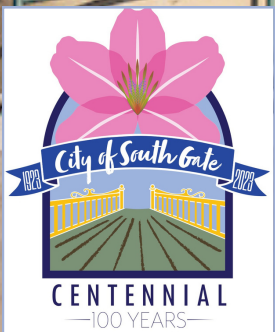


ANNUAL COMPREHENSIVE FINANCIAL REPORT



CITY OF SOUTH GATE
CALIFORNIA

FOR THE FISCAL YEAR ENDED JUNE 30, 2023



CITY OF SOUTH GATE
ANNUAL FINANCIAL COMPREHENSIVE REPORT
Year ended June 30, 2023

Prepared by:
Administrative Services Department

CITY OF SOUTH GATE
Annual Comprehensive Financial Report
For the Year Ended June 30, 2023

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Administrative Services Department

Wendy O'Kelly, Director of Administrative Services

8650 California Avenue, South Gate, CA 90280-3004

P: (323) 563-9522 F: (323) 563-9552

www.cityofsouthgate.org

December 22, 2023

Honorable Mayor, Members of the City Council and
Residents of the City of South Gate:

The Annual Comprehensive Financial Report (ACFR) of the City of South Gate for the Fiscal Year ended June 30, 2023, 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 ACFR 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 City's MD&A can be found immediately following the report of the independent auditors in the financial section of the ACFR.

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, incorporated on January 20, 1923, under the general laws of the State of California. South Gate encompasses 7.4 square miles and is in the heart of the Los Angeles Metropolitan area. The city is characterized by a high-density, working-class community with a population of 97,003 according to the State of California Department of Finance. Services provided by the City include administration, police, public works, planning, building & safety, and parks & recreation. The City of South Gate provides a full range of services for the citizens delivered by the City's own employees. The City has its own Police Department but contracts for fire services through the Los Angeles County Fire Department (LACFD), and contracts with other governmental entities or private companies for library and refuse collection.

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. The 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 at the department level, which is the legal level of control) 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, 2023, the City experienced a \$400K favorable budget variance in general fund revenues and a favorable \$4.4M budget variance in general fund operating expenditures resulting in a \$4.8M net positive budgetary variance. While the City experienced a favorable budget variance for FY 22/23, the general fund balance decreased from 39.4M to 37.5M for the fiscal year ended June 30, 2023. This net decrease of \$1.9M was a result of staffing unfilled positions. Many of the favorable revenue and expenditure variances were the result of conservative budget practices and continued careful management of resources during FY 2022/23.

Significant Financial Events

The Governmental Accounting Standards Board (GASB) is a private, non-governmental organization that creates accounting reporting standards, or generally accepted accounting principles (GAAP), for state and local governments. Changes in accounting policies issued by the Board, known as GASB Statements, will impact how the City reports and compiles its financial report. During the fiscal year ended June 30, 2023, the City implemented the following new GASB Pronouncement.

GASB Statement No. 96 -Subscription-based information technology arrangements (SBITAs)

The requirements of this Statement will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of the City's financial statements by requiring the City to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of the SBITA activities and evaluate those obligations and assets resulting from SBITAs. The new guidance is effective for fiscal years beginning after June 30, 2023.

OTHER INFORMATION

Independent Audit

The City requires an annual audit by independent certified public accountants. The accounting firm Davis Farr 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, 2023, approximately \$13.8M 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. To be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Annual Comprehensive Financial Report (ACFR). This report must satisfy both Generally Accepted Accounting Principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only.

The City of South Gate strives to achieve this prestigious award each year. The City of South Gate submitted its ACFR for the fiscal year ended June 30, 2022 for the GFOA award of Certificate of Achievement for Excellence in Financial Reporting. The award is still being reviewed by the GFOA. We also believe our June 30, 2023, ACFR 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 Davis Farr 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,



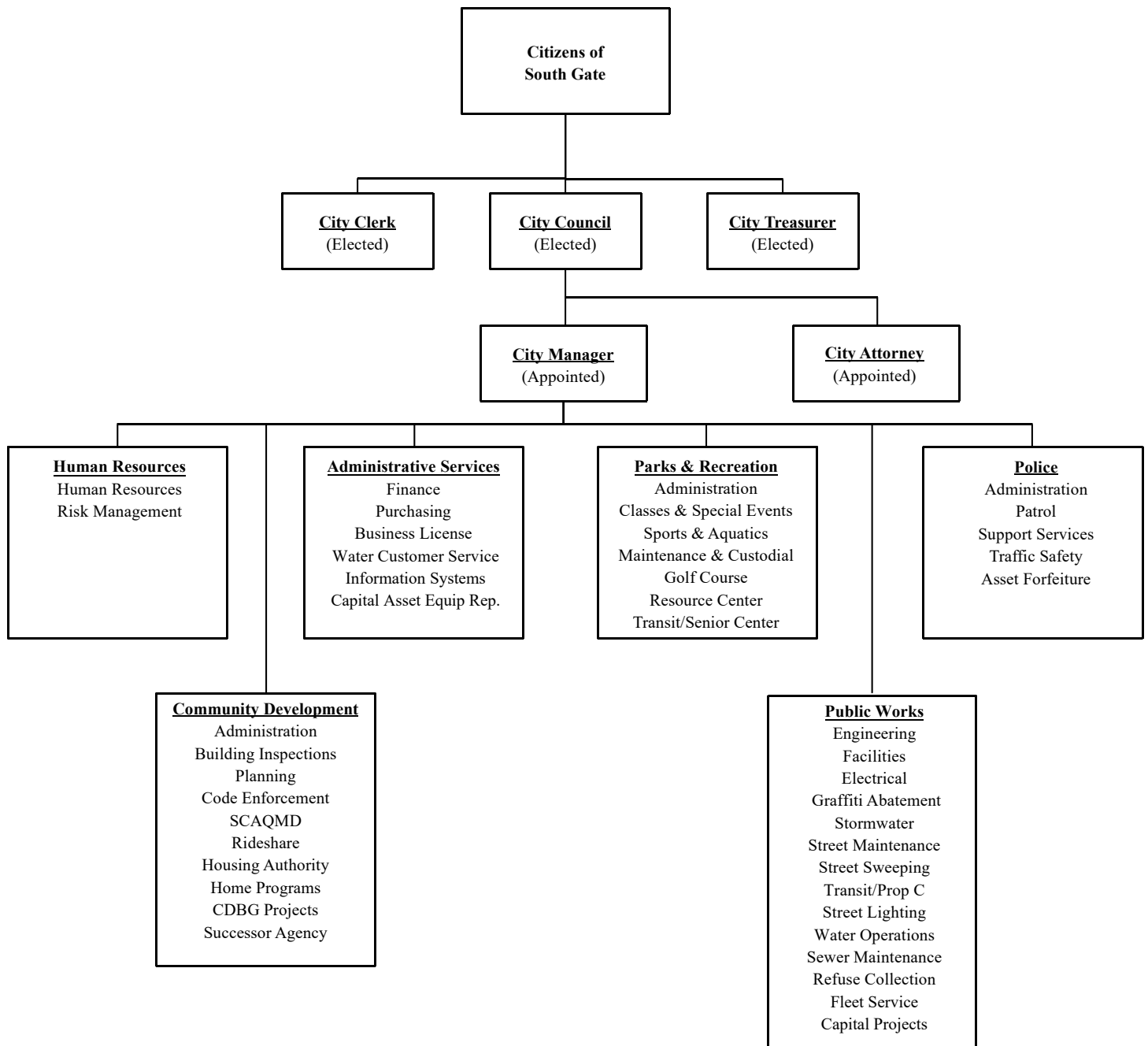
Rob Houston
City Manager

Wendy O'Kelly
Director of Administrative Services/Finance

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

Mayor	Maria del Pilar Avalos
Vice Mayor	Gil Hurtado
Councilmember	Joshua Barron
Councilmember	Maria Davila
Councilmember	Al Rios
City Clerk	Yodit Glaze
City Treasurer	Jose De La Paz
City Manager	Rob Houston
City Attorney	Raul Salinas
Assistant City Manager/Director of Public Works	Arturo Cervantes
Police Chief	Darren Arakawa
Director of Administrative Services	Wendy O'Kelly
Director of Community Development	Meredith Elguira
Acting Director of Parks & Recreation	Steve Costley

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 Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of South Gate (the City), as of and for the year June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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, 2023, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matters

During the year ended June 30, 2023, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 96: Subscription-Based Information Technology Arrangements. Additionally, the financial statements for the fiscal year ended June 30, 2023 reflect certain prior period adjustments as described further in note 17 to the financial statements. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The City's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis*, the *pension and OPEB schedules*, and the *budgetary comparison schedules* identified as Required Supplementary Information (RSI) in the accompanying table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The *combining and individual nonmajor fund financial statements and schedules* 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 schedules* 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 schedules* are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the *introductory section* and *statistical section* but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2023 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 blue ink that reads "Davis Fan".

Irvine, California
December 22, 2023

City of South Gate
Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2023

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, 2023. 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, 2023, by \$292.1M. This amount is referred to as the net position of the City. Of this amount, \$272.4M is invested in capital assets, \$61.8M is restricted for public works, housing activities, community development projects, public safety and debt service, and \$42.1M is an unrestricted deficit amount.
- **Changes in Net Position:** The City's net position increased by \$24.0M year over year (from \$268.1M prior fiscal year ending balance to \$292.1M balance as June 30, 2023). Governmental Activities increased by \$23.5M while Business-type activities increased by \$0.5M in net position.
- **Long-Term Debt:** The City's total long-term liabilities increased from \$149.3M to \$193.6M year over year as of June 30, 2023, a net increase of \$44.3M. The net increase was mainly from increases of \$50.9M in pension liability and \$0.8M in compensated absences.
- **Capital Assets:** The City's capital assets totaled \$298.1M on June 30, 2023, a net increase of \$8.3M over the prior year balance of \$289.8M. \$9.8 million represents a net increase to the governmental activities while \$1.6 million was a net decrease to the business-type activities.

Fund Financial Statements

- **Governmental Funds:** As of June 30, 2023, the City's governmental funds reported a combined ending fund balance of \$78.8M, a decrease of \$4.7M (5.6%) over the prior year's restated balance.
- **General Fund:** As of June 30, 2023, expenditures and transfers-out exceeded revenues and transfers-in by \$1.9M, decreasing the fund balance from \$39.4M to \$37.5M. Of the \$37.5M fund balance, \$9.4M is unassigned and is available for future appropriations 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 Annual Comprehensive Financial Report also contains other supplementary information in addition to the basic financial statements.

City of South Gate
Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2023

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 in 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)
Year Ended June 30, 2023

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 42 immediately following the basic financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this Annual Comprehensive 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 City of South Gate, assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$292.1M on June 30, 2023, as shown in Table 1.

Table 1
Statement of Net Positions

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 145,040,741	\$124,339,561	\$ 53,744,055	\$ 53,103,099	\$ 198,784,796	\$ 177,442,660
Capital assets	249,739,097	239,899,328	48,378,762	49,945,175	298,117,859	289,844,503
Total assets	394,779,838	364,238,889	102,122,817	103,048,274	496,902,655	467,287,163
Deferred Outflows	47,718,497	23,738,468	3,707,199	2,327,815	51,425,696	26,066,283
Total Deferred Outflows	47,718,497	23,738,468	3,707,199	2,327,815	51,425,696	26,066,283
Long-term debt outstanding	151,488,622	108,006,651	34,063,694	33,241,148	185,552,316	141,247,799
Other liabilities	42,363,333	24,355,165	8,721,120	8,126,478	51,084,453	32,481,643
Total liabilities	193,851,955	132,361,816	42,784,814	41,367,626	236,636,769	173,729,442
Deferred Inflows	18,220,989	48,669,492	1,409,315	2,895,701	19,630,304	51,565,193
Total Deferred Inflows of Resources	18,220,989	48,669,492	1,409,315	2,895,701	19,630,304	51,565,193
Net position:						
Invested in net capital assets	249,431,031	239,101,781	22,936,240	22,811,740	272,367,271	261,913,521
Restricted	61,752,497	49,311,796	-	-	61,752,497	49,311,796
Unrestricted (deficit)	(80,758,137)	(81,467,528)	38,699,647	38,301,022	(42,058,490)	(43,166,506)
Total net position	\$ 230,425,391	\$206,946,049	\$ 61,635,887	\$ 61,112,762	\$ 292,061,278	\$ 268,058,811

The largest portion of the City's net position reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) of \$272.4M, less any related debt used to acquire those assets that are 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, \$61.8M, represents

City of South Gate
Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2023

resources that are subject to external restrictions on how they may be used. The remaining Unrestricted Net Position (deficit) balance of \$42.1M is \$1.1M less than it was in FY 2021/22.

Table 2
Statement of Changes in Net Position

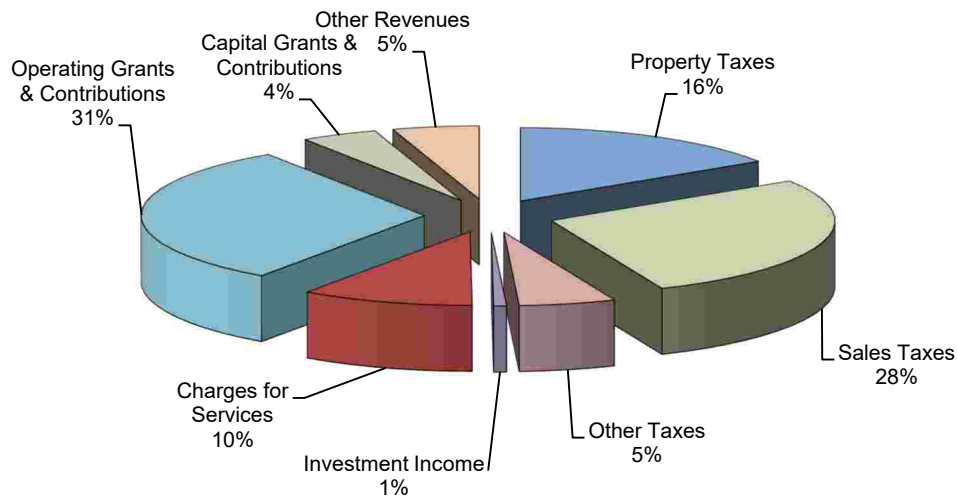
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues						
Program revenues:						
Charges for services	\$ 10,283,655	\$ 8,437,224	\$ 21,085,645	\$ 25,184,185	\$ 31,369,300	\$ 33,621,409
Operating grants & contributions	32,332,147	33,777,737	-	137,101	32,332,147	33,914,838
Capital grants & contributions	4,553,791	10,387,141	-	-	4,553,791	10,387,141
General revenues:						
Property taxes	16,575,713	15,462,214	-	-	16,575,713	15,462,214
Sales taxes	28,979,651	27,689,344	-	-	28,979,651	27,689,344
Other taxes	5,837,936	5,730,603	-	-	5,837,936	5,730,603
Investment income	758,954	(2,243,040)	567,364	(1,324,133)	1,326,318	(3,567,173)
Other revenues	5,059,788	858,214	-	-	5,059,788	858,214
Total revenues	104,381,635	100,099,437	21,653,009	23,997,153	126,034,644	124,096,590
Program expenses						
General government	15,387,024	7,578,443	-	-	15,387,024	7,578,443
Public works	20,220,795	19,188,975	-	-	20,220,795	19,188,975
Parks & recreation	11,068,630	8,774,974	-	-	11,068,630	8,774,974
Police	23,418,638	34,486,871	-	-	23,418,638	34,486,871
Community development	11,685,661	11,374,303	-	-	11,685,661	11,374,303
Interest expense	578,382	649,620	-	-	578,382	649,620
Sewer	-	-	1,530,228	1,751,215	1,530,228	1,751,215
Water	-	-	15,692,788	15,070,542	15,692,788	15,070,542
Refuse	-	-	2,570,690	4,324,468	2,570,690	4,324,468
Total expenses	82,359,130	82,053,186	19,793,706	21,146,225	102,152,836	103,199,411
Revenues over (under) expenditures	22,022,505	18,046,251	1,859,303	2,850,928	23,881,808	20,897,179
Transfers	1,336,178	(21,986,316)	(1,336,178)	21,986,316	-	-
Changes in Net Position	23,358,683	(3,940,065)	523,125	24,837,244	23,881,808	20,897,179
Beginning net position, restated	207,066,708	210,886,114	61,112,762	36,275,518	268,179,470	247,161,632
Ending net position, restated	\$ 230,425,391	\$ 206,946,049	\$ 61,635,887	\$ 61,112,762	\$292,061,278	\$ 268,058,811

Governmental Activities. See Table 2. The City's net position in its governmental activities increased by \$23.4M as of June 30, 2023. Program revenues decreased by \$5.4M in FY 22-23 mainly from fewer capital grants received during the year. General revenues increased \$9.7M compared to the prior year. Property tax increased by about \$1.1M, sales tax increased by \$1.3M while investment income increased by approximately \$1.5M due to market valuation gains. Program expenses increased by \$300K from \$82.0M in FY 2022 to \$82.3M in FY 2023, primarily from general government and parks & recreation.

City of South Gate
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The City of South Gate relies heavily on federal, state, and local grant funds (35%) as a major funding source for capital projects and eligible operating costs. After grants, sales tax (28%), property taxes (16%) and charges for services (10%) remain the most significant sources of the Governmental Activities revenue stream.

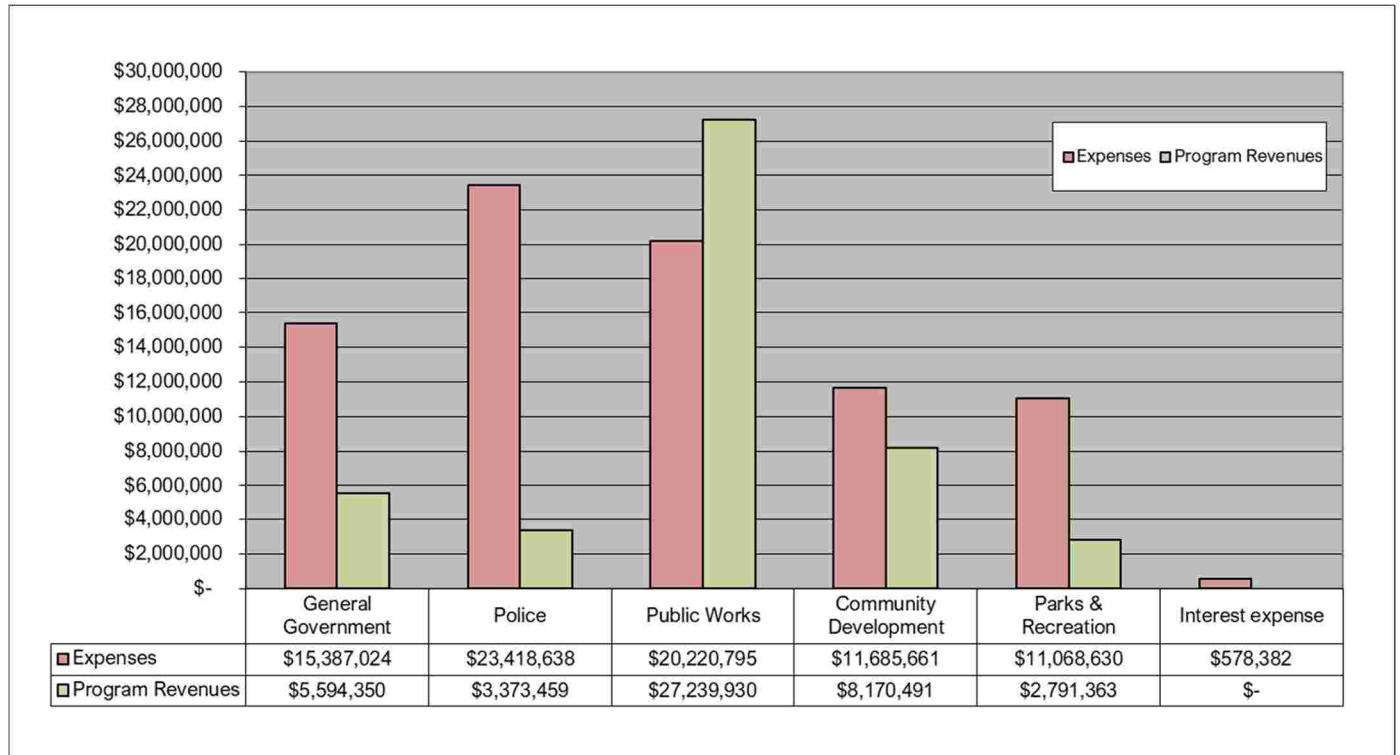
Revenues by Source – Governmental Activities



The cost of all governmental activities this year was \$82.4M compared to \$82.0M in the prior year. Governmental activities generated sufficient revenues to pay these costs with \$10.3M paid for by those who directly benefited from programs provided, \$36.9M being subsidized by grants received from other governmental organizations for both capital and operating activities, and \$56.4M coming from general taxes and other revenues.

City of South Gate
Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2023

Expenses and Program Revenues – Governmental Activities



The City's largest expense is its Police Department, where operations totaled \$23.4M in FY 2022-23. Public Works followed with \$20.2M of expenses, which included expenses related to several large capital improvement projects. General Government was the third largest in expenses, at \$15.4M, which included ARPA funds.

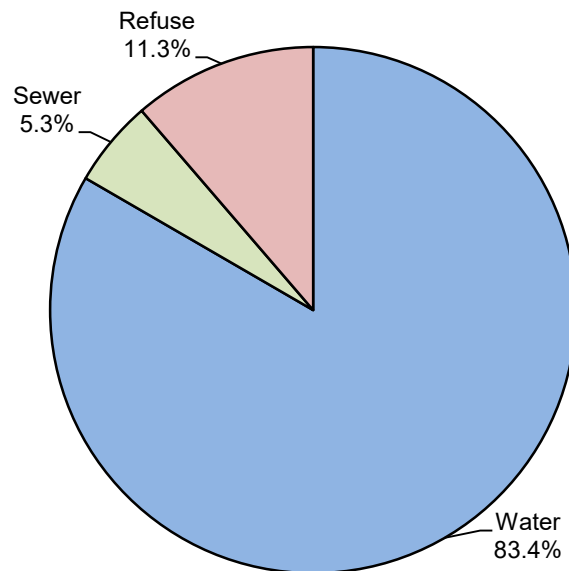
City of South Gate
Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2023

Business-Type Activities. As of June 30, 2023, the financial condition of the City's business-type activities was a positive net position of \$61.6M, a \$0.5M increase from \$61.1M beginning net position. The increase in net position is mainly attributed to a decrease of \$1.75M in refuse expenditures.

The City's business-type activities consisted of the water, sewer and refuse utilities. The combined cost of providing all business-type activities this year was \$19.8M. The revenue paid by users of these utilities was \$21.1M of which 83.4% comes from water fees, 11.3% from refuse fees and 5.3% from sewer fees. When capital improvements are made, the costs are capitalized and no expenses are incurred given that current assets have been converted to long-term capital assets.

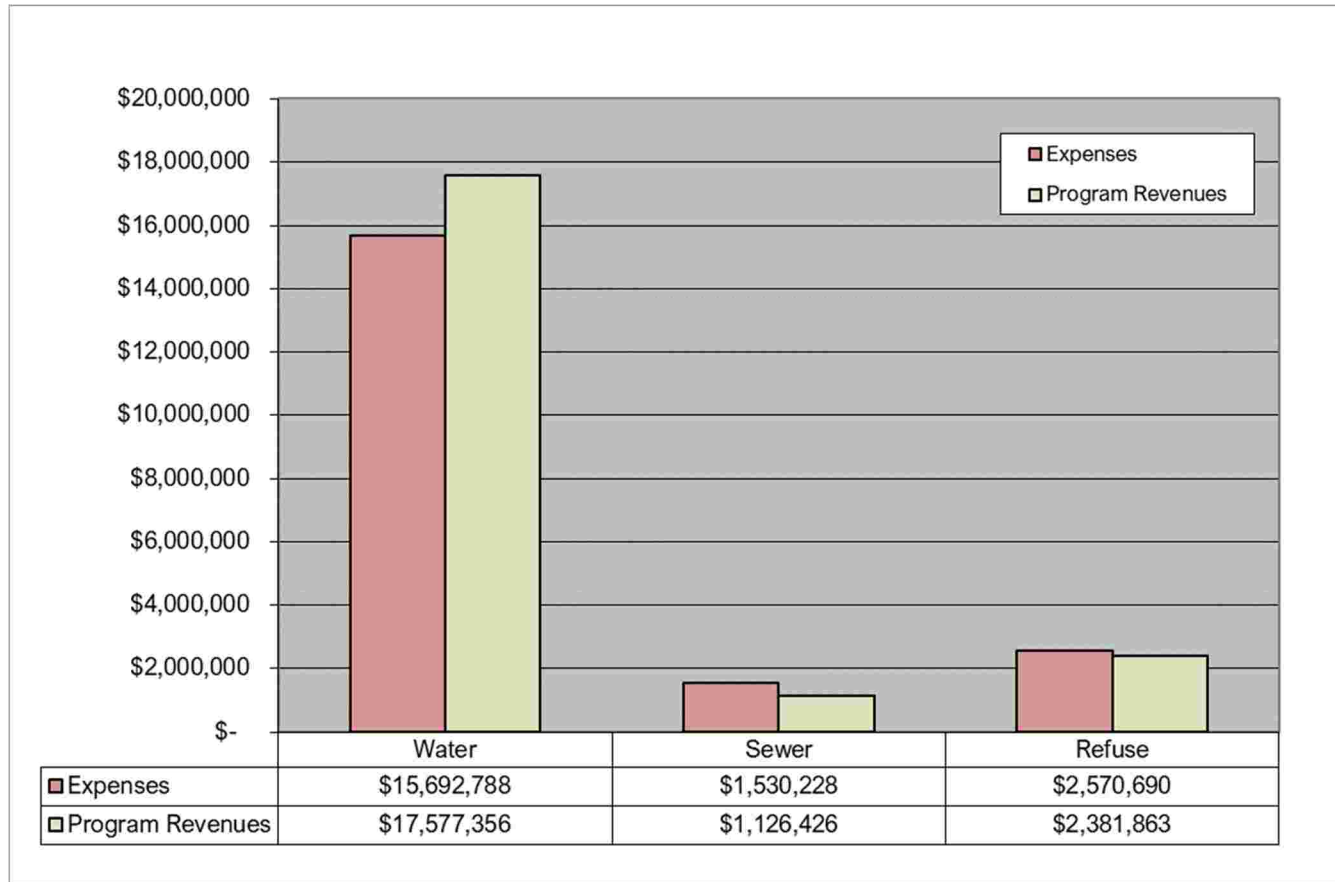
The water utility user rates are set to generate some excess of revenues over expenses in an effort to maintain a reasonable reserve for capital improvements and debt service requirements. A sewer rate study is underway to ensure that the sewer utility is similarly sustained financially to cover its operating and capital requirement costs. The city contracts out the refuse collection and disposal, and the user rates are set to cover the contractual costs and related administration costs.

