81,989 | 5,182,403 | 2,806,258 |
| NET POSITION: | | | | | |
| Beginning of year, as restated (Note 16) | 25,664,948 | (3,703,933) | 1,103,497 | 23,064,512 | 749,778 |
| End of year | <u>\$ 31,151,474</u> | <u>\$ (4,090,045)</u> | <u>\$ 1,185,486</u> | <u>\$ 28,246,915</u> | <u>\$ 3,556,036</u> |

City of South Gate
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2019

| | Enterprise Funds | | | Total | Governmental |
|--|----------------------|---------------------|---------------------|----------------------|---------------------------|
| | Major | | Non-Major | | Activities |
| | Water | Sewer | Refuse | | Internal Service Funds |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | | |
| Cash received from customers and users | \$ 20,282,940 | \$ 1,318,794 | \$ 3,891,614 | \$ 25,493,348 | \$ - |
| Cash received from interfund service provided | 1,223 | - | - | 1,223 | 6,141,329 |
| Cash paid to suppliers for goods and services | (4,934,730) | (247,068) | (3,909,262) | (9,091,060) | (5,498,491) |
| Cash paid to employees for services | (5,603,083) | (780,628) | (301,051) | (6,684,762) | (1,202,088) |
| Net cash provided by (used in) operating activities | 9,746,350 | 291,098 | (318,699) | 9,718,749 | (559,250) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | | |
| Acquisition and construction of capital assets | (1,061,313) | (34,417) | - | (1,095,730) | (365,397) |
| Proceeds from issuance on capital-related debt | 134,497 | - | - | 134,497 | - |
| Principal paid on capital-related debt | (1,625,000) | - | - | (1,625,000) | - |
| Interest paid on capital-related debt | (2,050,393) | - | - | (2,050,393) | - |
| Net cash provided by (used in) capital and related financing activities | (4,602,209) | (34,417) | - | (4,636,626) | (365,397) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | | | |
| Intergovernmental | - | - | 93,484 | 93,484 | - |
| Transfers in | 271,404 | - | - | 271,404 | - |
| Transfers out | (1,116,301) | (203,595) | - | (1,319,896) | (266,675) |
| Net cash provided by (used in) noncapital financing activities | (844,897) | (203,595) | 93,484 | (955,008) | (266,675) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | | |
| Investment income | 895,391 | 44,707 | 25,998 | 966,096 | 378,980 |
| Net cash provided by (used in) investing activities | 895,391 | 44,707 | 25,998 | 966,096 | 378,980 |
| Net change in cash and cash equivalents | 5,194,635 | 97,793 | (199,217) | 5,093,211 | (812,342) |
| CASH AND CASH EQUIVALENTS: | | | | | |
| Beginning of year | 31,485,486 | 1,439,797 | 1,201,938 | 34,127,221 | 16,063,696 |
| End of year | <u>\$ 36,680,121</u> | <u>\$ 1,537,590</u> | <u>\$ 1,002,721</u> | <u>\$ 39,220,432</u> | <u>\$ 15,251,354</u> |
| RECONCILIATION TO STATEMENT OF NET POSITION: | | | | | |
| Cash and investments | \$ 30,609,294 | \$ 1,537,590 | \$ 1,002,721 | \$ 33,149,605 | \$ 15,251,354 |
| Restricted cash and investment | 6,070,827 | - | - | 6,070,827 | - |
| Total cash and cash equivalents | <u>\$ 36,680,121</u> | <u>\$ 1,537,590</u> | <u>\$ 1,002,721</u> | <u>\$ 39,220,432</u> | <u>\$ 15,251,354</u> |

City of South Gate
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2019

| | Enterprise Funds | | | Total | Governmental |
|--|---------------------|-------------------|---------------------|---------------------|---------------------------|
| | Major | | Non-Major | | Activities |
| | Water | Sewer | Refuse | | Internal Service Funds |
| RECONCILIATION OF OPERATING INCOME | | | | | |
| (LOSS) TO NET CASH PROVIDED BY (USED IN) | | | | | |
| OPERATING ACTIVITIES: | | | | | |
| Operating income (loss) | \$ 7,400,253 | \$ (229,368) | \$ (14,313) | \$ 7,156,572 | \$ 2,678,881 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | | |
| Depreciation | 1,450,647 | 538,976 | - | 1,989,623 | 312,892 |
| (Increase) decrease in accounts receivable | 384,288 | 20,273 | (45,674) | 358,887 | 910 |
| (Increase) decrease in prepaid items | 16,954 | - | - | 16,954 | (1,121) |
| (Increase) decrease in due from other funds | 1,223 | - | - | 1,223 | - |
| (Increase) decrease in deferred outflows of resources related to pension plan | 256,071 | 41,588 | - | 297,659 | 91,831 |
| Increase (decrease) in accounts payable | (40,698) | (68,739) | (241,425) | (350,862) | (302,598) |
| Increase (decrease) in accrued liabilities | 1,417 | (856) | 45 | 606 | 3,322 |
| Increase (decrease) in unearned revenue | - | - | (17,332) | (17,332) | - |
| Increase (decrease) in deposits payable | 199,872 | - | - | 199,872 | - |
| Increase (decrease) in retentions payable | 8,933 | - | - | 8,933 | (4,242) |
| Increase (decrease) in claims and judgments | - | - | - | - | (3,345,399) |
| Increase (decrease) in compensated absences | 49,896 | (13,616) | - | 36,280 | - |
| Increase (decrease) in net pension liability | 80,738 | 13,112 | - | 93,850 | 28,954 |
| Increase (decrease) in deferred inflows of resources related to pension plan | (63,244) | (10,272) | - | (73,516) | (22,680) |
| Total adjustments | 2,346,097 | 520,466 | (304,386) | 2,562,177 | (3,238,131) |
| Net cash provided by (used in) operating activities | \$ 9,746,350 | \$ 291,098 | \$ (318,699) | \$ 9,718,749 | \$ (559,250) |

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 Community Development Commission 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 Community Development Commission (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, 2019

| | Agency Funds | Successor Agency of the Former Community Development Commission |
|--|-------------------|--|
| ASSETS | | |
| Cash and investments | \$ 414,666 | \$ 1,470,639 |
| Cash and investments with fiscal agent | - | 3,839,706 |
| Receivables: | | |
| Notes and loans | - | 307,322 |
| Due from other governments | - | 5,620 |
| Prepaid bond insurance | - | 96,603 |
| Property held for resale | - | 1,463,492 |
| Capital assets: | | |
| Non-depreciable | - | 1,686,000 |
| Depreciable, net | - | 141,582 |
| Total assets | \$ 414,666 | 9,010,964 |
| LIABILITIES | | |
| Accounts payable | \$ 3,453 | 41,897 |
| Interest payable | - | 363,339 |
| Due to other governments | - | 236,813 |
| Deposits payable | 411,213 | - |
| Long-term debt: | | |
| Due within one year | - | 3,944,658 |
| Due in more than one year | - | 20,598,406 |
| Total liabilities | \$ 414,666 | 25,185,113 |
| NET POSITION (DEFICIT) | | |
| Held in trust | | \$ (16,174,149) |

City of South Gate
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2019

| | Successor Agency of the Former Community Development Commission |
|---------------------------------------|--|
| ADDITIONS: | |
| Redevelopment property tax trust fund | \$ 5,486,293 |
| Use of money and property | 55,895 |
| Total additions | <u>5,542,188</u> |
| DEDUCTIONS: | |
| Utilities | 228 |
| Contractual services | 271,719 |
| Administrative services | 146,293 |
| Depreciation expense | 19,089 |
| Interest expense and fiscal charges | 774,738 |
| Total deductions | <u>1,212,067</u> |
| Changes in Net Position | 4,330,121 |
| NET POSITION: | |
| Beginning of year | <u>(20,504,270)</u> |
| End of year | <u><u>\$ (16,174,149)</u></u> |

NOTES TO THE BASIC FINANCIAL STATEMENTS

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City of South Gate
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For the Year Ended June 30, 2019

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City of South Gate
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City of South Gate
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

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, 2019

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 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, 2019

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 Improvement 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.

A separate column representing internal service funds is also presented in these statements. However, internal service balances and activities have been combined with the governmental activities in the Government-Wide Financial Statements. These funds have been established to finance and account for goods and services provided by one City department to other City departments or agencies. These areas of service include Insurance, Information Systems, Fleet Management, Capital Asset & Equipment Replacement, and Building & Infrastructure Maintenance.

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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 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.

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.

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, 2019

Note 1 - Summary of Significant Accounting Policies (Continued)

C. Cash, Investments, and Cash Equivalents

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.

Following areas of certain disclosure requirements, if applicable, for Deposits and Investment Risks 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, recorded 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.

The three levels of the fair value measurement hierarchy are described below:

- 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, 2019

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 uncollectible.

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. Land 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 (CDC) 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, 2019, 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, 2019

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 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, 2019

Note 1 - Summary of Significant Accounting Policies (Continued)

K. Net Pension Liability (Continued)

The following timeframes are used for pension reporting:

| | |
|--------------------|-------------------------------|
| <u>CalPERS</u> | |
| Valuation Date | June 30, 2017 |
| Measurement Date | June 30, 2018 |
| Measurement Period | July 1, 2017 to June 30, 2018 |

| | |
|--------------------|-------------------------------|
| <u>PARS</u> | |
| Valuation Date | June 30, 2017 |
| Measurement Date | June 30, 2018 |
| Measurement Period | July 1, 2017 to June 30, 2018 |

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 Post-Employment 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 City’s 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, 2018 |
| Measurement Period | July 1, 2017 to June 30, 2018 |

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB 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.

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

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, 2019, 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.

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 1 - Summary of Significant Accounting Policies (Continued)

O. Net Position (Continued)

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.

P. Fund Balance

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

Nonspendable – This portion of a fund balance 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 land 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 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 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.

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, 2019, the City has committed \$10,000,000 in the emergency reserves. The commitments are made through council approval establishing and amending the reserve amounts.

Assigned – This portion of a fund balance 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 Director of Administrative Services as the City official to determine and define the amounts of those components of fund balance that are classified as “Assigned Fund Balance.”

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 1 - Summary of Significant Accounting Policies (Continued)

P. Fund Balance (Continued)

Unassigned – This portion of a fund balance 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.

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. Changes in Accounting Policy

GASB Statement No. 83 - In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. Application of this statement is effective for City's fiscal year ending June 30, 2019.

GASB Statement No. 88 - In April 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This Statement improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. Application of this statement is effective for City's fiscal year ending June 30, 2019.

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 2 - Cash and Investments

As of June 30, 2019, cash and investments were reported in the accompanying financial statements as follows:

| | Government-Wide Statement of Net Position | | | Fiduciary Funds | |
|--|--|-------------------------------------|-----------------------|--------------------------------------|-----------------------|
| | Governmental Activities | Business-Type Activities | Total | Statement of Net Position | Total |
| Cash and investments | \$ 73,634,926 | \$ 33,149,605 | \$ 106,784,531 | \$ 1,885,305 | \$ 108,669,836 |
| Cash and investments with fiscal agent | 283,154 | 6,070,827 | 6,353,981 | 3,839,706 | 10,193,687 |
| Total cash and investments | \$ 73,918,080 | \$ 39,220,432 | \$ 113,138,512 | \$ 5,725,011 | \$ 118,863,523 |

Cash and investments as of June 30, 2019 consisted of the following:

| | |
|-------------------------------------|-----------------------|
| Cash: | |
| Cash on hand | \$ 16,750 |
| Deposits with financial institution | 4,361,206 |
| Total Cash | 4,377,956 |
| Investments: | |
| Investments | 104,291,882 |
| Investments held by bond trustee | 10,193,685 |
| Total Investments | 114,485,567 |
| Total Cash and Investments | \$ 118,863,523 |

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, 2019, the carrying amount of the City's deposits was \$4,361,206 and the bank balance was \$4,844,090. The \$482,884 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, 2019

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 | Maximum Percentage Allowed | Maximum 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, 2019

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, 2019, 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, 2019, the City had \$60,805,361 invested in LAIF, which had invested 1.77% of the pool investment funds in Structured Notes and Asset-Backed Securities.

E. Fair Value Measurement

At June 30, 2019, 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, 2019:

| Investment Type | Measurement Input | | Total |
|---|----------------------|----------------------------|-----------------------|
| | Level 2 | Not subject to measurement | |
| Local Agency Investment Fund | \$ - | \$ 60,805,361 | \$ 60,805,361 |
| Certificates of deposits | | 3,700,000 | 3,700,000 |
| Money market funds | - | 10,523 | 10,523 |
| U.S. government sponsored enterprise securities | 39,775,998 | - | 39,775,998 |
| Held by bond trustee: | | | - |
| Life insurance contracts | - | 1,385,000 | 1,385,000 |
| Money market funds | - | 8,808,685 | 8,808,685 |
| Total | \$ 39,775,998 | \$ 74,709,569 | \$ 114,485,567 |

The U.S. government sponsored enterprise securities are valued based on institutional bond quotes.

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 2 - Cash and Investments (Continued)

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.

At June 30, 2019, 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 | \$ 60,805,361 | N/A | \$ - | \$ 60,805,361 |
| Certificates of Deposits | 3,700,000 | N/A | - | 3,700,000 |
| Money market funds | 10,523 | AAA | 10,523 | - |
| U.S. government sponsored enterprise securities | 39,775,998 | AAA | 39,775,998 | - |
| Held by Bond Trustee: | | | | |
| Life insurance contracts | 1,385,000 | N/A | - | 1,385,000 |
| Money market funds | 8,808,685 | AAA | 8,808,685 | - |
| | <u>\$ 114,485,567</u> | | <u>\$ 48,595,206</u> | <u>\$ 65,890,361</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, 2019, 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, 2019, the City is in compliance with its investment policy.

Investments in any one issuer that represent 5% or more of total City investment are as follows:

| <u>Issuer</u> | <u>Investment Type</u> | <u>Reported Amount</u> | <u>Percentage of Portfolio</u> |
|------------------------------|-----------------------------------|----------------------------|------------------------------------|
| Federal Home Loan Bank | Federal Agency Securities | \$ 28,960,000 | 25.30% |
| Federal Farm Credit Banks | Federal Agency Securities | 6,004,830 | 5.25% |
| Money Market Funds | Federal Agency Securities | 8,808,685 | 7.69% |
| Local Agency Investment Fund | California Pooled Investment Fund | 60,805,361 | 53.11% |

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 2 - Cash and Investments (Continued)

F. Risk Disclosures (Continued)

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.

As of June 30, 2019, 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 | \$ 60,805,361 | \$ 60,805,361 | \$ - | \$ - | \$ - |
| Certificates of deposits | 3,700,000 | 3,700,000 | - | - | - |
| Money market funds | 10,523 | 10,523 | - | - | - |
| U.S. government sponsored enterprise securities | 39,775,998 | 15,977,510 | 6,982,680 | 16,815,808 | - |
| Held by bond trustee: | | | | | |
| Life insurance contracts | 1,385,000 | - | - | - | 1,385,000 |
| Money market funds | 8,808,685 | 5,904,835 | - | - | 2,903,850 |
| Total | \$ 114,485,567 | \$ 86,398,229 | \$ 6,982,680 | \$ 16,815,808 | \$ 4,288,850 |

Note 3 - Settlements 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, 2019. See Note 5.

Note 4 - Notes and Loans Receivable

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

| | Balance July 1, 2018 | Additions | Deletions | Allowance | Balance June 30, 2019 |
|---------------------------------|-------------------------|-------------------|-------------------|--------------------|--------------------------|
| Rental Rehabilitation | \$ 17,433 | \$ - | \$ - | \$ - | \$ 17,433 |
| Section 8 Repayment Program | 41,604 | 8,340 | 10,485 | (25,043) | 14,416 |
| Housing and Urban Development | 23,750 | - | 23,750 | - | - |
| CDBG and First Time Home Buyers | 9,324,668 | 152,475 | 151,338 | - | 9,325,805 |
| CalHome Loan Program | 392,679 | - | - | - | 392,679 |
| Total | \$ 9,800,134 | \$ 160,815 | \$ 185,573 | \$ (25,043) | \$ 9,750,333 |

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 4 - Notes and Loans Receivable (Continued)

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, 2019, the City has one rental rehabilitation outstanding balance in the amount of \$17,433.

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, 2019, the outstanding balance is \$39,459 with an allowance of \$25,043. The net balance at June 30, 2019 is 14,416.

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, 2019, the loan balance has been paid in full.

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, 2019, the outstanding balance is \$9,325,805.

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, 2019, the outstanding balance is \$392,679.

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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.

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 | \$ - | \$ 2,088,870 | \$ 2,088,870 |
| Settlement receivable (Note 3) | 76,712 | - | 76,712 |
| Towne Center Plaza security receivable | 238,130 | - | 238,130 |
| Total | <u>\$ 314,842</u> | <u>\$ 2,088,870</u> | <u>\$ 2,403,712</u> |

Note 6 - Interfund Transactions

A. Due To/From Other Funds

| | Due to Other Funds | | |
|-----------------------|--------------------------------|------------------------------------|---------------------|
| | Grants Special Revenue Fund | Non-Major Governmental Funds | Total |
| Due from Other Funds | | | |
| General Fund | \$ 6,297,530 | \$ 2,435,078 | \$ 8,732,608 |
| Water Fund | - | 427 | 427 |
| Internal Service Fund | - | 23,921 | 23,921 |
| Total | <u>\$ 6,297,530</u> | <u>\$ 2,459,426</u> | <u>\$ 8,756,956</u> |

Current interfund receivables and payables are the result of short-term borrowings at June 30, 2019.

B. Advances To/From Other Funds

On November 13, 2001, a \$21,985,000 advance was made between the General Fund and the Sewer Fund to fund certain improvements to the sewer systems. The amount outstanding at June 30, 2019 is \$21,985,000. A payment schedule has not been determined.

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 6 - Interfund Transactions (Continued)

C. Interfund Transfers

| Transfers In | Transfers Out | | | | | | Total |
|---|-------------------|-----------------------------|------------------------------|---|---|------------------------|----------------------|
| | General Fund | Special Revenue Grants Fund | Non-Major Governmental Funds | Utility Authority Water Enterprise Fund | Utility Authority Sewer Enterprise Fund | Internal Service Funds | |
| General Fund | \$ - | \$ - | \$ 297,176 | \$ 1,035,964 | \$ - | \$ - | \$ 1,333,140 |
| Capital Improvement Projects Fund | 971,170 | 6,267,864 | 5,553,492 | 80,337 | - | 266,675 | 13,139,538 |
| Non-Major Governmental Funds | 4,985 | - | 91,656 | - | - | - | 96,641 |
| Utility Authority Water Enterprise Fund | - | 67,809 | - | - | 203,595 | - | 271,404 |
| Total | \$ 976,155 | \$ 6,335,673 | \$ 5,942,324 | \$ 1,116,301 | \$ 203,595 | \$ 266,675 | \$ 14,840,723 |

The General Fund transferred \$971,170 to the Capital Improvement Projects Fund to pay for capital improvement projects.

The General Fund transferred \$4,985 to the Non-Major Governmental Funds to pay for the Gas Tax audit and grant reimbursement.

The Grants Special Revenue Fund and Non-Major Governmental Funds transferred \$6,267,864 and \$5,553,492, respectively, to the Capital Improvement Fund to pay for capital improvement projects.

The Grants Special Revenue Fund transferred \$67,809 to the Utility Authority Water Enterprise Fund to pay for the water advance meter replacement project.

The Non-Major Governmental Funds transferred \$297,176 to the General Fund to pay for the police department facility improvements.

The Non-Major Governmental Funds transferred \$91,656 to the Non-Major Governmental Funds to pay for HOME program delivery costs.

The Utility Authority Water Enterprise Fund transferred \$1,035,964 to the General Fund to make a lease payment on the Lease Agreement between the City and the Utility Authority.

The Utility Authority Water Enterprise Fund transferred \$80,337 to the Capital Improvement Projects Fund to pay for various capital improvement projects.

The Utility Authority Sewer Enterprise Fund transferred \$203,595 to the Utility Authority Water Enterprise Fund to pay its portion for the 2001 Subordinate Revenue Bonds debt service payments.

The Internal Service Funds transferred \$266,675 to the Capital Improvement Projects Fund to pay for capital improvement projects.

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 7 - Capital Assets

A. Governmental Activities

Capital assets activity for Governmental Activities for the year ended June 30, 2019, follows

| | Balance July 1, 2018 | Additions | Deletions | Balance June 30, 2019 |
|--|---------------------------------|---------------------|------------------|----------------------------------|
| Capital assets, not being depreciated: | | | | |
| Land | \$ 3,738,993 | \$ - | \$ - | \$ 3,738,993 |
| Construction in progress | 23,836,797 | 13,130,377 | - | 36,967,174 |
| Total capital assets, not being depreciated | 27,575,790 | 13,130,377 | - | 40,706,167 |
| Capital assets, being depreciated: | | | | |
| Structures and improvements | 28,066,943 | - | - | 28,066,943 |
| Machinery and equipment | 13,449,596 | 783,166 | (396,710) | 13,836,052 |
| Infrastructure street network | 360,042,071 | - | - | 360,042,071 |
| Subtotal | 401,558,610 | 783,166 | (396,710) | 401,945,066 |
| Less accumulated depreciation | | | | |
| Structures and improvements | (15,118,354) | (799,957) | - | (15,918,311) |
| Machinery and equipment | (11,043,817) | (806,028) | 396,710 | (11,453,135) |
| Infrastructure street network | (168,464,378) | (7,594,625) | - | (176,059,003) |
| Subtotal | (194,626,549) | (9,200,610) | 396,710 | (203,430,449) |
| Total capital assets, being depreciated | 206,932,061 | (8,417,444) | - | 198,514,617 |
| Total capital assets, net | \$ 234,507,851 | \$ 4,712,933 | \$ - | \$ 239,220,784 |

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

| | |
|---|---------------------|
| General government | \$ 24,412 |
| Police | 241,015 |
| Parks & recreation | 616,069 |
| Community development | 12,900 |
| Public works | 7,993,321 |
| Fleet management | 11,664 |
| Information system | 117,749 |
| Capital asset and equipment replacement | 183,480 |
| Total depreciation expense | \$ 9,200,610 |

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 7 - Capital Assets (Continued)

B. Business-Type Activities

Capital assets activity for Business-Type Activities for the year ended June 30, 2019, follows:

| | Balance July 1, 2018 | Prior Period Adjustment | Additions | Transfers | Balance June 30, 2019 |
|--|---------------------------------|------------------------------------|---------------------|------------------|----------------------------------|
| Capital assets, not being depreciated: | | | | | |
| Water rights | \$ 1,933,144 | \$ - | \$ - | \$ - | \$ 1,933,144 |
| Land | 1,290,602 | - | - | - | 1,290,602 |
| Construction in progress | 15,077,117 | (1,324,778) | 1,084,134 | (769,260) | 14,067,213 |
| Total capital assets, not being depreciated | 18,300,863 | (1,324,778) | 1,084,134 | (769,260) | 17,290,959 |
| Capital assets, being depreciated: | | | | | |
| Structures and improvements | 4,190,415 | - | - | - | 4,190,415 |
| Machinery and equipment | 6,744,831 | - | 11,595 | - | 6,756,426 |
| Infrastructure street network | 57,446,787 | 1,324,778 | - | 769,260 | 59,540,825 |
| Subtotal | 68,382,033 | 1,324,778 | 11,595 | 769,260 | 70,487,666 |
| Less accumulated depreciation | | | | | |
| Structures and improvements | (1,299,473) | - | (97,508) | - | (1,396,981) |
| Machinery and equipment | (4,502,207) | - | (259,384) | - | (4,761,591) |
| Infrastructure street network | (27,718,591) | (331,193) | (1,632,731) | - | (29,682,515) |
| Subtotal | (33,520,271) | (331,193) | (1,989,623) | - | (35,841,087) |
| Total capital assets, being depreciated | 34,861,762 | 993,585 | (1,978,028) | 769,260 | 34,646,579 |
| Total capital assets, net | \$ 53,162,625 | \$ (331,193) | \$ (893,894) | \$ - | \$ 51,937,538 |

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

| | |
|-----------------------------------|---------------------|
| Water Enterprise Fund | \$ 1,450,647 |
| Sewer Enterprise Fund | 538,976 |
| Total depreciation expense | \$ 1,989,623 |

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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, 2019:

| | Balance July 1, 2018 | Addition | Deletion | Balance June 30, 2019 | Classification | |
|---------------------------------|-------------------------|------------|----------------|--------------------------|------------------------|------------------------------|
| | | | | | Due within One Year | Due in More Than One Year |
| Governmental Activities: | | | | | | |
| SCE Edison financing agreements | \$ 640,907 | \$ - | \$ (94,786) | \$ 546,121 | \$ 94,862 | \$ 451,259 |
| Motorola Solutions loan | - | 440,972 | - | 440,972 | 153,278 | 287,694 |
| Total notes payable | 640,907 | 440,972 | (94,786) | 987,093 | 248,140 | 738,953 |
| Notes payable: | | | | | | |
| 2000A Section 108 HUD Note | 600,000 | - | (290,000) | 310,000 | 310,000 | - |
| Total notes payable | 600,000 | - | (290,000) | 310,000 | 310,000 | - |
| Pension obligation bonds: | | | | | | |
| 2005 Pension obligation bonds | 15,245,000 | - | (1,190,000) | 14,055,000 | 1,255,000 | 12,800,000 |
| Total pension obligation bonds | 15,245,000 | - | (1,190,000) | 14,055,000 | 1,255,000 | 12,800,000 |
| Total long-term debt | \$ 16,485,907 | \$ 440,972 | \$ (1,574,786) | \$ 15,352,093 | \$ 1,813,140 | \$ 13,538,953 |

Southern California Edison On-Bill Financing

The City entered into a financing agreement with Southern California Edison (direct borrowing) 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, 2019, the outstanding balance is \$546,121.