Revenues by Source – Business-Type Activities



City of South Gate
Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2023

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. 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, 2023, the City's governmental funds reported ending fund balances of \$78.8M, a decrease of \$4.7M from the prior year. Of that amount, \$2.3M is *nonspendable* fund balance. Of the remaining \$76.5M *spendable* fund balance, \$49.1M 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, and an OPEB Section 115 trust, and \$6.3M has been *assigned* by management for specific purposes such as capital projects.

The General Fund is the chief operating fund of the City of South Gate. As of June 30, 2023, the total general fund balance was \$37.5M, a decrease of \$1.9M from the prior year. The unassigned fund balance totaled \$9.4M, a decrease of \$15.0M from the prior year.

City of South Gate
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For FY 2022/23 General Fund revenues increased by \$5.5M (9.5%) over the prior year from \$57.7M to \$63.2M, operating expenditures increased by \$8.1M from \$55.6M to \$63.7M. In summary, General Fund expenditures exceeded revenues by approximately \$500K for the fiscal year ended June 30, 2023.

The Grants Special Revenue Fund is used to account for all Federal, State, and local grants not specified in other funds. As of June 30, 2022, the Grants Special Revenue fund balance had a deficit of \$11.5M. This is based on \$12.7M in unavailable revenue that has been earned but is not available. This is due to recognizing grant receipts for expenses incurred that don't meet the reporting period's availability criteria.

In March 2021, congress passed the \$1.9 trillion American Rescue Plan Act of 2021 (ARPA). The city's allocable share amounted to \$34.5M. The initial disbursement of \$17.25M was received by the City in June 2021. The second payment of \$17.25M was received in July 2022. The ARPA monies can be used to recover revenue loss due to the Pandemic, fund infrastructure projects including water, sewer and broadband and respond to public health emergency due to COVID-19 Pandemic including assistance to households, small business, and nonprofits organizations. For FY 2022/23, the City had \$3.9M in expenditures funded by ARPA.

The Capital Improvement Projects Fund accounts for most of the capital improvement activity in the City, such as buildings and street infrastructure. Capital expenditures are charged directly to this fund and reimbursed with transfers from other funds as monies are received from the various funding sources, primarily grants. As of June 30, 2023, the total fund balance was \$4.7M, of which \$3.5M is designated for the Courthouse Rehabilitation project, which the City envisions repurposing the building for future city uses.

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.

In business-type activities, the Water and Sewer Funds are considered major funds. The Refuse Fund is considered non-major. At the fiscal year end, the combined net position of these funds totaled \$61.6M, an increase of \$500K (0.8%) from the beginning fund balance of \$61.1M. Additionally, resources used for the construction of capital facilities do not result in expenses because the assets are capitalized.

The internal service funds include Insurance Fund, Information Systems Fund, Fleet Management Fund, Capital Asset & Equipment Replacement Fund and Building Maintenance Fund. The internal services funds account for goods and services provided by one City department to other City departments. The net position decreased by \$1.0M from \$3.3M beginning fund balance to \$4.3M as of June 30, 2023, largely because of delays in replacing vehicles and equipment due to supply chain issues and decrease in net pension liability.

City of South Gate
Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2023

General Fund Budgetary Highlights

For FY 2022/23, the final adopted General Fund revenue budget was \$61.8M. The actual revenues came in \$400K (0.6%) higher than projected at \$63.2M, and mostly because of increases in tax revenues. Overall, property tax increased \$296K, sales tax increased \$1.3M and other taxes increased \$123K. Charges for Services were up by \$954K, mainly due to the reopening of recreational activities, and Licenses and Permits were down by \$59K. Use of money and property was up \$758K as of June 30, 2023. Total actual expenditures came in at \$63.7M, which is \$4.4M (6.9%) lower than the final projected expenditure budget of \$68.1M. The main factor for the decrease in expenditures was largely due to staff vacancies resulting in \$3.0M in savings.

Capital Asset and Debt Administration

Capital Assets: The capital assets of the City are assets used in the performance of City functions including infrastructure assets. Capital Assets include equipment, buildings, land, park facilities and roads. As of June 30, 2023, the City's net investment in capital assets for governmental activities totaled \$249.7M and net investment in capital assets for business-type activities totaled \$48.4M. Governmental capital assets had a net increase of \$8.9M mainly due to \$14.4M for construction in progress, less \$9.3M in accumulated depreciation. Business-type capital assets decreased by \$1.6M with additions to construction in progress of \$0.6M reduced by accumulated depreciation of \$2.6M.

City of South Gate Capital Assets
(Net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Structures and improvement	\$ 13,434,601	\$ 13,838,824	\$ 7,804,263	\$ 7,926,948	\$ 21,238,864	\$ 21,765,772
Machinery and equipment	3,768,872	4,080,680	1,235,917	1,308,360	5,004,789	5,389,040
Infrastructure	198,318,546	204,037,489	-	-	198,318,546	204,037,489
Utility distribution system	-	-	35,297,186	37,302,468	35,297,186	37,302,468
Land	4,997,485	3,738,993	1,290,602	1,290,602	6,288,087	5,029,595
Construction in progress	28,470,516	14,076,026	817,650	183,653	29,288,166	14,259,679
Lease assets	749,077	127,316	-	-	749,077	127,316
Water rights	-	-	1,933,144	1,933,144	1,933,144	1,933,144
Total	\$249,739,097	\$239,899,328	\$48,378,762	\$49,945,175	\$298,117,859	\$289,844,503

Additional information on the City's capital assets can be found in Note 6 of the Notes to the Basic Financial Statements of this report.

Long-Term Liabilities. At the end of the fiscal year, the City of South Gate had total long-term liabilities of \$193.6M, an increase of approximately \$44.3M over the prior year's balance. The net change is a combination of increases of \$0.9M in claims and judgements liability, \$50.9M of actuarially determined pension liability, \$0.8M in compensated absences liability, with decreases of \$5.1M in other post-employment benefits and \$3.7M in the paydown of the City's outstanding revenue bond, pension obligation bonds and other financing agreements.

City of South Gate
Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2023

City of South Gate Long-Term Liabilities

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenue bonds	\$ -	\$ -	\$ 27,249,528	\$ 28,998,877	\$ 27,249,528	\$ 28,998,877
Pension obligation bonds	8,615,000	10,085,000	-	-	8,615,000	10,085,000
Financing agreements	184,820	673,019	-	-	184,820	673,019
Lease Payable	156,116	124,528	-	-	156,116	124,528
Notes/loans payable	489,605	-	-	-	489,605	-
Claims and judgments	14,009,898	13,077,396	-	-	14,009,898	13,077,396
Compensated Absences	5,741,577	4,929,052	375,155	355,666	6,116,732	5,284,718
Other post-employment benefits	22,807,274	27,422,713	2,259,825	2,781,798	25,067,099	30,204,511
Net pension liability	105,780,864	57,996,371	5,996,052	2,886,673	111,776,916	60,883,044
Total	\$ 157,785,154	\$114,308,079	\$35,880,560	\$35,023,014	\$193,665,714	\$149,331,093

Additional information on the City's long-term liabilities can be found in Note 7 of the Notes to the Basic Financial Statements of this report.

Economic Factors and Next Year's Budget

Over the past year, the local economy has experienced a slow recovery from the impacts of the COVID-19 pandemic. Despite rising inflation and the overall economic impact the City has continued to effectively service and support our residents and businesses. In considering the Fiscal Year 2023/24:

- Property tax revenue for FY 2023/24 is projected to increase by 870K or 5% to \$17M, reflecting an incremental improvement in property values as assessed in calendar year 2022. South Gate's housing market has remained fairly stable due to its urban location. This is the City's second largest source of revenue, which is comprised of 84% residential and 16% industrial and commercial properties.
- Sales Tax revenue is the City's primary source of operating revenue and is projected to show a flattening of sales tax revenues in FY 2023/24. This represents a slight decrease of 547K or 2% to 28.1M.
- In addition, a large part of the overall operating budget comes from the City's share of pension costs. South Gate is one of many cities facing significant increases in retiree pension and health care costs. Future salary increases and increased CalPERS pension costs are expected to place a strain on the budget over the next few years.
- The FY 2023/24 citywide adopted operating and capital improvement budget totaled approximately \$157M. This includes all city funds, including General fund and Other Governmental funds, Water fund, Sewer fund, Housing Authority fund, Successor Agency fund Grants and Other Subventions, Special Assessment District funds, and Capital Improvement Project funds.
- Overall, the General Fund revenues are projected at 65.2M and present a net increase of 0.4% from the prior year's estimates.

While there have been steady improvements across all areas of the community, there is still more work to be done to ensure the City remains on solid financial ground in the years to come.

City of South Gate
Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2023

Requests for Information

This Annual Comprehensive Financial Report (ACFR) 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 City Administrative Services/Finance, by phone at (323) 563-9522, 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, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 105,514,208	\$ 49,193,561	\$ 154,707,769
Receivables:			
Accounts	1,738,817	3,417,771	5,156,588
Accrued interest	500,872	230,851	731,723
Leases	118,131	-	118,131
Internal balances	(3,658)	3,658	-
Prepaid items	249,349	21,420	270,769
Due from other governments	22,449,578	-	22,449,578
Inventories	187,421	-	187,421
Property held for resale	4,950,000	-	4,950,000
Total current assets	<u>135,704,718</u>	<u>52,867,261</u>	<u>188,571,979</u>
Noncurrent assets:			
Restricted cash and investments with fiscal agent	314,628	876,794	1,191,422
Leases receivable	556,420	-	556,420
Notes and loans receivables	8,464,975	-	8,464,975
Capital assets:			
Non-depreciable capital assets	33,468,001	4,041,396	37,509,397
Depreciable capital assets, net	<u>216,271,096</u>	<u>44,337,366</u>	<u>260,608,462</u>
Total capital assets	<u>249,739,097</u>	<u>48,378,762</u>	<u>298,117,859</u>
Total noncurrent assets	<u>259,075,120</u>	<u>49,255,556</u>	<u>308,330,676</u>
Total assets	<u>394,779,838</u>	<u>102,122,817</u>	<u>496,902,655</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding of debt	-	930,212	930,212
Deferred outflows of resources related to pensions	42,860,407	2,295,630	45,156,037
Deferred outflows of resources related to OPEB	<u>4,858,090</u>	<u>481,357</u>	<u>5,339,447</u>
Total deferred outflows of resources	<u>47,718,497</u>	<u>3,707,199</u>	<u>51,425,696</u>

City of South Gate
Statement of Net Position (Continued)
June 30, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	7,989,762	2,002,913	9,992,675
Accrued liabilities	1,705,215	-	1,705,215
Retention payable	707,784	174,784	882,568
Accrued interest	38,696	197,931	236,627
Unearned revenue	23,716,602	84,916	23,801,518
Deposits payable	1,908,742	4,443,710	6,352,452
Compensated absences - due within one year	561,391	32,517	593,908
Claims payable - due within one year	3,845,757	-	3,845,757
Long-term debt - due within one year	1,889,384	1,784,349	3,673,733
Total current liabilities	42,363,333	8,721,120	51,084,453
Noncurrent liabilities:			
Compensated absences - due in more than one year	5,180,186	342,638	5,522,824
Claims payable - due in more than one year	10,164,141	-	10,164,141
Long-term debt - due in more than one year	7,556,157	25,465,179	33,021,336
Aggregate net pension liability	105,780,864	5,996,052	111,776,916
Total other postemployment benefits liability	22,807,274	2,259,825	25,067,099
Total noncurrent liabilities	151,488,622	34,063,694	185,552,316
Total liabilities	193,851,955	42,784,814	236,636,769
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to leases	631,595	-	631,595
Deferred inflows of resources related to pensions	6,671,716	327,553	6,999,269
Deferred inflows of resources related to OPEB	10,917,678	1,081,762	11,999,440
Total deferred inflows of resources	18,220,989	1,409,315	19,630,304
NET POSITION			
Net investment in capital assets	249,431,031	22,936,240	272,367,271
Restricted:			
Community development projects	15,193,588	-	15,193,588
Asset forfeiture program	16,158	-	16,158
Law enforcement	2,994,977	-	2,994,977
Public works	39,807,096	-	39,807,096
Capital projects	58,800	-	58,800
Low/mod income housing activities	3,681,878	-	3,681,878
Total restricted	61,752,497	-	61,752,497
Unrestricted (deficit)	(80,758,137)	38,699,647	(42,058,490)
Total net position	\$ 230,425,391	\$ 61,635,887	\$ 292,061,278

City of South Gate
Statement of Activities
For the Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Program Revenues
Primary government:					
Governmental activities:					
General government	\$ 15,387,024	\$ 2,433,951	\$ 3,160,399	\$ -	\$ 5,594,350
Police	23,418,638	2,081,038	1,292,421	-	3,373,459
Community development	11,685,661	1,992,124	6,178,367	-	8,170,491
Parks & recreation	11,068,630	1,532,871	-	1,258,492	2,791,363
Public works	20,220,795	2,243,671	21,700,960	3,295,299	27,239,930
Interest on long-term debt	578,382	-	-	-	-
Total governmental activities	82,359,130	10,283,655	32,332,147	4,553,791	47,169,593
Business-type activities:					
Water	15,692,788	17,577,356	-	-	17,577,356
Sewer	1,530,228	1,126,426	-	-	1,126,426
Refuse	2,570,690	2,381,863	-	-	2,381,863
Total business-type activities	19,793,706	21,085,645	-	-	21,085,645
Total primary government	\$ 102,152,836	\$ 31,369,300	\$ 32,332,147	\$ 4,553,791	\$ 68,255,238

City of South Gate
Statement of Activities (Continued)
For the Year Ended June 30, 2023

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Primary government:			
Governmental activities:			
General government	\$ (9,792,674)	\$ -	\$ (9,792,674)
Police	(20,045,179)	-	(20,045,179)
Community development	(3,515,170)	-	(3,515,170)
Parks & recreation	(8,277,267)	-	(8,277,267)
Public works	7,019,135	-	7,019,135
Interest on long-term debt	(578,382)	-	(578,382)
Total governmental activities	(35,189,537)	-	(35,189,537)
Business-type activities:			
Water	-	1,884,568	1,884,568
Sewer	-	(403,802)	(403,802)
Refuse	-	(188,827)	(188,827)
Total business-type activities	-	1,291,939	1,291,939
Total primary government	(35,189,537)	1,291,939	(33,897,598)
General revenues			
Taxes:			
Property taxes, levied for general purpose	16,575,713	-	16,575,713
Transient occupancy taxes	608,618	-	608,618
Sales taxes	28,979,651	-	28,979,651
Franchise taxes	3,116,920	-	3,116,920
Business licenses taxes	1,720,970	-	1,720,970
Other taxes	295,835	-	295,835
Total taxes	51,297,707	-	51,297,707
Intergovernmental revenue, unrestricted	95,593	-	95,593
Use of money and property	758,954	567,364	1,326,318
Other	5,059,788	-	5,059,788
Transfers	1,336,178	(1,336,178)	-
Total general revenues and transfers	58,548,220	(768,814)	57,779,406
Changes in net position	23,358,683	523,125	23,881,808
Net Position:			
Beginning of year, as restated (Note 17)	207,066,708	61,112,762	268,179,470
End of year	\$ 230,425,391	\$ 61,635,887	\$ 292,061,278

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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.

American Rescue Plan Act (ARPA) - This fund is account for expenditures related to the funds received through this source by the U.S Treasury. These funds must be used for specific purposes outlined in the Act and promulgated by regulations issued by the U.S Treasury. Funds must be spent by December 31, 2024 or legally obligated. In no case shall be funds be allow to be expended beyond December 31, 2026. All revenue and expenditure elements caused or impacted by the Coronavirus Disease 2019 (COVID-19) pandemic since January 2020 through December 2024 are generally covered by the ARPA.

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, 2023

	General Fund	Grants Special Revenue Fund	American Rescue Plan Act Fund	Capital Improvement Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 19,985,120	\$ -	\$ 21,570,147	\$ 9,425,386	\$ 37,439,905	\$ 88,420,558
Restricted cash and investments held by fiscal agent	312,628	-	-	2,000	-	314,628
Receivables:						
Accounts	1,541,882	-	-	15,000	180,546	1,737,428
Notes and loans	17,433	342,680	-	-	8,104,862	8,464,975
Accrued interest	162,426	-	104,697	-	169,601	436,724
Leases	674,551	-	-	-	-	674,551
Prepaid items	195,694	-	-	-	53,655	249,349
Due from other governments	5,543,055	15,436,556	-	-	1,469,967	22,449,578
Due from other funds	13,101,778	-	-	-	285,534	13,387,312
Inventories	187,421	-	-	-	-	187,421
Property held for resale	-	-	-	-	4,950,000	4,950,000
Advances to other funds	1,813,000	-	-	-	-	1,813,000
Total assets	<u>\$ 43,534,988</u>	<u>\$ 15,779,236</u>	<u>\$ 21,674,844</u>	<u>\$ 9,442,386</u>	<u>\$ 52,654,070</u>	<u>\$ 143,085,524</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 1,812,205	\$ -	\$ 536,739	\$ 3,800,006	\$ 1,253,173	\$ 7,402,123
Accrued liabilities	1,705,215	-	-	-	-	1,705,215
Unearned revenue	-	2,473,948	20,722,495	-	520,159	23,716,602
Deposits	1,477,419	148,916	-	259,353	23,054	1,908,742
Retentions payable	-	-	-	700,431	-	700,431
Due to other funds	284,100	11,971,665	-	-	1,247,980	13,503,745
Advances from other funds	-	-	-	-	1,813,000	1,813,000
Total liabilities	<u>5,278,939</u>	<u>14,594,529</u>	<u>21,259,234</u>	<u>4,759,790</u>	<u>4,857,366</u>	<u>50,749,858</u>
Deferred inflows of resources:						
Leases related	631,595	-	-	-	-	631,595
Unavailable revenues	80,162	12,685,841	-	-	144,866	12,910,869
Total deferred inflows of resources	<u>711,757</u>	<u>12,685,841</u>	<u>-</u>	<u>-</u>	<u>144,866</u>	<u>13,542,464</u>
Fund Balances:						
Nonspendable:						
Inventories	187,421	-	-	-	-	187,421
Prepaid items	195,694	-	-	-	53,655	249,349
Notes and loans	17,433	-	-	-	-	17,433
Advances to other funds	1,813,000	-	-	-	-	1,813,000
Restricted:						
Community development projects	-	342,680	-	-	14,850,908	15,193,588
Asset forfeiture program	-	-	-	-	16,158	16,158
Law enforcement	-	-	415,610	-	2,579,367	2,994,977
Public works	-	-	-	-	26,896,227	26,896,227
Capital projects	56,800	-	-	2,000	-	58,800
Debt service	255,828	-	-	-	-	255,828
Low/mod income housing	-	-	-	-	3,681,878	3,681,878
Committed:						
Emergency reserve	13,000,000	-	-	-	-	13,000,000
Employment resource center	-	-	-	3,210,160	-	3,210,160
Budget stabilization	6,000,000	-	-	-	-	6,000,000
OPEB section 115 trust	1,730,000	-	-	-	-	1,730,000
Assigned:						
Public works	115,000	-	-	-	-	115,000
Capital projects	4,737,023	-	-	1,470,436	-	6,207,459
Unassigned (deficit)	<u>9,436,093</u>	<u>(11,843,814)</u>	<u>-</u>	<u>-</u>	<u>(426,355)</u>	<u>(2,834,076)</u>
Total fund balances	<u>37,544,292</u>	<u>(11,501,134)</u>	<u>415,610</u>	<u>4,682,596</u>	<u>47,651,838</u>	<u>78,793,202</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 43,534,988</u>	<u>\$ 15,779,236</u>	<u>\$ 21,674,844</u>	<u>\$ 9,442,386</u>	<u>\$ 52,654,070</u>	<u>\$ 143,085,524</u>

City of South Gate
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2023

Total Fund Balances - Total Governmental Funds	\$ 78,793,202
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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	249,739,097
Less: capital assets reported in Internal Service Funds	<u>(3,401,947)</u>
Total capital assets adjustment	<u>246,337,150</u>

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	(8,615,000)
Notes payable	(184,820)
Leases payable	(156,116)
Subscription payable	(305,947)
Compensated absences, net of \$(117,266) reported in Internal Service Funds	<u>(5,624,311)</u>
Total long-term debt adjustment	<u>(14,886,194)</u>

Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds.	(38,696)
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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:

Deferred outflows of resources related to pensions, net of \$802,468 reported in Internal Service Funds	42,057,939
Aggregate net pension liabilities, net of \$(2,096,005) reported in Internal Service Funds.	(103,684,859)
Deferred inflows of resources related to pensions, net of \$(867,124) reported in Internal Service Funds	(6,557,216)

Governmental funds report all OPEB contributions as expenditures; however, in the statement of net position, total OPEB liability is reported as a total OPEB liability:

Deferred outflows of resources related to OPEB, net of \$184,703 reported in Internal Service Funds.	4,673,387
Other postemployment benefits liabilities, net of \$(867,127) reported in Internal Service Funds.	(21,940,150)
Deferred inflows of resources related to OPEB, net of \$(415,086) reported in Internal Service Funds.	(10,502,592)

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	12,910,869
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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.