The annual requirements to amortize the outstanding loan as of June 30, 2019, are as follows:

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------|-------------------|-------------|-------------------|
| 2020 | \$ 94,862 | \$ - | \$ 94,862 |
| 2021 | 94,862 | - | 94,862 |
| 2022 | 94,862 | - | 94,862 |
| 2023 | 95,396 | - | 95,396 |
| 2024 | 166,139 | - | 166,139 |
| Total | \$ 546,121 | \$ - | \$ 546,121 |

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 8 - Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

Motorola Solutions loan

The City entered into a Lease Financing Agreement with Bearcomm Inc. (direct borrowing) for the purchase of seventy-five (75) Motorola radios for the South Gate Police Department in the amount of \$459,834. The City is to make annual payments of \$153,278 over a three-year period. The loan has an annual interest of 4.34%. At June 30, 2019, the outstanding balance is \$440,972.

The annual requirements to amortize the outstanding loan as of June 30, 2019, are as follows:

| Year Ending June 30, | Principal | Interest | Total |
|---------------------------------|-------------------|------------------|-------------------|
| 2020 | \$ 153,278 | \$ - | \$ 153,278 |
| 2021 | 140,792 | 12,485 | 153,277 |
| 2022 | 146,902 | 6,376 | 153,278 |
| | <u>\$ 440,972</u> | <u>\$ 18,861</u> | <u>\$ 459,833</u> |

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 (direct borrowing). 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 a 2000-A Section 108 Loan during the year ended June 30, 2000. The 2000-A loan bears interest at rates ranging from 7.808 to 7.858%. As of June 30, 2019, the outstanding balance is \$310,000.

The annual requirements to amortize the outstanding notes payable as of June 30, 2019, is as follows:

| Year Ending June 30, | Principal | Interest | Total |
|---------------------------------|-------------------|------------------|-------------------|
| 2020 | \$ 310,000 | \$ 12,335 | \$ 322,335 |
| Total | <u>\$ 310,000</u> | <u>\$ 12,335</u> | <u>\$ 322,335</u> |

2005 Pension Obligation Bond

In March 2005, the City of South Gate issued \$24,400,000 in Pension Obligation Bonds (public offering). 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, 2019, the outstanding balance on the bonds is \$14,055,000.

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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, 2019:

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------|----------------------|---------------------|----------------------|
| 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 | 1,545,000 | 381,073 | 1,926,073 |
| 2025-2028 | 7,070,000 | 596,675 | 7,666,675 |
| Total | \$ 14,055,000 | \$ 3,294,371 | \$ 17,349,371 |

Compensated Absences

The following is summary of changes in governmental activities compensated absences for the year ended June 30, 2019:

| | Balance July 1, 2018 | Addition | Deletion | Balance June 30, 2019 | Classification | |
|----------------------|-------------------------|--------------|----------------|--------------------------|------------------------|------------------------------|
| | | | | | Due within One Year | Due in More Than One Year |
| Compensated absences | \$ 5,192,065 | \$ 3,243,829 | \$ (2,647,427) | \$ 5,788,467 | \$ 467,983 | \$ 5,320,484 |

For governmental activities, accumulated vacation, sick leave benefits, holiday and compensatory time payable at June 30, 2019, was \$5,788,467. 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, 2019:

| | Balance July 1, 2018 | Addition | Deletion | Balance June 30, 2019 | Classification | |
|----------------------------------|-------------------------|-------------------|-----------------------|--------------------------|------------------------|------------------------------|
| | | | | | Due within One Year | Due in More Than One Year |
| Business-Type Activities: | | | | | | |
| 2001 Subordinate Revenue Bonds | \$ 3,951,183 | \$ 134,497 | \$ (1,385,000) | \$ 2,700,680 | \$ 1,385,000 | \$ 1,315,680 |
| 2012 Water Revenue Bonds | 33,235,000 | - | (240,000) | 32,995,000 | 250,000 | 32,745,000 |
| Unamortized premium | 1,112,808 | - | (58,569) | 1,054,239 | 58,569 | 995,670 |
| Total long-term debt | \$ 38,298,991 | \$ 134,497 | \$ (1,683,569) | \$ 36,749,919 | \$ 1,693,569 | \$ 35,056,350 |

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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 lesser 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, 2019, 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 \$2,700,680 at June 30, 2019.

The following schedule summarizes the debt service to maturity requirements for the bonds outstanding as of June 30, 2019:

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------|---------------------|-------------|---------------------|
| 2019 | \$ 1,385,000 | \$ - | \$ 1,385,000 |
| 2020 | 1,385,000 | - | 1,385,000 |
| Total | <u>2,770,000</u> | <u>\$ -</u> | <u>\$ 2,770,000</u> |
| Unaccreted Discount | <u>(69,320)</u> | | |
| | <u>\$ 2,700,680</u> | | |

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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 lesser 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, 2019, the reserve requirement was \$2,936,225. The balance held in the reserve account as of June 30, 2019, was \$2,912,935 in investment contracts and an insurance policy to cover the remaining \$23,290. At June 30, 2019, the unamortized bond premium balance is \$1,054,239 and the outstanding balance on the bonds is \$32,995,000. 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 \$7,413,257. Total principal and interest paid for the fiscal year was \$3,129,850.

The following schedule summarizes the debt service to maturity requirements for the bonds outstanding as of June 30, 2019:

| Year Ending June 30, | Principal | Interest | Total |
|---------------------------------|----------------------|----------------------|----------------------|
| 2020 | \$ 250,000 | \$ 1,497,450 | \$ 1,747,450 |
| 2021 | 260,000 | 1,487,250 | 1,747,250 |
| 2022 | 1,450,000 | 1,453,050 | 2,903,050 |
| 2023 | 1,510,000 | 1,393,850 | 2,903,850 |
| 2024-2027 | 6,795,000 | 4,942,201 | 11,737,201 |
| 2028-2031 | 8,310,000 | 3,425,913 | 11,735,913 |
| 2032-2035 | 8,350,000 | 1,907,450 | 10,257,450 |
| 2036-2038 | 6,070,000 | 523,175 | 6,593,175 |
| Total | \$ 32,995,000 | \$ 16,630,339 | \$ 49,625,339 |

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 8 - Long-Term Liabilities (Continued)

B. Business-Type Activities (Continued)

Compensated Absences

The following is summary of changes in governmental activities compensated absences for the year ended June 30, 2019:

| | Balance July 1, 2018 | Addition | Deletion | Balance June 30, 2019 | Classification | |
|----------------------|-------------------------|------------|--------------|--------------------------|------------------------|------------------------------|
| | | | | | Due within One Year | Due in More Than One Year |
| Compensated absences | \$ 357,706 | \$ 283,056 | \$ (246,776) | \$ 393,986 | \$ 31,852 | \$ 362,134 |

For the enterprise funds, accumulated vacation, sick leave, holiday and compensatory time amounted to \$393,986 at June 30, 2019. 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 dollar-for-dollar match of the contributions paid by the employee into a 457 deferred compensation plan up to one-half the annual contribution limit set by the IRS. For the year ended June 30, 2019, the City contributed \$19,504 to the plan.

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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, 2019 and pension expense for the year then ended.

| | Governmental Activities | Business-Type Activities | Total |
|---|------------------------------------|-------------------------------------|-----------------------------|
| Deferred outflows of resources: | | | |
| Pension contribution made after measurement date: | | | |
| CalPERS Miscellaneous | \$ 3,165,929 | \$ 514,075 | \$ 3,680,004 |
| CalPERS Safety | 4,399,729 | - | 4,399,729 |
| PARS | 189,084 | - | 189,084 |
| Total pension contribution made after measurement date | <u>7,754,742</u> | <u>514,075</u> | <u>8,268,817</u> |
| Change in assumption | | | |
| CalPERS Miscellaneous | 1,315,514 | 195,009 | 1,510,523 |
| CalPERS Safety | 4,921,478 | - | 4,921,478 |
| PARS | 37,680 | - | 37,680 |
| Total change in assumption | <u>6,274,672</u> | <u>195,009</u> | <u>6,469,681</u> |
| Difference between expected and actual experience | | | |
| CalPERS Miscellaneous | 508,032 | 83,390 | 591,422 |
| CalPERS Safety | 1,077,749 | - | 1,077,749 |
| Total difference between expected and actual experience | <u>1,585,781</u> | <u>83,390</u> | <u>1,669,171</u> |
| Projected earnings on pension plan investments in excess of actual earnings: | | | |
| CalPERS Miscellaneous | 251,597 | 159,874 | 411,471 |
| CalPERS Safety | 339,600 | - | 339,600 |
| PARS | 7,226 | - | 7,226 |
| Total projected earnings on pension plan investments in excess of actual earnings | <u>598,423</u> | <u>159,874</u> | <u>758,297</u> |
| Adjustment due to difference in proportions | | | |
| CalPERS Safety | 683,626 | - | 683,626 |
| Total deferred outflows of resources | <u><u>\$ 16,897,244</u></u> | <u><u>\$ 952,348</u></u> | <u><u>\$ 17,849,592</u></u> |

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 10 – Retirement Plans (Continued)

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Total</u> |
|---|------------------------------------|-------------------------------------|----------------------|
| Net pension liabilities: | | | |
| CalPERS Miscellaneous | \$ 32,424,781 | \$ 5,024,851 | \$ 37,449,632 |
| CalPERS Safety | 50,159,050 | - | 50,159,050 |
| PARS | 439,697 | - | 439,697 |
| Total net pension liabilities | \$ 83,023,528 | \$ 5,024,851 | \$ 88,048,379 |
| Deferred inflows of resources: | | | |
| Change in assumption | | | |
| CalPERS Miscellaneous | \$ 281,528 | \$ 46,211 | \$ 327,739 |
| CalPERS Safety | 663,995 | - | 663,995 |
| Total change in assumption | 945,523 | 46,211 | 991,734 |
| Adjustment due to difference in proportions | | | |
| CalPERS Safety | 561,988 | - | 561,988 |
| Employer contributions in excess of proportionate share of contribution | | | |
| CalPERS Safety | 3,617,916 | - | 3,617,916 |
| Difference between expected and actual experience | | | |
| CalPERS Miscellaneous | 205,748 | 34,826 | 240,574 |
| CalPERS Safety | 4,088 | - | 4,088 |
| Total difference between expected and actual experience | 209,836 | 34,826 | 244,662 |
| Total deferred inflows of resources | \$ 5,335,263 | \$ 81,037 | \$ 5,416,300 |
| Pension expenses: | | | |
| CalPERS Miscellaneous | \$ 6,155,137 | \$ 1,392,548 | \$ 7,547,685 |
| CalPERS Safety | 5,523,605 | - | 5,523,605 |
| PARS | 63,969 | - | 63,969 |
| Total net pension expenses | \$ 11,742,711 | \$ 1,392,548 | \$ 13,135,259 |

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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, 2017 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 |
| Hire date | Prior to January 1, 2013 | On or after January 1, 2013 | Prior to January 1, 2013 | On or after January 1, 2013 |
| Benefit formula | 2.7% @ 55 | 2.0% @ 62 | 3.0% @ 50 | 2.7% @ 57 |
| Benefit vesting schedule | 5 years of service | 5 years of service | 5 years of service | 5 years of service |
| Benefit payments | monthly for life | monthly for life | monthly for life | monthly for life |
| Retirement age | minimum 50 | minimum 52 | minimum 50 | minimum 50 |
| Monthly benefits, as a % of eligible compensation | 2.000% - 2.700% | 1.000% - 2.500% | 3.00% | 2.000% - 2.700% |
| Required employee contribution rates | 8.000% | 5.750% | 9.000% | 12.750% |
| Required employer contribution rates | 10.150% | 10.150% | 22.346% | 12.965% |

* 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, 2019

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 6 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 the June 30, 2018 measurement date, the following employees were covered by the benefit terms:

| | Miscellaneous | Safety | |
|--------------------------------------|---------------|---------|-------|
| | | Classic | PEPRA |
| Active employees | 245 | 56 | 21 |
| Transferred and terminated employees | 408 | 42 | 5 |
| Retired Employees and Beneficiaries | 344 | 214 | - |
| Total | 997 | 312 | 26 |

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.

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 10 – Retirement Plans (Continued)

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

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

Net Pension Liability

The June 30, 2017 valuation was rolled forward to determine the June 30, 2018 total pension liabilities, based on the following actuarial methods and assumptions:

| | |
|-----------------------------------|---|
| Actuarial Cost Method | Entry Age Normal in accordance with the requirement of GASB 68 |
| Actuarial Assumptions: | |
| Discount Rate | 7.15% |
| Inflation | 2.50% |
| Salary Increases | Varies by Entry Age and Service |
| Mortality Rate Table ¹ | Derived using CalPERS' Membership Data for all Funds |
| Post Retirement Benefit Increase | Contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter |

¹The mortality table used was developed based on CalPERS-specific data. The Table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016. for more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

Change in Assumption

In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate.

Long-Term Expected Rate of Return

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ 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 rounded 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 10 – Retirement Plans (Continued)

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

Net Pension Liability (Continued)

Long-Term Expected Rate of Return (Continued)

The expected real rate of return by asset class as followed:

| Asset Class ¹ | Current Target Allocation | Real Return Years 1 - 10 ² | Real Return Years 11+ ³ |
|-------------------------------|------------------------------|--|---------------------------------------|
| Global Equity | 50.00% | 4.80% | 5.98% |
| Global Fixed Income | 28.00% | 1.00% | 2.62% |
| Inflation Sensitive | 0.00% | 0.77% | 1.81% |
| Private Equity | 8.00% | 6.30% | 7.23% |
| Real Estate | 13.00% | 3.75% | 4.93% |
| Infrastructure and Forestland | 0.00% | 0.00% | 0.00% |
| Liquidity | 1.00% | - | -0.92% |
| | <u>100.00%</u> | | |

¹ In the System’s CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

² An expected inflation of 2.00% used.

³ An expected inflation of 2.92% used.

Discount Return

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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, 2017 (Valuation Date) | \$ 151,086,176 | \$ 114,302,147 | \$ 36,784,029 |
| Changes Recognized for the Measurement Period: | | | |
| Service Cost | 2,850,621 | - | 2,850,621 |
| Interest on the total pension liability | 10,723,300 | - | 10,723,300 |
| Changes of benefit terms | - | - | - |
| Difference between expected and actual experience | 961,061 | - | 961,061 |
| Changes of assumptions | (532,576) | - | (532,576) |
| Contributions from the employer | - | 3,025,649 | (3,025,649) |
| Contributions from employees | - | 1,239,580 | (1,239,580) |
| Net investment income | - | 9,588,212 | (9,588,212) |
| Administrative expenses | - | (178,114) | 178,114 |
| Plan to plan resource movement | - | (282) | 282 |
| Other Miscellaneous Income/(Expense) | - | (338,242) | 338,242 |
| Benefit payments, including refunds of employee contributions | (5,927,517) | (5,927,517) | - |
| Net Changes during July 1, 2017 to June 30, 2018 | 8,074,889 | 7,409,286 | 665,603 |
| Balance at June 30, 2018 (Measurement Date) | \$ 159,161,065 | \$ 121,711,433 | \$ 37,449,632 |

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, 2017 (Measurement Date) | \$ 167,684,615 | \$ 118,159,014 | \$ 49,525,601 |
| Balance at June 30, 2018 (Measurement Date) | 174,023,559 | 123,864,509 | 50,159,050 |
| Net Changes during 2017-2018 | 6,338,944 | 5,705,495 | 633,449 |

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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, 2017). 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, 2018). 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, 2018 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2017-18).
- (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 |
|------------------------------|-------------|
| 6/30/2017 (Measurement Date) | 0.499388% |
| 6/30/2018 (Measurement Date) | 0.520520% |
| Change - Increase (Decrease) | 0.021132% |

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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% (6.15%) | Current Discount Rate (7.15%) | Discount Rate + 1% (8.15%) |
| Miscellaneous Plan | \$ 60,513,964 | \$ 37,449,632 | \$ 18,626,361 |
| Safety Plan | \$ 74,149,312 | \$ 50,159,050 | \$ 30,503,325 |

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, 2019, the City recognized pension expense in the amounts of \$7,547,685 and \$5,523,605 for the miscellaneous plan and safety plan, respectively.

As of measurement date of June 30, 2018, 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 | \$ 3,680,004 | \$ - |
| Changes of assumptions | 1,510,523 | (327,739) |
| Difference between expected and actual experience | 591,422 | (240,574) |
| Net difference between projected and actual earning on pension plan investments | 411,471 | - |
| Total | <u>\$ 6,193,420</u> | <u>\$ (568,313)</u> |

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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 | \$ 4,399,729 | \$ - |
| Changes of assumptions | 4,921,478 | (663,995) |
| Difference between expected and actual experience | 1,077,749 | (4,088) |
| Adjustment due to differences in proportions | 683,626 | (561,988) |
| Employer contributions in excess (under) proportionate contributions | - | (3,617,916) |
| Net difference between projected and actual earning on pension plan investments | 339,600 | - |
| Total | \$ 11,422,182 | \$ (4,847,987) |

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 measurement date ending June 30, 2018 is 2.6 and 3.8 years, which was obtained by dividing the total service years of 2,560 and 516,147 (the sum of remaining service lifetimes of the active employees) by 975 and 135,474 (the total number of participants: active, inactive, and retired), respectively. Inactive employees and retirees have remaining service lifetime equal to 0. Total future service is based on the members’ probability of decrementing due to an event other than receiving a cash refund.

\$3,680,004 and \$4,399,729 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:

| Measurement Period Ended June 30 | Deferred Outflows/ (Inflows) of Resources Miscellaneous | Deferred Outflows/ (Inflows) of Resources Safety |
|-------------------------------------|---|--|
| 2019 | \$ 2,930,298 | \$ 3,132,229 |
| 2020 | 459,640 | 1,325,410 |
| 2021 | (1,141,485) | (1,935,746) |
| 2022 | (303,350) | (347,427) |
| 2023 | - | - |
| Thereafter | - | - |
| Total | \$ 1,945,103 | \$ 2,174,466 |

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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. Employees hired after December 31, 2012 are not eligible to participate in the Plan.
- 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 | 32 |

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, 2019 (the measurement date), the employer’s contribution rate was 11.97% of annual payroll. For the year ended June 30, 2019, the City contributed \$89,422 to the plan. No contributions are required from the employees.

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 10 – Retirement Plans (Continued)

B. Supplemental Retirement Plan (Continued)

General Information about the Pension Plan (Continued)

Net Pension Liability

The City’s total pension liability was valued as of June 30, 2017 and was used to calculate the net pension liability measured as of June 30, 2018.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|---|
| Actuarial Cost Method | Entry age normal , level percent of pay |
| Amortization Method | Closed period, level percent of pay |
| Actuarial Assumptions: | |
| Discount Rate | 6.52% |
| Inflation | 2.50% |
| Salary Increases | 2.750% (same as CalPERS). Additional merit-based increases based on CalPERS merit salary increase tables. |
| Investment return | 6.52% |
| 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+ |

Long-Term Expected Real Rate of Return

The long-term expected rate of return is determined using a weighted-average of the long-term rate of return for the two funds, weighted by balance per fund as of the Measurement Date. The table below reflects long-term expected real return adjusted for inflation by asset classes:

| Index | Target Allocation | Long-Term Expected Real Rate of Return |
|--------------------------------|-------------------|--|
| PARS HCM Index Plus - Balanced | 99.75% | 6.53% |
| PARS Money Market Fund | 0.25% | 3.05% |
| | <u>100.00%</u> | |

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 10 – Retirement Plans (Continued)

B. Supplemental Retirement Plan (Continued)

Net Pension Liability (Continued)

Discount Rate

The discount rate used to measure the total pension liability is 6.52%. This is the expected long-term rate of return on City assets using the expected long-term rate of return on invested assets provided by Public Agency Retirement Services (PARS). The projection of cash flows used to determine the discount rate assumed that the City contribution will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position is projected to cover all future pension payments. Therefore, the discount rate was set equal to the long-term expected rate of return.

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 | Plan Fiduciary Net Position | Net Pension Liability/(Asset) |
| | (a) | (b) | (c) = (a) - (b) |
| Balance at June 30, 2017 | \$ 1,442,785 | \$ 996,181 | \$ 446,604 |
| Changes Recognized for the Measurement Period: | | | |
| Service Cost | 6,173 | - | 6,173 |
| Interest on the total pension liability | 97,115 | - | 97,115 |
| Changes of benefit terms | - | - | - |
| Difference between expected and actual experience | - | - | - |
| Changes of assumptions | 32,997 | - | 32,997 |
| Contributions from the employer | - | 89,422 | (89,422) |
| Contributions from employees | - | - | - |
| Net investment income | - | 62,482 | (62,482) |
| Benefit payments, including refunds | (86,425) | (86,425) | - |
| Administrative expense | - | (8,712) | 8,712 |
| Net Changes during July 1, 2017 to June 30, 2018 | 49,860 | 56,767 | (6,907) |
| Balance at June 30, 2018 (Measurement Date) | \$ 1,492,645 | \$ 1,052,948 | \$ 439,697 |

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 10 – Retirement Plans (Continued)

B. Supplemental Retirement Plan (Continued)

Change in 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 City, calculated using the discount rate of 6.52%, 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 (5.52%) or 1 percentage point higher (7.52%) than the current rate.

| Discount Rate 1% Decrease (5.52%) | Current Discount Rate (6.52%) | Discount Rate 1% Increase (7.52%) |
|---|-------------------------------------|---|
| \$ 615,094 | \$ 439,697 | \$ 291,563 |

Pension Plan Fiduciary Net Position

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

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

For the measurement period ended June 30, 2018, the City incurred no pension income for the PARS plan. As of the measurement date, June 30, 2018, the net pension liability is \$439,697.

For the report year ended June 30, 2019, the City recognized a pension expense of \$63,969. At June 30, 2019, 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 | \$ 189,084 | \$ - |
| Changes of assumptions | 37,680 | - |
| Projected earning on pension plan investments in excess of actual earnings | 7,226 | - |
| Total | \$ 233,990 | \$ - |

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 10 – Retirement Plans (Continued)

B. Supplemental Retirement Plan (Continued)

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

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 | \$ 13,571 |
| 2021 | 2,252 |
| 2022 | 7,292 |
| 2023 | 7,291 |
| 2024 | 5,795 |
| Thereafter | 8,705 |
| Total | <u>\$ 44,906</u> |

Note 11 – Other Post-Employment Benefits

Aggregate net other post-employment benefits (“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 | \$ 466,886 |
| Contribution after measurement date | 902,892 |
| Total deferred outflows of resources | <u>\$ 1,369,778</u> |
| Deferred inflows of resources: | |
| Changes of Assumptions | \$ 451,981 |
| Differences Between Expected and Actual Experience | 1,078,902 |
| Total deferred inflows of resources | <u>\$ 1,530,883</u> |
| Total OPEB liabilities: | |
| Total OPEB liabilities | \$ 31,063,109 |
| Total net OPEB liabilities | <u>\$ 31,063,109</u> |

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 11 – Other Post-Employment Benefits (Continued)

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. Benefits do not continue to the surviving spouses.

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. The City pays for 100% of premium up to a maximum (\$150/month for 2018, plus the current CalPERS administrative fee. 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, 2018, the date of the latest actuarial valuation:

| | |
|-------------------------------------|-----|
| Active employees | 298 |
| Retired employees and beneficiaries | 192 |
| | 490 |

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, 2019 was \$902,892, on a pay-as-you-go basis.

C. Actuarial Assumptions

The total OPEB liability in the June 30, 2018 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, Level Percentage of Salary |
|-----------------------------|---|
| Actuarial Assumptions: | |
| Discount Rate | 3.62% |
| Inflation | 2.50% |
| Salary Increases | 2.750%. Additional merit-based increases based on CalPERS merit salary increase tables. |
| Healthcare cost trend rates | 5.70% in the first year, trending down to 4.28% over 57 years. |
| Mortality Rate Table | Based on CalPERS tables. |

The City's total OPEB liability was valued as of June 30, 2017, and was used to calculate the net OPEB liability measured as of June 30, 2018.

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 11 – Other Post-Employment Benefits (Continued)

D. Discount Rate

The discount rate used to measure the total OPEB liability was 3.62%. The City’s OPEB Plan is an unfunded plan, therefore the discount rate was set to the rate of tax-exempt, high-quality 20-year municipal bonds, as of the valuation date.

E. Change in the Total OPEB Liability

| | Increase (Decrease) | | |
|---|---------------------------------|--|---------------------------------------|
| | Total OPEB Liability | Plan Fiduciary Net Position | Net OPEB Liability/(Asset) |
| | (a) | (b) | (c) = (a) - (b) |
| Balance at June 30, 2017 (Valuation Date) | \$ 30,256,302 | \$ - | \$ 30,256,302 |
| Changes Recognized for the Measurement Period: | | | |
| Service Cost | 1,102,741 | - | 1,102,741 |
| Interest on the total OPEB liability | 1,064,551 | - | 1,064,551 |
| Difference between expected and actual experience | - | - | - |
| Changes of assumptions | (526,077) | - | (526,077) |
| Contributions from the employer | - | - | - |
| Net investment income, net of administrative expense | - | - | - |
| Benefit payments, including refunds of employee contributions | (834,408) | - | (834,408) |
| Net Changes during July 1, 2017 to June 30, 2018 | <u>806,807</u> | <u>-</u> | <u>806,807</u> |
| Balance at June 30, 2018 (Measurement Date) | <u>\$ 31,063,109</u> | <u>\$ -</u> | <u>\$ 31,063,109</u> |

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 (2.62%) or 1-percentage point higher (4.62%) than the current discount rate:

| Plan's OPEB Liability/(Asset) | | |
|--------------------------------------|-------------------------|---------------------------|
| Discount Rate - 1% | Current Discount | Discount Rate + 1% |
| (2.62%) | Rate (3.62%) | (4.62%) |
| <u>\$ 37,058,159</u> | <u>\$ 31,063,109</u> | <u>\$ 26,359,765</u> |

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 (4.70% to 3.28%) or 1-percentage-point higher (6.70%-5.28%) than the current healthcare cost trend rates:

| Plan's OPEB Liability/(Asset) | | |
|--------------------------------------|----------------------------|---------------------------|
| Discount Rate - 1% | Current Discount | Discount Rate + 1% |
| (4.70% -3.28%) | Rate (5.70% -4.28%) | (6.70% -5.28%) |
| <u>\$ 26,863,994</u> | <u>\$ 31,063,109</u> | <u>\$ 36,319,649</u> |

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 11 – Other Post-Employment Benefits (Continued)

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

For the year ended June 30, 2019, the City recognized OPEB expense of \$1,972,721 for the City Plan. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred outflows of Resources | Deferred inflows of Resources |
|---|---|--|
| OPEB contribution made after the measurement period | \$ 902,892 | \$ - |
| Difference between expected and actual experience | - | 1,078,902 |
| Changes of assumptions | 466,886 | 451,981 |
| Total | \$ 1,369,778 | \$ 1,530,883 |

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.

A claims liability of \$11,285,126 is reported in the Self-Insurance Internal Service Fund at June 30, 2019. 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, 2019 are presented as follows:

| Years Ended | Beginning Balance | Addition | Deletion | Ending Balance |
|-------------------------------|------------------------------|-----------------|-----------------|---------------------------|
| Workers' Compensation: | | | | |
| 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 |
| June 30, 2019 | 6,988,548 | 327,091 | (763,756) | 6,551,883 |
| General Liability: | | | | |
| 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 |
| June 30, 2019 | 7,641,977 | 239,600 | (3,148,334) | 4,733,243 |

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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, 2019:

| Project Name | Contract Amount | Expenditures to date as of June 30, 2019 | Remaining Commitments |
|---|-----------------|--|-----------------------|
| Firestone Blvd Median Island-Alameda | \$ 14,942,278 | \$ 13,310,898 | \$ 1,631,380 |
| Software for Business License and Building Permit | 339,000 | 275,000 | \$64,000 |

Note 15 – Deficit Fund Balances and Net Position

A. Government-Wide Financial Statements

The City's Statement of Net Position shows an unrestricted deficit net position of \$58,371,739, resulting mainly from the implementation of GASB Statement No.'s 68 and 75 that required the City to record its \$83,023,528 in net pension liability and its \$31,063,109 in net OPEB liability in the City's financial statements. Had it not been for the recording of the net pension and OPEB liabilities, the City would have a positive net position.

B. Fund Financial Statements

The following funds contained a deficit at June 30, 2019:

| Funds | Deficit |
|------------------------------------|--------------|
| Governmental Funds: | |
| Grants Special Revenue | \$ 1,706,929 |
| Non-Major Governmental Funds: | |
| Traffic Safety Special Revenue | 1,039,415 |
| Gas Tax | 905,830 |
| Street Lighting & Landscaping | 26,503 |
| Enterprise Funds: | |
| Sewer | 4,090,045 |
| Internal Service Funds: | |
| Insurance | 2,519,739 |
| Fleet Management | 842,486 |
| Fiduciary Funds: | |
| Successor Agency of the Former CDC | 16,174,149 |

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, 2019

Note 16 - Prior Period Adjustments

At July 1, 2018, the City made the following adjustments to correct errors that were incorrectly accounted for in the previously issued financial statements.

1. In 2001, the General Fund incorrectly recorded an Advance to the Water Fund in the amount of \$21,985,000. Over the years, the Water Fund made payments totaling \$7,883,842 to the General Fund that were recorded as payments toward the incorrectly-recorded Advance to the Water Fund, when they were actually payments toward the \$105,334,004 lease between the City and the Utility Authority.
2. The General Fund did not record an Advances to the Sewer Fund, in the amount of \$21,985,000, nor did the Sewer Fund record the Advance from the General Fund.
3. Construction in progress, in the amount \$1,324,778, was completed in a prior year and was not properly reclassified to depreciable assets. In addition, the associated depreciation, in the amount \$331,194, was not recorded in the past.

A. Government-Wide Financial Statements

Accordingly, net position as of July 1, 2018 was restated as follows:

| | Governmental Activities | Business-Type Activities |
|--|----------------------------|-----------------------------|
| Net position at July 1, 2018, as originally reported | \$ 195,021,118 | \$ 37,496,864 |
| Prior period adjustments: | | |
| Capital asset | - | (331,194) |
| Internal balance | 14,101,158 | (14,101,158) |
| Net position at July 1, 2018, as restated | 209,122,276 | 23,064,512 |

B. Fund Financial Statements

Accordingly, fund balance/net position as of July 1, 2018 were restated as follows:

| | General Fund | Utility Authority Water Enterprise Fund | Utility Authority Sewer Enterprise Fund |
|---|---------------|---|---|
| Fund Balance/Net position at July 1, 2018, as originally reported | \$ 43,234,514 | \$ 18,112,300 | \$ 18,281,067 |
| Prior period adjustments: | | | |
| Capital asset | - | (331,194) | - |
| Internal balance | 14,101,158 | 7,883,842 | (21,985,000) |
| Fund Balance/Net position at July 1, 2018, as restated | \$ 57,335,672 | \$ 25,664,948 | \$ (3,703,933) |

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 17 - Excess Expenditures over Appropriations

Expenditures for the year ended June 30, 2019, exceeded appropriations at the department or expenditure category level within the following funds:

| <u>Fund</u> | <u>Appropriations</u> | <u>Expenditures</u> | <u>Excess</u> |
|----------------------------------|-----------------------|---------------------|---------------|
| Major Governmental Fund: | | | |
| General Fund: | | | |
| City Attorney | \$ 1,088,479 | \$ 1,697,510 | \$ (609,031) |
| City Manager | 1,113,727 | 1,147,353 | (33,626) |
| Interest and fiscal charges | 825,439 | 825,706 | (267) |
| Non-Major Governmental Funds: | | | |
| Special Revenue Funds: | | | |
| Housing Authority | | | |
| Community development | 4,797,144 | 4,798,274 | (1,130) |
| Housing Successor | | | |
| Community development | 50,000 | 116,425 | (66,425) |
| Law Enforcement Grants Fund | | | |
| Capital outlay | 43,038 | 48,699 | (5,661) |
| Asset Forfeiture Fund | | | |
| Capital outlay | 822,897 | 897,909 | (75,012) |
| Air Quality Improvement | | | |
| Community development | 6,000 | 6,054 | (54) |
| Capital outlay | 217,291 | 219,433 | (2,142) |
| Street Sweeping | | | |
| General government | 16,842 | 17,596 | (754) |
| Public works | 520,160 | 533,174 | (13,014) |
| Road Repair & Accountability Act | | | |
| Public works | - | 125 | (125) |
| Measure M Transit | | | |
| Public works | - | 221 | (221) |
| Park Enhancement | | | |

Note 18 - 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).

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 18 - Successor Agency Trust for Assets of Former Community Development Commission (Continued)

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 | \$ 1,470,639 |
| Cash and investments with fiscal agent | <u>3,839,706</u> |
| Total cash and investments | <u><u>\$ 5,310,345</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.

B. Notes and Loans Receivable

| | Balance | | Balance |
|--------------------------------------|---------------------------------|---------------------------|---------------------------------|
| | July 1, 2018 | Additions | Deletions |
| | June 30, 2019 | June 30, 2019 | June 30, 2019 |
| Family Trust Dudlext Housing Project | \$ 358,544 | \$ - | \$ 51,222 |
| Llovio Ford, Inc | <u>126,000</u> | <u>-</u> | <u>126,000</u> |
| Total | <u><u>\$ 484,544</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 177,222</u></u> |

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, 2019, the outstanding balance on the loan is \$307,322.

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, 2019, the loan balance has been paid in full.

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 18 - Successor Agency Trust for Assets of Former Community Development Commission (Continued)

C. Capital Assets

The summary of changes in the successor agency's capital assets for the year ended June 30, 2019 is as follows:

| | <u>Balance July 1, 2018</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance June 30, 2019</u> |
|--|---------------------------------|--------------------|------------------|----------------------------------|
| Capital assets, not being depreciated: | | | | |
| Land | \$ 1,686,000 | \$ - | \$ - | \$ 1,686,000 |
| Total capital assets, not being depreciated | <u>1,686,000</u> | <u>-</u> | <u>-</u> | <u>1,686,000</u> |
| Capital assets, being depreciated: | | | | |
| Structures and improvements | 381,785 | - | - | 381,785 |
| Machinery and equipment | 19,359 | - | - | 19,359 |
| Subtotal | <u>401,144</u> | <u>-</u> | <u>-</u> | <u>401,144</u> |
| Less accumulated depreciation | | | | |
| Structures and improvements | (221,114) | (19,089) | - | (240,203) |
| Machinery and equipment | (19,359) | - | - | (19,359) |
| Subtotal | <u>(240,473)</u> | <u>(19,089)</u> | <u>-</u> | <u>(259,562)</u> |
| Total capital assets, being depreciated | <u>160,671</u> | <u>(19,089)</u> | <u>-</u> | <u>141,582</u> |
| Total capital assets, net | <u>\$ 1,846,671</u> | <u>\$ (19,089)</u> | <u>\$ -</u> | <u>\$ 1,827,582</u> |

D. Long-Term Liabilities

The summary of changes in the successor agency's long-term liabilities for the year ended June 30, 2019 is as follows:

| | <u>Balance July 1, 2018</u> | <u>Debt Issued</u> | <u>Debt Retired</u> | <u>Balance June 30, 2019</u> | <u>Classification</u> | |
|------------------------------|---------------------------------|------------------------|-------------------------|----------------------------------|--------------------------------|--------------------------------------|
| | | | | | <u>Due within One Year</u> | <u>Due in More Than One Year</u> |
| Fiduciary Activities: | | | | | | |
| Advances from City | \$ 600,005 | \$ - | \$ (290,005) | \$ 310,000 | \$ 310,000 | \$ - |
| Tax allocation bonds: | | | | | | |
| 2014A Tax Allocation Bonds | 22,215,000 | - | (2,755,000) | 19,460,000 | 2,870,000 | 16,590,000 |
| Unamortized premium | 2,728,384 | - | (389,769) | 2,338,615 | 389,769 | 1,948,846 |
| 2014B Tax Allocation Bonds | 2,835,000 | - | (375,000) | 2,460,000 | 380,000 | 2,080,000 |
| Unamortized discount | (30,662) | - | 5,111 | (25,551) | (5,111) | (20,440) |
| Total tax allocation bonds | <u>27,747,722</u> | <u>-</u> | <u>(3,514,658)</u> | <u>24,233,064</u> | <u>3,634,658</u> | <u>20,598,406</u> |
| Total | <u>\$ 28,347,727</u> | <u>\$ -</u> | <u>\$ (3,804,663)</u> | <u>\$ 24,543,064</u> | <u>\$ 3,944,658</u> | <u>\$ 20,598,406</u> |

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 18 - Successor Agency Trust for Assets of Former Community Development Commission (Continued)

D. Long-Term Liabilities (Continued)

Advances from the City

A description of the advances payable to the City of South Gate as of June 30, 2019, 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, 2019 is \$310,000.

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.

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, 2019, 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, 2019, the unamortized premium is \$2,338,615 and the outstanding balance on the bonds is \$19,460,000.

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 18 - 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, 2019:

| Year Ending June 30, | Principal | Interest | Total |
|---------------------------------|----------------------|---------------------|----------------------|
| 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 | 3,475,000 | 356,250 | 3,831,250 |
| 2025 | 3,650,000 | 182,500 | 3,832,500 |
| Total | \$ 19,460,000 | \$ 3,234,125 | \$ 22,694,125 |

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, 2019, 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, 2019, the unamortized discount is \$25,551 and the outstanding balance on the bonds is \$2,460,000.

The following schedule summarizes the debt service to maturity requirements for bonds payable outstanding as of June 30, 2019:

| Year Ending June 30, | Principal | Interest | Total |
|---------------------------------|---------------------|-------------------|---------------------|
| 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 | 430,000 | 26,400 | 456,400 |
| 2025 | 445,000 | 8,900 | 453,900 |
| Total | \$ 2,460,000 | \$ 283,134 | \$ 2,743,134 |

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 18 - 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/Mod Income Housing set-aside and pass through allocations) that it receives. The bonds issued were to provide financing for various capital projects, accomplish Low/Mod 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.

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 19 – Lease Arrangements Between City and Utility Authority

In November 2001, the Utility Authority leased the Water Enterprise from the City pursuant to a Lease Agreement for the Total Rental of \$105,334,004 with an upfront lease payment of \$21,985,000 to be paid from the 2001 Bond proceeds. A second upfront lease payment of \$12,000,000 was made in January 2002 from funds available in the Water Enterprise Fund. A third upfront lease payment of \$6,400,000 was made from the 2012 Bond proceeds. The Lease Agreement expires on December 1, 2056. As of June 30, 2019, the outstanding balance is \$44,315,715.

In November 2001, the Utility Authority leased the Sewer Enterprise from the City pursuant to a Lease Agreement for the Total Rental of \$12,798,626. The Lease Agreement expires on December 1, 2056. As of June 30, 2019, the outstanding balance is \$12,798,626.

Note 20 – Subsequent Events

2019 Series Water Revenue Bonds

On December 5, 2019, the South Gate Utility Authority issued \$31,340,000 of 2019 Series Water Revenue Bonds. Proceeds of these bonds were used to refund the Authority's 2012 Series Water Revenue Bonds and pay costs of issuance of these bonds.

COVID-19

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. However, the related financial impact on the City and the duration cannot be reasonably estimated at this time.

Acquisition of 9019 Long Beach Boulevard

In March 2020, the South Gate Housing Authority completed the acquisition of a .23 acre parcel of land located at 9019 Long Beach Boulevard for the purchase price of \$960,000. The purpose of the acquisition was to replace blighted and underutilized properties with new affordable housing. The Housing Authority had previously entered into an exclusive negotiation agreement (ENA) with Habitat for Humanity of Greater Los Angeles to develop a mix of affordable to market-rate homes on this property along with two adjacent parcels located at 9001 and 9015 Long Beach Blvd. that are also owned by the Housing Authority.

Cooperation Agreement

On April 28, 2020, the City of South Gate and the South Gate Housing Authority entered into a Cooperation Agreement for the purchase of a 1.32-acre property located on 13050 Paramount Boulevard, South Gate, from the Los Angeles County Office of Education for the total acquisition price of \$1,800,000. The City loaned the Housing Authority \$1,813,000 to facilitate the purchase of the property for the purpose of developing affordable housing. Upon the closing of the resale to a third-party affordable housing developer, the Housing Authority will repay the entire loan principal plus all outstanding accrued simple interest using the LAIF interest rate.

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, 2019

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---|-----------------------|-----------------------|----------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Taxes | \$ 39,356,481 | \$ 39,356,481 | \$ 41,152,647 | \$ 1,796,166 |
| Licenses and permits | 1,440,039 | 1,440,039 | 1,355,596 | (84,443) |
| Intergovernmental | 59,457 | 103,422 | 328,897 | 225,475 |
| Charges for services | 2,379,469 | 2,379,469 | 2,538,835 | 159,366 |
| Use of money and property | 934,731 | 934,731 | 1,672,318 | 737,587 |
| Fines and forfeitures | 958,242 | 958,242 | 1,296,564 | 338,322 |
| Miscellaneous | 3,324,575 | 3,325,575 | 3,304,023 | (21,552) |
| Total revenues | 48,452,994 | 48,497,959 | 51,648,880 | 3,150,921 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | | | | |
| City Council | 304,550 | 309,550 | 271,324 | 38,226 |
| City Clerk | 465,346 | 480,346 | 463,286 | 17,060 |
| City Treasurer | 41,828 | 41,828 | 33,631 | 8,197 |
| City Attorney | 1,088,479 | 1,088,479 | 1,697,510 | (609,031) |
| City Manager | 1,113,727 | 1,113,727 | 1,147,353 | (33,626) |
| Administrative Services | 3,836,847 | 4,008,081 | 3,215,698 | 792,383 |
| Total general government | 6,850,777 | 7,042,011 | 6,828,802 | 213,209 |
| Police | 26,452,327 | 26,462,327 | 25,240,214 | 1,222,113 |
| Community development | 2,777,272 | 3,149,066 | 2,975,469 | 173,597 |
| Parks & recreation | 7,907,220 | 7,926,220 | 7,434,938 | 491,282 |
| Public works | 4,028,855 | 4,176,062 | 4,074,621 | 101,441 |
| Capital outlay | 26,000 | 841,796 | 402,006 | 439,790 |
| Debt service: | | | | |
| Principal | 1,190,000 | 1,190,000 | 1,190,000 | - |
| Interest and fiscal charges | 825,439 | 825,439 | 825,706 | (267) |
| Total expenditures | 50,057,890 | 51,612,921 | 48,971,756 | 2,641,165 |
| REVENUES OVER (UNDER) EXPENDITURES | (1,604,896) | (3,114,962) | 2,677,124 | 5,792,086 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | 5,000 | 1,333,140 | 1,328,140 |
| Transfers out | - | (5,981,131) | (976,155) | 5,004,976 |
| Total other financing sources (uses) | - | (5,976,131) | 356,985 | 6,333,116 |
| Net change in fund balance | \$ (1,604,896) | \$ (9,091,093) | 3,034,109 | \$ 12,125,202 |
| Fund Balance: | | | | |
| Beginning of year | | | 57,335,672 | |
| End of year | | | <u>\$ 60,369,781</u> | |

City of South Gate
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule - Grants Special Revenue Fund
For the Year Ended June 30, 2019

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---|------------------|------------------------|-----------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Intergovernmental | \$ - | \$ 8,102,500 | \$ 6,788,012 | \$ (1,314,488) |
| Total revenues | <u>-</u> | <u>8,102,500</u> | <u>6,788,012</u> | <u>(1,314,488)</u> |
| REVENUES OVER (UNDER) EXPENDITURES | | | | |
| | <u>-</u> | <u>8,102,500</u> | <u>6,788,012</u> | <u>(1,314,488)</u> |
| OTHER FINANCING SOURCES: | | | | |
| Transfers out | - | (50,236,097) | (6,335,673) | 43,900,424 |
| Total other financing sources | <u>-</u> | <u>(50,236,097)</u> | <u>(6,335,673)</u> | <u>43,900,424</u> |
| CHANGE IN FUND BALANCE | <u>\$ -</u> | <u>\$ (42,133,597)</u> | 452,339 | <u>\$ 42,585,936</u> |
| FUND BALANCE (DEFICIT): | | | | |
| Beginning of year | | | <u>(2,159,268)</u> | |
| End of year | | | <u>\$ (1,706,929)</u> | |

City of South Gate
Required Supplementary Information (Unaudited)
Notes to the Budgetary Comparison Schedules
For the Year Ended June 30, 2019

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 transfers between departments, funds and activities, as well as for the use of salary and benefit appropriations for something other than salary and benefits. 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. All appropriations lapse at year-end. Encumbrances for open purchase orders and/or ongoing projects or contracts are carried over and are added to the following year's 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, 2019

Last Ten Fiscal Years

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

| Measurement Period | 2017-18 | 2016-17 | 2015-16 | 2014-15 | 2013-14¹ |
|--|----------------------|----------------------|----------------------|----------------------|----------------------------|
| Service cost | \$ 2,850,621 | \$2,604,468 | \$2,261,496 | \$2,160,710 | \$ 2,209,895 |
| Interest on total pension liability | 10,723,300 | 10,183,905 | 9,807,665 | 9,431,040 | 9,016,106 |
| Differences between expected and actual experience | 961,061 | (1,443,448) | (1,238,446) | (399,523) | - |
| Changes in assumptions | (532,576) | 9,063,137 | - | (2,453,625) | - |
| Changes in benefit terms | - | - | - | - | - |
| Benefit payments, including refunds of employee contributions | (5,927,517) | (5,664,414) | (5,601,315) | (5,359,664) | (5,203,224) |
| Net change in total pension liability | 8,074,889 | 14,743,648 | 5,229,400 | 3,378,938 | 6,022,777 |
| Total pension liability - beginning | 151,086,176 | 136,342,528 | 131,113,128 | 127,734,190 | 121,711,413 |
| Total pension liability - ending (a) | \$159,161,065 | \$151,086,176 | \$136,342,528 | \$131,113,128 | \$127,734,190 |
| Plan fiduciary net position | | | | | |
| Contributions - employer | \$ 3,025,649 | \$ 2,807,597 | \$ 2,371,025 | \$ 1,749,186 | \$ 1,971,806 |
| Contributions - employee | 1,239,580 | 1,119,350 | 1,117,889 | 1,028,703 | 963,778 |
| Net investment income ² | 9,588,212 | 11,577,937 | 511,739 | 2,339,332 | 15,942,156 |
| Benefit payments | (5,927,517) | (5,664,414) | (5,601,315) | (5,359,664) | (5,203,224) |
| Recognized difference in proportion | - | - | - | - | - |
| Plan to plan resources movement | (282) | 936 | (254) | (119,756) | - |
| Other Miscellaneous Income/(Expense) ² | (338,242) | - | - | - | - |
| Administrative expense | (178,114) | (154,457) | (64,773) | 4,871 | - |
| Net change in plan fiduciary net position | 7,409,286 | 9,686,949 | (1,665,689) | (357,328) | 13,674,516 |
| Plan fiduciary net position - beginning | 114,302,147 | 104,615,198 | 106,280,887 | 106,638,215 | 92,963,699 |
| Plan fiduciary net position - ending (b) | \$121,711,433 | \$114,302,147 | \$104,615,198 | \$106,280,887 | \$106,638,215 |
| Net pension liability - ending (a)-(b) | \$ 37,449,632 | \$ 36,784,029 | \$ 31,727,330 | \$ 24,832,241 | \$ 21,095,975 |
| Plan fiduciary net position as a percentage of the total pension liability | 76.47% | 75.65% | 76.73% | 81.06% | 83.48% |
| Covered payroll | \$ 14,926,282 | \$ 13,777,340 | \$ 13,452,475 | \$ 12,677,247 | \$ 12,254,729 |
| Net pension liability as a percentage of covered payroll | 250.90% | 266.99% | 235.85% | 195.88% | 172.15% |

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

² During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Post-Employment Benefit Plans Other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to post-employment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded one-time expense as a result of the adoption of GASB 75.

Notes:

Benefit changes: the figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2017 valuation date. 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: In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent, net of administrative expense, to 7.65 percent, without a reduction for pension plan administrative expense. In 2014, amounts reported were based on the 7.5 percent 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, 2019

Last Ten Fiscal Years

PARS - Supplemental Retirement Plan

| Measurement Period | 2017-18 | 2016-17 | 2016-17 | 2015-16 | 2014-15¹ |
|--|---------------------|---------------------|---------------------|---------------------|----------------------------|
| Service cost | \$ 6,173 | \$ - | \$ 9,276 | \$ 9,006 | \$ 20,273 |
| Interest on total pension liability | 97,115 | - | 95,683 | 94,489 | 91,587 |
| Differences between expected and actual experience | - | - | - | (29,211) | - |
| Changes in assumptions | 32,997 | 13,920 | - | 63,351 | - |
| Changes in benefit terms | - | - | - | - | - |
| Benefit payments, including refunds of employee contributions | (86,425) | - | (85,995) | (86,885) | (80,278) |
| Net change in total pension liability | 49,860 | 13,920 | 18,964 | 50,750 | 31,582 |
| Total pension liability - beginning | 1,442,785 | 1,428,865 | 1,409,901 | 1,359,151 | 1,327,569 |
| Total pension liability - ending (a) | \$ 1,492,645 | \$ 1,442,785 | \$ 1,428,865 | \$ 1,409,901 | \$ 1,359,151 |
| Plan fiduciary net position | | | | | |
| Contributions - employer | \$ 89,422 | \$ - | \$ 89,262 | \$ 92,402 | \$ 108,819 |
| Contributions - employee | - | - | - | - | - |
| Net investment income | 62,482 | - | 91,701 | 10,118 | 18,658 |
| Benefit payments | (86,425) | - | (85,995) | (86,885) | (80,278) |
| Administrative expense | (8,712) | - | (4,851) | (4,517) | (4,503) |
| Net change in plan fiduciary net position | 56,767 | - | 90,117 | 11,118 | 42,696 |
| Plan fiduciary net position - beginning | 996,181 | 996,181 | 906,064 | 894,946 | 852,250 |
| Plan fiduciary net position - ending (b) | \$ 1,052,948 | \$ 996,181 | \$ 996,181 | \$ 906,064 | \$ 894,946 |
| Net pension liability - ending (a)-(b) | \$ 439,697 | \$ 446,604 | \$ 432,684 | \$ 503,837 | \$ 464,205 |
| Plan fiduciary net position as a percentage of the total pension liability | 70.54% | 69.05% | 69.72% | 64.26% | 65.85% |
| Covered payroll | \$ 289,767 | \$ 282,012 | \$ 277,966 | \$ 260,000 | \$ 720,372 |
| Net pension liability as a percentage of covered payroll | 151.74% | 158.36% | 155.66% | 193.78% | 64.44% |

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

Notes:

Changes in assumptions: In 2018, discount rate changed from 6.75% to 6.52%; payroll growth rate changed from 2.875% to 2.750%.