Net Position of Governmental Activities	<u>3,262,551</u> <u>\$ 230,425,391</u>
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City of South Gate
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

	Major Funds				Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Grants Special Revenue Fund	American Rescue Plan Fund	Capital Improvement Projects Fund		
REVENUES:						
Taxes	\$ 51,297,707	\$ -	\$ -	\$ -	\$ 1,992,124	\$ 53,289,831
Licenses and permits	1,564,404	-	-	-	613,659	2,178,063
Intergovernmental	(612,774)	3,298,788	3,904,657	1,258,492	21,124,791	28,973,954
Charges for services	3,295,723	-	-	-	1,130,638	4,426,361
Use of money and property (loss)	(25,766)	-	334,103	-	557,377	865,714
Fines and forfeitures	1,687,108	-	-	-	-	1,687,108
Rental	142,986	-	-	-	-	142,986
Miscellaneous	5,810,624	-	-	-	16,333	5,826,957
Total revenues	63,160,012	3,298,788	4,238,760	1,258,492	25,434,922	97,390,974
EXPENDITURES:						
Current:						
General government	10,587,195	-	3,868,766	-	18,236	14,474,197
Police	31,970,272	-	-	-	1,059,967	33,030,239
Community development	3,430,608	-	-	-	8,305,947	11,736,555
Parks & recreation	10,494,011	-	-	-	28,958	10,522,969
Public works	5,172,113	-	-	-	9,084,749	14,256,862
Capital outlay	-	-	-	16,682,644	561,382	17,244,026
Debt service:						
Principal	1,505,560	-	-	-	195,585	1,701,145
Interest and fiscal charges	550,150	-	-	-	13,996	564,146
Total expenditures	63,709,909	-	3,868,766	16,682,644	19,268,820	103,530,139
REVENUES OVER (UNDER) EXPENDITURES	(549,897)	3,298,788	369,994	(15,424,152)	6,166,102	(6,139,165)
OTHER FINANCING SOURCES (USES):						
Issuance of leases	-	-	-	-	94,161	94,161
Transfers in	1,334,554	-	-	15,127,226	2,359,002	18,820,782
Transfers out	(2,644,217)	(11,387,342)	(35,776)	-	(3,413,077)	(17,480,412)
Total other financing sources (uses)	(1,309,663)	(11,387,342)	(35,776)	15,127,226	(959,914)	1,434,531
CHANGES IN FUND BALANCES	(1,859,560)	(8,088,554)	334,218	(296,926)	5,206,188	(4,704,634)
FUND BALANCES:						
Beginning of year	39,403,852	(3,412,580)	81,392	4,979,522	42,445,650	83,497,836
End of year	\$ 37,544,292	\$ (11,501,134)	\$ 415,610	\$ 4,682,596	\$ 47,651,838	\$ 78,793,202

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, 2023

Net Change in Fund Balances - Total Governmental Funds \$ (4,704,634)

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 \$372,056 reported in Internal Service Fund	17,547,382
Depreciation, net of \$883,371 reported in Internal Service Fund	(8,267,163)
	9,280,219

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 paid on long-term debt	1,701,145
Issuance of leases	(94,161)

Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period.	6,602
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Compensated absences expenses reported in the statement of activities do not require the use of current financial resources: therefore, are not reported as expenditures in governmental funds.	(782,884)
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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.	10,316,577
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Other postemployment benefits expenses reported in the statement of activities do not require the use of current financial resources; therefore, are not reported as expenditures in the governmental funds.	635,224
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Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are not included in the intergovernmental revenues in the governmental fund activity.	8,004,742
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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.	(1,004,147)
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Change in Net Position of Governmental Activities	\$ 23,358,683
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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 167 for more details)

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City of South Gate
Statement of Net Position
Proprietary Funds
June 30, 2023

	Business-type Activities Enterprise Funds				Governmental Activities Internal Service Funds
	Major		Nonmajor		
	Water	Sewer	Refuse	Total	
ASSETS					
Current assets:					
Cash and investments	\$ 46,437,209	\$ 1,475,292	\$ 1,281,060	\$ 49,193,561	\$ 17,093,650
Receivables:					
Accounts	2,804,195	423,092	190,484	3,417,771	1,389
Accrued interest	216,936	8,845	5,070	230,851	64,148
Prepaid items	18,359	3,061	-	21,420	-
Due from other funds	3,658	-	-	3,658	112,775
Total current assets	49,480,357	1,910,290	1,476,614	52,867,261	17,271,962
Noncurrent assets:					
Restricted assets:					
Cash and investments	876,794	-	-	876,794	-
Capital assets:					
Non-depreciable assets	3,855,496	185,900	-	4,041,396	-
Depreciable assets, net	29,636,500	14,663,147	37,719	44,337,366	3,401,947
Total capital assets, net	33,491,996	14,849,047	37,719	48,378,762	3,401,947
Total noncurrent assets	34,368,790	14,849,047	37,719	49,255,556	3,401,947
Total assets	83,849,147	16,759,337	1,514,333	102,122,817	20,673,909
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding of debt	804,634	125,578	-	930,212	-
Deferred outflows of resources related to pensions	2,037,411	258,219	-	2,295,630	802,468
Deferred outflows of resources related to OPEB	430,866	50,491	-	481,357	184,703
Total deferred outflows of resources	3,272,911	434,288	-	3,707,199	987,171

City of South Gate
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2023

	Business-type Activities Enterprise Funds				Governmental Activities Internal Service Funds
	Major		Nonmajor		
	Water	Sewer	Refuse	Total	
LIABILITIES					
Liabilities:					
Current liabilities:					
Accounts payable	1,567,382	320,646	114,885	2,002,913	587,639
Accrued interest	197,931	-	-	197,931	-
Unearned revenues	-	-	84,916	84,916	-
Deposits payable	4,443,710	-	-	4,443,710	-
Retentions payable	168,726	6,058	-	174,784	7,353
Compensated absences, due within one year	28,799	3,435	283	32,517	8,000
Claims and judgments, due within one year	-	-	-	-	3,845,757
Long term debt, due within one year	1,543,462	240,887	-	1,784,349	113,338
Total current liabilities	7,950,010	571,026	200,084	8,721,120	4,562,087
Noncurrent liabilities:					
Compensated absences, due in more than one year	304,104	36,631	1,903	342,638	109,266
Claims and judgments, due in more than one year	-	-	-	-	10,164,141
Long term debt, due in more than one year	22,027,381	3,437,798	-	25,465,179	70,320
Aggregate net pension liability	5,321,598	674,454	-	5,996,052	2,096,005
Net OPEB liability	2,022,786	237,039	-	2,259,825	867,124
Total noncurrent liabilities	29,675,869	4,385,922	1,903	34,063,694	13,306,856
Total liabilities	37,625,879	4,956,948	201,987	42,784,814	17,868,943
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows of resources related to pensions	290,709	36,844	-	327,553	114,500
Deferred inflows of resources related to OPEB	968,293	113,469	-	1,081,762	415,086
Total deferred inflows of resources	1,259,002	150,313	-	1,409,315	529,586
NET POSITION					
Net investment in capital assets	11,602,581	11,295,940	37,719	22,936,240	3,218,289
Restricted for debt service	876,794	-	-	876,794	-
Unrestricted (deficit)	35,757,802	790,424	1,274,627	37,822,853	44,262
Total net position	<u>\$ 48,237,177</u>	<u>\$ 12,086,364</u>	<u>\$ 1,312,346</u>	<u>\$ 61,635,887</u>	<u>\$ 3,262,551</u>

City of South Gate
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2023

	Business-type Activities Enterprise Funds				Governmental Activities Internal Service Funds
	Major		Nonmajor		
	Water	Sewer	Refuse	Total	
OPERATING REVENUES:					
Sales and service charges	\$ 17,196,755	\$ 1,123,686	\$ 2,379,041	\$ 20,699,482	\$ -
Interdepartmental charges	-	-	-	-	10,552,678
Miscellaneous	380,601	2,740	2,822	386,163	-
Total operating revenues	17,577,356	1,126,426	2,381,863	21,085,645	10,552,678
OPERATING EXPENSES:					
Personnel services	3,536,776	298,016	89,109	3,923,901	1,312,808
Utilities	1,010,720	1,275	2,086,368	3,098,363	17,813
Contractual services	4,265,586	279,553	160,668	4,705,807	268,828
Administrative services	3,168,506	279,446	234,545	3,682,497	510,750
Repairs and maintenance	391,127	140,105	-	531,232	753,427
Supplies	404,530	24,189	-	428,719	824,784
Insurance	-	-	-	-	5,130,400
Claims expense	-	-	-	-	2,265,067
Depreciation and amortization expense	2,067,086	530,854	-	2,597,940	699,072
Total operating expenses	14,844,331	1,553,438	2,570,690	18,968,459	11,782,949
OPERATING INCOME (LOSS)	2,733,025	(427,012)	(188,827)	2,117,186	(1,230,271)
NONOPERATING REVENUES (EXPENSES):					
Investment income (loss)	528,708	29,931	8,725	567,364	251,155
Interest expense and fiscal charges	(848,457)	23,210	-	(825,247)	(20,838)
Total nonoperating revenues (expenses)	(319,749)	53,141	8,725	(257,883)	230,317
INCOME (LOSS) BEFORE TRANSFERS	2,413,276	(373,871)	(180,102)	1,859,303	(999,954)
TRANSFERS:					
Transfers in	-	13,886	-	13,886	6,356
Transfers out	(1,350,064)	-	-	(1,350,064)	(10,549)
Total transfers	(1,350,064)	13,886	-	(1,336,178)	(4,193)
CHANGES IN NET POSITION	1,063,212	(359,985)	(180,102)	523,125	(1,004,147)
NET POSITION:					
Beginning of year	47,173,965	12,446,349	1,492,448	61,112,762	4,266,698
End of year	\$ 48,237,177	\$ 12,086,364	\$ 1,312,346	\$ 61,635,887	\$ 3,262,551

City of South Gate
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2023

	Business-type Activities Enterprise Funds				Governmental Activities Internal Service Funds
	Major		Nonmajor		
	Water	Sewer	Refuse	Total	
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers and users	\$ 18,143,775	\$ 1,145,657	\$ 3,016,204	\$ 22,305,636	\$ -
Cash received from interfund service provided	-	-	-	-	10,480,276
Cash paid to suppliers for goods and services	(5,884,665)	(205,266)	(2,326,669)	(8,416,600)	(8,535,714)
Cash paid to employees for services	(6,901,818)	(714,825)	(324,566)	(7,941,209)	(1,867,707)
Net cash provided by (used in) operating activities	5,357,292	225,566	364,969	5,947,827	76,855
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition and construction of capital assets	(831,303)	(185,900)	(8,311)	(1,025,514)	(695,682)
Principal paid for capital-related debt	(1,443,837)	(236,163)	-	(1,680,000)	(220,993)
Interest paid on capital-related debt	(725,271)	(102,368)	-	(827,639)	(20,838)
Net cash (used in) capital and related financing activities	(3,000,411)	(524,431)	(8,311)	(3,533,153)	(937,513)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Cash received from other funds	-	13,886	-	13,886	6,356
Cash paid to other funds	(1,350,063)	-	-	(1,350,063)	(10,549)
Net cash provided by (used in) noncapital financing activities	(1,350,063)	13,886	-	(1,336,177)	(4,193)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment income	374,048	24,016	4,941	403,005	209,850
Net cash provided by (used in) investing activities	374,048	24,016	4,941	403,005	209,850
Net change in cash and cash equivalents	1,380,866	(260,963)	361,599	1,481,502	(655,001)
CASH AND CASH EQUIVALENTS:					
Beginning of year	45,933,137	1,736,255	919,461	48,588,853	17,748,651
End of year	\$ 47,314,003	\$ 1,475,292	\$ 1,281,060	\$ 50,070,355	\$ 17,093,650
RECONCILIATION TO STATEMENT OF NET POSITION:					
Cash and investments	\$ 46,437,209	\$ 1,475,292	\$ 1,281,060	\$ 49,193,561	\$ 17,093,650
Restricted cash and investments	876,794	-	-	876,794	-
Total cash and cash equivalents	\$ 47,314,003	\$ 1,475,292	\$ 1,281,060	\$ 50,070,355	\$ 17,093,650

City of South Gate
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2023

	Business-type Activities Enterprise Funds			Total	Governmental Activities Internal Service Funds
	Major		Nonmajor		
	Water	Sewer	Refuse		
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:					
Operating income (loss)	\$ 2,733,025	\$ (427,012)	\$ (188,827)	\$ 2,117,186	\$ (1,230,271)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	2,067,086	530,854	-	2,597,940	699,071
(Increase) decrease in accounts receivable	466,360	13,173	549,425	1,028,958	-
(Increase) decrease in prepaid items	(18,359)	(3,061)	-	(21,420)	-
(Increase) decrease in due from other funds	(2,635)	-	-	(2,635)	(72,401)
(Increase) decrease in deferred outflows of resources related to pensions	(1,361,112)	(151,572)	-	(1,512,684)	(500,713)
(Increase) decrease in deferred outflows of resources related to other postemployment benefits	51,347	6,017	-	57,364	3,958
Increase (decrease) in accounts payable	296,197	253,365	(77,281)	472,281	(71,176)
Increase (decrease) in accrued liabilities	(87,905)	(10,448)	(2,352)	(100,705)	(30,040)
Increase (decrease) in unearned revenue	-	-	84,916	84,916.00	-
Increase (decrease) in deposits payable	100,059	6,058.00	-	106,117	-
Increase (decrease) in claims and judgments	-	-	-	-	932,502
Increase (decrease) in compensated absences	17,908	2,493	(912)	19,489	29,768
Increase (decrease) in net pension liability	2,828,127	281,252	-	3,109,379	983,455
Increase (decrease) in net OPEB liability	(467,222)	(54,751)	-	(521,973)	(107,064)
Increase (decrease) in deferred inflows of resources related to pensions	(1,567,511)	(256,183)	-	(1,823,694)	(714,610)
Increase (decrease) in deferred inflows of resources related to other postemployment benefits	301,927	35,381	-	337,308	154,377
Total adjustments	2,624,267	652,578	553,796	3,830,641	1,307,127
Net cash provided by (used in) operating activities	\$ 5,357,292	\$ 225,566	\$ 364,969	\$ 5,947,827	\$ 76,855

FIDUCIARY FUND FINANCIAL STATEMENTS

Custodial Funds – These funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private purpose trust funds.

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, 2023

	Custodial Funds	Successor Agency of the Former Community Development Commission
ASSETS		
Cash and investments	\$ 1,137,046	\$ 709,035
Cash and investments with fiscal agent	-	4,247,839
Account receivables	163	2,409
Notes and loans receivable	154	102,434
Prepaid bond insurance	-	30,931
Property held for resale	-	205,000
Capital assets:		
Non-depreciable	-	1,686,000
Depreciable, net	-	65,226
Total assets	<u>1,137,363</u>	<u>7,048,874</u>
LIABILITIES		
Accounts payable	31,784	55,795
Interest payable	-	130,417
Due to other governments	-	17,172
Long-term debt:		
Due within one year	-	4,289,662
Due in more than one year	-	4,484,770
Total liabilities	<u>31,784</u>	<u>8,977,816</u>
NET POSITION (DEFICIT)		
Held for:		
Individuals, organizations, and other governments	<u>\$ 1,105,579</u>	<u>\$ (1,928,942)</u>

City of South Gate
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2023

	Custodial Funds	Successor Agency of the Former Community Development Commission
ADDITIONS:		
Redevelopment property tax trust fund	\$ -	\$ 4,860,968
Membership assessment	301,076	-
Property taxes	-	43,514
Use of money and property	336	82,849
Total additions	<u>301,412</u>	<u>4,987,331</u>
DEDUCTIONS:		
Operational expense	177,620	-
Transfer of assets to City	-	1,258,492
Contractual services	-	424,306
Administrative services	-	259,949
Depreciation expense	-	19,089
Interest expense and fiscal charges	-	102,216
Total deductions	<u>177,620</u>	<u>2,064,052</u>
Changes in Net Position	123,792	2,923,279
NET POSITION:		
Beginning of year	981,787	(4,852,221)
End of year	<u><u>\$ 1,105,579</u></u>	<u><u>\$ (1,928,942)</u></u>

CITY OF SOUTH GATE
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

(1) Summary of Significant Accounting Policies

The basic financial statements of the City have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described below.

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.

CITY OF SOUTH GATE
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

(1) Summary of Significant Accounting Policies (Continued)

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.

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.

CITY OF SOUTH GATE
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

(1) Summary of Significant Accounting Policies (Continued)

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.

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 120 days. Expenditures generally are recorded when a liability is incurred, as under accrual

CITY OF SOUTH GATE
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

(1) Summary of Significant Accounting Policies (Continued)

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.
- American Rescue Plan Act Special Revenue Fund - This fund is account for expenditures related to the funds received through this source by the U.S Treasury. These funds must be used for specific purposes outlined in the Act and promulgated by regulations issued by the U.S Treasury. Funds must be spent by December 31, 2024 or legally obligated. In no case shall be funds be allow to be expended beyond December 31, 2026. All revenue and expenditure elements caused or impacted by the Coronavirus Disease 2019 (COVID-19) pandemic since January 2020 through December 2024 are generally covered by the ARPA.
- 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
For the Year Ended June 30, 2023

(1) Summary of Significant Accounting Policies (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

Fiduciary fund financial statements include a Statement of Net Position and a Statement of Changes in Fiduciary Net Position. The City's fiduciary funds represent custodial funds and private purpose trust funds. Both custodial funds and the private purpose trust funds are accounted for on the full accrual basis of accounting.

The City also reports the following fiduciary funds:

- Custodial Funds – These funds account for resources held by the City in custodian capacity. Cash and deposits are maintained for activities associated with various associations and third-party projects. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

CITY OF SOUTH GATE
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

(1) Summary of Significant Accounting Policies (Continued)

- 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.

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.

CITY OF SOUTH GATE
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

(1) Summary of Significant Accounting Policies (Continued)

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.

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.

CITY OF SOUTH GATE
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

(1) Summary of Significant Accounting Policies (Continued)

H. Land Held for Resale

Land held for resale is recorded in the City's Housing Successor Special Revenue Fund, Housing Authority Development Projects 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.

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.

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.

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
• Right to use lease and subscription assets	5-50 years

CITY OF SOUTH GATE
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

(1) Summary of Significant Accounting Policies (Continued)

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 assets) 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 assets) 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.

The following timeframes are used for pension reporting:

CalPERS

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Measurement Period	July 1, 2021 to June 30, 2022

PARS

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Measurement Period	July 1, 2021 to June 30, 2022

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.

CITY OF SOUTH GATE
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

(1) Summary of Significant Accounting Policies (Continued)

L. Other Postemployment Benefits ("OPEB")

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the 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

The following timeframes are used for OPEB reporting:

OPEB

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Measurement Period	July 1, 2021 to June 30, 2022

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.

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, 2023, 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.

CITY OF SOUTH GATE
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

(1) Summary of Significant Accounting Policies (Continued)

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 Liabilities

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 and retention payable.

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

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

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

CITY OF SOUTH GATE
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

(1) Summary of Significant Accounting Policies (Continued)

P. Fund Balance

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

Non-spendable – 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. The City also has committed funds for the employment resource center, budget stabilization and OPEB section 115 trust. 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."

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

CITY OF SOUTH GATE
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

(1) Summary of Significant Accounting Policies (Continued)

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

During fiscal year ended June 30, 2023, the City implemented the following new GASB Pronouncement:

GASB Statement No. 96, SBITAs – Subscription-Based Information Technology Arrangements. Implementation of this Standard resulted in restating beginning balances as of July 1, 2022 to recognize subscription right-to-use assets and offsetting subscription liability in the amount of \$946,532.

(2) Cash and Investments

As of June 30, 2023, cash and investments were reported in the accompanying financial statements as follows:

	Government-Wide Statement of Net Position		Fiduciary Funds Statement of Net Position	Total
	Governmental Activities	Business-Type Activities		
Cash and investments	\$ 105,514,208	\$ 49,193,561	\$ 1,846,081	\$ 156,553,850
Cash and investments with fiscal agent	314,628	876,794	4,247,839	5,439,261
Total cash and investments	<u>\$ 105,828,836</u>	<u>\$ 50,070,355</u>	<u>\$ 6,093,920</u>	<u>\$ 161,993,111</u>

CITY OF SOUTH GATE
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

(2) Cash and Investments (Continued)

Cash and investments as of June 30, 2023 consisted of the following:

Cash:	
Cash on hand	\$ 16,959
Deposits with financial institution	<u>16,025,694</u>
Total Cash	<u>16,042,653</u>
Investments:	
Investments	140,567,997
Investments held by bond trustee	<u>5,382,461</u>
Total Investments	<u>145,950,458</u>
Total Cash and Investments	<u><u>\$ 161,993,111</u></u>

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

A. Demand Deposits

At June 30, 2023, the carrying amount of the City's deposits was \$16,025,694 and the bank balance was \$16,625,261. The 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

For the Year Ended June 30, 2023

(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 Paper	Yes	270 days	30%	10%
Negotiable Certificates of Deposit	Yes	5 years	None	None
Repurchase Agreements	No	1 year	None	None
Reverse Repurchase Agreements	No	92 days	20%	None
Medium-Term Notes	Yes	5 years	30%	10%
Money Market Mutual Funds	Yes	N/A	None	None
Mortgage Pass-Through Securities	No	5 years	20%	None
County Pooled Investment Funds	No	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

CITY OF SOUTH GATE
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

(2) Cash and Investments (Continued)

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.

<u>Authorized Investment Types</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Allowed</u>	<u>Maximum Investment in One Issuer</u>
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	None	None
Commercial Paper	270 days	None	None
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

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, 2023, 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, 2023, the City had \$70,077,808 invested in LAIF, which had invested 2.31% of the pool investment funds in Structured Notes and Asset-Backed Securities

CITY OF SOUTH GATE
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

(2) Cash and Investments (Continued)

E. Fair Value Measurements

At June 30, 2023, 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, 2023:

Investment Type	Level 2	Not subject to measurement	Total
Local Agency Investment Fund	\$ -	\$ 70,077,808	\$ 70,077,808
Certificates of deposits	18,912,678	-	18,912,678
Money market funds	-	7,058,349	7,058,349
U.S. government sponsored agency securities	44,519,163	-	44,519,163
Held by fiscal agent: Money market funds	-	5,382,460	5,382,460
Total	<u>\$ 63,431,841</u>	<u>\$ 82,518,617</u>	<u>\$ 145,950,458</u>

The certificates of deposits are valued based on matrix pricing and the U.S. government sponsored agency securities are valued based on institutional bond quotes.

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, 2023, the City's investments are rated as follows:

Investment Type	Total	Minimum Legal Rating	Ratings at Year-End AA or AAA	Not Rated
Local Agency Investment Fund	\$ 70,077,808	N/A	\$ -	\$ 70,077,808
Certificates of deposits	18,912,678	N/A	-	18,912,678
Money market funds	7,058,349	AAA	7,058,349	-
U.S. government sponsored agency securities	44,519,163	AAA	44,519,163	-
Held by fiscal agent: Money market funds	5,382,460	AAA	5,382,460	-
Total	<u>\$ 145,950,458</u>		<u>\$ 56,959,972</u>	<u>\$ 88,990,486</u>

CITY OF SOUTH GATE
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

(2) Cash and Investments (Continued)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The 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, 2023, 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 30% 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, 2023, 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>Investment Type</u>	<u>Issuer</u>	<u>Reported Amount</u>	<u>Percentage of Portfolio</u>
U.S. government sponsored agency securities	Federal Home Loan Bank	\$13,593,333	9.00%
U.S. government sponsored agency securities	Freddie Mac	8,509,780	6.00%

CITY OF SOUTH GATE
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

(2) Cash and Investments (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.

At June 30, 2023, the City's investments have the following remaining maturities:

Investment Type	Totals	Remaining Maturing (In Months)		
		12 Months Or Less	13 to 24 Months	25 to 60 Months
Local Agency Investment Fund	\$ 70,077,808	\$ 70,077,808	\$ -	\$ -
Certificates of deposit	18,912,678	4,849,337	10,523,974	3,539,367
Money market funds	7,058,349	7,058,349	-	-
U.S. government sponsored agency securities	44,519,163	8,839,060	14,705,363	20,974,740
Held by fiscal agent: Money market funds	5,382,460	5,382,460	-	-
Total	<u>\$ 145,950,458</u>	<u>\$ 96,207,014</u>	<u>\$ 25,229,337</u>	<u>\$ 24,514,107</u>

(3) Leases Receivable

The City is the lessor in 2 noncancellable leases for building office space and a land lease. The lessees are required to make fixed monthly payments ranging from \$1,664 to \$10,000 per month. The City recognized \$107,735 in lease revenue and \$29,257 in interest revenue during the current fiscal year related to these agreements. As of June 30, 2023, the lease receivable is \$674,551 and deferred inflow of resources related to leases is \$631,595.

CITY OF SOUTH GATE
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

(4) Notes and Loans Receivable

Summary of changes in notes and loans receivable for the year ended June 30, 2023 is as follows:

Program	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Rental Rehabilitation	\$ 17,433	\$ -	\$ -	\$ 17,433
Section 8 Repayment Program	14,415	-	-	14,415
CDBG and First Time Home Buyers	8,392,041	-	(301,594)	8,090,447
CalHome Loan Program	342,680	-	-	342,680
Total	<u>\$ 8,766,569</u>	<u>\$ -</u>	<u>\$ (301,594)</u>	<u>\$ 8,464,975</u>

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, 2023, the City has 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, 2023, the outstanding balance was \$14,415.

C. 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 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, 2023, the outstanding balance was \$8,090,447.

CITY OF SOUTH GATE
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

(4) Notes and Loans Receivable (Continued)

D. 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, 2023, the outstanding balance is \$342,680.

(5) Interfund Transactions

A. Due To/From Other Funds

Current interfund receivables and payables are the result of short-term borrowings at June 30, 2023.

Due from Other Funds	Due to Other Funds			Total
	General Fund	Grant Special Revenue Fund	Nonmajor Governmental Funds	
General Fund	\$ -	\$ 11,971,665	\$ 1,130,113	\$ 13,101,778
Non Major Governmental Funds	284,100	-	1,434	285,534
Utility Authority Water Fund	-	-	3,658	3,658
Internal Services Funds	-	-	112,775	112,775
Total	<u>\$ 284,100</u>	<u>\$ 11,971,665</u>	<u>\$ 1,247,980</u>	<u>\$ 13,503,745</u>

B. Advances To/From Other Funds

On April 23, 2020, the City Council approved cooperation agreement between the City and the Housing Authority to provide needed financing for the purchase of property for development of low-moderate income housing project. The General Fund advanced \$1,813,000 to the Nonmajor Governmental Funds (Housing Successor Special Revenue Fund). As of June 30, 2023, the outstanding balance for the advance was in the amount of \$1,813,000. The advance is to be repaid upon sale of the project.

CITY OF SOUTH GATE
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

(5) Interfund Transactions (Continued)

C. Interfund Transfers

Transfers Out	Transfers In					Total
	General Fund	Capital Improvement Projects Fund	Non-major Governmental Funds	Utility Authority Sewer Fund	Internal Service Funds	
General Fund	\$ -	\$ 294,118	2,343,742	\$ -	\$ 6,356	\$ 2,644,216
Grants Special Revenue Fund	-	11,387,342	-	-	-	11,387,342
Non-major Governmental Funds	31,151	3,381,926	-	-	-	3,413,077
American Rescue Plan Act (ARPA)	-	6,630	15,260	13,886	-	35,776
Utility Authority Water Fund	1,303,403	46,661	-	-	-	1,350,064
Internal Service Funds	-	10,549	-	-	-	10,549
Total	<u>\$ 1,334,554</u>	<u>\$ 15,127,226</u>	<u>\$ 2,359,002</u>	<u>\$ 13,886</u>	<u>\$ 6,356</u>	<u>\$ 18,841,024</u>

The General Fund and Grant Special Revenue Fund transferred \$294,118 and \$11,387,342, respectively, to the Capital Improvement Projects Fund to pay for capital improvement projects.

The General Fund transferred \$2,343,743 to Special Revenue Funds to pay for various projects for traffic safety, median improvements, fleet management, information systems, and HOME program delivery costs.

The General Fund transferred \$6,356 to cover deficit balances in the Internal Service funds.