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, 2019

Last Ten Fiscal Years

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

| Measurement Period | 2017-18 | 2016-17 | 2015-16 | 2014-15 | 2013-14¹ |
|--|----------------|----------------|----------------|----------------|----------------------------|
| Proportion of the Net Pension Liability | 0.52052% | 0.49939% | 0.50255% | 0.49730% | 0.46523% |
| Proportionate Share of the Net Pension Liability | \$ 50,159,050 | \$ 49,525,601 | \$ 43,486,293 | \$ 34,133,907 | \$ 28,948,876 |
| Covered Payroll | \$ 7,968,440 | \$ 7,367,602 | \$ 7,508,515 | \$ 7,077,495 | \$ 6,919,179 |
| Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll | 629.47% | 672.21% | 579.16% | 482.29% | 418.39% |
| Plan Fiduciary Net Position | \$ 123,864,509 | \$ 118,159,014 | \$ 110,687,826 | \$ 117,370,165 | \$ 123,534,054 |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 71.18% | 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, 2019

Last Ten Fiscal Years

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

| | <u>2018-19</u> | <u>2017-18</u> | <u>2016-17</u> | <u>2015-16</u> | <u>2014-15</u> | <u>2013-14</u> ¹ |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|-----------------------------|
| Actuarially determined contribution | \$ 3,680,004 | \$ 3,025,649 | \$ 2,807,597 | \$ 2,371,025 | \$ 1,901,745 | \$ 1,819,247 |
| Contributions in relation to the actuarially determined contributions | <u>(3,680,004)</u> | <u>(3,025,649)</u> | <u>(2,807,597)</u> | <u>(2,371,025)</u> | <u>(1,901,745)</u> | <u>(1,819,247)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll ^{2,3} | \$ 14,526,795 | \$ 14,926,282 | \$ 13,777,340 | \$ 13,452,475 | \$ 12,677,247 | \$ 12,254,729 |
| Contributions as a percentage of covered payroll ² | 25.33% | 20.27% | 20.38% | 17.63% | 15.00% | 14.85% |

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 2018-19 were from the June 30, 2016 public agency valuations.

Methods and assumptions used to determine contribution rates:

| | |
|----------------------------|--|
| Actuarial cost method | Entry Age Normal |
| Amortization method/period | Level percentage of payroll |
| Asset valuation method | Market value |
| Inflation | 2.75% |
| 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 2011. |
| Mortality | The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries. |

City of South Gate
Required Supplementary Information (Unaudited)
Schedule of Contributions (Continued)
For the Year Ended June 30, 2019

Last Ten Fiscal Years

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

| | <u>2018-19</u> | <u>2017-18</u> | <u>2016-17</u> | <u>2015-16</u> | <u>2014-15</u> | <u>2013-14</u> ¹ |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|-----------------------------|
| Actuarially determined contribution | \$ 4,399,729 | \$ 3,802,971 | \$ 3,802,971 | \$ 3,000,801 | \$ 2,086,240 | \$ 1,976,256 |
| Contributions in relation to the actuarially determined contributions | <u>(4,399,729)</u> | <u>(3,802,971)</u> | <u>(3,802,971)</u> | <u>(3,000,801)</u> | <u>(2,086,240)</u> | <u>(1,976,256)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll ^{2,3} | \$ 7,968,440 | \$ 7,367,602 | \$ 7,508,515 | \$ 7,289,820 | \$ 7,077,495 | \$ 6,919,179 |
| Contributions as a percentage of covered payroll ² | 55.21% | 51.62% | 50.65% | 41.16% | 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 2018-19 were from the June 30, 2016 public agency valuations.

Methods and assumptions used to determine contribution rates:

| | |
|----------------------------|--|
| Actuarial cost method | Entry Age Normal |
| Amortization method/period | Level percentage of payroll |
| Asset valuation method | Market value |
| Inflation | 2.75% |
| 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 2011. |
| Mortality | The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries. |

City of South Gate
Required Supplementary Information (Unaudited)
Schedule of Contributions (Continued)
For the Year Ended June 30, 2019

Last Ten Fiscal Years

PARS - Supplemental Retirement Plan

| | <u>2018-19</u> | <u>2017-18</u> | <u>2016-17</u> | <u>2015-16</u> | <u>2014-15</u> | <u>2013-14</u> ¹ |
|---|---------------------------|-------------------------|---------------------------|---------------------------|---------------------------|-----------------------------|
| Actuarially determined contribution | \$ 71,442 | \$ 62,388 | \$ 65,461 | \$ 61,230 | \$ 89,000 | \$ 84,594 |
| Contributions in relation to the actuarially determined contributions | <u>(89,422)</u> | <u>-</u> | <u>(89,262)</u> | <u>(92,402)</u> | <u>(108,819)</u> | <u>(144,907)</u> |
| Contribution deficiency (excess) | <u><u>\$ (17,980)</u></u> | <u><u>\$ 62,388</u></u> | <u><u>\$ (23,801)</u></u> | <u><u>\$ (31,172)</u></u> | <u><u>\$ (19,819)</u></u> | <u><u>\$ (60,313)</u></u> |
| Covered payroll | \$ 289,767 | \$ 282,012 | \$ 277,966 | \$ 260,000 | \$ 720,372 | \$ 720,372 |
| Contributions as a percentage of covered payroll | 30.86% | 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 Actuarially Determined Contribution is adjusted by the actual benefit payments paid (versus expected) in the measurement periods 2016-2017 and 2017-2018.

Methods and assumptions used to determine contribution rates:

| | |
|----------------------------|---|
| Actuarial cost method | Entry Age Normal |
| Amortization method/period | Closed period, level percent of pay |
| Asset valuation method | Fair market value |
| Inflation | 2.50% |
| Salary increases | Varies by entry age and service |
| Cost of living adjustment | 2.75% |
| | 6.52% |
| Investment rate of return | |
| 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 Changes in Net Other Post-Employment Benefit Plan Liability and Related Ratios
For the Year Ended June 30, 2019

Last Ten Fiscal Years

| Measurement Period | 2017-18 | 2016-17¹ |
|--|----------------------|----------------------------|
| Service cost | \$ 1,102,741 | \$ 1,071,923 |
| Interest on total OPEB liability | 1,064,551 | 1,036,683 |
| Differences between expected and actual experience | - | (1,503,666) |
| Changes in assumptions | (526,077) | 650,700 |
| Changes in benefit terms | - | - |
| Benefit payments, including refunds of employee contributions | (834,408) | (799,760) |
| Net change in total OPEB liability | 806,807 | 455,880 |
| Total OPEB liability - beginning | 30,256,302 | 29,800,422 |
| Total OPEB liability - ending (a) | \$ 31,063,109 | \$ 30,256,302 |
| Plan fiduciary net position | | |
| Contributions - employer | \$ - | \$ - |
| Contributions - employee | - | - |
| Net investment income | - | - |
| 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) | \$ 31,063,109 | \$ 30,256,302 |
| Plan fiduciary net position as a percentage of the total OPEB liability | 0.00% | 0.00% |
| Covered payroll | \$ 20,739,803 | \$ 20,184,723 |
| Net OPEB liability as a percentage of covered payroll | 149.78% | 149.90% |

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

City of South Gate
Required Supplementary Information (Unaudited)
Schedule of Contributions in the Other Post-Employment Benefit Plan
For the Year Ended June 30, 2019

Last Ten Fiscal Years

| | 2017-18 | 2016-17 ¹ |
|---|----------------|-----------------------------|
| Actuarially determined contribution | \$ - | \$ - |
| determined contributions | - | - |
| Contribution deficiency (excess) | \$ - | \$ - |
| Covered payroll ^{2,3} | \$ 20,739,803 | \$ 20,184,723 |
| Contributions as a percentage of covered payroll ² | 0.00% | 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: June 30, 2017

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2017-18 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 | 2.50% |
| Salary increases | 2.75% |
| Retirement age | According to the retirement rates under the most recent CalPERS pension plan experience study. |
| 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 Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Capital Improvement Projects Fund
For the Year Ended June 30, 2019

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---|------------------|---------------------|---------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Intergovernmental | \$ - | \$ - | \$ 15,000 | \$ 15,000 |
| Total revenues | <u>-</u> | <u>-</u> | <u>15,000</u> | <u>15,000</u> |
| EXPENDITURES: | | | | |
| Capital outlay | - | 72,001,900 | 13,115,600 | 58,886,300 |
| Total expenditures | <u>-</u> | <u>72,001,900</u> | <u>13,115,600</u> | <u>58,886,300</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>-</u> | <u>(72,001,900)</u> | <u>(13,100,600)</u> | <u>58,901,300</u> |
| OTHER FINANCING SOURCES: | | | | |
| Transfers in | - | 71,775,650 | 13,139,538 | (58,636,112) |
| Total other financing sources | <u>-</u> | <u>71,775,650</u> | <u>13,139,538</u> | <u>(58,636,112)</u> |
| CHANGE IN FUND BALANCE | <u>\$ -</u> | <u>\$ (226,250)</u> | 38,938 | <u>\$ 265,188</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | <u>4,057,320</u> | |
| End of year | | | <u>\$ 4,096,258</u> | |

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 (Section 8) 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 Forfeiture Fund - To account for revenues received from asset seizures which can only be used to augment law enforcement expenditures.

Air Quality Improvement Fund - To account for local revenue received from the South Coast 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 streets and roads.

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 service and transportation-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 (UDAG) that the City uses for community development projects.

Public Access Corporation Fund - To account for revenues previously 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 Lighting & 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 & 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 improvement projects.

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

CASp 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 (Certified Access Specialists) who can inspect buildings and sites for compliance with applicable state and federal construction standards.

CAPITAL PROJECTS FUNDS:

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

City of South Gate
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2019

| | Special Revenue | | | | |
|--|---|----------------------|---------------------|----------------------|------------------------------|
| | Community Development Block Grant | Housing Authority | HOME Program | Housing Successor | Law Enforcement Grants |
| ASSETS | | | | | |
| Cash and investments | \$ - | \$ 496,766 | \$ - | \$ 883,139 | \$ 544,301 |
| Receivables: | | | | | |
| Accounts | - | 6,385 | - | 2,020 | - |
| Loans | 1,776,814 | 14,415 | 6,814,532 | 734,459 | - |
| Interest | - | 1,786 | - | 5,166 | 2,887 |
| Prepaid items | - | - | - | - | - |
| Due from other governments | 238,145 | 13,129 | 17,292 | - | 77,526 |
| Advances to Successor Agency | 310,000 | - | - | - | - |
| Land held for resale | - | - | - | 2,190,000 | - |
| Total assets | \$ 2,324,959 | \$ 532,481 | \$ 6,831,824 | \$ 3,814,784 | \$ 624,714 |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 133,431 | \$ 31,329 | \$ 4,905 | \$ 4,938 | \$ - |
| Accrued payroll and related liabilities | 9,587 | 6,078 | 1,615 | - | 4,145 |
| Unearned revenue | 132,431 | - | - | - | - |
| Deposits | - | - | - | 3,054 | - |
| Due to other funds | 343,201 | 97,108 | 10,771 | - | - |
| Total liabilities | 618,650 | 134,515 | 17,291 | 7,992 | 4,145 |
| Fund Balances: | | | | | |
| Restricted | 1,706,309 | 397,966 | 6,814,533 | 3,806,792 | 620,569 |
| Unassigned (deficit) | - | - | - | - | - |
| Total fund balances | 1,706,309 | 397,966 | 6,814,533 | 3,806,792 | 620,569 |
| Total liabilities and fund balances | \$ 2,324,959 | \$ 532,481 | \$ 6,831,824 | \$ 3,814,784 | \$ 624,714 |

(Continued)

City of South Gate
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2019

| | Special Revenue | | | | |
|--|---------------------|----------------------------|--------------------|------------------|--------------------|
| | Asset Forfeiture | Air Quality Improvement | Traffic Safety | Gas Tax | Street Sweeping |
| ASSETS | | | | | |
| Cash and investments | \$ 4,539,567 | \$ 515,057 | \$ - | \$ - | \$ 404,933 |
| Receivables: | | | | | |
| Accounts | - | - | - | 337 | 127,159 |
| Loans | - | - | - | - | - |
| Interest | 27,112 | 2,565 | - | - | 2,067 |
| Prepaid items | - | - | - | - | - |
| Due from other governments | 8,934 | 32,999 | 35,346 | - | - |
| Advances to Successor Agency | - | - | - | - | - |
| Land held for resale | - | - | - | - | - |
| Total assets | \$ 4,575,613 | \$ 550,621 | \$ 35,346 | \$ 337 | \$ 534,159 |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 127,666 | \$ 193,291 | \$ 41,095 | \$ 27,927 | \$ 5,606 |
| Accrued payroll and related liabilities | 5,267 | - | - | 24,914 | 3,656 |
| Unearned revenue | - | - | - | 74,292 | - |
| Deposits | - | - | - | - | - |
| Due to other funds | - | - | 1,033,666 | 779,034 | - |
| Total liabilities | 132,933 | 193,291 | 1,074,761 | 906,167 | 9,262 |
| Fund Balances: | | | | | |
| Restricted | 4,442,680 | 357,330 | - | - | 524,897 |
| Unassigned (deficit) | - | - | (1,039,415) | (905,830) | - |
| Total fund balances | 4,442,680 | 357,330 | (1,039,415) | (905,830) | 524,897 |
| Total liabilities and fund balances | \$ 4,575,613 | \$ 550,621 | \$ 35,346 | \$ 337 | \$ 534,159 |

(Continued)

City of South Gate
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2019

| | Special Revenue | | | | |
|--|---------------------|---------------------|-------------------|---------------------------------|----------------------------------|
| | Prop A Transit | Prop C Transit | UDAG | Public Access Corporation | Street Lighting & Landscaping |
| ASSETS | | | | | |
| Cash and investments | \$ 2,973,050 | \$ 3,924,734 | \$ 470,405 | \$ 57,897 | \$ 121,090 |
| Receivables: | | | | | |
| Accounts | - | - | - | - | 6,448 |
| Loans | - | - | - | - | - |
| Interest | 16,597 | 24,074 | 2,576 | 400 | 511 |
| Prepaid items | 32,716 | - | - | - | - |
| Due from other governments | 147,238 | - | - | - | 29,243 |
| Advances to Successor Agency | - | - | - | - | - |
| Land held for resale | - | - | - | - | - |
| Total assets | \$ 3,169,601 | \$ 3,948,808 | \$ 472,981 | \$ 58,297 | \$ 157,292 |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 260,375 | \$ 55,273 | \$ - | \$ 3,961 | \$ 174,265 |
| Accrued payroll and related liabilities | 3,017 | - | - | - | 9,530 |
| Unearned revenue | - | - | - | - | - |
| Deposits | - | - | - | - | - |
| Due to other funds | - | - | - | - | - |
| Total liabilities | 263,392 | 55,273 | - | 3,961 | 183,795 |
| Fund Balances: | | | | | |
| Restricted | 2,906,209 | 3,893,535 | 472,981 | 54,336 | - |
| Unassigned (deficit) | - | - | - | - | (26,503) |
| Total fund balances | 2,906,209 | 3,893,535 | 472,981 | 54,336 | (26,503) |
| Total liabilities and fund balances | \$ 3,169,601 | \$ 3,948,808 | \$ 472,981 | \$ 58,297 | \$ 157,292 |

(Continued)

City of South Gate
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2019

| | Special Revenue | | | |
|--|----------------------|--|----------------------|---------------------|
| | Measure R Transit | Road Repair & Accountability Act | Measure M Transit | Park Enhancement |
| ASSETS | | | | |
| Cash and investments | \$ 5,686,391 | \$ 1,149,649 | \$ 684,116 | \$ 463,629 |
| Receivables: | | | | |
| Accounts | - | 321,172 | - | - |
| Loans | - | - | - | - |
| Interest | 29,085 | 4,316 | 7,538 | 2,945 |
| Prepaid items | - | - | - | - |
| Due from other governments | 3,789 | - | - | - |
| Advances to Successor Agency | - | - | - | - |
| Land held for resale | - | - | - | - |
| Total assets | \$ 5,719,265 | \$ 1,475,137 | \$ 691,654 | \$ 466,574 |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - |
| Accrued payroll and related liabilities | 41 | - | - | - |
| Unearned revenue | - | - | - | - |
| Deposits | - | - | - | - |
| Due to other funds | - | - | - | - |
| Total liabilities | 41 | - | - | - |
| Fund Balances: | | | | |
| Restricted | 5,719,224 | 1,475,137 | 691,654 | 466,574 |
| Unassigned (deficit) | - | - | - | - |
| Total fund balances | 5,719,224 | 1,475,137 | 691,654 | 466,574 |
| Total liabilities and fund balances | \$ 5,719,265 | \$ 1,475,137 | \$ 691,654 | \$ 466,574 |

City of South Gate
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2019

| | Special Revenue | Capital Projects | Total Non-Major Governmental Funds |
|--|--------------------|---------------------|---|
| | CASp | Bikeway | |
| ASSETS | | | |
| Cash and investments | \$ 36,082 | \$ - | \$ 22,950,806 |
| Receivables: | | | |
| Accounts | - | - | 463,521 |
| Loans | - | - | 9,340,220 |
| Interest | 134 | - | 129,759 |
| Prepaid items | - | - | 32,716 |
| Due from other governments | - | 195,646 | 799,287 |
| Advances to Successor Agency | - | - | 310,000 |
| Land held for resale | - | - | 2,190,000 |
| Total assets | \$ 36,216 | \$ 195,646 | \$ 36,216,309 |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts payable | \$ - | \$ - | \$ 1,064,062 |
| Accrued payroll and related liabilities | - | - | 67,850 |
| Unearned revenue | - | - | 206,723 |
| Deposits | - | - | 3,054 |
| Due to other funds | - | 195,646 | 2,459,426 |
| Total liabilities | - | 195,646 | 3,801,115 |
| Fund Balances: | | | |
| Restricted | 36,216 | - | 34,386,942 |
| Unassigned (deficit) | - | - | (1,971,748) |
| Total fund balances | 36,216 | - | 32,415,194 |
| Total liabilities and fund balances | \$ 36,216 | \$ 195,646 | \$ 36,216,309 |

(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, 2019

| | Special Revenue | | | | |
|---|---|----------------------|---------------------|----------------------|------------------------------|
| | Community Development Block Grant | Housing Authority | HOME Program | Housing Successor | Law Enforcement Grants |
| REVENUES: | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ 20,525 | \$ - |
| Licenses and permits | - | - | - | - | - |
| Intergovernmental | 1,187,973 | 4,727,917 | 162,375 | - | 409,809 |
| Charges for services | 18,000 | - | - | - | - |
| Use of money and property | 38,415 | 7,679 | 67,774 | 46,505 | 14,800 |
| Fines and forfeitures | - | - | - | - | - |
| Miscellaneous | - | - | - | - | - |
| Total revenues | 1,244,388 | 4,735,596 | 230,149 | 67,030 | 424,609 |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| General government | - | - | - | - | - |
| Police | - | - | - | - | 313,640 |
| Community development | 724,437 | 4,798,274 | 315,033 | 116,425 | - |
| Parks & recreation | - | - | - | - | - |
| Public works | 140,000 | - | - | - | - |
| Capital outlay | - | - | - | - | 48,699 |
| Debt service: | | | | | |
| Principal | 290,000 | - | - | - | - |
| Interest and fiscal charges | 36,165 | - | - | - | - |
| Total expenditures | 1,190,602 | 4,798,274 | 315,033 | 116,425 | 362,339 |
| REVENUES OVER (UNDER) EXPENDITURES | 53,786 | (62,678) | (84,884) | (49,395) | 62,270 |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Issuance of financing agreements | - | - | - | - | - |
| Transfers in | - | - | 91,656 | - | 673 |
| Transfers out | (629,062) | - | - | - | - |
| Total other financing sources (uses) | (629,062) | - | 91,656 | - | 673 |
| CHANGES IN FUND BALANCES | (575,276) | (62,678) | 6,772 | (49,395) | 62,943 |
| FUND BALANCES: | | | | | |
| Beginning of year | 2,281,585 | 460,644 | 6,807,761 | 3,856,187 | 557,626 |
| End of year | \$ 1,706,309 | \$ 397,966 | \$ 6,814,533 | \$ 3,806,792 | \$ 620,569 |

(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, 2019

| | Special Revenue | | | | |
|---|---------------------|----------------------------|-----------------------|---------------------|--------------------|
| | Asset Forfeiture | Air Quality Improvement | Traffic Safety | Gas Tax | Street Sweeping |
| REVENUES: | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | - | - |
| Intergovernmental | 1,152,627 | 127,286 | - | 1,876,762 | - |
| Charges for services | - | - | - | - | 703,128 |
| Use of money and property | 143,361 | 13,328 | - | 3,844 | 10,127 |
| Fines and forfeitures | - | - | 146,708 | - | - |
| Miscellaneous | - | - | - | - | - |
| Total revenues | 1,295,988 | 140,614 | 146,708 | 1,880,606 | 713,255 |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| General government | - | - | - | - | 17,596 |
| Police | 702,903 | - | 301,614 | - | - |
| Community development | - | 6,054 | - | 18,207 | - |
| Parks & recreation | - | - | - | - | - |
| Public works | - | - | - | 2,617,634 | 533,174 |
| Capital outlay | 897,909 | 219,433 | - | - | - |
| Debt service: | | | | | |
| Principal | - | - | - | - | - |
| Interest and fiscal charges | - | - | - | - | - |
| Total expenditures | 1,600,812 | 225,487 | 301,614 | 2,635,841 | 550,770 |
| REVENUES OVER (UNDER) EXPENDITURES | (304,824) | (84,873) | (154,906) | (755,235) | 162,485 |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Issuance of financing agreements | 440,972 | - | - | - | - |
| Transfers in | - | - | - | 4,312 | - |
| Transfers out | (297,176) | - | - | (47,498) | - |
| Total other financing sources (uses) | 143,796 | - | - | (43,186) | - |
| CHANGES IN FUND BALANCES | (161,028) | (84,873) | (154,906) | (798,421) | 162,485 |
| FUND BALANCES: | | | | | |
| Beginning of year | 4,603,708 | 442,203 | (884,509) | (107,409) | 362,412 |
| End of year | \$ 4,442,680 | \$ 357,330 | \$ (1,039,415) | \$ (905,830) | \$ 524,897 |

(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, 2019

| | Special Revenue | | | | |
|---|---------------------|---------------------|-------------------|---------------------------------|----------------------------------|
| | Prop A Transit | Prop C Transit | UDAG | Public Access Corporation | Street Lighting & Landscaping |
| REVENUES: | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ 2,001,502 |
| Licenses and permits | - | - | - | - | - |
| Intergovernmental | 2,127,404 | 1,642,492 | - | - | - |
| Charges for services | 186,209 | - | - | - | - |
| Use of money and property | 160,199 | 124,977 | 13,448 | 2,352 | 8,177 |
| Fines and forfeitures | - | - | - | - | - |
| Miscellaneous | 11,110 | - | - | - | 9,597 |
| Total revenues | 2,484,922 | 1,767,469 | 13,448 | 2,352 | 2,019,276 |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| General government | - | - | - | 35,778 | - |
| Police | - | - | - | - | - |
| Community development | 2,188,794 | - | - | - | - |
| Parks & recreation | 73,512 | - | 2,985 | - | - |
| Public works | - | 347,764 | - | - | 2,360,835 |
| Capital outlay | 11,962 | - | - | - | - |
| Debt service: | | | | | |
| Principal | - | - | - | - | 94,786 |
| Interest and fiscal charges | - | - | - | - | - |
| Total expenditures | 2,274,268 | 347,764 | 2,985 | 35,778 | 2,455,621 |
| REVENUES OVER (UNDER) EXPENDITURES | 210,654 | 1,419,705 | 10,463 | (33,426) | (436,345) |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Issuance of financing agreements | - | - | - | - | - |
| Transfers in | - | - | - | - | - |
| Transfers out | - | (1,842,673) | - | - | - |
| Total other financing sources (uses) | - | (1,842,673) | - | - | - |
| CHANGES IN FUND BALANCES | 210,654 | (422,968) | 10,463 | (33,426) | (436,345) |
| FUND BALANCES: | | | | | |
| Beginning of year | 2,695,555 | 4,316,503 | 462,518 | 87,762 | 409,842 |
| End of year | \$ 2,906,209 | \$ 3,893,535 | \$ 472,981 | \$ 54,336 | \$ (26,503) |

(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, 2019

| | Special Revenue | | | |
|---|----------------------|--|----------------------|---------------------|
| | Measure R Transit | Road Repair & Accountability Act | Measure M Transit | Park Enhancement |
| REVENUES: | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | - |
| Intergovernmental | 1,232,223 | 1,910,247 | 1,388,967 | - |
| Charges for services | - | - | - | 253,359 |
| Use of money and property | 142,193 | 16,521 | 31,131 | 13,926 |
| Fines and forfeitures | - | - | - | - |
| Miscellaneous | - | - | - | - |
| Total revenues | <u>1,374,416</u> | <u>1,926,768</u> | <u>1,420,098</u> | <u>267,285</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Police | - | - | - | - |
| Community development | - | - | - | - |
| Parks & recreation | - | - | - | 86 |
| Public works | 9,709 | 125 | 221 | - |
| Capital outlay | - | - | - | - |
| Debt service: | | | | |
| Principal | - | - | - | - |
| Interest and fiscal charges | - | - | - | - |
| Total expenditures | <u>9,709</u> | <u>125</u> | <u>221</u> | <u>86</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>1,364,707</u> | <u>1,926,643</u> | <u>1,419,877</u> | <u>267,199</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Issuance of financing agreements | - | - | - | - |
| Transfers in | - | - | - | - |
| Transfers out | (262,336) | (975,119) | (1,452,660) | (240,154) |
| Total other financing sources (uses) | <u>(262,336)</u> | <u>(975,119)</u> | <u>(1,452,660)</u> | <u>(240,154)</u> |
| CHANGES IN FUND BALANCES | 1,102,371 | 951,524 | (32,783) | 27,045 |
| FUND BALANCES: | | | | |
| Beginning of year | 4,616,853 | 523,613 | 724,437 | 439,529 |
| End of year | <u>\$ 5,719,224</u> | <u>\$ 1,475,137</u> | <u>\$ 691,654</u> | <u>\$ 466,574</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, 2019

| | Special Revenue | Capital Projects | Total Non-Major Governmental Funds |
|---|--------------------|---------------------|---|
| | CASp | Bikeway | |
| REVENUES: | | | |
| Taxes | \$ - | \$ - | \$ 2,022,027 |
| Licenses and permits | 14,984 | - | 14,984 |
| Intergovernmental | - | 195,646 | 18,141,728 |
| Charges for services | - | - | 1,160,696 |
| Use of money and property | 467 | - | 859,224 |
| Fines and forfeitures | - | - | 146,708 |
| Miscellaneous | - | - | 20,707 |
| Total revenues | 15,451 | 195,646 | 22,366,074 |
| EXPENDITURES: | | | |
| Current: | | | |
| General government | - | - | 53,374 |
| Police | - | - | 1,318,157 |
| Community development | - | - | 8,167,224 |
| Parks & recreation | - | - | 76,583 |
| Public works | - | - | 6,009,462 |
| Capital outlay | - | - | 1,178,003 |
| Debt service: | | | |
| Principal | - | - | 384,786 |
| Interest and fiscal charges | - | - | 36,165 |
| Total expenditures | - | - | 17,223,754 |
| REVENUES OVER (UNDER) EXPENDITURES | 15,451 | 195,646 | 5,142,320 |
| OTHER FINANCING SOURCES (USES): | | | |
| Issuance of financing agreements | - | - | 440,972 |
| Transfers in | - | - | 96,641 |
| Transfers out | - | (195,646) | (5,942,324) |
| Total other financing sources (uses) | - | (195,646) | (5,404,711) |
| CHANGES IN FUND BALANCES | 15,451 | - | (262,391) |
| FUND BALANCES: | | | |
| Beginning of year | 20,765 | - | 32,677,585 |
| End of year | \$ 36,216 | \$ - | \$ 32,415,194 |