The Utility Authority Water Fund transferred \$1,303,403 to the General Fund in accordance to City Council Resolution 2022-01-UA. Approving satisfaction of Utility Authority Service Fund advance of \$21,985,000 and approval of Utility Authority water fund repayment schedule contingent upon available funding identified during the annual budget process.

CITY OF SOUTH GATE
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

(6) Capital Assets

A. Governmental Activities

Capital assets activity for Governmental Activities for the year ended June 30, 2023, follows:

	Balance July 1, 2022*	Additions	Deletions	Balance June 30, 2023
Capital assets, not being depreciated:				
Land	\$ 3,738,993	\$ 1,258,492	\$ -	\$ 4,997,485
Construction in progress	14,076,026	15,266,248	(871,758)	28,470,516
Total capital assets, not being depreciated	17,815,019	16,524,740	(871,758)	33,468,001
Capital assets, being depreciated:				
Structures and improvements	32,163,294	631,749	-	32,795,043
Machinery and equipment	17,137,592	595,733	(331,650)	17,401,675
Right to use lease assets - Leases	194,531	75,335	-	269,866
Right to use lease assets - SBITA	886,691	-	-	886,691
Infrastructure street network	405,472,954	1,295,160	-	406,768,114
Subtotal	455,855,062	2,597,977	(331,650)	458,121,389
Less accumulated depreciation				
Structures and improvements	(18,324,467)	(1,035,975)	-	(19,360,442)
Machinery and equipment	(13,056,912)	(907,541)	331,650	(13,632,803)
Right to use lease assets - Leases	(67,215)	(64,579)	-	(131,794)
Right to use lease assets - SBITA	-	(275,686)	-	(275,686)
Infrastructure street network	(201,435,465)	(7,014,103)	-	(208,449,568)
Subtotal	(232,884,059)	(9,297,884)	331,650	(241,850,293)
Total capital assets, being depreciated	222,971,003	(6,699,907)	-	216,271,096
Total capital assets, net	\$ 240,786,022	\$ 9,824,833	\$ (871,758)	\$ 249,739,097

* The balance at July 1, 2022 has been restated to reflect the implementation of GASB 96.

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

General government	\$ 51,151
Police	470,679
Parks and recreation	598,746
Community development	137,854
Public works	7,340,383
Fleet management	4,896
Information system	430,729
Buildings	69,704
Capital asset and equipment replacement	193,742
Total depreciation expense	<u>\$ 9,297,884</u>

CITY OF SOUTH GATE
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

(6) Capital Assets (Continued)

B. Business Type Activities

Capital assets activity for Business-Type Activities for the year ended June 30, 2023, follows:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Capital assets, not being depreciated:				
Water rights	\$ 1,933,144	\$ -	\$ -	\$ 1,933,144
Land	1,290,602	-	-	1,290,602
Construction in progress	183,653	692,813	(58,816)	817,650
Total capital assets, not being depreciated	<u>3,407,399</u>	<u>692,813</u>	<u>(58,816)</u>	<u>4,041,396</u>
Capital assets, being depreciated:				
Structures and improvements	9,614,054	245,204	-	9,859,258
Machinery and equipment	6,746,723	110,706	(1,092)	6,856,337
Infrastructure utility distribution system	73,645,867	41,619	-	73,687,486
Subtotal	<u>90,006,644</u>	<u>397,529</u>	<u>(1,092)</u>	<u>90,403,081</u>
Less accumulated depreciation				
Structures and improvements	(1,687,105)	(367,890)	-	(2,054,995)
Machinery and equipment	(5,438,363)	(183,149)	1,092	(5,620,420)
Infrastructure utility distribution system	(36,343,399)	(2,046,901)	-	(38,390,300)
Subtotal	<u>(43,468,867)</u>	<u>(2,597,940)</u>	<u>1,092</u>	<u>(46,065,715)</u>
Total capital assets, being depreciated	<u>46,537,777</u>	<u>(2,200,411)</u>	<u>-</u>	<u>44,337,366</u>
Total capital assets, net	<u>\$ 49,945,176</u>	<u>\$ (1,507,598)</u>	<u>\$ (58,816)</u>	<u>\$ 48,378,762</u>

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

Water Enterprise Fund	\$ 2,067,086
Sewer Enterprise Fund	<u>530,854</u>
Total depreciation expense	<u><u>\$ 2,597,940</u></u>

CITY OF SOUTH GATE

Notes to the Basic Financial Statements

For the Year Ended June 30, 2023

(7) Long Term Liabilities

A. Governmental Activities

The following is summary of changes in governmental activities long-term liabilities for the year ended June 30, 2023:

	Balance 7/1/2022*	Addition	Deletion	Balance June 30, 2023	Due within One Year
Governmental activities:					
Notes payable:					
SCE Edison financing agreements	\$ 268,368	\$ -	\$ (83,548)	\$ 184,820	\$ 78,004
Motorola Solutions B loan	404,651	-	(404,651)	-	-
Total notes payable	673,019	-	(488,199)	184,820	78,004
Public offering:					
2005 Pension obligation bonds	10,085,000	-	(1,470,000)	8,615,000	1,545,000
Total bonds	10,085,000	-	(1,470,000)	8,615,000	1,545,000
Leases payable:					
Vehicle leases	61,728	94,161	(45,154)	110,735	38,963
Copier leases	62,800	-	(17,419)	45,381	17,832
Total lease payable	124,528	94,161	(62,573)	156,116	56,795
Subscriptions payable	719,282	-	(229,677)	489,605	206,885
Total long-term debt	\$ 11,601,829	\$ 94,161	\$ (2,250,449)	\$ 9,445,541	\$ 1,886,684

* The balance at July 1, 2022 has been restated to reflect the implementation of GASB 96.

Notes Payable

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, 2023, the outstanding balance is \$184,820.

The following schedule summarizes the debt service to maturity requirements for Southern California Edison debt outstanding as of June 30, 2023:

Year Ending June 30,	Principal
2024	\$ 78,004
2025	76,363
2026	30,453
Total	\$ 184,820

CITY OF SOUTH GATE
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

(7) Long Term Liabilities (Continued)

Bonds

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, 2023, the outstanding balance on the bonds is \$8,615,000.

The following schedule summarizes the debt service to maturity requirements for governmental activities bonds payable outstanding as of June 30, 2023:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 1,545,000	\$ 464,349	\$ 2,009,349
2025	1,630,000	381,073	2,011,073
2026	1,720,000	293,216	2,013,216
2027	1,810,000	200,508	2,010,508
2028	1,910,000	102,949	2,012,949
Total	<u>\$ 8,615,000</u>	<u>\$ 1,442,095</u>	<u>\$ 10,057,095</u>

Leases Payable

Vehicle Lease

The City entered into four lease agreements for the right to use vehicles in the amount of \$225,578. The City is to make monthly payments between \$682 and \$1,185 over five-year periods. At June 30, 2023, the outstanding balance is \$110,732.

The following schedule summarizes the debt service to maturity requirements for debt outstanding as of June 30, 2023:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 38,963	\$ 3,721	\$ 42,684
2025	33,655	2,225	35,880
2026	30,628	938	31,566
2027	7,489	59	7,548
Total	<u>\$ 110,735</u>	<u>\$ 6,943</u>	<u>\$ 117,678</u>

CITY OF SOUTH GATE
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

(7) Long Term Liabilities (Continued)

Copier Leases

The City entered into an agreement for the right to use copiers in the amount of \$79,814. The City is to make monthly payments of \$1,559 over a five-year period. At June 30, 2023, the outstanding balance is \$45,381.

The following schedule summarizes the debt service to maturity requirements for debt outstanding as of June 30, 2023:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 17,832	\$ 876	\$ 18,708
2025	18,258	450	18,708
2026	9,291	62	9,353
Total	<u>\$ 45,381</u>	<u>\$ 1,388</u>	<u>\$ 46,769</u>

Compensated Absences

The following is summary of changes in governmental activities compensated absences for the year ended June 30, 2023:

	Balance July 1, 2022	Addition	Deletion	Balance June 30, 2023	Due within One Year
Compensated absences	<u>\$ 4,929,053</u>	<u>\$ 3,516,708</u>	<u>\$ (2,704,184)</u>	<u>\$ 5,741,577</u>	<u>\$ 561,391</u>

For governmental activities, accumulated vacation, sick leave benefits, holiday and compensatory time payable at June 30, 2023, was \$5,741,577. Vacation, sick leave, holiday and compensatory time are recorded as expenditures in the related funds when used, mainly in the General Fund.

Subscriptions Payable

Axon Management

The City entered into an agreement with Axon Management for CAD Data Storage for body worn cameras on October 1, 2021. The City is to make monthly payments of \$6,407 over a five-year period. At June 30, 2023, the outstanding balance is \$239,554.

CITY OF SOUTH GATE
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

(7) Long Term Liabilities (Continued)

The following is a summary of the outstanding balance as of June 30, 2023:

Year Ending <u>June 30,</u>	Principal	Interest	Total
2024	\$ 68,549	\$ 8,334	\$ 76,883
2025	71,341	5,542	76,883
2026	74,248	2,635	76,883
2027	<u>25,416</u>	<u>212</u>	<u>25,628</u>
Total	<u>\$ 239,554</u>	<u>\$ 16,723</u>	<u>\$ 256,277</u>

SHI Microsoft

The City entered into an agreement with AHI for Microsoft 365 on October 1, 2020. The City is to make monthly payments of \$7,578 over a thirty-six month period. At June 30, 2023, the outstanding balance is \$30,059.

The following is a summary of the outstanding balance as of June 30, 2023:

Year Ending <u>June 30,</u>	Principal	Interest	Total
2024	\$ 30,059	\$ 251	\$ 30,310
Total	<u>\$ 30,059</u>	<u>\$ 251</u>	<u>\$ 30,310</u>

Granicus – Open Cities

The City entered into an agreement with Granicus for an Open Cities Contract on August 11, 2021. The City is to make monthly payments of \$1,688 over a five-year period. At June 30, 2023, the outstanding balance is \$61,618.

The following is a summary of the outstanding balance as of June 30, 2023:

Year Ending <u>June 30,</u>	Principal	Interest	Total
2024	\$ 18,115	\$ 2,135	\$ 20,250
2025	18,853	1,397	20,250
2026	19,621	629	20,250
2027	<u>5,029</u>	<u>34</u>	<u>5,063</u>
Total	<u>\$ 61,618</u>	<u>\$ 4,195</u>	<u>\$ 65,813</u>

CITY OF SOUTH GATE
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

(7) Long Term Liabilities (Continued)

Granicus – Peak Agenda

The City entered into an agreement with Granicus for a Peak Agenda Contract on February 28, 2022. The City is to make monthly payments of \$1,083 over a five-year period. At June 30, 2023, the outstanding balance is \$14,483.

The following is a summary of the outstanding balance as of June 30, 2023:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 13,349	\$ 246	\$ 13,595
2025	1,134	4	1,138
Total	<u>\$ 14,483</u>	<u>\$ 250</u>	<u>\$ 14,733</u>

Civic Plus

The City entered into an agreement with Civic Plus for an recreation software on October 31, 2022. The City is to make monthly payments of \$2,488 over a three-year period. At June 30, 2023, the outstanding balance is \$66,393.

The following is a summary of the outstanding balance as of June 30, 2023:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 27,698	\$ 2,152	\$ 29,850
2025	28,827	1,023	29,850
2026	9,868	82	9,950
Total	<u>\$ 66,393</u>	<u>\$ 3,257</u>	<u>\$ 69,650</u>

Datto Infinite Cloud Retention

The City entered into an agreement with Datto Infinite Cloud Retention on August 1, 2022. The City is to make monthly payments of \$1,791 over a three-year period. At June 30, 2023, the outstanding balance is \$42,884.

The following is a summary of the outstanding balance as of June 30, 2023:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 20,139	\$ 1,349	\$ 21,488
2025	20,959	528	21,487
2026	1,786	6	1,792
Total	<u>\$ 42,884</u>	<u>\$ 1,883</u>	<u>\$ 44,767</u>

CITY OF SOUTH GATE
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

(7) Long Term Liabilities (Continued)

S&L International Barracuda

The City entered into an agreement with S&L International Barracuda for an email archiving software on April 30, 2023. The City is to make monthly payments of \$2,957 over a fifteenth-month period. At June 30, 2023, the outstanding balance is \$34,614.

The following is a summary of the outstanding balance as of June 30, 2023:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 31,676	\$ 745	\$ 32,421
2025	2,938	10	2,948
Total	<u>\$ 34,614</u>	<u>\$ 755</u>	<u>\$ 35,369</u>

B. Business-Type Activities

The following is summary of changes in business-type activities long-term liabilities for the year ended June 30, 2023:

	Balance July 1, 2022	Addition	Deletion	Balance June 30, 2023	Due within One Year
Business-Type Activities:					
Public Offering:					
2019A Water Revenue Refunding Bonds	\$ 7,880,000	\$ -	\$ (60,000)	\$ 7,820,000	\$ 60,000
2019AT Water Revenue Refunding Bonds	20,200,000	-	(1,620,000)	18,580,000	1,655,000
Unamortized premium	918,877	-	(69,349)	849,528	69,349
Total long-term debt	<u>\$ 28,998,877</u>	<u>\$ -</u>	<u>\$ (1,749,349)</u>	<u>\$ 27,249,528</u>	<u>\$ 1,784,349</u>

2019 Series A and AT Water Revenue Bonds

On December 5, 2019, the South Gate Utility Authority issued \$31,340,000 of 2019 Series A and AT Water Revenue Bonds. Proceeds of these bonds were used to refund the Authority's 2001 Subordinate Revenue Bonds and 2012 Series Water Revenue Bonds and pay costs of issuance of these bonds. The refunding resulted in saving in debt service payment in the amount of \$7,568,399 and economic gain in present value saving of \$5,941,319. The outstanding balance of the refunded debt at June 30, 2023 was \$27,249,528.

Debt covenants of the 2019 Revenue Bonds require that the Utility Authority set its charges at rates that will produce net water revenues that are at least equal to 120% of the proportionate share of certain debt service payments (as defined in the official statement).

CITY OF SOUTH GATE

Notes to the Basic Financial Statements

For the Year Ended June 30, 2023

(7) Long Term Liabilities (Continued)

Net water revenue received during the year was \$2,669,159. Total principal and interest paid for the fiscal year was \$2,507,638 for 2019 Series A and AT Water Revenue Bonds.

The following schedule summarizes the debt service to maturity requirements for the bonds outstanding as of June 30, 2023:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 1,715,000	\$ 791,722	\$ 2,506,722
2025	1,755,000	752,853	2,507,853
2026	1,795,000	710,856	2,505,856
2027	1,840,000	665,624	2,505,624
2028	1,890,000	616,800	2,506,800
2029-2033	10,315,000	2,224,147	12,539,147
2034-2036	7,090,000	433,000	7,523,000
Total	<u>\$ 26,400,000</u>	<u>\$ 6,195,002</u>	<u>\$ 32,595,002</u>

Compensated Absences

The following is summary of changes in business-type activities compensated absences for the year ended June 30, 2023:

	Balance July 1, 2022	Addition	Deletion	Balance June 30, 2023	Due within One Year
Compensated absences	<u>\$ 355,665</u>	<u>\$ 334,696</u>	<u>\$ (315,206)</u>	<u>\$ 375,155</u>	<u>\$ 32,517</u>

For the enterprise funds, accumulated vacation, sick leave, holiday and compensatory time amounted to \$375,155 at June 30, 2023. The liability will be paid in future years by the Utility Authority Water Fund and the Utility Authority Sewer Fund.

(8) 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 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, 2023, the City contributed \$314,967 to the plan.

CITY OF SOUTH GATE
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

(9) 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, 2023 and pension expense for the year then ended.

	CalPERS Miscellaneous	CalPERS Safety	PARS	Total
Net pension liability	\$ 44,971,950	\$ 66,510,995	\$ 293,971	\$ 111,776,916
Deferred outflows of resources	\$ 17,217,825	\$ 27,753,287	\$ 184,925	\$ 45,156,037
Deferred inflow of resources	\$ 2,456,730	\$ 4,542,539	\$ -	\$ 6,999,269
Pension expense (credit)	\$ 5,558,409	\$ 12,978,490	\$ (15,408)	\$ 18,521,491

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 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.

CITY OF SOUTH GATE
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

(9) Retirement Plans (Continued)

Benefits Provided

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

	Miscellaneous Plan		Safety Plan	
	Classic*	PEPRA	Classic*	PEPRA
	Prior to January 1, 2013	On or after January 1, 2013	Prior to January 1, 2013	On or after January 1, 2013
Hire date	January 1, 2013	January 1, 2013	January 1, 2013	January 1, 2013
Benefit formula	2.7% @ 55	2.0% @ 62	3.0% @ 50	2.7% @ 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%	6.500%	9.000%	13.660%
Required employer contribution rates	11.400%	11.400%	25.640%	13.750%

* Closed to new entrants

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.

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.

CITY OF SOUTH GATE
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

(9) Retirement Plans (Continued)

Employees Covered by Benefit Terms

At the June 30, 2023 measurement date, the following employees were covered by the benefit terms:

	Miscellaneous	Safety	
		Classic	PEPRA
Active employees	249	45	28
Transferred and terminated employees	402	38	-
Retired Employees and Beneficiaries	380	212	1
Total	1,031	295	29

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers are 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 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. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

Net Pension Liability

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The June 30, 2021 valuation was rolled forward to determine the June 30, 2023 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	6.90%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table	Derived using CalPERS' membership data for all funds
Post Retirement Benefit Increase	The lesser of contract COLA or 2.5% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.5% thereafter

CITY OF SOUTH GATE
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

(9) Retirement Plans (Continued)

The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website.

Change in Assumptions

There were no changes in assumptions.

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. Using historical returns of all the funds' assets classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points. The expected real rate of return by asset class are as follows:

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

Asset Class ¹	Current Target Allocation	Real Return Years ^{1,2}
Global Equity - Cap-weighted	30.00%	4.54%
Global Equity - Non-Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
	100.00%	

¹ An expected inflation of 2.30% used for this period.

² Figures are based on the 2021 Asset Liability Management study.

CITY OF SOUTH GATE
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

(9) Retirement Plans (Continued)

Discount Return

The discount rate used to measure the total pension liability was 6.90%. 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.

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, 2021 (Valuation Date)	\$ 183,724,478	\$163,053,582	\$ 20,670,896
Changes Recognized for the Measurement Period:			
Service Cost	3,205,823	-	3,205,823
Interest on the total pension liability	12,686,538	-	12,686,538
Changes of benefit terms	-	-	-
Changes of assumptions	6,119,427	-	6,119,427
Difference between expected and actual experience	(3,681,427)	-	(3,681,427)
Contributions from the employer	-	5,234,731	(5,234,731)
Contributions from employees	-	1,213,666	(1,213,666)
Net investment income	-	(12,317,517)	12,317,517
Administrative expenses	-	(101,573)	101,573
Plan to plan resource movement	-	-	-
Other Miscellaneous Income/(Expense)	-	-	-
Benefit payments, including refunds of employee contributions	(7,805,031)	(7,805,031)	-
Net Changes during July 1, 2021 to June 30, 2022	10,525,330	(13,775,724)	24,301,054
Balance at June 30, 2022 (Measurement Date)	\$ 194,249,808	\$149,277,858	\$ 44,971,950

CITY OF SOUTH GATE
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

(9) Retirement Plans (Continued)

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.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2021 (Measurement Date)	189,896,593	149,859,742	40,036,851
Balance at June 30, 2022 (Measurement Date)	200,137,505	133,626,510	66,510,995
Net Changes during 2021-2022	10,240,912	(16,233,232)	26,474,144

The City's proportionate share of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

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
6/30/2021 (Measurement Date)	0.74029%
6/30/2022 (Measurement Date)	0.57581%
Change - Increase (Decrease)	-0.16448%

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 6.90 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 (5.90 percent) or 1 percentage-point higher (7.90 percent) than the current rate:

	Plan's Net Pension Liability/(Asset)		
	Discount Rate - 1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate + 1% (7.90%)
Miscellaneous Plan	\$ 73,326,203	\$ 44,971,950	\$ 21,870,615
Safety Plan	\$ 94,149,671	\$ 66,510,995	\$ 43,922,621

Pension Plan Fiduciary Net Position

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

CITY OF SOUTH GATE
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

(9) Retirement Plans (Continued)

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

As of measurement date of June 30, 2022, 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
Changes of Assumptions	\$ 3,852,973	\$ -
Pension contribution after measurement date	5,816,585	-
Difference between expected and actual experience	-	(2,456,730)
Net difference between projected and actual earning on pension plan investments	7,548,267	-
	<u>\$ 17,217,825</u>	<u>\$ (2,456,730)</u>

Safety Plan

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 6,706,322	\$ -
Pension contribution after measurement date	6,758,712	-
Difference between expected and actual experience	2,752,648	(722,257)
Net difference between projected and actual earning on pension plan investments	10,503,016	-
Adjustment due to differences in proportions	1,032,589	(61,755)
Employer contributions in excess (under) proportionate contributions	-	(3,758,527)
Total	<u>\$ 27,753,287</u>	<u>\$ (4,542,539)</u>

The expected average remaining service lifetime ("EARSLS") is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired). The EARSLS for the miscellaneous plan and the safety risk pool for the measurement date ending June 30, 2023 is 2.6 and 3.8 years, which was obtained by dividing the total service years of 2,632 and 548,581 (the sum of remaining service lifetimes of the active employees) by 1,011 and 145,663 (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.

CITY OF SOUTH GATE
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

(9) Retirement Plans (Continued)

\$5,816,585 and \$6,758,712 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 fiscal year ended June 30, 2023 will be recognized as a reduction of the net pension liability and collective net pension liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30	Deferred Outflows/ (Inflows) of Resources	Deferred Outflows/ (Inflows) of Resources
	Miscellaneous	Safety
2024	\$ 1,988,183	\$ 4,404,269
2025	1,717,688	3,543,080
2026	537,947	2,097,713
2027	4,700,692	6,406,974
2028	-	-
Thereafter	-	-
Total	<u>\$ 8,944,510</u>	<u>\$ 16,452,036</u>

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. The City issues a stand-alone financial report that is available to the public. The report is available on the City's website.

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.

CITY OF SOUTH GATE
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

(9) Retirement Plans (Continued)

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, 2021, the valuation date, plan membership consisted of the following:

Active employees	1
Terminated employees	-
Retired Employees and Beneficiaries	28
Total	<u>29</u>

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 year ended June 30, 2023, the City contributed \$93,404 for the plan. No contributions are required from the employees.

Net Pension Liability

The City's total pension liability was valued as of June 30, 2021 and was used to calculate the net pension liability measured as of June 30, 2022.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The total pension liability in the June 30, 2021 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
Amortization period	20 years
Inflation	2.30%
Investment return	6.22%
Mortality	CalPERS rates
Retirement	CalPERS rates

CITY OF SOUTH GATE
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

(9) Retirement Plans (Continued)

Long-Term Expected Real Rate of Return

The long-term expected rate of return is determined using the long-term rates of return developed by CalPERS Investment Office in their report dated May 14, 2018.

Index	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap Core	32.00%	7.70%
Mid Cap Core	6.00%	8.00%
Small Cap Core	9.00%	8.50%
Real Estate	2.00%	6.60%
International	7.00%	7.50%
Emerging Markets	4.00%	7.50%
Short-Term Bond	6.75%	3.30%
Intermediate - Term Bond	27.00%	4.00%
High - Yield Bond	1.25%	5.70%
Cash	5.00%	2.60%
	100.00%	

Discount Rate

The discount rate used to measure the total pension liability is 6.58%. 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.

CITY OF SOUTH GATE
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

(9) Retirement Plans (Continued)

Change in Net Pension Liability

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2021	\$ 1,511,685	\$ 1,336,388	\$ 175,297
Changes Recognized for the Measurement Period:			
Service Cost	3,014	-	3,014
Interest on the total pension liability	90,861	-	90,861
Difference between expected and actual experience	(523)	-	(523)
Changes of Assumptions	(48,124)	-	(48,124)
Contributions from employer	-	93,404	(93,404)
Net investment income	-	(160,749)	160,749
Benefit payments, including refunds	(107,816)	(107,816)	-
Administrative expense	-	(6,101)	6,101
Net Changes	(62,588)	(181,262)	118,674
Balance at June 30, 2022 (Measurement Date)	\$ 1,449,097	\$ 1,155,126	\$ 293,971

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 6.58%, 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 (5.58%) or 1 percentage point higher (7.58%) than the current rate.

	Discount Rate 1% Decrease (5.58%)	Current Discount Rate (6.58%)	Discount Rate 1% Increase (7.58%)
Plan's Net Pension Liability	\$ 435,872	\$ 293,971	\$ 172,505

Pension Plan Fiduciary Net Position

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

CITY OF SOUTH GATE
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

(9) Retirement Plans (Continued)

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

At June 30, 2023, 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	\$ 90,510	\$ -
Net difference between expected and actual earnings on pension plan investment	94,415	-
Total	<u>\$ 184,925</u>	<u>\$ -</u>

\$90,510 reported as deferred outflows of resources related to pension contribution resulting from the City's contributions subsequent to the measurement date during the year ended June 30, 2023 will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30	Deferred Outflows/(Inflows) of Resources
2024	\$ 18,229
2025	17,433
2026	10,109
2027	48,644
2028	-
Thereafter	-
Total	<u>\$ 94,415</u>

CITY OF SOUTH GATE
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

(10) Other Postemployment Benefits

A. Plan Description

The City administers a single-employer defined-benefit post-employment healthcare plan (the Plan). Dependents are eligible to enroll, and benefits continue to surviving spouses. Retirees are eligible for medical benefits if they retire with 20+ years of City service, and remain in or enroll in a CalPERS plan upon retirement, and remain so retired. For 2023, the City reimburses retirees who have attained age 50 and at least 20 years of service for 100% of premiums up to a maximum of \$150/month for NonSafety Employees, \$200/month for Top Management Employees, and \$250/month for Safety Employees who retired before July 1, 2005. Safety employees retired after July 1, 2005, who have attained age 50 and at least 20 years of service are eligible to receive up to the two-party Kaiser rate in effect on July 1, 2005 and increased each year by 5% maximum. The maximum does not change based on Medicare eligibility or spouse coverage. The terms of benefits provided are authorized and may be amended in the future by City Council.