(Concluded)

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Community Development Block Grant Fund
For the Year Ended June 30, 2019

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---|--------------------|---------------------|---------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Intergovernmental | \$ 1,335,324 | \$ 1,335,324 | \$ 1,187,973 | \$ (147,351) |
| Charges for services | - | - | 18,000 | 18,000 |
| Use of money and property | 37,165 | 37,165 | 38,415 | 1,250 |
| Total revenues | <u>1,372,489</u> | <u>1,372,489</u> | <u>1,244,388</u> | <u>(128,101)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Community development | 855,324 | 855,324 | 724,437 | 130,887 |
| Public works | 140,000 | 140,000 | 140,000 | - |
| Debt service: | | | | |
| Principal | 290,000 | 290,000 | 290,000 | - |
| Interest and fiscal charges | 36,165 | 36,165 | 36,165 | - |
| Total expenditures | <u>1,321,489</u> | <u>1,321,489</u> | <u>1,190,602</u> | <u>130,887</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>51,000</u> | <u>51,000</u> | <u>53,786</u> | <u>2,786</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | (100,000) | (864,354) | (629,062) | 235,292 |
| Total other financing sources (uses) | <u>(100,000)</u> | <u>(864,354)</u> | <u>(629,062)</u> | <u>235,292</u> |
| CHANGE IN FUND BALANCE | <u>\$ (49,000)</u> | <u>\$ (813,354)</u> | <u>(575,276)</u> | <u>\$ 238,078</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | 2,281,585 | |
| End of year | | | <u>\$ 1,706,309</u> | |

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Housing Authority Fund
For the Year Ended June 30, 2019

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|-------------------------------|---------------------|---------------------|-------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Intergovernmental | \$ 4,447,000 | \$ 4,447,000 | \$ 4,727,917 | \$ 280,917 |
| Use of money and property | 2,500 | 2,500 | 7,679 | 5,179 |
| Total revenues | <u>4,449,500</u> | <u>4,449,500</u> | <u>4,735,596</u> | <u>286,096</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Community development | 4,797,144 | 4,797,144 | 4,798,274 | (1,130) |
| Total expenditures | <u>4,797,144</u> | <u>4,797,144</u> | <u>4,798,274</u> | <u>(1,130)</u> |
| CHANGE IN FUND BALANCE | <u>\$ (347,644)</u> | <u>\$ (347,644)</u> | (62,678) | <u>\$ 284,966</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | 460,644 | |
| End of year | | | <u>\$ 397,966</u> | |

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
HOME Program Fund
For the Year Ended June 30, 2019

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---|------------------|------------------|---------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Intergovernmental | \$ 416,297 | \$ 416,297 | \$ 162,375 | \$ (253,922) |
| Use of money and property | 5,380 | 5,380 | 67,774 | 62,394 |
| Total revenues | <u>421,677</u> | <u>421,677</u> | <u>230,149</u> | <u>(191,528)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Community development | 521,677 | 521,677 | 315,033 | 206,644 |
| Total expenditures | <u>521,677</u> | <u>521,677</u> | <u>315,033</u> | <u>206,644</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(100,000)</u> | <u>(100,000)</u> | <u>(84,884)</u> | <u>15,116</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 100,000 | 100,000 | 91,656 | (8,344) |
| Total other financing sources (uses) | <u>100,000</u> | <u>100,000</u> | <u>91,656</u> | <u>(8,344)</u> |
| CHANGE IN FUND BALANCE | <u>\$ -</u> | <u>\$ -</u> | 6,772 | <u>\$ 6,772</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | <u>6,807,761</u> | |
| End of year | | | <u>\$ 6,814,533</u> | |

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Housing Successor Fund
For the Year Ended June 30, 2019

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|-------------------------------|------------------|-------------------|---------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Taxes | \$ 20,525 | \$ 20,525 | \$ 20,525 | \$ - |
| Use of money and property | 23,374 | 23,374 | 46,505 | 23,131 |
| Total revenues | 43,899 | 43,899 | 67,030 | 23,131 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Community development | 25,000 | 50,000 | 116,425 | (66,425) |
| Total expenditures | 25,000 | 50,000 | 116,425 | (66,425) |
| CHANGE IN FUND BALANCE | \$ 18,899 | \$ (6,101) | (49,395) | \$ (43,294) |
| FUND BALANCE: | | | | |
| Beginning of year | | | 3,856,187 | |
| End of year | | | \$ 3,806,792 | |

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Law Enforcement Grants Fund
For the Year Ended June 30, 2019

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---|---------------------|---------------------|-------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Intergovernmental | \$ 282,366 | \$ 430,404 | \$ 409,809 | \$ (20,595) |
| Use of money and property | 4,200 | 4,200 | 14,800 | 10,600 |
| Total revenues | <u>286,566</u> | <u>434,604</u> | <u>424,609</u> | <u>(9,995)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Police | 441,592 | 537,984 | 313,640 | 224,344 |
| Capital outlay | - | 43,038 | 48,699 | (5,661) |
| Total expenditures | <u>441,592</u> | <u>581,022</u> | <u>362,339</u> | <u>218,683</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(155,026)</u> | <u>(146,418)</u> | <u>62,270</u> | <u>208,688</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | - | - | 673 | 673 |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>673</u> | <u>673</u> |
| CHANGE IN FUND BALANCE | <u>\$ (155,026)</u> | <u>\$ (146,418)</u> | <u>62,943</u> | <u>\$ 209,361</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | <u>557,626</u> | |
| End of year | | | <u>\$ 620,569</u> | |

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Asset Forfeiture Fund
For the Year Ended June 30, 2019

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---|---------------------|---------------------|---------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Intergovernmental | \$ 1,000,000 | \$ 1,000,000 | \$ 1,152,627 | \$ 152,627 |
| Use of money and property | 18,000 | 18,000 | 143,361 | 125,361 |
| Total revenues | <u>1,018,000</u> | <u>1,018,000</u> | <u>1,295,988</u> | <u>277,988</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Police | 858,927 | 879,843 | 702,903 | 176,940 |
| Capital outlay | 391,226 | 822,897 | 897,909 | (75,012) |
| Total expenditures | <u>1,250,153</u> | <u>1,702,740</u> | <u>1,600,812</u> | <u>101,928</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(232,153)</u> | <u>(684,740)</u> | <u>(304,824)</u> | <u>379,916</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Issuance of financing agreements | - | - | 440,972 | 440,972 |
| Transfers out | - | - | (297,176) | (297,176) |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>143,796</u> | <u>143,796</u> |
| CHANGE IN FUND BALANCE | <u>\$ (232,153)</u> | <u>\$ (684,740)</u> | <u>(161,028)</u> | <u>\$ 523,712</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | 4,603,708 | |
| End of year | | | <u>\$ 4,442,680</u> | |

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Air Quality Improvement Fund
For the Year Ended June 30, 2019

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|-------------------------------|--------------------|------------------|-------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Intergovernmental | \$ 122,061 | \$ 122,061 | \$ 127,286 | \$ 5,225 |
| Use of money and property | 3,100 | 3,100 | 13,328 | 10,228 |
| Total revenues | <u>125,161</u> | <u>125,161</u> | <u>140,614</u> | <u>15,453</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Community development | 6,000 | 6,000 | 6,054 | (54) |
| Capital outlay | 199,000 | 217,291 | 219,433 | (2,142) |
| Total expenditures | <u>205,000</u> | <u>223,291</u> | <u>225,487</u> | <u>(2,196)</u> |
| CHANGE IN FUND BALANCE | <u>\$ (79,839)</u> | <u>\$ 89,270</u> | (84,873) | <u>\$ (174,143)</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | 442,203 | |
| End of year | | | <u>\$ 357,330</u> | |

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Traffic Safety Fund
For the Year Ended June 30, 2019

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|-------------------------------|---------------------|---------------------|-----------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Fines and forfeitures | \$ 119,144 | \$ 119,144 | \$ 146,708 | \$ 27,564 |
| Total revenues | <u>119,144</u> | <u>119,144</u> | <u>146,708</u> | <u>27,564</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Police | 305,515 | 305,515 | 301,614 | 3,901 |
| Total expenditures | <u>305,515</u> | <u>305,515</u> | <u>301,614</u> | <u>3,901</u> |
| CHANGE IN FUND BALANCE | <u>\$ (186,371)</u> | <u>\$ (186,371)</u> | (154,906) | <u>\$ 31,465</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | (884,509) | |
| End of year | | | <u>\$ (1,039,415)</u> | |

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Gas Tax Fund
For the Year Ended June 30, 2019

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---|-----------------------|-----------------------|---------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Intergovernmental | \$ 1,960,852 | \$ 1,960,852 | \$ 1,876,762 | \$ (84,090) |
| Use of money and property | 12,000 | 12,000 | 3,844 | (8,156) |
| Total revenues | <u>1,972,852</u> | <u>1,972,852</u> | <u>1,880,606</u> | <u>(92,246)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Community development | 20,852 | 20,852 | 18,207 | 2,645 |
| Public works | 3,067,772 | 3,116,252 | 2,617,634 | 498,618 |
| Capital outlay | - | 34,000 | - | 34,000 |
| Total expenditures | <u>3,088,624</u> | <u>3,171,104</u> | <u>2,635,841</u> | <u>535,263</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(1,115,772)</u> | <u>(1,198,252)</u> | <u>(755,235)</u> | <u>443,017</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | - | - | 4,312 | 4,312 |
| Transfers out | - | (176,968) | (47,498) | 129,470 |
| Total other financing sources (uses) | <u>-</u> | <u>(176,968)</u> | <u>(43,186)</u> | <u>133,782</u> |
| CHANGE IN FUND BALANCE | <u>\$ (1,115,772)</u> | <u>\$ (1,375,220)</u> | <u>(798,421)</u> | <u>\$ 576,799</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | <u>(107,409)</u> | |
| End of year | | | <u>\$ (905,830)</u> | |

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Street Sweeping Fund
For the Year Ended June 30, 2019

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|-------------------------------|-------------------|-------------------|-------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Charges for services | \$ 708,666 | \$ 708,666 | \$ 703,128 | \$ (5,538) |
| Use of money and property | 2,037 | 2,037 | 10,127 | 8,090 |
| Total revenues | <u>710,703</u> | <u>710,703</u> | <u>713,255</u> | <u>2,552</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | 16,842 | 16,842 | 17,596 | (754) |
| Public works | 537,298 | 520,160 | 533,174 | (13,014) |
| Total expenditures | <u>554,140</u> | <u>537,002</u> | <u>550,770</u> | <u>(13,768)</u> |
| CHANGE IN FUND BALANCE | <u>\$ 156,563</u> | <u>\$ 173,701</u> | 162,485 | <u>\$ (11,216)</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | 362,412 | |
| End of year | | | <u>\$ 524,897</u> | |

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Prop A Transit Fund
For the Year Ended June 30, 2019

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|-------------------------------|--------------------|--------------------|---------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Intergovernmental | \$ 2,080,519 | \$ 2,080,519 | \$ 2,127,404 | \$ 46,885 |
| Charges for services | 193,682 | 193,682 | 186,209 | (7,473) |
| Use of money and property | 97,440 | 97,440 | 160,199 | 62,759 |
| Miscellaneous | 8,200 | 8,200 | 11,110 | 2,910 |
| Total revenues | <u>2,379,841</u> | <u>2,379,841</u> | <u>2,484,922</u> | <u>105,081</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Community development | 2,344,264 | 2,376,980 | 2,188,794 | 188,186 |
| Parks & recreation | 80,000 | 80,000 | 73,512 | 6,488 |
| Capital outlay | 15,000 | 15,000 | 11,962 | 3,038 |
| Total expenditures | <u>2,439,264</u> | <u>2,471,980</u> | <u>2,274,268</u> | <u>197,712</u> |
| CHANGE IN FUND BALANCE | <u>\$ (59,423)</u> | <u>\$ (92,139)</u> | 210,654 | <u>\$ 302,793</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | 2,695,555 | |
| End of year | | | <u>\$ 2,906,209</u> | |

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Prop C Transit Fund
For the Year Ended June 30, 2019

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---|---------------------|-----------------------|---------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Intergovernmental | \$ 1,601,315 | \$ 1,601,315 | \$ 1,642,492 | \$ 41,177 |
| Use of money and property | 32,000 | 32,000 | 124,977 | 92,977 |
| Total revenues | <u>1,633,315</u> | <u>1,633,315</u> | <u>1,767,469</u> | <u>134,154</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public works | 417,740 | 468,533 | 347,764 | 120,769 |
| Total expenditures | <u>417,740</u> | <u>468,533</u> | <u>347,764</u> | <u>120,769</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>1,215,575</u> | <u>1,164,782</u> | <u>1,419,705</u> | <u>254,923</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | - | (5,623,165) | (1,842,673) | 3,780,492 |
| Total other financing sources (uses) | <u>-</u> | <u>(5,623,165)</u> | <u>(1,842,673)</u> | <u>3,780,492</u> |
| CHANGE IN FUND BALANCE | <u>\$ 1,215,575</u> | <u>\$ (4,458,383)</u> | <u>(422,968)</u> | <u>\$ 4,035,415</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | 4,316,503 | |
| End of year | | | <u>\$ 3,893,535</u> | |

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
UDAG Fund
For the Year Ended June 30, 2019

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|-------------------------------|--------------------|--------------------|-------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Use of money and property | \$ 3,500 | \$ 3,500 | \$ 13,448 | \$ 9,948 |
| Total revenues | <u>3,500</u> | <u>3,500</u> | <u>13,448</u> | <u>9,948</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Community development | 29,800 | 44,849 | - | 44,849 |
| Parks & recreation | - | 25,000 | 2,985 | 22,015 |
| Total expenditures | <u>29,800</u> | <u>69,849</u> | <u>2,985</u> | <u>66,864</u> |
| CHANGE IN FUND BALANCE | <u>\$ (26,300)</u> | <u>\$ (66,349)</u> | 10,463 | <u>\$ 76,812</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | 462,518 | |
| End of year | | | <u>\$ 472,981</u> | |

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Public Access Corporation Fund
For the Year Ended June 30, 2019

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|-------------------------------|--------------------|--------------------|-------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Use of money and property | \$ 600 | \$ 600 | \$ 2,352 | \$ 1,752 |
| Total revenues | <u>600</u> | <u>600</u> | <u>2,352</u> | <u>1,752</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | 42,970 | 42,970 | 35,778 | 7,192 |
| Capital outlay | 8,056 | 18,056 | - | 18,056 |
| Total expenditures | <u>51,026</u> | <u>61,026</u> | <u>35,778</u> | <u>25,248</u> |
| CHANGE IN FUND BALANCE | <u>\$ (50,426)</u> | <u>\$ (60,426)</u> | (33,426) | <u>\$ 27,000</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | <u>87,762</u> | |
| End of year | | | <u>\$ 54,336</u> | |

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Street Lighting & Landscaping Fund
For the Year Ended June 30, 2019

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|-------------------------------|---------------------|---------------------|--------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Taxes | \$ 2,006,141 | \$ 2,006,141 | \$ 2,001,502 | \$ (4,639) |
| Use of money and property | 8,000 | 8,000 | 8,177 | 177 |
| Miscellaneous | - | - | 9,597 | 9,597 |
| Total revenues | <u>2,014,141</u> | <u>2,014,141</u> | <u>2,019,276</u> | <u>5,135</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public works | 2,850,601 | 2,857,974 | 2,360,835 | 497,139 |
| Principal | 95,351 | 95,351 | 94,786 | 565 |
| Total expenditures | <u>2,945,952</u> | <u>2,953,325</u> | <u>2,455,621</u> | <u>497,704</u> |
| CHANGE IN FUND BALANCE | <u>\$ (931,811)</u> | <u>\$ (939,184)</u> | (436,345) | <u>\$ 502,839</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | 409,842 | |
| End of year | | | <u>\$ (26,503)</u> | |

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Measure R Transit Fund
For the Year Ended June 30, 2019

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---|---------------------|---------------------|---------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Intergovernmental | \$ 1,201,011 | \$ 1,201,011 | \$ 1,232,223 | \$ 31,212 |
| Use of money and property | 20,500 | 20,500 | 142,193 | 121,693 |
| Total revenues | <u>1,221,511</u> | <u>1,221,511</u> | <u>1,374,416</u> | <u>152,905</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public works | 8,665 | 44,977 | 9,709 | 35,268 |
| Total expenditures | <u>8,665</u> | <u>44,977</u> | <u>9,709</u> | <u>35,268</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>1,212,846</u> | <u>1,176,534</u> | <u>1,364,707</u> | <u>188,173</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | - | (1,790,290) | (262,336) | 1,527,954 |
| Total other financing sources (uses) | <u>-</u> | <u>(1,790,290)</u> | <u>(262,336)</u> | <u>1,527,954</u> |
| CHANGE IN FUND BALANCE | <u>\$ 1,212,846</u> | <u>\$ (613,756)</u> | 1,102,371 | <u>\$ 1,716,127</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | 4,616,853 | |
| End of year | | | <u>\$ 5,719,224</u> | |

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Road Repair & Accountability Act Fund
For the Year Ended June 30, 2019

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---|---------------------|---------------------|---------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Intergovernmental | \$ 1,750,033 | \$ 1,750,033 | \$ 1,910,247 | \$ 160,214 |
| Use of money and property | 7,000 | 7,000 | 16,521 | 9,521 |
| Total revenues | <u>1,757,033</u> | <u>1,757,033</u> | <u>1,926,768</u> | <u>169,735</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public works | - | - | 125 | (125) |
| Total expenditures | <u>-</u> | <u>-</u> | <u>125</u> | <u>(125)</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>1,757,033</u> | <u>1,757,033</u> | <u>1,926,643</u> | <u>169,610</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | - | (2,328,361) | (975,119) | 1,353,242 |
| Total other financing sources (uses) | <u>-</u> | <u>(2,328,361)</u> | <u>(975,119)</u> | <u>1,353,242</u> |
| CHANGE IN FUND BALANCE | <u>\$ 1,757,033</u> | <u>\$ (571,328)</u> | 951,524 | <u>\$ 1,522,852</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | 523,613 | |
| End of year | | | <u>\$ 1,475,137</u> | |

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Measure M Transit Fund
For the Year Ended June 30, 2019

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---|---------------------|-----------------------|--------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Intergovernmental | \$ 1,361,118 | \$ 1,361,118 | \$ 1,388,967 | \$ 27,849 |
| Use of money and property | 12,000 | 12,000 | 31,131 | 19,131 |
| Total revenues | <u>1,373,118</u> | <u>1,373,118</u> | <u>1,420,098</u> | <u>46,980</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public works | - | - | 221 | (221) |
| Total expenditures | <u>-</u> | <u>-</u> | <u>221</u> | <u>(221)</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>1,373,118</u> | <u>1,373,118</u> | <u>1,419,877</u> | <u>46,759</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | - | (3,074,737) | (1,452,660) | 1,622,077 |
| Total other financing sources (uses) | <u>-</u> | <u>(3,074,737)</u> | <u>(1,452,660)</u> | <u>1,622,077</u> |
| CHANGE IN FUND BALANCE | <u>\$ 1,373,118</u> | <u>\$ (1,701,619)</u> | <u>(32,783)</u> | <u>\$ 1,668,836</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | 724,437 | |
| End of year | | | <u>\$ 691,654</u> | |

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Park Enhancement Fund
For the Year Ended June 30, 2019

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---|-------------------|--------------------|-------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Charges for services | \$ 247,845 | \$ 247,845 | \$ 253,359 | \$ 5,514 |
| Use of money and property | 1,500 | 1,500 | 13,926 | 12,426 |
| Total revenues | <u>249,345</u> | <u>249,345</u> | <u>267,285</u> | <u>17,940</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Parks & recreation | - | - | 86 | (86) |
| Total expenditures | <u>-</u> | <u>-</u> | <u>86</u> | <u>(86)</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>249,345</u> | <u>249,345</u> | <u>267,199</u> | <u>17,854</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | - | (300,000) | (240,154) | 59,846 |
| Total other financing sources (uses) | <u>-</u> | <u>(300,000)</u> | <u>(240,154)</u> | <u>59,846</u> |
| CHANGE IN FUND BALANCE | <u>\$ 249,345</u> | <u>\$ (50,655)</u> | <u>27,045</u> | <u>\$ 77,700</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | 439,529 | |
| End of year | | | <u>\$ 466,574</u> | |

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
CASp Fund
For the Year Ended June 30, 2019

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|-------------------------------|------------------|-------------|-------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Licenses and permits | \$ - | \$ - | \$ 14,984 | \$ 14,984 |
| Use of money and property | - | - | 467 | 467 |
| Total revenues | <u>-</u> | <u>-</u> | <u>15,451</u> | <u>15,451</u> |
| CHANGE IN FUND BALANCE | <u>\$ -</u> | <u>\$ -</u> | 15,451 | <u>\$ 15,451</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | <u>20,765</u> | |
| End of year | | | <u>\$ 36,216</u> | |

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Bikeway Fund
For the Year Ended June 30, 2019

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---|-------------------|------------------|-------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Intergovernmental | \$ 195,646 | \$ 195,646 | \$ 195,646 | \$ - |
| Total revenues | <u>195,646</u> | <u>195,646</u> | <u>195,646</u> | <u>-</u> |
| REVENUES OVER | | | | |
| (UNDER) EXPENDITURES | <u>195,646</u> | <u>195,646</u> | <u>195,646</u> | <u>-</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | - | (195,646) | (195,646) | - |
| Total other financing sources (uses) | <u>-</u> | <u>(195,646)</u> | <u>(195,646)</u> | <u>-</u> |
| CHANGE IN FUND BALANCE | <u>\$ 195,646</u> | <u>\$ -</u> | <u>-</u> | <u>\$ -</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | <u>-</u> | |
| End of year | | | <u>\$ -</u> | |

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 operations and maintenance costs of the City's Enterprise Resource Planning (ERP) systems and hardware used by all City departments.

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.