At June 30, 2023, (the census date), the benefit term covered the following employees:

Active employees	253
Retired employees and beneficiaries	<u>74</u>
	<u><u>327</u></u>

B. Funding Policy

Retirees participating in PEMHCA are responsible for the payment of their medical insurance premiums except that the City contributes the minimum amount provided under Government Code Section 22825 of the Public Employees Medical and Hospital Care Act. The amount contributed by the City during the year ended June 30, 2023 was \$1,128,352, on a pay-as-you-go basis. The City has not established a trust for the purpose of holding assets accumulated for plan benefits.

CITY OF SOUTH GATE
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

(10) Other Postemployment Benefits (Continued)

C. Actuarial Assumptions

The City's total OPEB liability was valued as of June 30, 2021, and was used to calculate the net OPEB liability measured as of June 30, 2022. The total OPEB liability in the June 30, 2021 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	3.69%
Inflation	2.30%
Salary Increases	2.80%. Additional merit-based increases based on CalPERS merit salary increase tables.
Healthcare cost trend rates	
Pre-Medicare	6.50% in the first year, trending down to 4.04%
Medicare	5.50% in the first year, trending down to 4.04% over 56 years.
Mortality Rate Table	Based on CalPERS tables.

D. Discount Rate

The discount rate used to measure the total OPEB liability was 3.69%. 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 (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2021	\$ 30,918,514	\$ (714,003)	\$ 30,204,511
Changes Recognized for the Measurement Period:			
Service Cost	1,324,575	-	1,324,575
Interest on the total OPEB liability	597,331	-	597,331
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(70,977)	-	(70,977)
Changes of assumptions	(6,152,215)	-	(6,152,215)
Contributions from the employer	-	(604,243)	(604,243)
Contributions from employees	-	-	-
Benefit payments, including refunds of employee contributions and implicit subsidy	(231,883)	-	(231,883)
Net Changes during July 1, 2021 to June 30, 2022	(4,533,169)	(604,243)	(5,137,412)
Balance at June 30, 2022 (Measurement Date)	\$ 26,385,345	\$ (1,318,246)	\$ 25,067,099

CITY OF SOUTH GATE

Notes to the Basic Financial Statements

For the Year Ended June 30, 2023

(10) Other Postemployment Benefits (Continued)

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

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 a discount rate 1-percentage point lower (2.96%) or 1-percentage point higher (4.695%) than the current discount rate:

Plan's OPEB Liability/(Asset)		
Discount Rate - 1% (2.96%)	Current Discount Rate (3.69%)	Discount Rate + 1% (4.69%)
\$ 28,296,478	\$ 25,067,099	\$ 22,355,238

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 (6%) or 1-percentage-point higher (8%) than the current healthcare cost trend rates:

Plan's OPEB Liability/(Asset)		
Healthcare Cost Trend Rate - 1% (6.00%)	Healthcare Cost Trend Rate (7.00%)	Healthcare Cost Trend Rate + 1% (8.00%)
\$ 22,927,993	\$ 25,067,099	\$ 27,721,170

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

For the year ended June 30, 2023, the City recognized OPEB expense of \$1,327,692 for the City Plan. At June 30, 2023, 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	\$ 1,128,352	\$ -
Difference between expected and actual experience	-	(6,103,792)
Changes of assumptions	4,211,095	(5,895,648)
Total	\$ 5,339,447	\$ (11,999,440)

\$1,128,352 reported as deferred outflows of resources related to OPEB resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in the future OPEB expense as follow:

CITY OF SOUTH GATE
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

(10) Other Postemployment Benefits (Continued)

Fiscal Year Ending June 30	Deferred Outflows/(Inflows) of Resources
2024	\$ (1,504,808)
2025	(1,396,686)
2026	(1,317,981)
2027	(1,310,576)
2028	(695,660)
Thereafter	(1,562,634)
Total	<u>\$ (7,788,345)</u>

(11) 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 \$14,009,898 is reported in the Self-Insurance Internal Service Fund at June 30, 2023. 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 two years ended June 30, 2023 are presented as follows:

Years Ended	Beginning Balance	Addition	Deletion	Ending Balance
Workers' Compensation:				
June 30, 2022	\$ 5,054,220	\$ 1,150,370	\$ -	\$ 6,204,590
June 30, 2023	6,204,590	2,086,420	(1,054,058)	7,236,952
General Liability:				
June 30, 2022	\$ 5,717,108	\$ 2,365,347	\$ (1,209,649)	\$ 6,872,806
June 30, 2023	6,872,806	2,213,350	(2,313,210)	6,772,946

CITY OF SOUTH GATE

Notes to the Basic Financial Statements

For the Year Ended June 30, 2023

(12) 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.

(13) Construction Commitments

The following material construction commitments existed at June 30, 2023:

Project Name	Contract Amount	Expenditures to date as of June 30, 2023	Remaining Commitments
Urban Orchard Construction	\$16,128,863	\$ 8,634,593	\$ 3,940,321
Tweedy Mile Complete Streets	704,506	80,660	218,978
I-710 Freeway Blvd Southbound	1,070,257	-	827,691
Hollydale Community Park Renovation	4,899,816	14,259	1,749,561
Tweedy Blvd TS Synchronization	1,833,198	-	1,634,186
Alameda Street Complete Streets	903,361	699,893	203,468
Garfield Ave Median Improvement	4,504,343	368,446	4,135,898
Water System Chlorination Facilities Upgrade	3,336,815	2,951,780	170,661
Urban Orchard Well No. 30	399,000	49,492	349,508
Coating Hawkins-Santa Fe & Elizabeth Tanks	3,438,564	-	3,438,564
Coating Hawkins-Santa Fe & Elizabeth Tanks	113,390	-	113,390

(14) 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 \$41,642,880, resulting mainly from the implementation of GASB Statement No.'s 68 (Pensions) and 75 (OPEB) that required the City to report \$111,776,916 in aggregate net pension liability and \$25,067,099 in total OPEB liability in the City's financial statements.

CITY OF SOUTH GATE
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

(14) Deficit Fund Balances and Net Position (Continued)

B. Fund Financial Statements

The following funds contained a deficit at June 30, 2023:

Funds	Deficit
Governmental Funds:	
Grants Special Revenue	\$ 4,562,733
Nonmajor Governmental Funds:	
Housing Authority Development	167,044
SB 2 Grant	147,540
LEAP Grant	107,499
Internal Service Funds:	
Insurance	5,574,582
Fiduciary Funds:	
Successor Agency of the Former CDC	1,928,942

These deficits will be funded with future revenue or transfers from other funds. The Successor Agency Funds deficit will be eliminated by future property tax revenues.

CITY OF SOUTH GATE

Notes to the Basic Financial Statements

For the Year Ended June 30, 2023

(15) Excess Expenditures over Appropriations

Expenditures for the year ended June 30, 2023, exceeded appropriations at the department or expenditure category level within the following funds:

Fund	Appropriations	Expenditures	Excess
General Fund:			
City treasurer	\$ 38,863	\$ 47,604	\$ (8,741)
City attorney	1,750,663	1,899,910	(149,247)
Nonmajor Governmental Funds:			
Special Revenue Funds:			
Housing Successor			
Community development	232,044	347,654	(115,610)
Law Enforcement Grants			
Transfers out	16,477	30,565	(14,088)
Street Sweeping			
Public works	730,533	765,952	(35,419)
Street Lighting & Landscaping			
Principal	-	83,900	(83,900)
Measure W			
Public works	-	454,486	(454,486)
Used Oil Recycling Program			
Public works	-	12,668	(12,668)
Beverage Container Recycling Program			
Public works	-	24,984	(24,984)
Emergency Housing Voucher			
Community development	-	152,051	(152,051)

(16) Successor Agency Trust for Assets of Former Community Development Commission

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

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

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the

CITY OF SOUTH GATE

Notes to the Basic Financial Statements

For the Year Ended June 30, 2023

(16) Successor Agency Trust for Assets of Former Community Development Commission (Continued)

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. Notes and Loans Receivable

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, 2023, the outstanding balance on the loan is \$102,434.

CITY OF SOUTH GATE

Notes to the Basic Financial Statements

For the Year Ended June 30, 2023

(16) Successor Agency Trust for Assets of Former Community Development Commission (Continued)

B. Capital Assets

The summary of changes in the successor agency's capital assets for the year ended June 30, 2023 is as follows:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Capital assets, not being depreciated:				
Land	\$ 1,686,000	\$ -	\$ -	\$ 1,686,000
Total capital assets, not being depreciated	1,686,000	-	-	1,686,000
Capital assets, being depreciated:				
Structures and improvements	381,785	-	-	381,785
Machinery and equipment	19,359	-	-	19,359
Subtotal	401,144	-	-	401,144
Less accumulated depreciation:				
Structures and improvements	(278,381)	(38,178)	-	(316,559)
Machinery and equipment	(19,359)	-	-	(19,359)
Subtotal	(297,740)	(38,178)	-	(335,918)
Total capital assets, being depreciated	103,404	(38,178)	-	65,226
Total capital assets, net	\$ 1,789,404	\$ (38,178)	\$ -	\$ 1,751,226

C. Long-Term Liabilities

The summary of changes in the successor agency's long-term liabilities for the year ended June 30, 2023, is as follows:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Due within One Year
Fiduciary Activities:					
Public Offering:					
Tax allocation bonds:					
2014A Tax Allocation Bonds	\$ 10,435,000	\$ -	\$ (3,310,000)	\$ 7,125,000	\$ 3,475,000
Unamortized premium	1,169,308	-	(389,769)	779,539	389,769
2014B Tax Allocation Bonds	1,290,000	-	(415,000)	875,000	430,000
Unamortized discount	(10,218)	-	5,111	(5,107)	(5,107)
Total tax allocation bonds	12,884,090	-	(4,109,658)	8,774,432	4,289,662
Total	\$ 12,884,090	\$ -	\$ (4,109,658)	\$ 8,774,432	\$ 4,289,662

CITY OF SOUTH GATE

Notes to the Basic Financial Statements

For the Year Ended June 30, 2023

(16) Successor Agency Trust for Assets of Former Community Development Commission
(Continued)

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, 2023, 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, 2023, the unamortized premium is \$779,539 and the outstanding balance on the bonds is \$7,125,000.

The following schedule summarizes the debt service to maturity requirements for bonds payable outstanding as of June 30, 2023:

Year Ending			
June 30,	Principal	Interest	Total
2024	\$ 3,475,000	\$ 356,250	\$ 3,831,250
2025	3,650,000	182,500	3,832,500
Total	<u>\$ 7,125,000</u>	<u>\$ 538,750</u>	<u>\$ 15,168,375</u>

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, 2023, the reserve requirement was \$392,000 and the balance held in the reserve account was \$335,060.

CITY OF SOUTH GATE

Notes to the Basic Financial Statements

For the Year Ended June 30, 2023

(16) Successor Agency Trust for Assets of Former Community Development Commission
(Continued)

The bonds were issued at a discount of \$51,106. At June 30, 2023, the unamortized discount is \$5,107 and the outstanding balance on the bonds is \$875,000.

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 following schedule summarizes the debt service to maturity requirements for bonds payable outstanding as of June 30, 2023:

Year Ending			
June 30,	Principal	Interest	Total
2024	\$ 430,000	\$ 26,400	\$ 456,400
2025	445,000	8,900	453,900
Total	\$ 875,000	\$ 35,300	\$ 910,300

D. 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, \$187,421 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 \$205,000 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
For the Year Ended June 30, 2023

(17) Prior Period Adjustments

Implementation of GASB 96: Subscription-Based IT Arrangements

As discussed in note 1, the City restated the beginning balance as part of the implementation of GASB 96.

	<u>Governmental Activities</u>
Net position at July 1, 2022, as previously reported	\$206,946,049
Prior period adjustments:	
To implement GASB 96	<u>120,659</u>
Net position at July 1, 2022, as restated	<u><u>\$207,066,708</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

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City of South Gate
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Taxes	\$ 48,952,370	\$ 48,977,829	\$ 51,297,707	\$ 2,319,878
Licenses and permits	1,734,601	1,734,601	1,564,404	(170,197)
Intergovernmental	140,389	140,389	(612,774)	(753,163)
Charges for services	3,092,303	3,092,303	3,295,723	203,420
Use of money and property (loss)	226,649	226,649	(25,766)	(252,415)
Fines and forfeitures	1,127,092	1,127,092	1,687,108	560,016
Rental	1,571,289	1,571,289	142,986	(1,428,303)
Miscellaneous	4,934,624	4,934,624	5,810,624	876,000
Total revenues	<u>61,779,317</u>	<u>61,804,776</u>	<u>63,160,012</u>	<u>1,355,236</u>
EXPENDITURES:				
Current:				
General government				
City Council	349,256	349,256	326,311	22,945
City Clerk	892,224	952,224	922,445	29,779
City Treasurer	38,863	38,863	47,604	(8,741)
City Attorney	1,250,663	1,750,663	1,899,910	(149,247)
City Manager	1,285,402	1,285,402	1,054,487	230,915
Administrative Services	6,422,255	6,639,178	6,336,438	302,740
Total general government	<u>10,238,663</u>	<u>11,015,586</u>	<u>10,587,195</u>	<u>428,391</u>
Police	32,802,693	32,802,693	31,970,272	832,421
Community development	3,845,998	4,353,987	3,430,608	923,379
Parks & recreation	11,316,943	12,102,228	10,494,011	1,608,217
Public works	5,588,897	5,845,177	5,172,113	673,064
Debt service:				
Principal	1,470,000	1,470,000	1,505,560	(35,560)
Interest and fiscal charges	546,849	546,849	550,150	(3,301)
Total expenditures	<u>65,810,043</u>	<u>68,136,520</u>	<u>63,709,909</u>	<u>4,426,611</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(4,030,726)</u>	<u>(6,331,744)</u>	<u>(549,897)</u>	<u>5,781,847</u>
OTHER FINANCING (USES):				
Transfers in	-	1,000,000	1,334,554	334,554
Transfers out	<u>(2,757,204)</u>	<u>(2,965,408)</u>	<u>(2,644,217)</u>	<u>321,191</u>
Total other financing (uses)	<u>(2,757,204)</u>	<u>(1,965,408)</u>	<u>(1,309,663)</u>	<u>655,745</u>
CHANGE IN FUND BALANCE	<u>\$ (6,787,930)</u>	<u>\$ (8,297,152)</u>	<u>(1,859,560)</u>	<u>\$ 6,437,592</u>
Fund Balance:				
Beginning of year			39,403,852	
End of year			<u>\$ 37,544,292</u>	

City of South Gate
Required Supplementary Information
Budgetary Comparison Schedule - Grants Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Intergovernmental	\$ 45,865,192	\$ 46,317,592	\$ 3,298,788	\$(43,018,804)
Total revenues	<u>45,865,192</u>	<u>46,317,592</u>	<u>3,298,788</u>	<u>(43,018,804)</u>
EXPENDITURES:				
Current:				
Community development	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>45,865,192</u>	<u>46,317,592</u>	<u>3,298,788</u>	<u>(43,018,804)</u>
OTHER FINANCING USES:				
Transfers out	(44,606,192)	(45,379,192)	(11,387,342)	33,991,850
Total other financing uses	<u>(44,606,192)</u>	<u>(45,379,192)</u>	<u>(11,387,342)</u>	<u>33,991,850</u>
CHANGE IN FUND BALANCE	<u>\$ 1,259,000</u>	<u>\$ 938,400</u>	(8,088,554)	<u>\$ (9,026,954)</u>
FUND BALANCE (DEFICIT):				
Beginning of year			(3,412,580)	
End of year			<u>\$ (11,501,134)</u>	

City of South Gate
Required Supplementary Information
Budgetary Comparison Schedule - American Rescue Plan Act Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 3,904,657	\$ 3,904,657
Use of money and property (loss)	-	-	334,103	334,103
Total revenues	-	-	4,238,760	4,238,760
EXPENDITURES:				
Current:				
General government	15,335,637	18,430,707	3,868,766	14,561,941
Total expenditures	15,335,637	18,430,707	3,868,766	14,561,941
REVENUES OVER (UNDER) EXPENDITURES	(15,335,637)	(18,430,707)	369,994	18,800,701
OTHER FINANCING USES:				
Transfers out	(1,879,703)	(2,962,629)	(35,776)	2,926,853
Total other financing uses	(1,879,703)	(2,962,629)	(35,776)	2,926,853
CHANGE IN FUND BALANCE	<u>\$(17,215,340)</u>	<u>\$(21,393,336)</u>	334,218	<u>\$ 21,727,554</u>
FUND BALANCE (DEFICIT):				
Beginning of year			81,392	
End of year			<u>\$ 415,610</u>	

City of South Gate
Required Supplementary Information
Notes to the Budgetary Comparison Schedules
For the Year Ended June 30, 2023

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. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount at the department level, which is the legal level of control) is established at the department level within each fund.

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
Schedule of Changes in Net Pension Liability and Related Ratios
For the Year Ended June 30, 2023

Last Ten Fiscal Years

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

Measurement Period	2021-22	2020-21	2019-20	2018-19
Service cost	\$ 3,205,823	\$ 3,140,084	\$ 3,054,995	\$ 2,870,032
Interest on total pension liability	12,686,538	12,388,906	11,842,099	11,164,341
Changes in assumptions	6,119,427	-	-	-
Differences between expected and actual experience	(3,681,427)	(601,444)	1,611,093	(1,377,295)
Changes in benefit terms	-	-	-	-
Benefit payments, including refunds of contributions	(7,805,031)	(7,011,754)	(6,369,348)	(6,148,296)
Net change in total pension liability	10,525,330	7,915,792	10,138,839	6,508,782
Total pension liability - beginning	183,724,478	175,808,686	165,669,847	159,161,065
Total pension liability - ending (a)	<u>\$ 194,249,808</u>	<u>\$ 183,724,478</u>	<u>\$ 175,808,686</u>	<u>\$ 165,669,847</u>
Plan fiduciary net position				
Contributions - employer	\$ 5,234,731	\$ 4,879,335	\$ 4,439,314	\$ 3,679,801
Contributions - employee	1,213,666	1,142,823	1,242,255	1,242,553
Net investment income ²	(12,317,517)	30,325,923	6,383,436	7,937,313
Benefit payments	(7,805,031)	(7,011,754)	(6,369,348)	(6,148,296)
Plan to plan resources movement	-	-	-	-
Administrative expense	(101,573)	(133,709)	(180,923)	(86,856)
Other Miscellaneous Income/(Expense)	-	-	-	282
Net change in plan fiduciary net position	(13,775,724)	29,202,618	5,514,734	6,624,797
Plan fiduciary net position - beginning	163,053,582	133,850,964	128,336,230	121,711,433
Plan fiduciary net position - ending (b)	<u>\$ 149,277,858</u>	<u>\$ 163,053,582</u>	<u>\$ 133,850,964</u>	<u>\$ 128,336,230</u>
Net pension liability - ending (a)-(b)	<u>\$ 44,971,950</u>	<u>\$ 20,670,896</u>	<u>\$ 41,957,722</u>	<u>\$ 37,333,617</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>76.85%</u>	<u>88.75%</u>	<u>76.13%</u>	<u>77.47%</u>
Covered payroll	<u>\$ 17,709,348</u>	<u>\$ 16,037,124</u>	<u>\$ 15,607,907</u>	<u>\$ 15,190,177</u>
Net pension liability as a percentage of covered payroll	<u>253.94%</u>	<u>128.89%</u>	<u>255.04%</u>	<u>245.77%</u>

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 2022, the accounting discount rate was reduced from 7.15% to 6.90%. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Actuarial Assumptions. None in 2021, 2020 and 2019. 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
Schedule of Changes in Net Pension Liability and Related Ratios (Continued)
For the Year Ended June 30, 2023

Last Ten Fiscal Years

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

Measurement Period	2017-18	2016-17	2015-16	2014-15	2013-14 ¹
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
Changes in assumptions	(532,576)	9,063,137	-	(2,453,625)	-
Differences between expected and actual experience	961,061	(1,443,448)	(1,238,446)	(399,523)	-
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)	<u>\$159,161,065</u>	<u>\$151,086,176</u>	<u>\$136,342,528</u>	<u>\$131,113,128</u>	<u>\$127,734,190</u>
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)
Plan to plan resources movement	(282)	936	(254)	(119,756)	-
Administrative expense	(178,114)	(154,457)	(64,773)	4,871	-
Other Miscellaneous Income/(Expense)	(338,242)	-	-	-	-
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)	<u>\$121,711,433</u>	<u>\$114,302,147</u>	<u>\$104,615,198</u>	<u>\$106,280,887</u>	<u>\$106,638,215</u>
Net pension liability - ending (a)-(b)	<u>\$ 37,449,632</u>	<u>\$ 36,784,029</u>	<u>\$ 31,727,330</u>	<u>\$ 24,832,241</u>	<u>\$ 21,095,975</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>76.47%</u>	<u>75.65%</u>	<u>76.73%</u>	<u>81.06%</u>	<u>83.48%</u>
Covered payroll	<u>\$ 14,926,282</u>	<u>\$ 13,777,340</u>	<u>\$ 13,452,475</u>	<u>\$ 12,677,247</u>	<u>\$ 12,254,729</u>
Net pension liability as a percentage of covered payroll	<u>250.90%</u>	<u>266.99%</u>	<u>235.85%</u>	<u>195.88%</u>	<u>172.15%</u>

¹ Historical information is presented only for periods for which GASB 68 is implemented. The first year of implementation is 2013-14.

City of South Gate
Required Supplementary Information
Schedule of Changes in the Net Pension Liability and Related Ratios (Continued)
For the Year Ended June 30, 2023

Last Ten Fiscal Years

PARS - Supplemental Retirement Plan

Measurement Period	2021-22	2020-21	2019-20	2018-19
Service cost	\$ 3,014	\$ 7,560	\$ 7,114	\$ 6,565
Interest on total pension liability	90,861	96,992	98,688	94,584
Differences between expected and actual experience	(523)	(90,671)	(2,071)	62,961
Changes in assumptions	(48,124)	-	42,502	3,036
Benefit payments, including refunds of employee contributions	(107,816)	(107,996)	(103,183)	(97,041)
Net change in total pension liability	(62,588)	(94,115)	43,050	70,105
Total pension liability - beginning	1,511,685	1,605,800	1,562,750	1,492,645
Total pension liability - ending (a)	<u>\$ 1,449,097</u>	<u>\$ 1,511,685</u>	<u>\$ 1,605,800</u>	<u>\$ 1,562,750</u>
Plan fiduciary net position				
Contributions - employer	\$ 93,404	\$ 49,000	\$ 96,005	\$ 101,362
Net investment income	(160,749)	261,564	35,713	64,637
Benefit payments	(107,816)	(107,996)	(103,183)	(97,041)
Administrative expense	(6,101)	(5,830)	(5,484)	(5,307)
Net change in plan fiduciary net position	(181,262)	196,738	23,051	63,651
Plan fiduciary net position - beginning	1,336,388	1,139,650	1,116,599	1,052,948
Plan fiduciary net position - ending (b)	<u>\$ 1,155,126</u>	<u>\$ 1,336,388</u>	<u>\$ 1,139,650</u>	<u>\$ 1,116,599</u>
Net pension liability - ending (a)-(b)	<u>\$ 293,971</u>	<u>\$ 175,297</u>	<u>\$ 466,150</u>	<u>\$ 446,151</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>79.71%</u>	<u>88.40%</u>	<u>70.97%</u>	<u>71.45%</u>
Covered payroll	<u>\$ 142,716</u>	<u>\$ 321,270</u>	<u>\$ 321,270</u>	<u>\$ 312,672</u>
Net pension liability as a percentage of covered payroll	<u>205.98%</u>	<u>54.56%</u>	<u>145.10%</u>	<u>142.69%</u>

Notes:

Changes in assumptions: In 2022, the payroll growth rate changed from 2.75% to 2.80%. None in 2021. In 2020, discount rate changed from 6.50% to 6.22%. In 2019, discount rate changed from 6.52% to 6.50%. 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
Schedule of Changes in the Net Pension Liability and Related Ratios (Continued)
For the Year Ended June 30, 2023

Last Ten Fiscal Years

PARS - Supplemental Retirement Plan

Measurement Period	2017-18	2016-17	2015-16	2014-15	2013-14 ¹
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	-
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)	<u>\$ 1,492,645</u>	<u>\$ 1,442,785</u>	<u>\$ 1,428,865</u>	<u>\$ 1,409,901</u>	<u>\$ 1,359,151</u>
Plan fiduciary net position					
Contributions - employer	\$ 89,422	\$ -	\$ 89,262	\$ 92,402	\$ 108,819
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)	<u>\$ 1,052,948</u>	<u>\$ 996,181</u>	<u>\$ 996,181</u>	<u>\$ 906,064</u>	<u>\$ 894,946</u>
Net pension liability - ending (a)-(b)	<u>\$ 439,697</u>	<u>\$ 446,604</u>	<u>\$ 432,684</u>	<u>\$ 503,837</u>	<u>\$ 464,205</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>70.54%</u>	<u>69.05%</u>	<u>69.72%</u>	<u>64.26%</u>	<u>65.85%</u>
Covered payroll	<u>\$ 289,767</u>	<u>\$ 282,012</u>	<u>\$ 277,966</u>	<u>\$ 260,000</u>	<u>\$ 720,372</u>
Net pension liability as a percentage of covered payroll	<u>151.74%</u>	<u>158.36%</u>	<u>155.66%</u>	<u>193.78%</u>	<u>64.44%</u>

¹ Historical information is presented only for periods for which GASB 68 is implemented. The first year of implementation is 2013-14.

City of South Gate
Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability and Related Ratios
For the Year Ended June 30, 2023

Last Ten Fiscal Years

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

Measurement Period	2021-22	2020-21	2019-20	2018-19
Proportion of the Net Pension Liability	0.66015%	0.69752%	0.53651%	0.52584%
Proportionate Share of the Net Pension Liability	\$ 66,510,995	\$ 40,036,851	\$ 58,374,278	\$ 53,883,494
Covered Payroll	\$ 12,341,610	\$ 8,592,734	\$ 8,357,626	\$ 8,138,937
Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll	538.92%	465.94%	698.46%	662.05%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.77%	78.92%	68.41%	70.22%

City of South Gate
Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability and Related Ratios (Continued)
For the Year Ended June 30, 2023

Last Ten Fiscal Years

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

Measurement Period	2017-18	2016-17	2015-16	2014-15	2013-14 ¹
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	\$ 8,109,044	\$ 7,968,440	\$ 7,367,602	\$ 7,077,495	\$ 6,919,179
Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll	618.56%	621.52%	590.24%	482.29%	418.39%
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 presented only for periods for which GASB 68 is implemented. The first year of implementation is 2013-14.

City of South Gate
Required Supplementary Information
Schedule of Contributions - Pensions
For the Year Ended June 30, 2023

Last Ten Fiscal Years

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

Fiscal year	2022-23	2021-22	2020-21	2019-20	2018-19
Actuarially determined contribution	\$ 5,816,585	\$ 5,234,731	\$ 4,018,442	\$ 4,439,314	\$ 3,679,801
Contributions in relation to the actuarially determined contributions	(5,816,585)	(5,234,731)	(4,018,442)	(4,439,314)	(3,679,801)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll ²	\$ 20,990,273	\$ 17,709,348	\$ 16,037,124	\$ 15,607,907	\$ 15,190,177
Contributions as a percentage of covered payroll ²	27.71%	29.56%	25.06%	28.44%	24.22%

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

Notes to Schedule

Valuation date:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2022-23 were from the June 30, 2020 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	Fair value
Inflation	2.50%
Salary increases	Varies by entry age and service
Payroll growth	2.75%
Investment rate of return	7.00%, net of pension plan investment and administrative expenses, including inflation
Retirement age	The probabilities of retirement are based on the 2017 CalPERS Experience study for the period from 1997 to 2015.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre- retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

City of South Gate
Required Supplementary Information
Schedule of Contributions - Pensions (Continued)
For the Year Ended June 30, 2023

Last Ten Fiscal Years

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

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

¹ Historical information is presented only for periods for which GASB 68 is implemented. The first year of implementation is 2013-14.

City of South Gate
Required Supplementary Information
Schedule of Contributions - Pensions (Continued)
For the Year Ended June 30, 2023

Last Ten Fiscal Years

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

Fiscal year	2022-23	2021-22	2020-21	2019-20	2018-19
Actuarially determined contribution	\$ 6,758,712	\$ 6,175,454	\$ 4,902,949	\$ 4,902,949	\$4,957,802
Contributions in relation to the actuarially determined contributions	(6,758,712)	(6,175,454)	(4,902,949)	(4,902,949)	(4,957,802)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll ²	\$ 13,177,044	\$ 12,341,610	\$ 8,592,734	\$ 8,357,626	\$8,138,937
Contributions as a percentage of covered payroll ²	51.29%	50.04%	57.06%	57.06%	59.28%

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

Notes to Schedule

Valuation date:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2022-23 were from the June 30, 2020 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	Fair value
Inflation	2.50%
Salary increases	Varies by entry age and service
Payroll growth	2.75%
Investment rate of return	7.00%, net of pension plan investment and administrative expenses, including inflation
Retirement age	The probabilities of retirement are based on the 2017 CalPERS Experience study for the period from 1997 to 2015.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre- retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

City of South Gate
Required Supplementary Information
Schedule of Contributions - Pensions (Continued)
For the Year Ended June 30, 2023

Last Ten Fiscal Years

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

Fiscal year	2017-18	2016-17	2015-16	2014-15	2013-14 ¹
Actuarially determined contribution	\$ 4,399,729	\$ 3,802,971	\$ 3,802,971	\$ 3,000,801	\$ 2,086,240
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>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll ²	\$ 8,109,044	\$ 7,968,440	\$ 7,367,602	\$ 7,077,495	\$ 6,919,179
Contributions as a percentage of covered payroll ²	54.06%	46.90%	47.73%	40.73%	29.48%

¹ Historical information is presented only for periods for which GASB 68 is implemented. The first year of implementation is 2013-14.

City of South Gate
Required Supplementary Information
Schedule of Contributions - Pensions (Continued)
For the Year Ended June 30, 2023

Last Ten Fiscal Years

PARS - Supplemental Retirement Plan

Fiscal year	2022-23	2021-22	2020-21	2019-20	2018-19
Actuarially determined contribution	\$ 65,369	\$ 114,778	\$ 109,307	\$ 92,251	\$ 71,442
Contributions in relation to the actuarially determined contributions	(90,510)	(93,404)	(96,005)	(101,362)	(89,422)
Contribution deficiency (excess)	\$ (25,141)	\$ 21,374	\$ 13,302	\$ (9,111)	\$ (17,980)
Covered payroll	\$ 147,697	\$ 142,716	\$ 321,270	\$ 312,672	\$ 289,767
Contributions as a percentage of covered payroll	61.28%	65.45%	29.88%	32.42%	30.86%

Notes to Schedule

Valuation date: June 30, 2021

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 value
Inflation	2.75%
Salary increases	Varies by entry age and service
Cost of living adjustment	5.90% based on 2021 SSA OASDI report
Investment rate of return	6.22%
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
Schedule of Contributions - Pensions (Continued)
For the Year Ended June 30, 2023

Last Ten Fiscal Years

PARS - Supplemental Retirement Plan

Fiscal year	2017-18	2016-17	2015-16	2014-15	2013-14 ¹
Actuarially determined contribution	\$ (3,073)	\$ 65,461	\$ 61,230	\$ 89,000	\$ 84,594
Contributions in relation to the actuarially determined contributions	-	(89,262)	(92,402)	(108,819)	(144,907)
Contribution deficiency (excess)	<u>\$ (3,073)</u>	<u>\$ (23,801)</u>	<u>\$ (31,172)</u>	<u>\$ (19,819)</u>	<u>\$ (60,313)</u>
Covered payroll	\$ 282,012	\$ 282,012	\$ 277,966	\$ 260,000	\$ 720,372
Contributions as a percentage of covered payroll	0.00%	31.65%	33.24%	41.85%	20.12%

¹ Historical information is presented only for periods for which GASB 68 is implemented. The first year of implementation is 2013-14.

City of South Gate
Required Supplementary Information
Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios
For the Year Ended June 30, 2023

Last Ten Fiscal Years

Measurement Period	2021-22	2020-21	2019-20	2018-19	2017-18
Service cost	\$ 1,324,575	\$ 1,342,086	\$ 1,093,910	\$ 1,094,006	\$ 1,102,741
Interest on total OPEB liability	597,331	731,487	809,810	1,147,746	1,064,551
Differences between expected and actual experience	(70,977)	(3,057,982)	(89,563)	(6,638,431)	-
Changes in assumptions	(6,152,215)	3,139,649	2,719,276	(652,631)	(526,077)
Implicit Subsidy Credit	(231,883)	(216,510)	(190,665)	-	-
Benefit payments, including refunds of employee contributions	(604,243)	(714,004)	(473,890)	(902,892)	(834,408)
Net change in total OPEB liability	(5,137,412)	1,224,726	3,868,878	(5,952,202)	806,807
Total OPEB liability - beginning	30,204,511	28,979,785	25,110,907	31,063,109	30,256,302
Total OPEB liability - ending (a)	<u>\$ 25,067,099</u>	<u>\$ 30,204,511</u>	<u>\$ 28,979,785</u>	<u>\$ 25,110,907</u>	<u>\$ 31,063,109</u>
Plan fiduciary net position					
Contributions - employer	\$ 1,128,352	\$ 836,126	\$ 473,890	\$ 902,892	\$ 834,408
Contributions - employee	-	-	-	-	-
Net investment income	-	-	-	-	-
Benefit payments	(1,128,352)	(836,126)	(473,890)	(902,892)	(834,408)
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)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability - ending (a)-(b)	<u>\$ 25,067,099</u>	<u>\$ 30,204,511</u>	<u>\$ 28,979,785</u>	<u>\$ 25,110,907</u>	<u>\$ 31,063,109</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Covered-employee payroll	<u>\$ 23,242,786</u>	<u>\$ 23,961,037</u>	<u>\$ 23,319,744</u>	<u>\$ 22,695,615</u>	<u>\$ 20,739,803</u>
Net OPEB liability as a percentage of covered-employee payroll	<u>107.85%</u>	<u>126.06%</u>	<u>120.88%</u>	<u>110.64%</u>	<u>149.78%</u>

¹ Historical information is presented only for periods for which GASB 75 is implemented. The first year of implementation is 2016-17.

The City has not established a trust for the purpose of holding assets accumulated for plan benefits.

City of South Gate
Required Supplementary Information
Schedule of Contributions - Other Postemployment Benefits
For the Year Ended June 30, 2023

	Last Ten Fiscal Years					
Fiscal year	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18
Actuarially determined contribution	\$ 1,128,352	\$ 836,126	\$ 752,739	\$ 752,739	\$ 902,892	\$ 834,408
Contributions in relation to the actuarially	(1,128,352)	(836,126)	(930,513)	(664,556)	(902,892)	(834,408)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (177,774)</u>	<u>\$ 88,183</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll ²	\$ 24,512,390	\$ 23,242,786	\$ 23,961,037	\$ 23,319,744	\$ 22,695,615	\$ 20,739,803
Contributions as a percentage of covered payroll	4.60%	3.60%	3.88%	2.85%	3.98%	4.02%

¹ Historical information is presented only for periods for which GASB 75 is implemented. The first year of implementation is 2016-17.

² Payroll from prior year was assumed to increase by the 2.75% payroll growth assumption.

Notes to Schedule

Valuation date: June 30, 2021

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Discount Rate	3.69%
Inflation	2.30%
Healthcare Cost Trend Rate	5.50% trending down to 4.04% over 54 years
Salary increases	2.80%
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

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, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 1,258,492	\$ 1,258,492
Total revenues	-	-	1,258,492	1,258,492
EXPENDITURES:				
Capital outlay	76,522,595	82,205,744	16,682,644	65,523,100
Total expenditures	76,522,595	82,205,744	16,682,644	65,523,100
REVENUES OVER (UNDER) EXPENDITURES	(76,522,595)	(82,205,744)	(15,424,152)	66,781,592
OTHER FINANCING SOURCES (USES):				
Transfers in	73,096,452	79,064,601	15,127,226	(63,937,375)
Total other financing sources (uses)	73,096,452	79,064,601	15,127,226	(63,937,375)
CHANGE IN FUND BALANCE	<u>\$ (3,426,143)</u>	<u>\$ (3,141,143)</u>	(296,926)	<u>\$ 2,844,217</u>
FUND BALANCE:				
Beginning of year			4,979,522	
End of year			<u>\$ 4,682,596</u>	

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NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS:

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

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 - This fund accounts for revenues received from federal, state and local law enforcement grants to be used for public safety.

West Santa Ana Branch TOD SIP Fund - This fund accounts for master land use planning around the two stations in South Gate. Will include not only uses but elements like first and last mile amenities.

Air Quality Improvement Fund - This fund accounts for local revenue received from the South Coast Air Quality Management District to be used for clean air programs.

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

Gas Tax Fund - This fund accounts for gas tax and other transportation revenues received from the State for construction and maintenance of streets and roads.

Street Sweeping Fund - This fund accounts 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

Prop C Transit Fund - This fund accounts 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

UDAG Fund - This fund accounts for former Urban Development Assistance Grant funds (UDAG) that the City uses for community development projects.

Public Access Corporation Fund - This fund accounts 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 - This fund accounts for revenues received through a citywide street lighting assessment for street lighting and traffic signal maintenance.

Measure R Transit Fund - This fund accounts 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 - This fund accounts 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 - This fund accounts 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 - This fund accounts 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 - This fund accounts for revenues received under the SB 1186 (\$1) and the SB 1379 (\$4) State legislation that assesses 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.

Measure W Stormwater - This fund accounts for revenues generated from Measure W is used to for regional and municipal projects that improve water quality, prepare for future drought, and provide community benefits such as parks or wetlands. The City uses funds for storm water projects in compliance with the MS4 permit.

Used Oil Recycling Program - This fund is to account for the revenue derived from oil recycling grants awarded by the CalRecycle.

Beverage Container Recycling Program - The California Department of Resources Recycling and Recovery (CalRecycle) administers the California Beverage Container Recycling and Litter Reduction Act which governs the recycling of California Redemption Value (CRV) beverage containers. The primary goal of the recycling program is to achieve an 80% recycling rate for all aluminum, glass, plastic, and bi-metal

Road Mitigation Program Fund - These are funds derived from an impact fee placed upon new development as a way to mitigate the developments impact to the wear and tear upon city streets.

Housing Authority - Development Projects - This fund is to account for acquisition of new development properties use for housing projects.

Permanent Local Housing Allocation Grant - This fund is to account for revenues received from California Department of Housing and Community Development for Accessory Dwelling Units and

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS (Continued):

Emergency Housing Voucher (EHV) - This fund is to account for the HUD grant allocations specific to assisting emergency housing needs. It is a housing voucher program to assist for emergency housing for homelessness during the pandemic.

SB 2 Grant Fund - This fund is to account for SB 2 allocations from the state in addressing housing shortage, high housing costs, and supply of affordable homes within City limits.

LEAP Grant - This fund is to account for the LEAP grant revenues to assist with availability of affordable homes and ending the homelessness.

City of South Gate
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

	Special Revenue				
	Community Development Block Grant	Housing Authority	HOME Program	Housing Successor	Law Enforcement Grants
ASSETS					
Cash and investments	\$ -	\$637,876	\$ 761,325	\$ -	\$ 2,728,348
Receivables:					
Accounts	-	11,045	-	14,430	-
Loans	1,322,384	14,415	6,123,201	644,862	-
Interest	-	2,311	-	261	12,712
Prepaid items	-	-	-	-	9,040
Due from other governments	296,852	45,899	108,241	-	106,933
Due from other funds	-	1,434	-	-	-
Land held for resale	-	-	-	3,150,000	-
Total assets	<u>\$ 1,619,236</u>	<u>\$712,980</u>	<u>\$ 6,992,767</u>	<u>\$ 3,809,553</u>	<u>\$ 2,857,033</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 108,110	\$ 14,435	\$ 82,543	\$ 5,916	\$ 162,153
Unearned revenue	132,431	-	313,435	-	-
Deposits	-	-	-	23,054	-
Due to other funds	2,616	606,491	-	189,095	42,712
Advances from other funds	-	-	-	-	-
Total liabilities	<u>243,157</u>	<u>620,926</u>	<u>395,978</u>	<u>218,065</u>	<u>204,865</u>
Deferred inflows of resources:					
Unavailable revenues	-	-	-	1,664	63,761
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,664</u>	<u>63,761</u>
Fund Balances:					
Nonspendable	-	-	-	-	9,040
Restricted	1,376,079	92,054	6,596,789	3,589,824	2,579,367
Unassigned (deficit)	-	-	-	-	-
Total fund balances	<u>1,376,079</u>	<u>92,054</u>	<u>6,596,789</u>	<u>3,589,824</u>	<u>2,588,407</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,619,236</u>	<u>\$712,980</u>	<u>\$ 6,992,767</u>	<u>\$ 3,809,553</u>	<u>\$ 2,857,033</u>

(Continued)

City of South Gate
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2023

	Special Revenue				
	West Santa Ana Branch TOD SIP	Air Quality Improvement	Traffic Safety	Gas Tax	Street Sweeping
ASSETS					
Cash and investments	\$ 16,658	\$ 371,219	\$ -	\$ 1,762,440	\$ 371,274
Receivables:					
Accounts	-	-	-	337	131,356
Loans	-	-	-	-	-
Interest	-	2,078	-	9,270	2,120
Prepaid items	-	-	-	-	-
Due from other governments	-	31,103	-	204,400	-
Due from other funds	-	-	-	-	-
Land held for resale	-	-	-	-	-
Total assets	<u>\$ 16,658</u>	<u>\$ 404,400</u>	<u>\$ -</u>	<u>\$ 1,976,447</u>	<u>\$ 504,750</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 500	\$ -	\$ -	\$ 82,667	\$ 53,618
Unearned revenue	-	-	-	74,293	-
Deposits	-	-	-	-	-
Due to other funds	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Total liabilities	<u>500</u>	<u>-</u>	<u>-</u>	<u>156,960</u>	<u>53,618</u>
Deferred inflows of resources:					
Unavailable revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	16,158	404,400	-	1,819,487	451,132
Unassigned (deficit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>16,158</u>	<u>404,400</u>	<u>-</u>	<u>1,819,487</u>	<u>451,132</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 16,658</u>	<u>\$ 404,400</u>	<u>\$ -</u>	<u>\$ 1,976,447</u>	<u>\$ 504,750</u>

(Continued)

City of South Gate
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2023

	Special Revenue				
	Prop A Transit	Prop C Transit	UDAG	Public Access Corporation	Street Lighting & Landscaping
ASSETS					
Cash and investments	\$5,590,770	\$ 6,043,119	\$ 411,090	\$ 76,949	\$ 251,632
Receivables:					
Accounts	-	-	-	13,522	9,856
Loans	-	-	-	-	-
Interest	24,640	26,974	1,928	230	-
Prepaid items	37,282	-	-	-	4,272
Due from other governments	262,141	-	-	-	29,450
Due from other funds	284,100	-	-	-	-
Land held for resale	-	-	-	-	-
Total assets	<u>\$6,198,933</u>	<u>\$ 6,070,093</u>	<u>\$ 413,018</u>	<u>\$ 90,701</u>	<u>\$ 295,210</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 121,744	\$ 129,589	\$ -	\$ 1,786	\$ 295,210
Unearned revenue	-	-	-	-	-
Deposits	-	-	-	-	-
Due to other funds	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Total liabilities	<u>121,744</u>	<u>129,589</u>	<u>-</u>	<u>1,786.00</u>	<u>295,210</u>
Deferred inflows of resources:					
Unavailable revenues	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Nonspendable	37,282	-	-	-	4,272
Restricted	6,039,907	5,940,504	413,018	88,915	-
Unassigned (deficit)	-	-	-	-	(4,272)
Total fund balances	<u>6,077,189</u>	<u>5,940,504</u>	<u>413,018</u>	<u>88,915</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$6,198,933</u>	<u>\$ 6,070,093</u>	<u>\$ 413,018</u>	<u>\$ 90,701</u>	<u>\$ 295,210</u>

(Continued)

City of South Gate
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2023

	Special Revenue				
	Measure R Transit	Road Repair & Accountability Act	Measure M Transit	Park Enhancement	CASp
ASSETS					
Cash and investments	\$ 4,763,295	\$ 5,222,443	\$ 2,830,742	\$1,336,567	\$ 89,704
Receivables:					
Accounts	-	-	-	-	-
Loans	-	-	-	-	-
Interest	23,731	26,615	12,937	5,843	378
Prepaid items	3,061	-	-	-	-
Due from other governments	3,789	364,707	-	-	-
Due from other funds	-	-	-	-	-
Land held for resale	-	-	-	-	-
Total assets	<u>\$ 4,793,876</u>	<u>\$ 5,613,765</u>	<u>\$ 2,843,679</u>	<u>\$1,342,410</u>	<u>\$ 90,082</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 61,300	\$ -	\$ 72,339	\$ -	\$ -
Unearned revenue	-	-	-	-	-
Deposits	-	-	-	-	-
Due to other funds	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Total liabilities	<u>61,300</u>	<u>-</u>	<u>72,339</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:					
Unavailable revenues	<u>3,489</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>3,489</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Nonspendable	3,061	-	-	-	-
Restricted	4,726,026	5,613,765	2,771,340	1,342,410	90,082
Unassigned (deficit)	-	-	-	-	-
Total fund balances	<u>4,729,087</u>	<u>5,613,765</u>	<u>2,771,340</u>	<u>1,342,410</u>	<u>90,082</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,793,876</u>	<u>\$ 5,613,765</u>	<u>\$ 2,843,679</u>	<u>\$1,342,410</u>	<u>\$ 90,082</u>

City of South Gate
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2023

	Special Revenue				
	Measure W Stormwater	Used Oil Recycling Program	Beverage Container Recycling Program	Road Mitigation Program	Housing Authority Development
ASSETS					
Cash and investments	\$ 1,337,508	\$ 4,108	\$ 43,237	\$ 2,692,934	\$ -
Receivables:					
Accounts	-	-	-	-	-
Loans	-	-	-	-	-
Interest	6,194	-	158	11,221	-
Prepaid items	-	-	-	-	-
Due from other governments	-	-	-	-	-
Due from other funds	-	-	-	-	-
Land held for resale	-	-	-	-	1,800,000
Total assets	<u>\$ 1,343,702</u>	<u>\$ 4,108</u>	<u>\$ 43,395</u>	<u>\$ 2,704,155</u>	<u>\$ 1,800,000</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 40,416	\$ 2,378	\$ -	\$ -	\$ 5,504
Unearned revenue	-	-	-	-	-
Deposits	-	-	-	-	-
Due to other funds	-	-	-	-	148,540
Advances from other funds	-	-	-	-	1,813,000
Total liabilities	<u>40,416</u>	<u>2,378</u>	<u>-</u>	<u>-</u>	<u>1,967,044</u>
Deferred inflows of resources:					
Unavailable revenues	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	1,303,286	1,730	43,395	2,704,155	-
Unassigned (deficit)	-	-	-	-	(167,044)
Total fund balances	<u>1,303,286</u>	<u>1,730</u>	<u>43,395</u>	<u>2,704,155</u>	<u>(167,044)</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,343,702</u>	<u>\$ 4,108</u>	<u>\$ 43,395</u>	<u>\$ 2,704,155</u>	<u>\$ 1,800,000</u>

City of South Gate
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2023

	Special Revenue				Total
	Permanent Local Housing Allocation Grant	Emergency Housing Voucher	SB 2 Grant	LEAP Grant	Nonmajor Governmental Funds
ASSETS					
Cash and investments	\$ -	\$ 96,667	\$ -	\$ -	\$ 37,439,905
Receivables:					
Accounts	-	-	-	-	180,546
Loans	-	-	-	-	8,104,862
Interest	-	-	-	-	169,601
Prepaid items	-	-	-	-	53,655
Due from other governments	16,452	-	-	-	1,469,967
Due from other funds	-	-	-	-	285,534
Land held for resale	-	-	-	-	4,950,000
Total assets	<u>\$ 16,452</u>	<u>\$ 96,667</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,654,070</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ 12,965	1,253,173
Unearned revenue	-	-	-	-	520,159
Deposits	-	-	-	-	23,054
Due to other funds	16,452	-	147,540	94,534	1,247,980
Advances from other funds	-	-	-	-	1,813,000
Total liabilities	<u>16,452</u>	<u>-</u>	<u>147,540</u>	<u>107,499</u>	<u>4,857,366</u>
Deferred inflows of resources:					
Unavailable revenues	<u>16,452</u>	<u>59,500</u>	<u>-</u>	<u>-</u>	<u>144,866</u>
Total deferred inflows of resources	<u>16,452</u>	<u>59,500</u>	<u>-</u>	<u>-</u>	<u>144,866</u>
Fund Balances:					
Nonspendable	-	-	-	-	53,655
Restricted	(16,452)	37,167	-	-	48,024,538
Unassigned (deficit)	-	-	(147,540)	(107,499)	(426,355)
Total fund balances	<u>(16,452)</u>	<u>37,167</u>	<u>(147,540)</u>	<u>(107,499)</u>	<u>47,651,838</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 16,452</u>	<u>96,667</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,654,070</u>

(Concluded)