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City of South Gate
Combining Statement of Net Position
Internal Service Funds
June 30, 2019

| | Insurance | Information Systems | Fleet Management | Capital Asset & Equipment Replacement |
|--|-----------------------|------------------------|---------------------|---|
| ASSETS | | | | |
| Current assets: | | | | |
| Cash and investments | \$ 9,032,497 | \$ 699,406 | \$ 69,596 | \$ 4,120,230 |
| Accrued interest | 40,773 | 3,117 | - | 22,680 |
| Prepaid items | 7,009 | - | - | - |
| Due from other funds | 18,326 | 4,119 | 1,476 | - |
| Total current assets | 9,098,605 | 706,642 | 71,072 | 4,142,910 |
| Noncurrent assets: | | | | |
| Capital assets: | | | | |
| Non-depreciable assets | - | - | - | - |
| Depreciable assets, net of accumulated depreciation | - | 381,702 | 26,352 | 747,007 |
| Total capital assets, net | - | 381,702 | 26,352 | 747,007 |
| Total noncurrent assets | - | 381,702 | 26,352 | 747,007 |
| Total assets | 9,098,605 | 1,088,344 | 97,424 | 4,889,917 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Deferred outflows of resources related to pension plan | 71,186 | 60,520 | 162,903 | - |
| Total deferred outflows of resources | 71,186 | 60,520 | 162,903 | - |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Accounts payable | 32,291 | 85,330 | 66,223 | 211,878 |
| Accrued liabilities | 1,706 | 6,107 | 10,213 | - |
| Claims and judgments, due within one year | 916,506 | - | - | - |
| Total current liabilities | 950,503 | 91,437 | 76,436 | 211,878 |
| Noncurrent liabilities: | | | | |
| Claims and judgments, due in more than one year | 10,368,620 | - | - | - |
| Net pension liability | 363,527 | 436,358 | 1,011,542 | - |
| Total noncurrent liabilities | 10,732,147 | 436,358 | 1,011,542 | - |
| Total liabilities | 11,682,650 | 527,795 | 1,087,978 | 211,878 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred inflows of resources related to pension plan | 6,880 | 5,650 | 14,835 | - |
| Total deferred inflows of resources | 6,880 | 5,650 | 14,835 | - |
| NET POSITION | | | | |
| Investment in capital assets | - | 381,702 | 26,352 | 747,007 |
| Unrestricted (deficit) | (2,519,739) | 233,717 | (868,838) | 3,931,032 |
| Total net position | \$ (2,519,739) | \$ 615,419 | \$ (842,486) | \$ 4,678,039 |

City of South Gate
Combining Statement of Net Position (Continued)
Internal Service Funds
June 30, 2019

| | Building & Infrastructure Maintenance | Total |
|--|---|---------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and investments | \$ 1,329,625 | \$ 15,251,354 |
| Accrued interest | 8,505 | 75,075 |
| Prepaid items | - | 7,009 |
| Due from other funds | - | 23,921 |
| Total current assets | <u>1,338,130</u> | <u>15,357,359</u> |
| Noncurrent assets: | | |
| Capital assets: | | |
| Non-depreciable assets | 308,973 | 308,973 |
| Depreciable assets, net of accumulated depreciation | - | 1,155,061 |
| Total capital assets, net | <u>308,973</u> | <u>1,464,034</u> |
| Total noncurrent assets | <u>308,973</u> | <u>1,464,034</u> |
| Total assets | <u>1,647,103</u> | <u>16,821,393</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Deferred outflows of resources related to pension plan | - | 294,609 |
| Total deferred outflows of resources | <u>-</u> | <u>294,609</u> |
| LIABILITIES | | |
| Current liabilities: | | |
| Accounts payable | 22,300 | 418,022 |
| Accrued liabilities | - | 18,026 |
| Claims and judgments, due within one year | - | 916,506 |
| Total current liabilities | <u>22,300</u> | <u>1,352,554</u> |
| Noncurrent liabilities: | | |
| Claims and judgments, due in more than one year | - | 10,368,620 |
| Net pension liability | - | 1,811,427 |
| Total noncurrent liabilities | <u>-</u> | <u>12,180,047</u> |
| Total liabilities | <u>22,300</u> | <u>13,532,601</u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| Deferred inflows of resources related to pension plan | - | 27,365 |
| Total deferred inflows of resources | <u>-</u> | <u>27,365</u> |
| NET POSITION | | |
| Investment in capital assets | 308,973 | 1,464,034 |
| Unrestricted (deficit) | 1,315,830 | 2,092,002 |
| Total net position | <u>\$ 1,624,803</u> | <u>\$ 3,556,036</u> |

City of South Gate
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2019

| | Insurance | Information Systems | Fleet Management | Capital Asset & Equipment Replacement |
|---------------------------------------|-----------------------|------------------------|---------------------|---|
| OPERATING REVENUES: | | | | |
| Interdepartmental charges | \$ 3,645,220 | \$ 741,640 | \$ 1,576,762 | \$ 77,302 |
| Miscellaneous | 99,495 | - | - | - |
| Total operating revenues | 3,744,715 | 741,640 | 1,576,762 | 77,302 |
| OPERATING EXPENSES: | | | | |
| Personnel services | 197,793 | 379,572 | 726,150 | - |
| Utilities | - | 49,414 | 4,867 | - |
| Contractual services | 159,859 | 7,352 | 133,401 | 665 |
| Administrative services | 17,471 | 104,653 | 223,036 | - |
| Repair and maintenance | - | 273,821 | 18,671 | 94,696 |
| Supplies | 2,781 | 17,397 | 711,632 | 1,495 |
| Insurance | 2,452,895 | - | - | - |
| Claims expense | (2,530,229) | - | - | - |
| Depreciation expense | - | 117,749 | 11,663 | 183,480 |
| Total operating expenses | 300,570 | 949,958 | 1,829,420 | 280,336 |
| Operating income (loss) | 3,444,145 | (208,318) | (252,658) | (203,034) |
| NONOPERATING REVENUES: | | | | |
| Interest income | 212,393 | 17,721 | 78 | 116,153 |
| Total nonoperating revenues | 212,393 | 17,721 | 78 | 116,153 |
| Income (loss) before transfers | 3,656,538 | (190,597) | (252,580) | (86,881) |
| TRANSFERS: | | | | |
| Transfers out | - | - | - | - |
| Total transfers | - | - | - | - |
| Changes in net position | 3,656,538 | (190,597) | (252,580) | (86,881) |
| NET POSITION: | | | | |
| Beginning of year | (6,176,277) | 806,016 | (589,906) | 4,764,920 |
| End of year | \$ (2,519,739) | \$ 615,419 | \$ (842,486) | \$ 4,678,039 |

City of South Gate
Combining Statement of Revenues, Expenses, and Changes in Net Position (Continued)
Internal Service Funds
For the Year Ended June 30, 2019

| | Building & Infrastructure Maintenance | Total |
|---------------------------------------|---|---------------------|
| OPERATING REVENUES: | | |
| Interdepartmental charges | \$ - | \$ 6,040,924 |
| Miscellaneous | - | 99,495 |
| Total operating revenues | - | 6,140,419 |
| OPERATING EXPENSES: | | |
| Personnel services | - | 1,303,515 |
| Utilities | - | 54,281 |
| Contractual services | 248 | 301,525 |
| Administrative services | - | 345,160 |
| Repair and maintenance | 101,006 | 488,194 |
| Supplies | - | 733,305 |
| Insurance | - | 2,452,895 |
| Claims expense | - | (2,530,229) |
| Depreciation expense | - | 312,892 |
| Total operating expenses | 101,254 | 3,461,538 |
| Operating income (loss) | (101,254) | 2,678,881 |
| NONOPERATING REVENUES: | | |
| Interest income | 47,707 | 394,052 |
| Total nonoperating revenues | 47,707 | 394,052 |
| Income (loss) before transfers | (53,547) | 3,072,933 |
| TRANSFERS: | | |
| Transfers out | (266,675) | (266,675) |
| Total transfers | (266,675) | (266,675) |
| Changes in net position | (320,222) | 2,806,258 |
| NET POSITION: | | |
| Beginning of year | 1,945,025 | 749,778 |
| End of year | <u>\$ 1,624,803</u> | <u>\$ 3,556,036</u> |

City of South Gate
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2019

| | Insurance | Information Systems | Fleet Management | Capital Asset & Equipment Replacement |
|--|---------------------|------------------------|---------------------|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | |
| Cash received from interfund service provided | \$ 3,744,765 | \$ 741,640 | \$ 1,577,622 | \$ 77,302 |
| Cash paid to suppliers for goods and services | (3,441,807) | (508,765) | (1,104,156) | (265,437) |
| Cash paid to employees for services | (188,021) | (347,628) | (666,439) | - |
| Net cash provided by (used in) operating activities | 114,937 | (114,753) | (192,973) | (188,135) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | |
| Acquisition and construction of capital assets | - | - | - | (365,397) |
| Net cash provided by (used in) capital and related financing activities | - | - | - | (365,397) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | | |
| Intergovernmental | - | - | - | - |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Net cash provided by (used in) noncapital financing activities | - | - | - | - |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | |
| Investment income | 203,394 | 17,780 | 117 | 110,144 |
| Net cash provided by (used in) investing activities | 203,394 | 17,780 | 117 | 110,144 |
| Net change in cash and cash equivalents | 318,331 | (96,973) | (192,856) | (443,388) |
| CASH AND CASH EQUIVALENTS: | | | | |
| Beginning of year | 8,714,166 | 796,379 | 262,452 | 4,563,618 |
| End of year | \$ 9,032,497 | \$ 699,406 | \$ 69,596 | \$ 4,120,230 |

City of South Gate
Combining Statement of Cash Flows (Continued)
Internal Service Funds
For the Year Ended June 30, 2019

| | Building & Infrastructure Maintenance | Total |
|--|---|---------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Cash received from interfund service provided | \$ - | \$ 6,141,329 |
| Cash paid to suppliers for goods and services | (178,326) | (5,498,491) |
| Cash paid to employees for services | - | (1,202,088) |
| Net cash provided by (used in) operating activities | (178,326) | (559,250) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | |
| Acquisition and construction of capital assets | - | (365,397) |
| Net cash provided by (used in) capital and related financing activities | - | (365,397) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | |
| Intergovernmental | - | - |
| Transfers in | - | - |
| Transfers out | (266,675) | (266,675) |
| Net cash provided by (used in) noncapital financing activities | (266,675) | (266,675) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Investment income | 47,545 | 378,980 |
| Net cash provided by (used in) investing activities | 47,545 | 378,980 |
| Net change in cash and cash equivalents | (397,456) | (812,342) |
| CASH AND CASH EQUIVALENTS: | | |
| Beginning of year | 1,727,081 | 16,063,696 |
| End of year | \$ 1,329,625 | \$ 15,251,354 |

(Continued)

City of South Gate
Combining Statement of Cash Flows (Continued)
Internal Service Funds
For the Year Ended June 30, 2019

| | Insurance | Information Systems | Fleet Management | Capital Asset & Equipment Replacement |
|--|-------------------|------------------------|---------------------|---|
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES: | | | | |
| Operating income (loss) | \$ 3,444,145 | \$ (208,318) | \$ (252,658) | \$ (203,034) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | |
| Depreciation | - | 117,749 | 11,663 | 183,480 |
| (Increase) decrease in accounts receivable | 50 | - | 860 | - |
| (Increase) decrease in prepaid items | (1,121) | - | - | - |
| (Increase) decrease in deferred outflows of resources related to pension plan | 8,655 | 28,500 | 54,676 | - |
| Increase (decrease) in accounts payable | 7,490 | (56,128) | (12,549) | (168,581) |
| Increase (decrease) in accrued liabilities | 525 | 1,497 | 1,300 | - |
| Increase (decrease) in retentions payable | - | - | - | - |
| Increase (decrease) in claims and judgments | (3,345,399) | - | - | - |
| Increase (decrease) in net pension liability | 2,729 | 8,986 | 17,239 | - |
| Increase (decrease) in deferred inflows of resources related to pension plan | (2,137) | (7,039) | (13,504) | - |
| Total adjustments | (3,329,208) | 93,565 | 59,685 | 14,899 |
| Net cash provided by (used in) operating activities | \$ 114,937 | \$ (114,753) | \$ (192,973) | \$ (188,135) |

City of South Gate
Combining Statement of Cash Flows (Continued)
Internal Service Funds
For the Year Ended June 30, 2019

| | Building & Infrastructure Maintenance | Total |
|--|---|--------------|
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES: | | |
| Operating income (loss) | \$ (101,254) | \$ 2,678,881 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | |
| Depreciation | - | 312,892 |
| (Increase) decrease in accounts receivable | - | 910 |
| (Increase) decrease in prepaid items | - | (1,121) |
| (Increase) decrease in deferred outflows of resources related to pension plan | - | 91,831 |
| Increase (decrease) in accounts payable | (72,830) | (302,598) |
| Increase (decrease) in accrued liabilities | - | 3,322 |
| Increase (decrease) in retentions payable | (4,242) | (4,242) |
| Increase (decrease) in claims and judgments | - | (3,345,399) |
| Increase (decrease) in net pension liability | - | 28,954 |
| Increase (decrease) in deferred inflows of resources related to pension plan | - | (22,680) |
| Total adjustments | (77,072) | (3,238,131) |
| Net cash provided by (used in) operating activities | \$ (178,326) | \$ (559,250) |

(Concluded)

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 an 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 providers.

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City of South Gate
Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2019

| | Balance July 1, 2018 | Additions | Deletions | Balance June 30, 2019 |
|--------------------------------|-------------------------|-------------------|---------------------|--------------------------|
| <u>Special Deposits</u> | | | | |
| Assets: | | | | |
| Cash and investments | \$ 409,487 | \$ 144,842 | \$ (139,663) | \$ 414,666 |
| Total assets | \$ 409,487 | \$ 144,842 | \$ (139,663) | \$ 414,666 |
| Liabilities: | | | | |
| Accounts payable | \$ 11,147 | \$ 58,272 | \$ (65,966) | \$ 3,453 |
| Deposits payable | 398,340 | 142,274 | (129,401) | 411,213 |
| Total liabilities | \$ 409,487 | \$ 200,546 | \$ (195,367) | \$ 414,666 |

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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 | 166 - 179 |
| These schedules contain trend information to help the reader understand how the government's financial performance and well being have changed over time. | |
| Revenue Capacity | 181 - 187 |
| These schedules contain information to help the reader assess one of the government's most significant local revenue sources - property tax. | |
| Debt Capacity | 189 - 194 |
| 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. | |
| Demographic and Economic Information | 195 |
| This schedule offers demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place. | |
| Operating Information | 197 - 201 |
| 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. | |

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

| | <u>2009/10</u> | <u>2010/11</u> | <u>2011/12</u> | <u>2012/13</u> | <u>2013/14</u> |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| Governmental Activities | | | | | |
| Net Investment in capital assets | \$ 220,549 | \$ 225,744 | \$ 223,175 | \$ 223,462 | \$ 227,259 |
| Restricted | 27,732 | 27,636 | 16,603 | 19,734 | 21,358 |
| Unrestricted | <u>(28,701)</u> | <u>(19,889)</u> | <u>9,355</u> | <u>10,889</u> | <u>13,875</u> |
| Total governmental activities net position | <u>\$ 219,580</u> | <u>\$ 233,491</u> | <u>\$ 249,133</u> | <u>\$ 254,085</u> | <u>\$ 262,492</u> |
| Business-type activities | | | | | |
| Net Investment in capital assets | \$ 37,212 | \$ 38,113 | \$ 39,090 | \$ 44,813 | \$ 44,824 |
| Restricted | - | 4,497 | 4,194 | 13,944 | 14,492 |
| Unrestricted | <u>(36,012)</u> | <u>(40,350)</u> | <u>(39,723)</u> | <u>(53,012)</u> | <u>(48,245)</u> |
| Total business-type activities net position | <u>\$ 1,200</u> | <u>\$ 2,260</u> | <u>\$ 3,561</u> | <u>\$ 5,745</u> | <u>\$ 11,071</u> |
| Primary government | | | | | |
| Net Investment in capital assets | \$ 257,761 | \$ 263,857 | \$ 262,265 | \$ 268,275 | \$ 272,083 |
| Restricted | 27,732 | 32,133 | 20,797 | 33,678 | 35,850 |
| Unrestricted | <u>(64,713)</u> | <u>(60,239)</u> | <u>(30,368)</u> | <u>(42,123)</u> | <u>(34,370)</u> |
| Total primary government net position | <u>\$ 220,780</u> | <u>\$ 235,751</u> | <u>\$ 252,694</u> | <u>\$ 259,830</u> | <u>\$ 273,563</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>2014/15</u> | <u>2015/16</u> | <u>2016/17</u> | <u>2017/18</u> | <u>2018/19</u> |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| Governmental Activities | | | | | |
| Net Investment in capital assets | \$ 225,811 | \$ 228,683 | \$ 214,310 | \$ 233,267 | \$ 237,924 |
| Restricted | 22,135 | 29,778 | 32,432 | 34,187 | 36,759 |
| Unrestricted | <u>(39,779)</u> | <u>(40,323)</u> | <u>(22,504)</u> | <u>(72,433)</u> | <u>(58,372)</u> |
| Total governmental activities net position | <u>\$ 208,167</u> | <u>\$ 218,138</u> | <u>\$ 224,238</u> | <u>\$ 195,021</u> | <u>\$ 216,311</u> |
| Business-type activities | | | | | |
| Net Investment in capital assets | \$ 43,963 | \$ 352 | \$ 17,879 | \$ 19,086 | \$ 19,379 |
| Restricted | 6,517 | 2,002 | 2,169 | 1,888 | 1,974 |
| Unrestricted | <u>(36,142)</u> | <u>20,588</u> | <u>11,024</u> | <u>16,523</u> | <u>6,894</u> |
| Total business-type activities net position | <u>\$ 14,338</u> | <u>\$ 22,942</u> | <u>\$ 31,072</u> | <u>\$ 37,497</u> | <u>\$ 28,247</u> |
| Primary government | | | | | |
| Net Investment in capital assets | \$ 269,774 | \$ 229,035 | \$ 232,189 | \$ 252,353 | \$ 257,303 |
| Restricted | 28,652 | 31,780 | 34,601 | 36,075 | 38,733 |
| Unrestricted | <u>(75,921)</u> | <u>(19,735)</u> | <u>(11,480)</u> | <u>(55,910)</u> | <u>(51,478)</u> |
| Total primary government net position | <u>\$ 222,505</u> | <u>\$ 241,080</u> | <u>\$ 255,310</u> | <u>\$ 232,518</u> | <u>\$ 244,558</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>2009/10</u> | <u>2010/11</u> | <u>2011/12</u> | <u>2012/13</u> | <u>2013/14</u> |
|---|------------------|------------------|------------------|------------------|------------------|
| Expenses | | | | | |
| Governmental activities: | | | | | |
| General government | \$ 5,425 | \$ 7,314 | \$ 5,917 | \$ 5,591 | \$ 4,648 |
| Public works | 14,034 | 13,291 | 15,255 | 15,504 | 15,988 |
| Parks & recreation | 4,739 | 4,552 | 4,963 | 5,174 | 5,454 |
| Police | 21,097 | 20,849 | 20,663 | 20,065 | 20,251 |
| Community development | 17,505 | 13,569 | 13,806 | 10,690 | 11,651 |
| Interest expense | <u>6,057</u> | <u>5,783</u> | <u>3,556</u> | <u>2,260</u> | <u>2,148</u> |
| Total governmental activities expenses | <u>68,857</u> | <u>65,358</u> | <u>64,160</u> | <u>59,284</u> | <u>60,140</u> |
| Business-type activities: | | | | | |
| Water | 10,857 | 11,038 | 11,526 | 13,206 | 12,411 |
| Sewer | 1,405 | 1,483 | 1,508 | 1,496 | 1,591 |
| Refuse | <u>3,267</u> | <u>3,276</u> | <u>3,860</u> | <u>3,499</u> | <u>3,498</u> |
| Total business-type activities expenses | <u>15,529</u> | <u>15,797</u> | <u>16,894</u> | <u>18,201</u> | <u>17,500</u> |
| Total primary government expenses | <u>\$ 84,386</u> | <u>\$ 81,155</u> | <u>\$ 81,054</u> | <u>\$ 77,485</u> | <u>\$ 77,640</u> |

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

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

| | <u>2014/15</u> | <u>2015/16</u> | <u>2016/17</u> | <u>2017/18</u> | <u>2018/19</u> |
|---|------------------|------------------|------------------|-------------------|------------------|
| Expenses | | | | | |
| Governmental activities: | | | | | |
| General government | \$ 6,830 | \$ 6,312 | \$ 6,847 | \$ 8,663 | \$ 7,568 |
| Public works | 15,753 | 16,794 | 18,513 | 21,475 | 18,862 |
| Parks & recreation | 6,155 | 6,951 | 7,544 | 10,115 | 8,495 |
| Police | 21,435 | 22,507 | 27,043 | 31,154 | 27,471 |
| Community development | 10,542 | 10,939 | 10,987 | 12,533 | 11,033 |
| Interest expense | <u>1,712</u> | <u>1,122</u> | <u>1,310</u> | <u>911</u> | <u>797</u> |
| Total governmental activities expenses | <u>62,427</u> | <u>64,625</u> | <u>72,244</u> | <u>84,851</u> | <u>74,226</u> |
| Business-type activities: | | | | | |
| Water | 12,394 | 12,956 | 12,516 | 14,033 | 13,567 |
| Sewer | 1,543 | 1,672 | 1,767 | 1,740 | 1,481 |
| Refuse | <u>3,433</u> | <u>3,493</u> | <u>3,715</u> | <u>3,810</u> | <u>3,941</u> |
| Total business-type activities expenses | <u>17,370</u> | <u>18,121</u> | <u>17,998</u> | <u>19,583</u> | <u>18,989</u> |
| Total primary government expenses | <u>\$ 79,797</u> | <u>\$ 82,746</u> | <u>\$ 90,242</u> | <u>\$ 104,434</u> | <u>\$ 93,215</u> |

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

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

| | <u>2009/10</u> | <u>2010/11</u> | <u>2011/12</u> | <u>2012/13</u> | <u>2013/14</u> |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| Program Revenues | | | | | |
| Governmental activities: | | | | | |
| Charges for service: | | | | | |
| General government | \$ 3,157 | \$ 3,159 | \$ 3,157 | \$ 3,032 | \$ 3,102 |
| Public works | 945 | 1,091 | 1,185 | 1,163 | 1,101 |
| Parks & recreation | 495 | 526 | 558 | 685 | 894 |
| Police | 2,919 | 3,045 | 3,231 | 2,656 | 3,445 |
| Community development | 3,102 | 4,863 | 3,777 | 3,229 | 4,171 |
| Operating grants & contributions | 14,876 | 19,363 | 13,640 | 14,777 | 16,363 |
| Capital grants & contributions | 4,598 | 6,144 | 5,201 | 3,993 | 4,696 |
| Total governmental activities program revenues | <u>30,092</u> | <u>38,191</u> | <u>30,749</u> | <u>29,535</u> | <u>33,772</u> |
| Business-type activities: | | | | | |
| Charges for service: | | | | | |
| Water | 11,723 | 11,818 | 12,787 | 15,061 | 17,255 |
| Sewer | 1,362 | 1,451 | 1,497 | 1,485 | 1,513 |
| Refuse | 3,179 | 3,390 | 3,359 | 3,550 | 3,673 |
| Operating grants & contributions | 36 | 43 | 548 | 54 | 64 |
| Capital grants & contributions | - | - | - | - | - |
| Total business-type activities program revenues | <u>16,300</u> | <u>16,702</u> | <u>18,191</u> | <u>20,150</u> | <u>22,505</u> |
| Total primary government program revenues | <u>\$ 46,392</u> | <u>\$ 54,893</u> | <u>\$ 48,940</u> | <u>\$ 49,685</u> | <u>\$ 56,277</u> |
| Net (expense)/revenue | | | | | |
| Governmental activities | \$ (38,765) | \$ (27,167) | \$ (33,411) | \$ (29,749) | \$ (26,368) |
| Business-type activities | 771 | 905 | 1,297 | 1,949 | 5,005 |
| Total primary government net expense | <u>\$ (37,994)</u> | <u>\$ (26,262)</u> | <u>\$ (32,114)</u> | <u>\$ (27,800)</u> | <u>\$ (21,363)</u> |

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

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

| | <u>2014/15</u> | <u>2015/16</u> | <u>2016/17</u> | <u>2017/18</u> | <u>2018/19</u> |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| Program Revenues | | | | | |
| Governmental activities: | | | | | |
| Charges for service: | | | | | |
| General government | \$ 3,105 | \$ 3,037 | \$ 2,949 | \$ 2,900 | \$ 3,104 |
| Public works | 1,231 | 1,146 | 1,456 | 1,283 | 1,269 |
| Parks & recreation | 986 | 966 | 1,106 | 1,274 | 1,394 |
| Police | 3,262 | 3,844 | 4,189 | 1,837 | 2,160 |
| Community development | 2,888 | 2,684 | 3,619 | 1,619 | 1,671 |
| Operating grants & contributions | 13,527 | 14,756 | 14,090 | 11,846 | 16,278 |
| Capital grants & contributions | 3,811 | 7,148 | 8,221 | 8,748 | 8,496 |
| Total governmental activities program revenues | <u>28,810</u> | <u>33,581</u> | <u>35,630</u> | <u>29,507</u> | <u>34,372</u> |
| Business-type activities: | | | | | |
| Charges for service: | | | | | |
| Water | 18,279 | 20,524 | 19,720 | 20,772 | 19,898 |
| Sewer | 1,388 | 1,346 | 1,340 | 1,350 | 1,298 |
| Refuse | 3,714 | 3,717 | 3,738 | 3,856 | 3,955 |
| Operating grants & contributions | 57 | 71 | 35 | 37 | 69 |
| Capital grants & contributions | - | - | - | - | - |
| Total business-type activities program revenues | <u>23,438</u> | <u>25,658</u> | <u>24,833</u> | <u>26,015</u> | <u>25,220</u> |
| Total primary government program revenues | <u>\$ 52,248</u> | <u>\$ 59,239</u> | <u>\$ 60,463</u> | <u>\$ 55,522</u> | <u>\$ 59,592</u> |
| Net (expense)/revenue | | | | | |
| Governmental activities | \$ (33,617) | \$ (31,044) | \$ (36,614) | \$ (55,344) | \$ (39,854) |
| Business-type activities | 6,068 | 7,537 | 6,835 | 6,432 | 6,231 |
| Total primary government net expense | <u>\$ (27,549)</u> | <u>\$ (23,507)</u> | <u>\$ (29,779)</u> | <u>\$ (48,912)</u> | <u>\$ (33,623)</u> |

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

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

| | <u>2009/10</u> | <u>2010/11</u> | <u>2011/12</u> | <u>2012/13</u> | <u>2013/14</u> |
|--|------------------|------------------|------------------|------------------|------------------|
| General Revenues and Other Changes in Position | | | | | |
| Governmental activities: | | | | | |
| Taxes | | | | | |
| Property taxes | \$ 21,443 | \$ 21,156 | \$ 17,371 | \$ 13,346 | \$ 12,834 |
| Sales taxes | 10,564 | 11,054 | 12,878 | 13,347 | 14,186 |
| Transient occupancy taxes | 223 | 278 | 230 | 250 | 278 |
| Franchise taxes | 1,995 | 2,032 | 1,980 | 2,031 | 2,228 |
| Other taxes | 1,778 | 1,786 | 1,880 | 1,745 | 1,862 |
| Investment income | 3,356 | 3,366 | 2,704 | 2,638 | 2,487 |
| Excess motor vehicle license fees | 301 | 521 | 53 | 44 | - |
| Miscellaneous | 1,322 | 532 | 378 | 2,081 | 832 |
| Transfers | 209 | 354 | 450 | 51 | 95 |
| Extraordinary gain/(loss) on dissolution of redevelopment agency | - | - | 26,432 | - | - |
| Total governmental activities | <u>41,191</u> | <u>41,079</u> | <u>64,356</u> | <u>35,533</u> | <u>34,802</u> |
| Business-type activities: | | | | | |
| Investment income | 270 | 255 | 242 | 142 | 118 |
| Miscellaneous | 436 | 253 | 212 | 731 | 298 |
| Transfers | (209) | (354) | (450) | (51) | (95) |
| Total business-type activities | <u>497</u> | <u>154</u> | <u>4</u> | <u>822</u> | <u>321</u> |
| Total primary government | <u>\$ 41,688</u> | <u>\$ 41,233</u> | <u>\$ 64,360</u> | <u>\$ 36,355</u> | <u>\$ 35,123</u> |
| Change in Net Position | | | | | |
| Governmental activities | \$ 2,426 | \$ 13,912 | \$ 30,944 | \$ 4,951 | \$ 8,434 |
| Business-type activities | <u>1,268</u> | <u>1,060</u> | <u>1,301</u> | <u>2,184</u> | <u>5,326</u> |
| Total primary government | <u>\$ 3,694</u> | <u>\$ 14,972</u> | <u>\$ 32,245</u> | <u>\$ 7,135</u> | <u>\$ 13,760</u> |