City of South Gate
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue				
	Community Development Block Grant	Housing Authority	HOME Program	Housing Successor	Law Enforcement Grants
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	633,132	5,206,274	147,407	-	1,256,530
Charges for services	12,000	-	-	-	-
Use (loss) of money and property	-	6,046	80,444	61,049	61,073
Miscellaneous	-	-	-	-	13,500
Total revenues	<u>645,132</u>	<u>5,212,320</u>	<u>227,851</u>	<u>61,049</u>	<u>1,331,103</u>
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Police	-	-	-	-	1,059,967
Community development	569,265	5,475,216	147,329	347,654	-
Parks & recreation	-	-	-	-	-
Public works	-	-	-	-	-
Capital outlay	-	-	-	-	561,382
Debt service:					
Principal	-	-	-	-	112,037
Interest and fiscal charges	-	-	-	-	13,996
Total expenditures	<u>569,265</u>	<u>5,475,216</u>	<u>147,329</u>	<u>347,654</u>	<u>1,747,382</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>75,867</u>	<u>(262,896)</u>	<u>80,522</u>	<u>(286,605)</u>	<u>(416,279)</u>
OTHER FINANCING SOURCES (USES):					
Issuance of lease	-	-	-	-	94,161
Transfers in	15,260	-	-	-	-
Transfers out	(48,834)	-	-	-	(30,565)
Total other financing sources (uses)	<u>(33,574)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,596</u>
CHANGES IN FUND BALANCES	<u>42,293</u>	<u>(262,896)</u>	<u>80,522</u>	<u>(286,605)</u>	<u>(352,683)</u>
FUND BALANCES:					
Beginning of year	<u>1,333,786</u>	<u>354,950</u>	<u>6,516,267</u>	<u>3,876,429</u>	<u>2,941,090</u>
End of year	<u>\$ 1,376,079</u>	<u>\$ 92,054</u>	<u>\$ 6,596,789</u>	<u>\$ 3,589,824</u>	<u>\$ 2,588,407</u>

(Continued)

City of South Gate
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue				
	West Santa Ana Branch TOD SIP	Air Quality Improvement	Traffic Safety	Gas Tax	Street Sweeping
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	36,590	154,863	-	2,331,471	-
Charges for services	-	-	-	-	668,033
Use of money and property	-	9,998	-	3,185	7,749
Miscellaneous	-	-	-	-	-
Total revenues	36,590	164,861	-	2,334,656	675,782
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Police	-	-	-	-	-
Community development	20,432	6,578	-	-	-
Parks & recreation	-	-	-	-	-
Public works	-	-	-	1,815,436	765,952
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	20,432	6,578	-	1,815,436	765,952
REVENUES OVER (UNDER) EXPENDITURES	16,158	158,283	-	519,220	(90,170)
OTHER FINANCING SOURCES (USES):					
Issuance of lease	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	-	(185,392)	(31,151)	(292,521)	-
Total other financing sources (uses)	-	(185,392)	(31,151)	(292,521)	-
CHANGES IN FUND BALANCES	16,158	(27,109)	(31,151)	226,699	(90,170)
FUND BALANCES:					
Beginning of year	-	431,509	31,151	1,592,788	541,302
End of year	\$ 16,158	\$ 404,400	\$ -	\$ 1,819,487	\$ 451,132

(Continued)

City of South Gate
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue				
	Prop A Transit	Prop C Transit	UDAG	Public Access Corporation	Street Lighting & Landscaping
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,992,124
Licenses and permits	-	-	-	-	-
Intergovernmental	2,800,007	2,105,088	-	-	-
Charges for services	96,177	-	-	73,296	-
Use of money and property	68,770	91,255	5,179	(332)	-
Miscellaneous	-	-	-	-	2,833
Total revenues	<u>2,964,954</u>	<u>2,196,343</u>	<u>5,179</u>	<u>72,964</u>	<u>1,994,957</u>
EXPENDITURES:					
Current:					
General government	-	-	-	18,236	-
Police	-	-	-	-	-
Community development	1,427,818	-	-	-	-
Parks & recreation	-	-	-	-	-
Public works	-	582,873	-	-	2,864,976
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	83,548
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>1,427,818</u>	<u>582,873</u>	<u>-</u>	<u>18,236</u>	<u>2,948,524</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>1,537,136</u>	<u>1,613,470</u>	<u>5,179</u>	<u>54,728</u>	<u>(953,567)</u>
OTHER FINANCING SOURCES (USES):					
Issuance of lease	-	-	-	-	-
Transfers in	514	-	-	-	2,343,228
Transfers out	-	(397,212)	-	-	-
Total other financing sources (uses)	<u>514.00</u>	<u>(397,212)</u>	<u>-</u>	<u>-</u>	<u>2,343,228</u>
CHANGES IN FUND BALANCES	<u>1,537,650</u>	<u>1,216,258</u>	<u>5,179</u>	<u>54,728</u>	<u>1,389,661</u>
FUND BALANCES:					
Beginning of year	<u>4,539,539</u>	<u>4,724,246</u>	<u>407,839</u>	<u>34,187</u>	<u>(1,389,661)</u>
End of year	<u>\$ 6,077,189</u>	<u>\$ 5,940,504</u>	<u>\$ 413,018</u>	<u>\$ 88,915</u>	<u>\$ -</u>

(Continued)

City of South Gate
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

Special Revenue

	Measure R Transit	Road Repair & Accountability Act	Measure M Transit	Park Enhancement	CASp
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	13,639
Intergovernmental	1,574,871	2,081,309	1,785,464	-	-
Charges for services	-	-	-	281,132	-
Use of money and property	46,147	37,512	41,111	8,977	577
Miscellaneous	-	-	-	-	-
Total revenues	<u>1,621,018</u>	<u>2,118,821</u>	<u>1,826,575</u>	<u>290,109</u>	<u>14,216</u>
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Police	-	-	-	-	-
Community development	-	-	-	-	-
Parks & recreation	-	-	-	28,958	-
Public works	1,108,196	-	1,455,178	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>1,108,196</u>	<u>-</u>	<u>1,455,178</u>	<u>28,958</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>512,822</u>	<u>2,118,821</u>	<u>371,397</u>	<u>261,151</u>	<u>14,216</u>
OTHER FINANCING SOURCES (USES):					
Issuance of lease	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	(441,787)	(1,676,960)	(90,850)	(4,290)	-
Total other financing sources (uses)	<u>(441,787)</u>	<u>(1,676,960)</u>	<u>(90,850)</u>	<u>(4,290)</u>	<u>-</u>
CHANGES IN FUND BALANCES	71,035	441,861	280,547	256,861	14,216
FUND BALANCES:					
Beginning of year	<u>4,658,052</u>	<u>5,171,904</u>	<u>2,490,793</u>	<u>1,085,549</u>	<u>75,866</u>
End of year	<u>\$ 4,729,087</u>	<u>\$ 5,613,765</u>	<u>\$ 2,771,340</u>	<u>\$ 1,342,410</u>	<u>\$ 90,082</u>

City of South Gate
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue				
	Measure W Stormwater	Used Oil Recycling Program	Beverage Container Recycling Program	Road Mitigation Program	Housing Authority Development
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	600,020	-
Intergovernmental	973,813	14,367	23,505	-	-
Charges for services	-	-	-	-	-
Use of money and property	6,293	506	931	20,907	-
Miscellaneous	-	-	-	-	-
Total revenues	980,106	14,873	24,436	620,927	-
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Police	-	-	-	-	-
Community development	-	-	-	-	32,997
Parks & recreation	-	-	-	-	-
Public works	454,486	12,668	24,984	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	454,486	12,668	24,984	-	32,997
REVENUES OVER (UNDER) EXPENDITURES	525,620	2,205	(548)	620,927	(32,997)
OTHER FINANCING SOURCES (USES):					
Issuance of lease	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	(213,515)	-	-	-	-
Total other financing sources (uses)	(213,515)	-	-	-	-
CHANGES IN FUND BALANCES	312,105	2,205	(548)	620,927	(32,997)
FUND BALANCES:					
Beginning of year	991,181	(475)	43,943	2,083,228	(134,047)
End of year	\$ 1,303,286	\$ 1,730	\$ 43,395	\$ 2,704,155	\$ (167,044)

City of South Gate
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue				Total
	Permanent Local Housing Allocation Grant	Emergency Housing Voucher	SB 2 Grant	LEAP Grant	Nonmajor Governmental Funds
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,992,124
Licenses and permits	-	-	-	-	613,659
Intergovernmental	-	100	-	-	21,124,791
Charges for services	-	-	-	-	1,130,638
Use of money and property	-	-	-	-	557,377
Miscellaneous	-	-	-	-	16,333
Total revenues	-	100	-	-	25,434,922
EXPENDITURES:					
Current:					
General government	-	-	-	-	18,236
Police	-	-	-	-	1,059,967
Community development	16,452	152,051	23,184	86,971	8,305,947
Parks & recreation	-	-	-	-	28,958
Public works	-	-	-	-	9,084,749
Capital outlay	-	-	-	-	561,382
Debt service:					
Principal	-	-	-	-	195,585
Interest and fiscal charges	-	-	-	-	13,996
Total expenditures	16,452	152,051	23,184	86,971	19,268,820
REVENUES OVER (UNDER) EXPENDITURES	(16,452)	(151,951)	(23,184)	(86,971)	6,166,102
OTHER FINANCING SOURCES (USES):					
Issuance of lease	-	-	-	-	94,161
Transfers in	-	-	-	-	2,359,002
Transfers out	-	-	-	-	(3,413,077)
Total other financing sources (uses)	-	-	-	-	(959,914)
CHANGES IN FUND BALANCES	(16,452)	(151,951)	(23,184)	(86,971)	5,206,188
FUND BALANCES:					
Beginning of year	-	189,118	(124,356)	(20,528)	42,445,650
End of year	\$ (16,452)	\$ 37,167	\$ (147,540)	\$ (107,499)	\$ 47,651,838

(Concluded)

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Community Development Block Grant Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Intergovernmental	\$ 2,924,194	\$ 2,968,044	\$ 633,132	\$ (2,334,912)
Charges for services	-	-	12,000	12,000
Total revenues	<u>2,924,194</u>	<u>2,968,044</u>	<u>645,132</u>	<u>(2,322,912)</u>
EXPENDITURES:				
Current:				
Community development	<u>1,804,971</u>	<u>1,948,821</u>	<u>569,265</u>	<u>1,379,556</u>
Total expenditures	<u>1,804,971</u>	<u>1,948,821</u>	<u>569,265</u>	<u>1,379,556</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>1,119,223</u>	<u>1,019,223</u>	<u>75,867</u>	<u>(943,356)</u>
OTHER FINANCING (USES):				
Transfers in	-	-	15,260	15,260
Transfers out	<u>(1,566,109)</u>	<u>(1,466,109)</u>	<u>(48,834)</u>	<u>1,417,275</u>
Total other financing sources (uses)	<u>(1,566,109)</u>	<u>(1,466,109)</u>	<u>(33,574)</u>	<u>1,432,535</u>
CHANGE IN FUND BALANCE	<u>\$ (446,886)</u>	<u>\$ (446,886)</u>	<u>42,293</u>	<u>\$ 489,179</u>
FUND BALANCE:				
Beginning of year			<u>1,333,786</u>	
End of year			<u>\$ 1,376,079</u>	

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Housing Authority Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Intergovernmental	\$ 5,246,432	\$ 5,246,432	\$ 5,206,274	\$ (40,158)
Use of money and property	683	683	6,046	5,363
Total revenues	<u>5,247,115</u>	<u>5,247,115</u>	<u>5,212,320</u>	<u>(34,795)</u>
EXPENDITURES:				
Current:				
Community development	<u>4,929,591</u>	<u>5,553,750</u>	<u>5,475,216</u>	<u>78,534</u>
Total expenditures	<u>4,929,591</u>	<u>5,553,750</u>	<u>5,475,216</u>	<u>78,534</u>
CHANGE IN FUND BALANCE	<u>\$ 317,524</u>	<u>\$ (306,635)</u>	<u>(262,896)</u>	<u>\$ 43,739</u>
FUND BALANCE:				
Beginning of year			<u>354,950</u>	
End of year			<u>\$ 92,054</u>	

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
HOME Program Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Intergovernmental	\$ 3,253,671	\$ 3,253,671	\$ 147,407	\$ (3,106,264)
Use of money and property	-	-	80,444	80,444
Total revenues	<u>3,253,671</u>	<u>3,253,671</u>	<u>227,851</u>	<u>(3,025,820)</u>
EXPENDITURES:				
Current:				
Community development	<u>3,407,033</u>	<u>3,794,719</u>	<u>147,329</u>	<u>3,647,390</u>
Total expenditures	<u>3,407,033</u>	<u>3,794,719</u>	<u>147,329</u>	<u>3,647,390</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(153,362)</u>	<u>(541,048)</u>	<u>80,522</u>	<u>621,570</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	<u>153,362</u>	<u>153,362</u>	<u>-</u>	<u>(153,362)</u>
Total other financing sources (uses)	<u>153,362</u>	<u>153,362</u>	<u>-</u>	<u>(153,362)</u>
CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ (387,686)</u>	<u>80,522</u>	<u>\$ 468,208</u>
FUND BALANCE:				
Beginning of year			<u>6,516,267</u>	
End of year			<u>\$ 6,596,789</u>	

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Housing Successor Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Use of money and property	\$ 60,876	\$ 60,876	\$ 61,049	\$ 173
Total revenues	60,876	60,876	61,049	173
EXPENDITURES:				
Current:				
Community development	120,544	232,044	347,654	(115,610)
Total expenditures	120,544	232,044	347,654	(115,610)
REVENUES OVER (UNDER) EXPENDITURES	(59,668)	(171,168)	(286,605)	(115,437)
CHANGE IN FUND BALANCE	\$ (59,668)	\$ (171,168)	(286,605)	\$ (115,437)
FUND BALANCE:				
Beginning of year			3,876,429	
End of year			<u>\$ 3,589,824</u>	

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Law Enforcement Grants Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Intergovernmental	\$ 324,455	\$ 526,640	\$ 1,256,530	\$ 729,890
Use of money and property	28,456	28,456	61,073	32,617
Miscellaneous	-	-	13,500	13,500
Total revenues	<u>352,911</u>	<u>555,096</u>	<u>1,331,103</u>	<u>776,007</u>
EXPENDITURES:				
Current:				
Police	1,316,777	1,746,268	1,059,967	686,301
Capital outlay	630,930	777,145	561,382	215,763
Debt service:				
Principal	-	-	112,037	(112,037)
Interest and fiscal charges	-	-	13,996	(13,996)
Total expenditures	<u>1,947,707</u>	<u>2,523,413</u>	<u>1,747,382</u>	<u>776,031</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,594,796)</u>	<u>(1,968,317)</u>	<u>(416,279)</u>	<u>1,552,038</u>
OTHER FINANCING SOURCES (USES):				
Issurance of lease	-	-	94,161	94,161
Transfers in	225,058	225,058	-	(225,058)
Transfers out	(16,477)	(16,477)	(30,565)	(14,088)
Total other financing sources (uses)	<u>208,581</u>	<u>208,581</u>	<u>63,596</u>	<u>(144,985)</u>
CHANGE IN FUND BALANCE	<u>\$ (1,386,215)</u>	<u>\$ (1,759,736)</u>	<u>\$ (352,683)</u>	<u>\$ 1,407,053</u>
FUND BALANCE:				
Beginning of year			2,941,090	
End of year			<u>\$ 2,588,407</u>	

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
West Santa Ana Branch TOD SIP
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Intergovernmental	\$ 180,000	\$ 180,000	\$ 36,590	\$ (143,410)
Total revenues	180,000	180,000	36,590	(143,410)
EXPENDITURES:				
Current:				
Community Development	180,000	180,000	20,432	159,568
Total expenditures	180,000	180,000	20,432	159,568
CHANGE IN FUND BALANCE	\$ -	\$ -	16,158	\$ 16,158
FUND BALANCE:				
Beginning of year			-	
End of year			\$ 16,158	

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Air Quality Improvement Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Intergovernmental	\$ 126,600	\$ 126,600	\$ 154,863	\$ 28,263
Use of money and property	3,990	3,990	9,998	6,008
Total revenues	<u>130,590</u>	<u>130,590</u>	<u>164,861</u>	<u>34,271</u>
EXPENDITURES:				
Current:				
Community development	6,578	6,578	6,578	-
Capital outlay	<u>43,947</u>	<u>47,498</u>	<u>-</u>	<u>47,498</u>
Total expenditures	<u>50,525</u>	<u>54,076</u>	<u>6,578</u>	<u>47,498</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>80,065</u>	<u>76,514</u>	<u>158,283</u>	<u>81,769</u>
OTHER FINANCING (USES):				
Transfers out	<u>(294,309)</u>	<u>(437,278)</u>	<u>(185,392)</u>	<u>251,886</u>
Total other financing (uses)	<u>(294,309)</u>	<u>(437,278)</u>	<u>(185,392)</u>	<u>251,886</u>
CHANGE IN FUND BALANCE	<u>\$ (214,244)</u>	<u>\$ (360,764)</u>	<u>(27,109)</u>	<u>\$ 333,655</u>
FUND BALANCE:				
Beginning of year			<u>431,509</u>	
End of year			<u>\$ 404,400</u>	

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Traffic Safety Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Fines and forfeitures	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES:				
Current:				
Police	-	-	-	-
Total expenditures	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-
OTHER FINANCING (USES):				
Transfers out	-	-	(31,151)	(31,151)
Total other financing (uses)	-	-	(31,151)	(31,151)
CHANGE IN FUND BALANCE	\$ -	\$ -	(31,151)	\$ (31,151)
FUND BALANCE:				
Beginning of year			31,151	
End of year			\$ -	

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Gas Tax Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Intergovernmental	\$ 2,783,929	\$ 2,783,929	\$ 2,331,471	\$ (452,458)
Use of money and property	9,450	9,450	3,185	(6,265)
Total revenues	<u>2,793,379</u>	<u>2,793,379</u>	<u>2,334,656</u>	<u>(458,723)</u>
EXPENDITURES:				
Current:				
Public works	<u>2,094,221</u>	<u>2,593,201</u>	<u>1,815,436</u>	<u>777,765</u>
Total expenditures	<u>2,094,221</u>	<u>2,593,201</u>	<u>1,815,436</u>	<u>777,765</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>699,158</u>	<u>200,178</u>	<u>519,220</u>	<u>319,042</u>
OTHER FINANCING (USES):				
Transfers out	<u>(6,399)</u>	<u>(1,431,399)</u>	<u>(292,521)</u>	<u>1,138,878</u>
Total other financing (uses)	<u>(6,399)</u>	<u>(1,431,399)</u>	<u>(292,521)</u>	<u>1,138,878</u>
CHANGE IN FUND BALANCE	<u>\$ 692,759</u>	<u>\$ (1,231,221)</u>	226,699	<u>\$ 1,457,920</u>
FUND BALANCE:				
Beginning of year			<u>1,592,788</u>	
End of year			<u>\$ 1,819,487</u>	

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Street Sweeping Special Revenue Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Charges for services	\$ 707,370	\$ 707,370	\$ 668,033	\$ (39,337)
Use of money and property	4,200	4,200	7,749	3,549
Total revenues	<u>711,570</u>	<u>711,570</u>	<u>675,782</u>	<u>(35,788)</u>
EXPENDITURES:				
Public works	<u>730,533</u>	<u>730,533</u>	<u>765,952</u>	<u>(35,419)</u>
Total expenditures	<u>730,533</u>	<u>730,533</u>	<u>765,952</u>	<u>(35,419)</u>
CHANGE IN FUND BALANCE	<u>\$ (18,963)</u>	<u>\$ (18,963)</u>	(90,170)	<u>\$ (71,207)</u>
FUND BALANCE:				
Beginning of year			541,302	
End of year			<u>\$ 451,132</u>	

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Prop A Transit Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Intergovernmental	\$ 2,515,583	\$ 2,515,583	\$ 2,800,007	\$ 284,424
Charges for services	228,344	228,344	96,177	(132,167)
Use of money and property	66,900	66,900	68,770	1,870
Miscellaneous	8,125	8,125	-	(8,125)
Total revenues	<u>2,818,952</u>	<u>2,818,952</u>	<u>2,964,954</u>	<u>146,002</u>
EXPENDITURES:				
Current:				
Community development	2,195,747	2,233,029	1,427,818	805,211
Total expenditures	<u>2,295,747</u>	<u>2,233,029</u>	<u>1,427,818</u>	<u>805,211</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>523,205</u>	<u>585,923</u>	<u>1,537,136</u>	<u>951,213</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	514	514
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>514</u>	<u>514</u>
CHANGE IN FUND BALANCE	<u>\$ 523,205</u>	<u>\$ 585,923</u>	<u>1,537,650</u>	<u>\$ 951,727</u>
FUND BALANCE:				
Beginning of year			4,539,539	
End of year			<u>\$ 6,077,189</u>	

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Prop C Transit Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Intergovernmental	\$ 1,953,894	\$ 2,153,894	\$ 2,105,088	\$ (48,806)
Use of money and property	39,900	39,900	91,255	51,355
Total revenues	<u>1,993,794</u>	<u>2,193,794</u>	<u>2,196,343</u>	<u>2,549</u>
EXPENDITURES:				
Current:				
Public works	<u>809,075</u>	<u>605,460</u>	<u>582,873</u>	<u>22,587</u>
Total expenditures	<u>809,075</u>	<u>605,460</u>	<u>582,873</u>	<u>22,587</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>1,184,719</u>	<u>1,588,334</u>	<u>1,613,470</u>	<u>25,136</u>
OTHER FINANCING (USES):				
Transfers out	<u>(7,229,837)</u>	<u>(6,839,862)</u>	<u>(397,212)</u>	<u>6,442,650</u>
Total other financing (uses)	<u>(7,229,837)</u>	<u>(6,839,862)</u>	<u>(397,212)</u>	<u>6,442,650</u>
CHANGE IN FUND BALANCE	<u>\$ (6,045,118)</u>	<u>\$ (5,251,528)</u>	1,216,258	<u>\$ 6,467,786</u>
FUND BALANCE:				
Beginning of year			<u>4,724,246</u>	
End of year			<u>\$ 5,940,504</u>	

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
UDAG Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Use of money and property	\$ 3,045	\$ 3,045	\$ 5,179	\$ 2,134
Total revenues	3,045	3,045	5,179	2,134
EXPENDITURES:				
Current:				
Community development	30,000	30,000	-	30,000
Total expenditures	30,000	30,000	-	30,000
CHANGE IN FUND BALANCE	\$ (26,955)	\$ (26,955)	5,179	\$ 32,134
FUND BALANCE:				
Beginning of year			407,839	
End of year			\$ 413,018	

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Public Access Corporation Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Charges for services	\$ 60,000	\$ 60,000	\$ 73,296	\$ 13,296
Use (loss) of money and property	210	210	(332)	(542)
Total revenues	<u>60,210</u>	<u>60,210</u>	<u>72,964</u>	<u>12,754</u>
EXPENDITURES:				
Current:				
General government	<u>18,845</u>	<u>18,845</u>	<u>18,236</u>	<u>609</u>
Total expenditures	<u>18,845</u>	<u>18,845</u>	<u>18,236</u>	<u>609</u>
CHANGE IN FUND BALANCE	<u>\$ 41,365</u>	<u>\$ 41,365</u>	54,728	<u>\$ 13,363</u>
FUND BALANCE:				
Beginning of year			<u>34,187</u>	
End of year			<u>\$ 88,915</u>	

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Street Lighting & Landscaping Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Taxes	\$ -	\$ -	\$ 1,992,124	\$ 1,992,124
Miscellaneous	-	-	2,833	2,833
Total revenues	-	-	1,994,957	1,994,957
EXPENDITURES:				
Current:				
Public works	2,958,088	2,958,088	2,864,976	93,112
Debt service:				
Principal	-	-	83,548	(83,548)
Total expenditures	2,958,088	2,958,088	2,948,524	9,564
REVENUES OVER (UNDER) EXPENDITURES	(2,958,088)	(2,958,088)	(953,567)	2,004,521
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	2,343,228	2,343,228
Total other financing sources (uses)	-	-	2,343,228	2,343,228
CHANGE IN FUND BALANCE	\$ (2,958,088)	\$ (2,958,088)	1,389,661	\$ 4,347,749
FUND BALANCE:				
Beginning of year			(1,389,661)	
End of year			\$ -	

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Measure R Transit Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Intergovernmental	\$ 1,465,421	\$ 1,465,421	\$ 1,574,871	\$ 109,450
Use of money and property	36,750	36,750	46,147	9,397
Total revenues	<u>1,502,171</u>	<u>1,502,171</u>	<u>1,621,018</u>	<u>118,847</u>
EXPENDITURES:				
Current:				
Public works	<u>1,254,799</u>	<u>1,314,975</u>	<u>1,108,196</u>	<u>206,779</u>
Total expenditures	<u>1,254,799</u>	<u>1,314,975</u>	<u>1,108,196</u>	<u>206,779</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>247,372</u>	<u>187,196</u>	<u>512,822</u>	<u>325,626</u>
OTHER FINANCING (USES):				
Transfers out	<u>(1,651,584)</u>	<u>(5,181,042)</u>	<u>(441,787)</u>	<u>4,739,255</u>
Total other financing (uses)	<u>(1,651,584)</u>	<u>(5,181,042)</u>	<u>(441,787)</u>	<u>4,739,255</u>
CHANGE IN FUND BALANCE	<u>\$ (1,404,212)</u>	<u>\$ (4,993,846)</u>	71,035	<u>\$ 5,064,881</u>
FUND BALANCE:				
Beginning of year			<u>4,658,052</u>	
End of year			<u>\$ 4,729,087</u>	

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Road Repair & Accountability Act Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Intergovernmental	\$ 2,200,893	\$ 2,200,893	\$ 2,081,309	\$ (119,584)
Use of money and property	25,200	25,200	37,512	12,312
Total revenues	<u>2,226,093</u>	<u>2,226,093</u>	<u>2,118,821</u>	<u>(107,272)</u>
EXPENDITURES:				
Current:				
Public works	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>2,226,093</u>	<u>2,226,093</u>	<u>2,118,821</u>	<u>(107,272)</u>
OTHER FINANCING (USES):				
Transfers out	(7,399,024)	(7,413,024)	(1,676,960)	5,736,064
Total other financing (uses)	<u>(7,399,024)</u>	<u>(7,413,024)</u>	<u>(1,676,960)</u>	<u>5,736,064</u>
CHANGE IN FUND BALANCE	<u>\$ (5,172,931)</u>	<u>\$ (5,186,931)</u>	441,861	<u>\$ 5,628,792</u>
FUND BALANCE:				
Beginning of year			5,171,904	
End of year			<u>\$ 5,613,765</u>	