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

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

| | <u>2014/15</u> | <u>2015/16</u> | <u>2016/17</u> | <u>2017/18</u> | <u>2018/19</u> |
|--|------------------|------------------|------------------|------------------|------------------|
| General Revenues and Other Changes in Position | | | | | |
| Governmental activities: | | | | | |
| Taxes | | | | | |
| Property taxes | \$ 13,301 | \$ 11,712 | \$ 12,131 | \$ 14,907 | \$ 15,358 |
| Sales taxes | 17,838 | 21,838 | 20,623 | 21,121 | 22,561 |
| Transient occupancy taxes | 267 | 350 | 390 | 420 | 450 |
| Franchise taxes | 2,287 | 2,420 | 2,454 | 2,708 | 2,688 |
| Other taxes | 2,006 | 2,073 | 2,216 | 2,051 | 2,118 |
| Investment income | 1,784 | 2,412 | 1,539 | 1,356 | 2,532 |
| Excess motor vehicle license fees | 42 | 39 | 45 | 52 | 47 |
| Miscellaneous | 1,538 | 1,237 | 576 | 5,800 | 240 |
| Transfers | - | (1,066) | (1,294) | 6 | 1,048 |
| Extraordinary gain/(loss) on dissolution of redevelopment agency | - | - | - | - | - |
| Total governmental activities | <u>39,063</u> | <u>41,015</u> | <u>38,680</u> | <u>48,421</u> | <u>47,042</u> |
| Business-type activities: | | | | | |
| Investment income | 127 | - | - | - | - |
| Miscellaneous | 532 | - | - | - | - |
| Transfers | - | 1,066 | 1,294 | (6) | (1,048) |
| Total business-type activities | <u>659</u> | <u>1,066</u> | <u>1,294</u> | <u>(6)</u> | <u>(1,048)</u> |
| Total primary government | <u>\$ 39,722</u> | <u>\$ 42,081</u> | <u>\$ 39,974</u> | <u>\$ 48,415</u> | <u>\$ 45,994</u> |
| Change in Net Position | | | | | |
| Governmental activities | \$ 5,447 | \$ 9,972 | \$ 2,065 | \$ (6,922) | \$ 7,188 |
| Business-type activities | 6,726 | 8,603 | 8,130 | 6,425 | 5,183 |
| Total primary government | <u>\$ 12,173</u> | <u>\$ 18,575</u> | <u>\$ 10,195</u> | <u>\$ (497)</u> | <u>\$ 12,371</u> |

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

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

| | <u>2009/10</u> | <u>2010/11*</u> | <u>2011/12</u> | <u>2012/13</u> | <u>2013/14</u> |
|------------------------------------|------------------|------------------|------------------|------------------|------------------|
| General fund | | | | | |
| Reserved | \$ 41,782 | \$ - | \$ - | \$ - | \$ - |
| Unreserved | | | | | |
| Undesignated | (45) | - | - | - | - |
| Nonspendable | - | 39,714 | 38,089 | 36,768 | 36,339 |
| Restricted | - | - | - | - | 280 |
| Committed | - | - | - | - | 1,000 |
| Assigned | - | - | - | - | 134 |
| Unassigned | - | 4,716 | 7,216 | 11,136 | 12,691 |
| Total general fund | <u>\$ 41,737</u> | <u>\$ 44,430</u> | <u>\$ 45,305</u> | <u>\$ 47,904</u> | <u>\$ 50,444</u> |
| All other governmental funds | | | | | |
| Reserved | \$ 11,272 | \$ - | \$ - | \$ - | \$ - |
| Unreserved, reported in: | | | | | |
| Special Revenue funds | 10,411 | - | - | - | - |
| Capital Projects funds | 6,096 | - | - | - | - |
| Debt Service funds | (12,013) | - | - | - | - |
| Nonspendable | - | 7,399 | 4,726 | 4,479 | 4,274 |
| Restricted | | | | | |
| Restricted, reported in: | | | | | |
| Special Revenue funds | - | 16,089 | 13,147 | 14,557 | 15,041 |
| Capital Projects funds | - | 4,228 | 916 | 750 | 655 |
| Low/mod income housing activities | - | - | - | - | 1,146 |
| Committed | | | | | |
| Capital Projects funds | - | - | - | - | - |
| Unassigned | | | | | |
| Unassigned, reported in: | | | | | |
| Special Revenue funds | - | (215) | (257) | (323) | (295) |
| Capital Projects funds | - | - | - | - | - |
| Debt Service funds | - | (11,962) | - | - | - |
| Total all other governmental funds | <u>\$ 15,766</u> | <u>\$ 15,539</u> | <u>\$ 18,532</u> | <u>\$ 19,463</u> | <u>\$ 20,821</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>2014/15</u> | <u>2015/16</u> | <u>2016/17</u> | <u>2017/18</u> | <u>2018/19</u> |
|------------------------------------|------------------|------------------|------------------|------------------|------------------|
| General fund | | | | | |
| Reserved | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unreserved | | | | | |
| Undesignated | - | - | - | - | - |
| Nonspendable | 14,330 | 11,705 | 9,522 | 8,069 | 22,191 |
| Restricted | 391 | 280 | 224 | 230 | 281 |
| Committed | 1,000 | 16,000 | 15,929 | 19,870 | 19,870 |
| Assigned | 3,452 | 3,572 | 3,724 | 3,503 | 3,482 |
| Unassigned | <u>23,146</u> | <u>14,570</u> | <u>18,343</u> | <u>11,562</u> | <u>14,545</u> |
| Total general fund | <u>\$ 42,319</u> | <u>\$ 46,127</u> | <u>\$ 47,742</u> | <u>\$ 43,234</u> | <u>\$ 60,369</u> |
| All other governmental funds | | | | | |
| Reserved | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unreserved, reported in: | | | | | |
| Special Revenue funds | - | - | - | - | - |
| Capital Projects funds | - | - | - | - | - |
| Debt Service funds | - | - | - | - | - |
| Nonspendable | 4,005 | 1 | 400 | - | - |
| Restricted | | | | | |
| Restricted, reported in: | | | | | |
| Special Revenue funds | 16,281 | 21,168 | 21,227 | 22,831 | 23,368 |
| Capital Projects funds | 681 | 128 | 2 | 2 | 2 |
| Low/mod income housing activities | 955 | 8,799 | 10,980 | 11,125 | 11,019 |
| Committed | | | | | |
| Capital Projects funds | - | 558 | 558 | 4,055 | 4,055 |
| Unassigned | | | | | |
| Unassigned, reported in: | | | | | |
| Special Revenue funds | (472) | (5,401) | (3,672) | (3,437) | (3,679) |
| Capital Projects funds | - | - | - | - | 39 |
| Debt Service funds | - | (26) | (26) | - | - |
| Total all other governmental funds | <u>\$ 21,450</u> | <u>\$ 25,227</u> | <u>\$ 29,469</u> | <u>\$ 34,576</u> | <u>\$ 34,804</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>2009/10</u> | <u>2010/11</u> | <u>2011/12</u> | <u>2012/13</u> | <u>2013/14</u> |
|--|----------------|----------------|----------------|----------------|----------------|
| <u>Revenues</u> | | | | | |
| Taxes | \$ 37,547 | \$ 36,329 | \$ 33,956 | \$ 30,855 | \$ 31,279 |
| Intergovernmental | 19,777 | 23,812 | 21,378 | 20,733 | 23,835 |
| Charges for services | 5,342 | 5,357 | 5,213 | 5,672 | 5,708 |
| Fines and forfeitures | 2,530 | 2,660 | 2,940 | 2,135 | 2,915 |
| Licenses and permits | 1,073 | 963 | 1,030 | 1,025 | 1,468 |
| Use of money and property | 3,339 | 3,344 | 2,975 | 2,630 | 2,474 |
| Miscellaneous | 1,459 | 577 | 1,345 | 2,137 | 841 |
| Total revenues | <u>71,067</u> | <u>73,042</u> | <u>68,837</u> | <u>65,187</u> | <u>68,520</u> |
| <u>Expenditures</u> | | | | | |
| General government | 5,347 | 5,259 | 5,436 | 5,154 | 4,889 |
| Public works | 7,642 | 7,130 | 7,708 | 8,250 | 8,602 |
| Parks & recreation | 4,237 | 4,022 | 4,355 | 4,616 | 4,890 |
| Police | 20,066 | 18,842 | 19,158 | 19,456 | 19,344 |
| Community development | 17,512 | 13,537 | 13,780 | 10,333 | 11,608 |
| Capital outlay | 8,362 | 12,118 | 7,325 | 8,467 | 10,531 |
| Debt service: | | | | | |
| Principal | 4,355 | 4,648 | 4,569 | 2,799 | 2,686 |
| Interest and fees | 6,028 | 5,717 | 4,050 | 2,281 | 2,141 |
| Total expenditures | <u>73,549</u> | <u>71,273</u> | <u>66,381</u> | <u>61,356</u> | <u>64,691</u> |
| Excess of revenues over (under) expenditures | <u>(2,482)</u> | <u>1,769</u> | <u>2,456</u> | <u>3,831</u> | <u>3,829</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>2014/15</u> | <u>2015/16</u> | <u>2016/17</u> | <u>2017/18</u> | <u>2018/19</u> |
|--|----------------|----------------|----------------|----------------|----------------|
| <u>Revenues</u> | | | | | |
| Taxes | \$ 35,065 | \$ 39,966 | \$ 39,925 | \$ 41,207 | \$ 43,175 |
| Intergovernmental | 18,920 | 20,009 | 27,090 | 21,660 | 25,274 |
| Charges for services | 5,968 | 3,365 | 3,227 | 3,451 | 3,699 |
| Fines and forfeitures | 2,477 | 1,249 | 1,183 | 1,125 | 1,443 |
| Licenses and permits | 1,322 | 1,557 | 1,482 | 1,464 | 1,371 |
| Use of money and property | 1,768 | 2,226 | 1,204 | 1,356 | 2,531 |
| Miscellaneous | 1,802 | 3,943 | 3,635 | 8,672 | 3,325 |
| Total revenues | <u>67,322</u> | <u>72,315</u> | <u>77,746</u> | <u>78,935</u> | <u>80,818</u> |
| <u>Expenditures</u> | | | | | |
| General government | 5,568 | 6,369 | 6,545 | 6,686 | 6,882 |
| Public works | 7,764 | 8,405 | 9,276 | 10,089 | 10,084 |
| Parks & recreation | 5,593 | 6,027 | 6,429 | 7,148 | 7,511 |
| Police | 20,430 | 22,863 | 24,131 | 25,252 | 26,558 |
| Community development | 10,533 | 10,893 | 10,766 | 10,880 | 11,143 |
| Capital outlay | 7,066 | 12,912 | 12,891 | 9,689 | 14,696 |
| Debt service: | | | | | |
| Principal | 16,251 | 1,823 | 1,725 | 1,749 | 1,575 |
| Interest and fees | 1,613 | 1,109 | 1,028 | 946 | 862 |
| Total expenditures | <u>74,818</u> | <u>70,401</u> | <u>72,791</u> | <u>72,439</u> | <u>79,311</u> |
| Excess of revenues over (under) expenditures | <u>(7,496)</u> | <u>1,914</u> | <u>4,955</u> | <u>6,496</u> | <u>1,507</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>2009/10</u> | <u>2010/11</u> | <u>2011/12</u> | <u>2012/13</u> | <u>2013/14</u> |
|---|-------------------|-----------------|-----------------|-----------------|-----------------|
| <u>Other financing sources (uses)</u> | | | | | |
| Transfers in | \$ 14,822 | \$ 15,871 | \$ 5,509 | \$ 8,053 | \$ 10,067 |
| Transfers out | (14,603) | (15,345) | (5,094) | (8,001) | (9,972) |
| Capital leases | 407 | 171 | - | - | - |
| Debt issued | - | - | - | - | - |
| Issuance of financing agreements | - | - | - | - | - |
| Contributions to Successor Agency | - | - | - | (353) | - |
| Total other financing sources (uses) | <u>626</u> | <u>697</u> | <u>415</u> | <u>(301)</u> | <u>95</u> |
| Extraordinary gain/(loss) on dissolution of redevelopment agency | <u>-</u> | <u>-</u> | <u>997</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | <u>\$ (1,856)</u> | <u>\$ 2,466</u> | <u>\$ 3,868</u> | <u>\$ 3,530</u> | <u>\$ 3,924</u> |
| Debt service as a percentage of noncapital expenditures | 15.9% | 17.5% | 14.6% | 9.6% | 8.9% |

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>2014/15</u> | <u>2015/16</u> | <u>2016/17</u> | <u>2017/18</u> | <u>2018/19</u> |
|---|-------------------|-----------------|-----------------|----------------|-----------------|
| <u>Other financing sources (uses)</u> | | | | | |
| Transfers in | \$ 6,061 | \$ 14,968 | \$ 11,212 | \$ 13,237 | \$ 14,569 |
| Transfers out | (6,061) | (16,034) | (12,345) | (19,134) | (13,254) |
| Capital leases | - | - | - | - | - |
| Debt issued | - | 882 | - | - | - |
| Issuance of financing agreements | - | - | - | - | 441 |
| Contributions to Successor Agency | - | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>(184)</u> | <u>(1,133)</u> | <u>(5,897)</u> | <u>1,756</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>\$ (7,496)</u> | <u>\$ 1,730</u> | <u>\$ 3,822</u> | <u>\$ 599</u> | <u>\$ 3,263</u> |
| Debt service as a percentage of noncapital expenditures | 26.4% | 5.1% | 4.6% | 4.3% | 3.8% |

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)

| Type of Tax | <u>2009/10</u> | <u>2010/11</u> | <u>2011/12</u> | <u>2012/13</u> | <u>2013/14</u> | <u>2014/15</u> | <u>2015/16</u> | <u>2016/17</u> | <u>2017/18</u> | <u>2018/19</u> |
|------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Property tax | \$ 21,443 | \$ 21,156 | \$ 17,371 | \$ 13,346 | \$ 12,834 | \$ 13,301 | \$ 11,712 | \$ 12,131 | \$ 14,907 | \$ 15,358 |
| Sales and use tax | 10,564 | 11,054 | 12,877 | 13,347 | 14,186 | 17,838 | 21,838 | 20,623 | 21,121 | 22,561 |
| Transient occupancy tax | 223 | 278 | 229 | 250 | 278 | 267 | 350 | 390 | 420 | 450 |
| Franchise tax | 1,995 | 2,032 | 1,979 | 2,031 | 2,228 | 2,287 | 2,420 | 2,454 | 2,708 | 2,688 |
| Business licenses tax | 1,204 | 1,204 | 1,348 | 1,213 | 1,336 | 1,398 | 1,466 | 1,584 | 1,461 | 1,560 |
| Excess motor vehicle license | 302 | 521 | 53 | 43 | - | 42 | 39 | 45 | 52 | 47 |
| Other taxes | 574 | 582 | 532 | 532 | 525 | 608 | 608 | 632 | 590 | 558 |
| Total | <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> | <u>\$ 43,222</u> |

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

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

| Agency | 2009/10 | 2010/11 | 2011/12 | 2012/13 | 2013/14 |
|--|----------------|----------------|----------------|----------------|----------------|
| Basic Levy * | 1.00000 | 1.00000 | 1.00000 | 1.00000 | 1.00000 |
| Cerritos Community College District | 0.01854 | 0.02677 | 0.01782 | 0.02594 | 0.02502 |
| Compton Community College District | 0.01296 | 0.01487 | 0.01481 | 0.01531 | 0.00963 |
| Downey Unified School District | 0.06507 | 0.07018 | 0.06725 | 0.07132 | 0.06603 |
| LA Community College District | 0.02311 | 0.04031 | 0.0353 | 0.04875 | 0.04454 |
| Los Angeles Unified School District | 0.15181 | 0.18695 | 0.16819 | 0.17561 | 0.14644 |
| Lynwood Unified School District | 0.04359 | 0.04945 | 0.05171 | 0.05059 | 0.12005 |
| Metropolitan Water District | 0.00430 | 0.00370 | 0.00370 | 0.00350 | 0.00350 |
| Paramount Unified School District | 0.11336 | 0.08384 | 0.10343 | 0.10930 | 0.10457 |
| Total Direct and Overlapping ** Tax Rates | 1.43274 | 1.47607 | 1.46221 | 1.50032 | 1.51978 |
| 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**** | 1.00430 | 1.00370 | 1.00370 | 0.00000 | 0.00000 |
| Total Direct Rate***** | 0.25616 | 0.25692 | 0.25454 | 0.26745 | 0.06078 |

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 within which the subject property resides. 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. The ERAF portion of the City's Levy has been subtracted where known.

****Redevelopment 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 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 2009/10 - 2018/19 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 | <u>2014/15</u> | <u>2015/16</u> | <u>2016/17</u> | <u>2017/18</u> | <u>2018/19</u> |
|--|----------------|----------------|----------------|----------------|----------------|
| Basic Levy * | 1.00000 | 1.00000 | 1.00000 | 1.00000 | 1.00000 |
| Cerritos Community College District | 0.04809 | 0.04809 | 0.04698 | 0.04370 | 0.04446 |
| Compton Community College District | 0.00987 | 0.00926 | 0.00920 | 0.00954 | 0.02335 |
| Downey Unified School District | 0.06549 | 0.11466 | 0.11473 | 0.10538 | 0.10113 |
| LA Community College District | 0.04017 | 0.03576 | 0.03596 | 0.04599 | 0.04621 |
| Los Angeles Unified School District | 0.14688 | 0.12971 | 0.13110 | 0.12219 | 0.12323 |
| Lynwood Unified School District | 0.08489 | 0.09583 | 0.10308 | 0.19014 | 0.11737 |
| Metropolitan Water District | 0.00350 | 0.00350 | 0.00350 | 0.00350 | 0.00350 |
| Paramount Unified School District | 0.10105 | 0.05266 | 0.10677 | 0.17409 | 0.16756 |
| Total Direct & Overlapping ** Tax Rates | 1.49995 | 1.48947 | 1.55131 | 1.69454 | 1.62681 |
| 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**** | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 |
| Total Direct Rate***** | 0.06081 | 0.06084 | 0.06086 | 0.06073 | 0.06093 |

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

| <u>Type of Property</u> | <u>2009/10</u> | <u>2010/11</u> | <u>2011/12</u> | <u>2012/13</u> | <u>2013/14</u> |
|------------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Residential | \$ 3,137,867 | \$ 3,046,904 | \$ 3,075,232 | \$ 3,133,928 | \$ 3,223,318 |
| Commercial | 479,381 | 472,268 | 478,978 | 485,723 | 495,030 |
| Industrial | 599,990 | 563,859 | 575,910 | 576,920 | 586,502 |
| Farm | 619 | 617 | 622 | 635 | 647 |
| Government | 3,072 | 3,065 | 3,088 | 3,150 | 3,213 |
| Institutional | 14,411 | 10,494 | 18,826 | 12,443 | 12,791 |
| Irrigated | 11,960 | 13,635 | 10,676 | 10,355 | 9,031 |
| Miscellaneous | 394 | 393 | 446 | 404 | 464 |
| Recreational | 5,066 | 5,054 | 4,276 | 4,362 | 4,449 |
| Vacant Land | 103,534 | 99,783 | 86,292 | 88,072 | 81,439 |
| SBE Nonunitary | 486 | 339 | 419 | 419 | 419 |
| Unsecured | 300,155 | 308,659 | 296,719 | 304,312 | 305,457 |
| Cross Reference | 7,942 | 6,807 | 7,972 | 10,843 | 14,705 |
| Total Taxable Assesed Value | <u>\$ 4,664,877</u> | <u>\$ 4,531,877</u> | <u>\$ 4,559,456</u> | <u>\$ 4,631,565</u> | <u>\$ 4,737,463</u> |
| Total Direct Tax Rate | 0.25616% | 0.25692% | 0.25454% | 0.26745% | 0.60780% |
| Tax-Exempt | (42,189) | (61,610) | (59,538) | (54,662) | (48,602) |

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>2014/15</u> | <u>2015/16</u> | <u>2016/17</u> | <u>2017/18</u> | <u>2018/19</u> |
|------------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Residential | \$ 3,360,338 | \$ 3,526,730 | \$ 3,682,817 | \$ 3,836,767 | \$ 4,041,859 |
| Commercial | 502,898 | 526,371 | 553,697 | 597,645 | 636,252 |
| Industrial | 627,907 | 653,662 | 668,701 | 662,336 | 683,926 |
| Farm | 650 | 663 | 673 | - | - |
| Government | 3,227 | 3,292 | 3,595 | 479 | 489 |
| Institutional | 18,895 | 12,343 | 15,256 | 18,358 | 16,386 |
| Irrigated | 9,497 | 10,674 | 11,572 | 9,998 | 9,557 |
| Miscellaneous | - | - | - | 398 | 406 |
| Recreational | 4,715 | 4,372 | 6,675 | 7,165 | 8,287 |
| Vacant Land | 90,777 | 110,995 | 99,828 | 99,578 | 97,262 |
| SBE Nonunitary | 419 | 419 | 530 | 861 | 661 |
| Unsecured | 323,351 | 339,707 | 350,070 | 375,664 | 389,984 |
| Cross Reference | 10,852 | 11,327 | 11,674 | 13,478 | 13,658 |
| Total Taxable Assesed Value | <u>\$ 4,953,525</u> | <u>\$ 5,200,554</u> | <u>\$ 5,405,089</u> | <u>\$ 5,622,727</u> | <u>\$ 5,898,727</u> |
| Total Direct Tax Rate | 0.60810% | 0.60840% | 0.60860% | 0.60730% | 0.60930% |
| Tax-Exempt | (47,025) | (47,025) | (46,977) | (46,977) | (44,588) |

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> | 2018/19 | | | 2009/10 | | |
|---------------------------------------|-------------------|------|--|-------------------|------|--|
| | Taxable Assessed | Rank | % of Total City Taxable Assessed Value | Taxable Assessed | Rank | % of Total City Taxable Assessed Value |
| | Value | | Value | Value | | Value |
| Schultz Steel Company | \$ 127,805 | 1 | 2.17% | \$ 92,650 | 1 | 1.99% |
| El Paseo Southern Gate LLC | 59,118 | 2 | 1.00% | 52,235 | 3 | 1.12% |
| Tesoro Logistics Operations LLC | 39,629 | 3 | 0.67% | | | 0.00% |
| South Gate Business & Industrial Park | 35,701 | 4 | 0.61% | 29,676 | 5 | 0.64% |
| Azalea Joint Venture LLC | 33,968 | 5 | 0.58% | | | 0.00% |
| South Gate Pacific Associates | 30,132 | 6 | 0.51% | | | 0.00% |
| Armstrong Cork Company | 28,504 | 7 | 0.48% | 24,616 | 7 | 0.53% |
| Hudd Distribution Services Inc. | 27,636 | 8 | 0.47% | 24,320 | 8 | 0.52% |
| Lindenfield Properties LP | 24,174 | 9 | 0.41% | | | 0.00% |
| Walmart Stores Inc/Sam's | 22,774 | 10 | 0.39% | | | 0.00% |
| Rockview Dairies Inc. | | | | 21,795 | 9 | 0.47% |
| World Oil Company | | | | 25,066 | 6 | 0.54% |
| BP West Coast Products LLC | | | | 52,802 | 2 | 1.13% |
| South Gate Gateway LLC | | | | 40,890 | 4 | 0.88% |
| United States Gypsum Company | | | | 19,507 | 10 | 0.42% |
| | <u>\$ 429,441</u> | | <u>7.29%</u> | <u>\$ 383,557</u> | | <u>8.24%</u> |
| City Total Assessed Valuation | 5,898,727 | | | 4,664,878 | | |

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)

| Fiscal Year Ended June 30 | Total Tax Levy for Fiscal Year (2) | Collected within the Fiscal Year of the Levy | | Collections in Subsequent Years | Total Collections to Date (1) | |
|---------------------------------|--|---|-----------|---------------------------------------|-------------------------------|-----------|
| | | Amount | % of Levy | | Amount | % of Levy |
| 2019 | \$ 2,689 | \$ 2,846 | 105.84% | N/A | N/A | N/A |
| 2018 | 2,585 | 2,720 | 105.22% | 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 |

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.

(2) Tax Levy includes VLF in Lieu fees

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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 |
| 2019 | \$ - | \$ 14,055 | | 0.24% | 145.23 | \$ - | \$ - | \$ 987 | \$ 310 |
| 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% | 191.20 | - | - | 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% | 224.16 | 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% | 597.60 | 18,095 | 130 | 2,445 | 4,435 |

| Fiscal Year Ended June 30 | Business Type Activities | | Percentage of Personal Income (2) | Per Capita (2) |
|---------------------------|--------------------------|------------------------------|-----------------------------------|----------------|
| | Water Revenue Bonds | Total Primary Government (3) | | |
| 2019 | \$ 36,750 | \$ 52,102 | 3.43% | \$ 538.37 |
| 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% | 657.10 |
| 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% | 817.45 |
| 2011 | 35,713 | 106,133 | 7.98% | 1,041.40 |
| 2010 | 36,627 | 123,147 | 9.57% | 1,198.28 |

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 and Overlapping Debt
June 30, 2019

| | Gross Bonded Debt Balance | Percent Applicable To City | Net Bonded Debt |
|---|------------------------------|----------------------------------|--------------------|
| Direct Debt | | | |
| 264.01 2005 PENSION OBLIGATION BONDS | 14,055,000 | 100.000 | 14,055,000 |
| 264.01 CAPITAL LEASE OBLIGATIONS | 987,093 | 100.000 | 987,093 |
| 264.01 NOTES PAYABLE | 310,000 | 100.000 | 310,000 |
| Total Direct Debt | | | 15,352,093 |
| Overlapping Debt | | | |
| *315.05 METROPOLITAN WATER DISTRICT | 23,317,224 | 0.365 | 85,040 |
| 790.53 CERRITOS CCD DS 2004 SERIES 2009C | 1,360,000 | 1.153 | 15,677 |
| 790.54 CERRITOS CCD DS 2004 SERIES 2012D | 80,556,991 | 1.153 | 928,591 |
| 790.55 CERRITOS CCD DS 2012 SERIES 2014A | 73,900,000 | 1.153 | 851,855 |
| 790.56 CERRITOS CCD DS 2014 REF BONDS SERIES A | 77,305,000 | 1.153 | 891,105 |
| 790.57 CERRITOS CCD DS 2014 REF BONDS SERIES B | 11,900,000 | 1.153 | 137,173 |
| 790.58 CERRITOS CCD DS 2012 SERIES 2018B | 168,430,000 | 1.153 | 1,941,514 |
| 793.51 COMPTON CCD DS 2002 SERIES 2008A | 320,000 | 2.277 | 7,285 |
| 793.52 COMPTON CCD DS 2002 SERIES 2012C | 14,301,318 | 2.277 | 325,576 |
| 793.53 COMPTON CCD DS 2012 REF BONDS | 9,545,000 | 2.277 | 217,297 |
| 793.54 COMPTON CCD DS 2002 SERIES 2013D | 16,407,909 | 2.277 | 373,534 |
| 793.55 COMPTON CCD DS 2014 REF | 16,360,000 | 2.277 | 372,443 |
| 793.56 COMPTON CCD DS 2015 REF BONDS | 12,485,000 | 2.277 | 284,227 |
| 793.57 COMPTON CCD DS 2014 SERIES A | 50,440,677 | 2.277 | 1,148,306 |
| 805.55 LA CCD DS 2003 TAXABLE SERIES 2004B | 2,115,000 | 0.572 | 12,097 |
| 805.56 LA CCD DS 2001 TAXABLE SERIES 2004A | 31,555,000 | 0.572 | 180,482 |
| 805.65 LA CCD DS 2008, 2009 TAXABLE SER B | 75,000,000 | 0.572 | 428,969 |
| 805.66 LA CCD DS 2008, 2010 TAX SERIES D | 125,000,000 | 0.572 | 714,949 |
| 805.67 LA CCD DS 2008, 2010 TAX SER E (BABS) | 900,000,000 | 0.572 | 5,147,632 |
| 805.69 LA CCD DS 2008 SERIES F | 202,000,000 | 0.572 | 1,155,357 |
| 805.70 LA CCD DS 2013 REF BONDS | 38,945,000 | 0.572 | 222,749 |
| 805.71 LA CCD DS 2008 SERIES G | 212,070,000 | 0.572 | 1,212,954 |
| 805.73 LA CCD DS 2015 REF SERIES A | 1,429,435,000 | 0.572 | 8,175,784 |
| 805.74 LA CCD DS 2015 REF SERIES B | 28,830,000 | 0.572 | 164,896 |
| 805.75 LA CCD DS 2015 REF SERIES C | 252,150,000 | 0.572 | 1,442,195 |
| 805.76 LA CCD DS 2008 SERIES I | 210,570,000 | 0.572 | 1,204,374 |
| 805.77 LA CCD DS 2008 SERIES J | 174,965,000 | 0.572 | 1,000,728 |
| 805.78 LA CCD DS 2016 REF BONDS | 247,755,000 | 0.572 | 1,417,057 |
| 853.53 DOWNEY USD DS REFUNDING 1999 SERIES A | 3,440,256 | 4.349 | 149,612 |
| 853.60 DOWNEY USD DS 2007 REF BDS | 15,000,000 | 4.349 | 652,328 |
| 853.61 DOWNEY USD DS 2011 REFUNDING BONDS | 5,900,000 | 4.349 | 256,582 |
| 853.62 DOWNEY USD DS 2012 REF BONDS | 11,685,000 | 4.349 | 508,163 |
| 853.63 DOWNEY USD DS 2014 SERIES A | 34,935,000 | 4.349 | 1,519,272 |
| 853.65 DOWNEY USD DS 2016 REF BONDS | 141,112,984 | 4.349 | 6,136,796 |
| 853.66 DOWNEY USD DS 2014 SERIES B | 2,955,000 | 4.349 | 128,509 |
| 887.83 LOS ANGELES UNIF DS 2002 SERIES D | 8,155,000 | 0.702 | 57,268 |
| 887.84 LOS ANGELES UNIF DS 2004 SERIES I | 18,155,000 | 0.702 | 127,492 |
| 887.85 LOS ANGELES UNIF DS 2005 SERIES F | 4,945,000 | 0.702 | 34,726 |
| 887.86 LOS ANGELES UNIF DS 2002 SERIES E | 200,000,000 | 0.702 | 1,404,485 |
| 887.89 LOS ANGELES UNIF DS 2005 SERIES H-QSCBS | 318,800,000 | 0.702 | 2,238,749 |
| 887.91 LOS ANGELES UNIF MEASURE R SERIES 2009 | 5,645,000 | 0.702 | 39,642 |
| 887.92 LOS ANGELES UNIF MEASURE R SERIES KRY BABS | 363,005,000 | 0.702 | 2,549,175 |
| 887.93 LOS ANGELES UNIF MEASURE Y 2009 SERIES KRY BABS | 806,795,000 | 0.702 | 5,665,657 |
| 887.94 LOS ANGELES UNIF DS 2009 REFUNDING PROP BB BONDS | 23,635,000 | 0.702 | 165,975 |
| 887.95 LOS ANGELES UNIF MEASURE K 2010 SERIES KRY | 145,250,000 | 0.702 | 1,020,007 |

City of South Gate
Direct and Overlapping Debt (Continued)
June 30, 2019

| | Gross Bonded Debt Balance | Percent Applicable To City | Net Bonded Debt |
|---|------------------------------|----------------------------------|--------------------|
| Overlapping Debt (Continued) | | | |
| 887.96 LOS ANGELES UNIF MEASURE R 2010 SERIES KRY | 152,165,000 | 0.702 | 1,068,567 |
| 887.97 LOS ANGELES UNIF MEASURE Y 2010 SERIES KRY | 95,770,000 | 0.702 | 672,538 |
| 887.98 LOS ANGELES UNIF MEASURE R 2010 SERIES RY BABS | 477,630,000 | 0.702 | 3,354,121 |
| 887.99 LOS ANGELES UNIF MEASURE Y 2010 SERIES RY BABS | 772,955,000 | 0.702 | 5,428,018 |
| 888.55 LOS ANGELES UNIF DS 2005 2010 SERIES J-1 QSCBS | 172,285,000 | 0.702 | 1,209,858 |
| 888.56 LOS ANGELES UNIF DS 2005 2010 SERIES J-2 QSCBS | 90,580,000 | 0.702 | 636,091 |
| 888.57 LOS ANGELES UNIF DS 2011 REFUNDING BOND SERIES | 104,935,000 | 0.702 | 736,898 |
| 888.58 LOS ANGELES UNIF DS 2011 REFUNDING BOND SERIES | 142,915,000 | 0.702 | 1,003,610 |
| 888.59 LOS ANGELES UNIF DS 2012 REFUNDING BOND SERIES A | 110,985,000 | 0.702 | 779,384 |
| 888.60 LOS ANGELES UNIF DS 2014 REF BOND SERIES A | 76,285,000 | 0.702 | 535,706 |
| 888.61 LOS ANGELES UNIF DS 2014 REF BOND SERIES B | 174,540,000 | 0.702 | 1,225,694 |
| 888.62 LOS ANGELES UNIF DS 2014 REF BOND SERIES C | 875,070,000 | 0.702 | 6,145,113 |
| 888.63 LOS ANGELES UNIF DS 2014 REF BOND SERIES D | 143,555,000 | 0.702 | 1,008,104 |
| 888.66 LOS ANGELES UNIF DS 2005 SERIES K | 3,725,000 | 0.702 | 26,159 |
| 888.68 LOS ANGELES UNIF DS 2015 REF BONDS SERIES A | 318,085,000 | 0.702 | 2,233,728 |
| 888.69 LOS ANGELES UNIF DS 2008 SERIES A 2016 | 617,295,000 | 0.702 | 4,334,908 |
| 888.70 LOS ANGELES UNIF DS 2016 REF BONDS SERIES A | 504,630,000 | 0.702 | 3,543,726 |
| 888.71 LOS ANGELES UNIF DS 2016 REF BONDS SERIES B | 498,240,000 | 0.702 | 3,498,853 |
| 888.72 LOS ANGELES UNIF DS 2017 REF BONDS SER A PROP BB | 134,800,000 | 0.702 | 946,623 |
| 888.73 LOS ANGELES UNIF DS 2017 REF BONDS SER A MEAS K | 921,240,000 | 0.702 | 6,469,339 |
| 888.74 LOS ANGELES UNIF DS 2005 SERIES M 1 2018 | 1,202,445,000 | 0.702 | 8,444,080 |
| 888.76 LOS ANGELES UNIF DS 2008 SERIES B 1 2018 | 594,605,000 | 0.702 | 4,175,569 |
| 891.51 LYNWOOD USD DS 2012 REF BONDS | 563,904 | 0.916 | 5,166 |
| 891.52 LYNWOOD USD DS 2012 SERIES A | 12,515,000 | 0.916 | 114,647 |
| 891.53 LYNWOOD USD DS 2012 SERIES B | 13,535,000 | 0.916 | 123,991 |
| 891.54 LYNWOOD USD DS 2012 SERIES C | 10,325,000 | 0.916 | 94,585 |
| 891.55 LYNWOOD USD DS 2016 SERIES A | 9,325,000 | 0.916 | 85,424 |
| 891.57 LYNWOOD USD DS 2012 SERIES D | 9,518,701 | 0.916 | 87,199 |
| 891.58 LYNWOOD USD DS 2016 SERIES B | 13,920,000 | 0.916 | 127,518 |
| 907.53 PARAMOUNT USD DS 2006, SERIES 2011 BONDS | 41,316,359 | 7.578 | 3,130,983 |
| 907.54 PARAMOUNT USD DS 2006 2013 SERIES C | 32,638,515 | 7.578 | 2,473,369 |
| 907.55 PARAMOUNT USD DS REF BOND SERIES 2015 | 31,145,000 | 7.578 | 2,360,190 |
| 907.57 PARAMOUNT USD DS 2016 SERIES 2017A | 22,845,000 | 7.578 | 1,731,210 |
| 907.58 PARAMOUNT USD DS 2016 SERIES 2018B | 30,496,089 | 7.578 | 2,311,015 |
| Total Overlapping Debt | | | 122,836,269 |
| Total Direct and Overlapping Debt | | | 138,188,362 |

2018/19 Assessed Valuation: \$4,439,101,715 After Deducting \$1,459,625,308 Incremental Value.

Debt To Assessed Valuation Ratios:

| | |
|------------------|-------|
| Direct Debt | 0.32% |
| Overlapping Debt | 2.77% |
| Total Debt | 3.08% |

*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 2018/19 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>2009/10</u> | <u>2010/11</u> | <u>2011/12</u> | <u>2012/13</u> | <u>2013/14</u> |
|---|----------------|----------------|----------------|----------------|----------------|
| Debt Limit | \$ 711,913 | \$ 686,435 | \$ 697,223 | \$ 708,842 | \$ 728,496 |
| Total net debt applicable to limit | - | - | - | - | - |
| Legal debt margin | 711,913 | 686,435 | 697,223 | 708,842 | 728,496 |
| Total net debt applicable to the limit as a percentage of debt limit | 0% | 0% | 0% | 0% | 0% |

Source: L.A. County Assessor 2018/19 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>2014/15</u> | <u>2015/16</u> | <u>2016/17</u> | <u>2017/18</u> | <u>2018/19</u> |
|--|----------------|----------------|----------------|----------------|----------------|
| Debt Limit | \$ 759,572 | \$ 799,634 | \$ 824,157 | \$ 863,575 | \$ 895,128 |
| Total net debt applicable to limit | - | - | - | - | - |
| Legal debt margin | 759,572 | 799,634 | 824,157 | 863,575 | 895,128 |
| 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 2018/19:**

| | |
|--|---------------------|
| Assessed value | \$ 5,898,727 |
| Add back: exempt real property | 68,792 |
| Total assessed value | <u>\$ 5,967,519</u> |
| Debt limit (15% of total assessed value) | \$ 895,128 |
| Debt applicable to limit: | <u>-</u> |
| Legal debt margin | <u>\$ 895,128</u> |

Source: L.A. County Assessor 2018/19 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
Pledged 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 | |
| 2018/19 | \$ 20,102,247 | \$ 11,047,753 | \$ 9,054,494 | \$ 1,625,000 | \$ 1,512,050 | \$ 3,137,050 | 288.63% |
| 2017/18 | 20,975,927 | 10,961,972 | 10,013,955 | 1,615,000 | 1,521,250 | 3,136,250 | 319.30% |
| 2016/17 | 19,924,023 | 9,359,674 | 10,564,349 | 1,605,000 | 1,525,650 | 3,130,650 | 337.45% |
| 2015/16 | 20,727,981 | 9,665,349 | 11,062,632 | 1,600,000 | 1,534,350 | 3,134,350 | 352.95% |
| 2014/15 | 19,011,746 | 8,619,311 | 10,392,435 | 1,595,000 | 1,541,800 | 3,136,800 | 331.31% |
| 2013/14 | 17,756,659 | 8,967,497 | 8,789,162 | 1,445,000 | 1,543,675 | 2,988,675 | 294.08% |
| 2012/13 | 17,952,236 | 9,460,882 | 8,491,354 | 1,450,000 | 1,208,125 | 2,658,125 | 319.45% |
| 2011/12 | 13,394,320 | 8,278,829 | 5,115,491 | 1,375,000 | 1,366,533 | 2,741,533 | 186.59% |
| 2010/11 | 12,472,953 | 7,719,720 | 4,753,233 | 1,305,000 | 1,441,389 | 2,746,389 | 173.07% |
| 2009/10 | 12,553,014 | 7,037,537 | 5,515,477 | 1,240,000 | 1,512,402 | 2,752,402 | 200.39% |

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 | |
| 2018/19 | \$ 19,898,652 | \$ 11,047,753 | \$ 8,850,899 | \$ 1,625,000 | \$ 1,512,050 | \$ 3,137,050 | 282.14% |
| 2017/18 | 20,772,332 | 10,961,972 | 9,810,360 | 1,615,000 | 1,521,250 | 3,136,250 | 312.81% |
| 2016/17 | 19,720,428 | 9,359,674 | 10,360,754 | 1,605,000 | 1,525,650 | 3,130,650 | 330.95% |
| 2015/16 | 20,524,386 | 9,665,349 | 10,859,037 | 1,600,000 | 1,534,350 | 3,134,350 | 346.45% |
| 2014/15 | 18,808,151 | 8,619,311 | 10,188,840 | 1,595,000 | 1,541,800 | 3,136,800 | 324.82% |
| 2013/14 | 17,553,064 | 8,967,497 | 8,585,567 | 1,445,000 | 1,543,675 | 2,988,675 | 287.27% |
| 2012/13 | 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) |
|--------------------|-----------------------|---|---------------------------------------|------------------------------|------------------------------|
| 2018/19 | 96,777 | \$ 1,517,002 | \$ 15,675 | n/a | 4.9% |
| 2017/18 | 98,133 | 1,455,568 | 14,832 | 29,076 | 6.3% |
| 2016/17 | 98,633 | 1,384,879 | 14,040 | 28,859 | 6.9% |
| 2015/16 | 99,578 | 1,361,700 | 13,674 | 28,920 | 8.8% |
| 2014/15 | 96,547 | 1,354,544 | 14,095 | 28,956 | 10.7% |
| 2013/14 | 96,057 | 1,358,150 | 14,139 | 29,699 | 9.8% |
| 2012/13 | 95,115 | 1,327,805 | 13,960 | 29,830 | 11.9% |
| 2011/12 | 94,666 | 1,317,273 | 13,966 | 30,174 | 15.6% |
| 2010/11 | 101,914 | 1,329,570 | 13,046 | 30,678 | 16.0% |
| 2009/10 | 102,770 | 1,286,554 | 12,565 | 31,211 | 14.8% |

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 - 2018.
- (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 | <u>2009/10</u> | <u>2010/11</u> | <u>2011/12</u> | <u>2012/13</u> | <u>2013/14</u> | <u>2014/15</u> | <u>2015/16</u> | <u>2016/17</u> | <u>2017/18</u> | <u>2018/19</u> |
|-------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| City Manager | 3.50 | 6.10 | 5.00 | 5.00 | 5.00 | 5.00 | 7.00 | 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 Clerk | 3.00 | 3.00 | 3.00 | 3.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 |
| Administrative Services | 26.30 | 23.90 | 22.00 | 24.00 | 24.00 | 24.00 | 25.00 | 29.00 | 28.00 | 28.00 |
| Police | | | | | | | | | | |
| Sworn Officers | 99.00 | 80.00 | 80.00 | 82.00 | 82.00 | 82.00 | 82.00 | 82.00 | 85.00 | 85.00 |
| Civilians | 34.00 | 37.00 | 37.00 | 37.00 | 39.00 | 39.00 | 41.00 | 41.00 | 43.00 | 43.00 |
| Public Works | 77.00 | 72.00 | 62.00 | 71.00 | 72.00 | 71.00 | 71.00 | 74.00 | 79.00 | 79.00 |
| Parks & Recreation | 39.50 | 33.00 | 30.00 | 35.00 | 38.00 | 38.00 | 42.00 | 43.00 | 45.00 | 45.00 |
| Community Development | 33.00 | 28.00 | 22.00 | 26.00 | 25.00 | 25.00 | 24.00 | 25.00 | 24.00 | 24.00 |
| Sub-Total | 316.30 | 284.00 | 262.00 | 284.00 | 290.00 | 289.00 | 297.00 | 306.00 | 316.00 | 316.00 |
| Part-Time Hours | 85,368 | 100,378 | 125,070 | 109,385 | 114,095 | 129,005 | 121,757 | 109,880 | 126,794 | 124,718 |
| Full-Time Equivalents | 41.04 | 48.25 | 60.13 | 52.59 | 54.85 | 62.02 | 58.54 | 52.83 | 60.96 | 59.96 |
| TOTAL POSITIONS | 357.34 | 332.25 | 322.13 | 336.59 | 344.85 | 351.02 | 355.54 | 358.83 | 376.96 | 375.96 |

Source: City of South Gate Finance Department

City of South Gate
Operating Indicators by Function
Last Ten Fiscal Years

| | | 2009/10 | 2010/11 | 2011/12 | 2012/13 | 2013/14 |
|------------------------|--|---------|---------|----------|---------|----------|
| <u>Function</u> | | | | | | |
| Police | Calls for service | 39,670 | 36,329 | 36,250 | 37,129 | 35,528 |
| | Arrests | 2,468 | 2,468 | 2,226 | 2,288 | 2,559 |
| | Parking citations issued | 23,339 | 22,512 | 20,491 | 13,809 | 24,146 |
| | Moving citations/traffic violations | 8,035 | 18,344 | 14,111 | 4,289 | 3,676 |
| | Share of seized assets (in thousands) | \$ 810 | \$ 758 | \$ 1,360 | \$ 744 | \$ 1,586 |
| Water | Customer accounts | 15,570 | 15,578 | 14,350 | 15,445 | 15,445 |
| | Average daily consumption (millions of gallons) | 7.1 | 8.0 | 7.4 | 7.5 | 7.5 |
| | Water samples taken | 2,892 | 2,306 | 2,111 | 2,240 | 2,240 |
| | New connections | 8 | 8 | 5 | 9 | 9 |
| Street Maintenance | | | | | | |
| | Potholes repaired | 476 | 211 | 135 | 206 | 1,215 |
| | Sq. ft of graffiti removal (in thousands) | 845 | 700 | 700 | 700 | 1,000 |
| | Miles of streets swept | 32,583 | 30,180 | 33,543 | 32,760 | 32,760 |
| Culture and Recreation | | | | | | |
| | Golf course participants | 8,879 | 7,750 | 7,780 | 6,934 | 6,238 |
| | Swimming participants | 37,159 | 73,113 | 85,685 | 95,265 | 88,280 |
| | Facility rentals | 921 | 1,265 | 1,360 | 1,078 | 1,115 |
| | Recreation classes provided | 160 | 1,060 | 207 | 311 | 568 |
| Community Development | | | | | | |
| | Permits issued | 4,588 | 4,796 | 4,599 | 4,459 | 3,377 |
| | Code enforcement inspections | 5,879 | 6,879 | 6,506 | 5,554 | 6,893 |
| | Housing vouchers issued | 63 | 51 | 54 | 36 | 35 |

Source: Various City Departments

City of South Gate
Operating Indicators by Function (Continued)
Last Ten Fiscal Years

| <u>Function</u> | | <u>2014/15</u> | <u>2015/16</u> | <u>2016/17</u> | <u>2017/18</u> | <u>2018/19</u> |
|------------------------|--|----------------|----------------|----------------|----------------|----------------|
| Police | Calls for service | 37,658 | 44,565 | 44,829 | 44,565 | 40,541 |
| | Arrests | 2,612 | 3,203 | 3,055 | 3,023 | 2,997 |
| | Parking citations issued | 23,300 | 22,927 | 23,425 | 22,927 | 36,668 |
| | Moving citations/traffic violations | 3,139 | 4,604 | 4,258 | 4,604 | 3,068 |
| | Share of seized assets (in thousands) | \$ 1,264 | \$ 1,616 | \$ 2,149 | \$ 475 | \$ 1,143 |
| Water | Customer accounts | 15,361 | 15,454 | 15,520 | 15,689 | 15,737 |
| | Average daily consumption (millions of gallons) | 6.7 | 6.8 | 6.4 | 7.4 | 7.4 |
| | Water samples taken | 1,940 | 2,173 | 2,169 | 2,225 | 2,500 |
| | New connections | 13 | 19 | 15 | 26 | 23 |
| Street Maintenance | | | | | | |
| | Potholes repaired | 1,250 | 1,250 | 2,500 | 140 | 140 |
| | Sq. ft of graffiti removal (in thousands) | 980 | 711 | 904 | 942 | 1,000 |
| | Miles of streets swept | 33,040 | 32,760 | 36,400 | 36,400 | 36,400 |
| Culture and Recreation | | | | | | |
| | Golf course participants | 5,579 | 8,475 | 6,550 | 5,276 | 3,484 |
| | Swimming participants | 88,688 | 83,553 | 86,924 | 88,070 | 86,293 |
| | Facility rentals | 1,160 | 1,413 | 1,534 | 1,900 | 2,839 |
| | Recreation classes provided | 498 | 417 | 328 | 328 | 436 |
| Community Development | | | | | | |
| | Permits issued | 2,931 | 3,247 | 2,980 | 2,842 | 2,839 |
| | Code enforcement inspections | 5,019 | 4,870 | 5,831 | 6,587 | 9,698 |
| | Housing vouchers issued | 41 | 47 | 61 | 72 | 80 |

Source: Various City Departments

City of South Gate
Capital Asset Statistics by Function
Last Ten Fiscal Years

| <u>Function</u> | | <u>2009/10</u> | <u>2010/11</u> | <u>2011/12</u> | <u>2012/13</u> | <u>2013/14</u> |
|---------------------------|--------------------------|----------------|----------------|----------------|----------------|----------------|
| Police | Stations | 1 | 1 | 1 | 1 | 1 |
| | Patrol Units | 37 | 37 | 37 | 37 | 37 |
| Water | Miles of lines and mains | 135 | 135 | 135 | 135 | 135 |
| | Number of wells | 12 | 12 | 12 | 11 | 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 | 86 | 83 |
| | Streetlights | 3,936 | 3,936 | 3,936 | 4,400 | 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>2014/15</u> | <u>2015/16</u> | <u>2016/17</u> | <u>2017/18</u> | <u>2018/19</u> |
|---------------------------|--------------------------|----------------|----------------|----------------|----------------|----------------|
| Police | Stations | 1 | 1 | 1 | 1 | 1 |
| | Patrol Units | 37 | 37 | 38 | 38 | 36 |
| Water | Miles of lines and mains | 135 | 135 | 135 | 135 | 135 |
| | Number of wells | 11 | 11 | 12 | 12 | 12 |
| | Number of tanks | 2 | 2 | 2 | 2 | 2 |
| | Number of reservoirs | 5 | 5 | 6 | 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 | 86 | 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 | 185 |
| | Playgrounds | 12 | 12 | 14 | 14 | 14 |
| | Ballfields | 17 | 17 | 17 | 17 | 16 |
| | Swimming pools | 1 | 1 | 1 | 1 | 1 |
| | Community Centers | 7 | 7 | 7 | 7 | 7 |

Source: Various City Departments

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