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Measure M Transit Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Intergovernmental	\$ 1,660,810	\$ 1,660,810	\$ 1,785,464	\$ 124,654
Use of money and property	15,750	15,750	41,111	25,361
Total revenues	<u>1,676,560</u>	<u>1,676,560</u>	<u>1,826,575</u>	<u>150,015</u>
EXPENDITURES:				
Current:				
Public works	<u>1,493,431</u>	<u>1,523,607</u>	<u>1,455,178</u>	<u>68,429</u>
Total expenditures	<u>1,493,431</u>	<u>1,523,607</u>	<u>1,455,178</u>	<u>68,429</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>183,129</u>	<u>152,953</u>	<u>371,397</u>	<u>218,444</u>
OTHER FINANCING (USES):				
Transfers out	<u>(1,623,528)</u>	<u>(1,563,528)</u>	<u>(90,850)</u>	<u>1,472,678</u>
Total other financing (uses)	<u>(1,623,528)</u>	<u>(1,563,528)</u>	<u>(90,850)</u>	<u>1,472,678</u>
CHANGE IN FUND BALANCE	<u>\$ (1,440,399)</u>	<u>\$ (1,410,575)</u>	280,547	<u>\$ 1,691,122</u>
FUND BALANCE:				
Beginning of year			<u>2,490,793</u>	
End of year			<u>\$ 2,771,340</u>	

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Park Enhancement Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Charges for services	\$ 266,000	\$ 266,000	\$ 281,132	\$ 15,132
Use of money and property	6,300	6,300	8,977	2,677
Total revenues	<u>272,300</u>	<u>272,300</u>	<u>290,109</u>	<u>17,809</u>
EXPENDITURES:				
Current:				
Parks & recreation	<u>188,958</u>	<u>308,958</u>	<u>28,958</u>	<u>280,000</u>
Total expenditures	<u>188,958</u>	<u>308,958</u>	<u>28,958</u>	<u>280,000</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>83,342</u>	<u>(36,658)</u>	<u>261,151</u>	<u>297,809</u>
OTHER FINANCING (USES):				
Transfers out	<u>(1,037,139)</u>	<u>(1,167,139)</u>	<u>(4,290)</u>	<u>1,162,849</u>
Total other financing (uses)	<u>(1,037,139)</u>	<u>(1,167,139)</u>	<u>(4,290)</u>	<u>1,162,849</u>
CHANGE IN FUND BALANCE	<u>\$ (953,797)</u>	<u>\$ (1,203,797)</u>	256,861	<u>\$ 1,460,658</u>
FUND BALANCE:				
Beginning of year			<u>1,085,549</u>	
End of year			<u>\$ 1,342,410</u>	

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
CASp Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Licenses and permits	\$ 13,456	\$ 13,456	\$ 13,639	\$ 183
Use of money and property	420	420	577	157
Total revenues	<u>13,876</u>	<u>13,876</u>	<u>14,216</u>	<u>340</u>
CHANGE IN FUND BALANCE	<u>\$ 13,876</u>	<u>\$ 13,876</u>	14,216	<u>\$ 340</u>
FUND BALANCE:				
Beginning of year			<u>75,866</u>	
End of year			<u>\$ 90,082</u>	

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Measure W Stormwater Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Intergovernmental	\$ 1,000,000	\$ 1,000,000	\$ 973,813	\$ (26,187)
Use of money and property	2,100	2,100	6,293	4,193
Total revenues	<u>1,002,100</u>	<u>1,002,100</u>	<u>980,106</u>	<u>(21,994)</u>
EXPENDITURES:				
Current:				
Public works	-	-	454,486	(454,486)
Total expenditures	<u>-</u>	<u>-</u>	<u>454,486</u>	<u>(454,486)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>1,002,100</u>	<u>1,002,100</u>	<u>525,620</u>	<u>(476,480)</u>
OTHER FINANCING (USES):				
Transfers out	<u>(1,528,291)</u>	<u>(2,128,291)</u>	<u>(213,515)</u>	<u>1,914,776</u>
Total other financing (uses)	<u>(1,528,291)</u>	<u>(2,128,291)</u>	<u>(213,515)</u>	<u>1,914,776</u>
CHANGE IN FUND BALANCE	<u>\$ (526,191)</u>	<u>\$ (1,126,191)</u>	312,105	<u>\$ 1,438,296</u>
Beginning of year			991,181	
End of year			<u>\$ 1,303,286</u>	

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Used Oil Recycling Program Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Intergovernmental	\$ 13,418	\$ 13,418	\$ 14,367	\$ 949
Use of money and property	105	105	506	401
Total revenues	13,523	13,523	14,873	1,350
EXPENDITURES:				
Current:				
Public works	-	-	12,668	(12,668)
Total expenditures	-	-	12,668	(12,668)
REVENUES OVER (UNDER) EXPENDITURES	13,523	13,523	2,205	(11,318)
CHANGE IN FUND BALANCE	\$ 13,523	\$ 13,523	2,205	\$ (11,318)
FUND BALANCE:				
Beginning of year			(475)	
End of year			\$ 1,730	

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Beverage Container Recycling Program Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Intergovernmental	\$ 24,000	\$ 24,000	\$ 23,505	\$ (495)
Use of money and property	315	315	931	616
Total revenues	24,315	24,315	24,436	121
EXPENDITURES:				
Current:				
Public works	-	-	24,984	(24,984)
Total expenditures	-	-	24,984	(24,984)
REVENUES OVER (UNDER) EXPENDITURES	24,315	24,315	(548)	(24,863)
CHANGE IN FUND BALANCE	\$ 24,315	\$ 24,315	(548)	\$ (24,863)
FUND BALANCE:				
Beginning of year			43,943	
End of year			\$ 43,395	

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Road Mitigation Program Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Licenses and permits	\$ 35,040	\$ 35,040	\$ 600,020	\$ 564,980
Use of money and property	12,600	12,600	20,907	8,307
Total revenues	47,640	47,640	620,927	573,287
EXPENDITURES:				
Current:				
Public works	-	-	-	-
Total expenditures	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	47,640	47,640	620,927	573,287
CHANGE IN FUND BALANCE	\$ 47,640	\$ 47,640	620,927	\$ 573,287
FUND BALANCE:				
Beginning of year			2,083,228	
End of year			\$ 2,704,155	

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Housing Authority - Development Projects Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
EXPENDITURES:				
Current:				
Community development	\$ 244,958	\$ 244,958	\$ 32,997	\$ 211,961
Total expenditures	244,958	244,958	32,997	211,961
REVENUES OVER (UNDER) EXPENDITURES	(244,958)	(244,958)	(32,997)	211,961
CHANGE IN FUND BALANCE	<u>\$ (244,958)</u>	<u>\$ (244,958)</u>	(32,997)	<u>\$ 211,961</u>
FUND BALANCE:				
Beginning of year			(134,047)	
End of year			<u>\$ (167,044)</u>	

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Permanent Local Housing Allocation Grant Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Intergovernmental	\$ 721,320	\$ 721,320	\$ -	\$ (721,320)
Total revenues	721,320	721,320	-	(721,320)
EXPENDITURES:				
Current:				
Community development	306,958	306,958	16,452	290,506
Total expenditures	306,958	306,958	16,452	290,506
REVENUES OVER (UNDER) EXPENDITURES	414,362	414,362	(16,452)	(430,814)
CHANGE IN FUND BALANCE	\$ 414,362	\$ 414,362	(16,452)	\$ (430,814)
FUND BALANCE:				
Beginning of year			-	
End of year			\$ (16,452)	

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Emergency Housing Voucher Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES:				
Intergovernmental	\$ 183,645	\$ 183,645	\$ 100	\$ (183,545)
Total revenues	183,645	183,645	100	(183,545)
EXPENDITURES:				
Current:				
Community development	-	-	152,051	(152,051)
Total expenditures	-	-	152,051	(152,051)
REVENUES OVER (UNDER) EXPENDITURES	183,645	183,645	(151,951)	(335,596)
CHANGE IN FUND BALANCE	\$ 183,645	\$ 183,645	(151,951)	\$ (335,596)
FUND BALANCE:				
Beginning of year			189,118	
End of year			\$ 37,167	

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
SB 2 Grant Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
EXPENDITURES:				
Current:				
Community development	\$ 191,608	\$ 191,608	\$ 23,184	\$ 168,424
Total expenditures	191,608	191,608	23,184	168,424
REVENUES OVER (UNDER) EXPENDITURES	(191,608)	(191,608)	(23,184)	168,424
CHANGE IN FUND BALANCE	<u>\$ (191,608)</u>	<u>\$ (191,608)</u>	(23,184)	<u>\$ 168,424</u>
FUND BALANCE:				
Beginning of year			(124,356)	
End of year			<u>\$ (147,540)</u>	

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
LEAP Grant Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
EXPENDITURES:				
Current:				
Community development	\$ 282,919	\$ 282,919	\$ 86,971	\$ 195,948
Total expenditures	282,919	282,919	86,971	195,948
REVENUES OVER (UNDER) EXPENDITURES	(282,919)	(282,919)	(86,971)	195,948
CHANGE IN FUND BALANCE	<u>\$ (282,919)</u>	<u>\$ (282,919)</u>	(86,971)	<u>\$ 195,948</u>
FUND BALANCE:				
Beginning of year			(20,528)	
End of year			<u>\$ (107,499)</u>	

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INTERNAL SERVICE FUNDS

INTERNAL SERVICE FUNDS have been established to finance and account for goods and services provided by one City department to other City departments or agencies:

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

Information Systems Fund - To account for the 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 capital assets.

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

City of South Gate
Combining Statement of Net Position
Internal Service Funds
June 30, 2023

	Insurance	Information Systems	Fleet Management	Capital Asset & Equipment Replacement
ASSETS				
Current assets:				
Cash and investments	\$ 8,981,425	\$ 830,912	\$2,193,531	\$4,906,201
Accounts receivable	1,389	-	-	-
Accrued interest	28,220	3,642	8,499	21,718
Due from other funds	43,729	52,225	16,821	-
Total current assets	9,054,763	886,779	2,218,851	4,927,919
Noncurrent assets:				
Capital assets:				
Depreciable assets, net of accumulated depreciation	-	1,390,669	-	1,291,535
Total capital assets, net	-	1,390,669	-	1,291,535
Total assets	9,054,763	2,277,448	2,218,851	6,219,454
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources related to pensions	151,020	236,865	414,583	-
Deferred outflows of resources related to OPEB	33,876	48,394	102,433	-
Total deferred outflows of resources	184,896	285,259	517,016	-
LIABILITIES				
Current liabilities:				
Accounts payable	145,701	73,739	151,961	68,608
Retention payable	-	-	-	-
Compensated absences, due within one year	319	3,931	3,750	-
Claims and judgments, due within one year	3,845,757	-	-	-
Long-term debt, due within one year	-	113,338	-	-
Total current liabilities	3,991,777	191,008	155,711	68,608
Noncurrent liabilities:				
Long-term debt, due in more than one year	-	70,320	-	-
Compensated absences, due in more than one year	7,152	47,639	54,475	-
Claims and judgments, due in more than one year	10,164,141	-	-	-
Net pension liability	394,458	618,680	1,082,867	-
Net OPEB liability	159,036	227,194	480,894	-
Total noncurrent liabilities	10,724,787	963,833	1,618,236	-
Total liabilities	14,716,564	1,154,841	1,773,947	68,608
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pensions	21,548	33,797	59,155	-
Deferred inflows of resources related to OPEB	76,129	108,756	230,201	-
Total deferred inflows of resources	97,677	142,553	289,356	-
NET POSITION				
Net investment in capital assets	-	1,207,011	-	1,291,535
Unrestricted (deficit)	(5,574,582)	58,302	672,564	4,859,311
Total net position	\$ (5,574,582)	\$ 1,265,313	\$ 672,564	\$6,150,846

City of South Gate
Combining Statement of Net Position (Continued)
Internal Service Funds
June 30, 2023

	Building & Infrastructure Maintenance	Total
ASSETS		
Current assets:		
Cash and investments	\$ 181,581	\$ 17,093,650
Accounts receivable	-	1,389
Accrued interest	2,069	64,148
Due from other funds	-	112,775
Total current assets	<u>183,650</u>	<u>17,271,962</u>
Noncurrent assets:		
Capital assets:		
Depreciable assets, net of accumulated depreciation	<u>719,743</u>	<u>3,401,947</u>
Total capital assets, net	<u>719,743</u>	<u>3,401,947</u>
Total assets	<u>903,393</u>	<u>20,673,909</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to pension plan	-	802,468
Deferred outflows of resources related to OPEB	-	184,703
Total deferred outflows of resources	<u>-</u>	<u>987,171</u>
LIABILITIES		
Current liabilities:		
Accounts payable	147,630	587,639
Retention payable	7,353	7,353
Compensated absences, due within one year	-	8,000
Claims and judgments, due within one year	-	3,845,757
Long-term debt, due within one year	-	113,338
Total current liabilities	<u>154,983</u>	<u>4,562,087</u>
Noncurrent liabilities:		
Long-term debt, due in more than one year	-	70,320
Compensated absences, due in more than one year	-	109,266
Claims and judgments, due in more than one year	-	10,164,141
Net pension liability	-	2,096,005
Net OPEB liability	-	867,124
Total noncurrent liabilities	<u>-</u>	<u>13,306,856.00</u>
Total liabilities	<u>154,983</u>	<u>17,868,943</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to pensions	-	114,500
Deferred inflows of resources related to OPEB	-	415,086
Total deferred inflows of resources	<u>-</u>	<u>529,586</u>
NET POSITION		
Net investment in capital assets	719,743	3,218,289
Unrestricted (deficit)	28,667	44,262
Total net position	<u>\$ 748,410</u>	<u>\$ 3,262,551</u>

City of South Gate
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2023

	Insurance	Information Systems	Fleet Management	Capital Asset & Equipment Replacement
OPERATING REVENUES:				
Interdepartmental charges	\$ 6,442,460	\$ 1,539,859	\$ 1,989,035	\$ 581,324
Total operating revenues	<u>6,442,460</u>	<u>1,539,859</u>	<u>1,989,035</u>	<u>581,324</u>
OPERATING EXPENSES:				
Personnel services	173,240	457,332	682,236	-
Utilities	-	17,813	-	-
Contractual services	125,131	4,995	138,702	-
Administrative services	104,453	136,721	269,576	-
Repair and maintenance	-	281,823	39,125	-
Supplies	9,047	21,178	794,559	-
Insurance	5,130,400	-	-	-
Claim expense	2,265,067	-	-	-
Depreciation expense	-	430,729	4,896	193,742
Total operating expenses	<u>7,807,338</u>	<u>1,350,591</u>	<u>1,929,094</u>	<u>193,742</u>
Operating income (loss)	<u>(1,364,878)</u>	<u>189,268</u>	<u>59,941</u>	<u>387,582</u>
NONOPERATING REVENUES:				
Interest expense	-	(20,838)	-	-
Interest income (loss)	134,958	19,953	27,038	45,914
Total nonoperating revenues	<u>134,958</u>	<u>(885)</u>	<u>27,038</u>	<u>45,914</u>
INCOME (LOSS) BEFORE TRANSFERS	(1,229,920)	188,383	86,979	433,496
TRANSFERS:				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Changes in net position	(1,229,920)	188,383	86,979	433,496
NET POSITION:				
Beginning of year	(4,344,662)	1,076,930	585,585	5,717,350
End of year	<u>\$ (5,574,582)</u>	<u>\$ 1,265,313</u>	<u>\$ 672,564</u>	<u>\$6,150,846</u>

City of South Gate
Combining Statement of Revenues, Expenses, and Changes in Net Position (Continued)
Internal Service Funds
For the Year Ended June 30, 2023

	Building & Infrastructure Maintenance	Total
OPERATING REVENUES:		
Interdepartmental charges	\$ -	\$ 10,552,678
Total operating revenues	<u>-</u>	<u>10,552,678</u>
OPERATING EXPENSES:		
Personnel services	-	1,312,808
Utilities	-	17,813
Contractual services	-	268,828
Administrative services	-	510,750
Repair and maintenance	432,479	753,427
Supplies	-	824,784
Insurance	-	5,130,400
Claim expense	-	2,265,067
Depreciation expense	69,705	699,072
Total operating expenses	<u>502,184</u>	<u>11,782,949</u>
Operating income (loss)	<u>(502,184)</u>	<u>(1,230,271)</u>
NONOPERATING REVENUES:		
Interest expense	-	(20,838)
Interest income (loss)	23,292	251,155
Total nonoperating revenues	<u>23,292</u>	<u>230,317</u>
INCOME (LOSS) BEFORE TRANSFERS	(478,892)	(999,954)
TRANSFERS:		
Transfers in	6,356	6,356
Transfers out	(10,549)	(10,549)
Total transfers	<u>(4,193)</u>	<u>(4,193)</u>
Changes in net position	(483,085)	(1,004,147)
NET POSITION:		
Beginning of year	1,231,495	4,266,698
End of year	<u>\$ 748,410</u>	<u>\$ 3,262,551</u>

City of South Gate
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2023

	Insurance	Information Systems	Fleet Management	Capital Asset & Equipment Replacement
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from interfund service provided	\$ 6,420,596	\$ 1,506,144	\$ 1,972,212	\$ 581,324
Cash paid to suppliers for goods and services	(91,182)	(539,592)	(963,891)	-
Cash paid to employees for services	(313,460)	(477,314)	(1,076,933)	-
Cash paid for insurance premium and claims	(6,462,965)	-	-	-
Net cash provided by (used in) operating activities	(447,011)	489,238	(68,612)	581,324
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Principal paid on long-term debt	-	(220,993)	-	-
Interest paid on long-term debt	-	(20,838)	-	-
Acquisition and construction of capital assets	-	(375,062)	-	(172,867)
Net cash (used in) capital and related financing activities	-	(616,893)	-	(172,867)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income (loss)	117,930	17,874	21,274	30,103
Net cash provided by (used in) investing activities	117,930	17,874	21,274	30,103
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfer in	-	-	-	-
Transfer out	-	-	-	-
Net cash (used in) noncapital financing activities	-	-	-	-
Net change in cash and cash equivalents	(329,081)	(109,781)	(47,338)	438,560
CASH AND CASH EQUIVALENTS:				
Beginning of year	9,310,506	940,693	2,240,869	4,467,641
End of year	<u>\$ 8,981,425</u>	<u>\$ 830,912</u>	<u>\$ 2,193,531</u>	<u>\$ 4,906,201</u>

(Continued)

City of South Gate
Combining Statement of Cash Flows (Continued)
Internal Service Funds
For the Year Ended June 30, 2023

	Building & Infrastructure Maintenance	Total
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from interfund service provided	\$ -	\$10,480,276
Cash paid to suppliers for goods and services	(478,084)	(2,072,749)
Cash paid to employees for services	-	(1,867,707)
Cash paid for insurance premium and claims	-	(6,462,965)
Net cash provided by (used in) operating activities	<u>(478,084)</u>	<u>76,855</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Principal paid on long-term debt	-	(220,993)
Interest paid on long-term debt	-	(20,838)
Acquisition and construction of capital assets	(147,753)	(695,682)
Net cash (used in) capital and related financing activities	<u>(147,753)</u>	<u>(937,513)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income (loss)	22,669	209,850
Net cash provided by (used in) investing activities	<u>22,669</u>	<u>209,850</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfer in	6,356	6,356
Transfer out	(10,549)	(10,549)
Net cash (used in) noncapital financing activities	<u>(4,193)</u>	<u>(4,193)</u>
Net change in cash and cash equivalents	(607,361)	(655,001)
CASH AND CASH EQUIVALENTS:		
Beginning of year	788,942	17,748,651
End of year	<u>\$ 181,581</u>	<u>\$ 17,093,650</u>

(Continued)

City of South Gate
Combining Statement of Cash Flows (Continued)
Internal Service Funds
For the Year Ended June 30, 2023

	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)	\$ (1,364,878)	\$ 189,267	\$ 59,941	\$ 387,582
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	-	430,729	4,895	193,742
(Increase) decrease in due from other funds	(21,864)	(33,715)	(16,822)	-
(Increase) decrease in deferred outflows of resources related to pensions	(78,575)	(158,978)	(263,160)	-
(Increase) decrease in deferred outflows of resources related to other postemployment benefits	(14,017)	5,767	12,208	-
Increase (decrease) in accounts payable	42,996	(77,061)	8,494	-
Increase (decrease) in accrued liabilities	(2,187)	(10,067)	(17,786)	-
Increase (decrease) in compensated absences	3,982	10,557	15,229	-
Increase (decrease) in claims and judgments	932,502	-	-	-
Increase (decrease) in net pension liability	127,358	331,514	524,583	-
Increase (decrease) in net OPEB liability	56,490	(52,477)	(111,077)	-
Increase (decrease) in deferred inflows of resources related to pensions	(177,504)	(180,209)	(356,897)	-
Increase (decrease) in deferred inflows of resources related to other postemployment benefits	48,686	33,911	71,780	-
Total adjustments	917,867	299,971	(128,553)	193,742
Net cash provided by (used in) operating activities	\$ (447,011)	\$ 489,238	\$ (68,612)	\$ 581,324

(Continued)

City of South Gate
Combining Statement of Cash Flows (Continued)
Internal Service Funds
For the Year Ended June 30, 2023

	Building & Infrastructure Maintenance	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
Operating income (loss)	\$ (502,184)	\$ (1,230,272)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	69,705	699,071
(Increase) decrease in due from other funds	-	(72,401)
(Increase) decrease in deferred outflows of resources related to pensions	-	(500,713)
(Increase) decrease in deferred outflows of resources related to other postemployment benefits	-	3,958
Increase (decrease) in accounts payable	(45,605)	(71,176)
Increase (decrease) in accrued liabilities	-	(30,040)
Increase (decrease) in compensated absences	-	29,768
Increase (decrease) in claims and judgments	-	932,502
Increase (decrease) in net pension liability	-	983,455
Increase (decrease) in net OPEB liability	-	(107,064)
Increase (decrease) in deferred inflows of resources related to pensions	-	(714,610)
Increase (decrease) in deferred inflows of resources related to other postemployment benefits	-	154,377
Total adjustments	24,100	1,307,127
Net cash provided by (used in) operating activities	<u>\$ (478,084)</u>	<u>\$ 76,855</u>

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CUSTODIAL FUNDS

CUSTODIAL 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 funds are classified as an custodial fund in the financial statements:

Tweedy P & BIA - This fund is funded for several eligible events and activities under the Tweedy Parking and Business Improvement District (BID). To raise funds, each business in the District area will pay an assessment along with the City Business License. Assessments charged to each business will vary depending on the gross income reported on their License application/renewal. Decision regarding use of the BID funds are made by an Advisory Board appointed by the City Council.

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.

City of South Gate
Combining Statement of Fiduciary Net Position
Custodial Funds
June 30, 2023

	Tweedy P & BIA	Special Deposits	Total
ASSETS			
Cash and investments	\$ 40,325	\$ 1,096,721	\$ 1,137,046
Accounts receivable	154	163	317
Total assets	<u>40,479</u>	<u>1,096,884</u>	<u>1,137,363</u>
LIABILITIES			
Accounts payable	<u>30,802</u>	<u>982</u>	<u>31,784</u>
Total liabilities	<u>30,802</u>	<u>982</u>	<u>31,784</u>
NET POSITION			
Restricted for:			
Individuals, organizations, and other governments	<u>\$ 9,677</u>	<u>\$ 1,095,902</u>	<u>\$ 1,105,579</u>

City of South Gate
Statement of Changes in Fiduciary Net Position
Fiduciary Funds - Custodial Funds
For the Year Ended June 30, 2023

	Tweedy P & BIA	Special Deposits	Total
ADDITIONS:			
Use of money and property	\$ 336	\$ -	\$ 336
Membership assessment	25,662	275,414	301,076
Total additions	<u>25,998</u>	<u>275,414</u>	<u>301,412</u>
DEDUCTIONS:			
Operational expenses	51,030	126,590	177,620
Total deductions	<u>51,030</u>	<u>126,590</u>	<u>177,620</u>
Changes in Net Position	(25,032)	148,824	123,792
NET POSITION:			
Beginning of year	34,709	947,078	981,787
End of year	<u>\$ 9,677</u>	<u>\$ 1,095,902</u>	<u>\$ 1,105,579</u>

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STATISTICAL SECTION (UNAUDITED)

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**City of South Gate
Statistical Section
Overview (Unaudited)**

This part of the City of South Gate's Annual Comprehensive 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 agency's overall financial health.

Contents	Page
Financial Trends	183-196
These schedules contain trends data to help the reader understand how the government's financial performance and wellbeing have changed over time.	
Revenue Capacity	197-203
These schedules contain information to help the reader assess one of the government's most significant local revenue source - property tax.	
Debt Capacity	204-208
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	209
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	210-214
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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Governmental Activities					
Net Investment in capital assets	\$ 227,259	\$ 225,811	\$ 228,683	\$ 214,310	\$ 233,267
Restricted	21,358	22,135	29,778	32,432	34,187
Unrestricted	13,875	(39,779)	(40,323)	(22,504)	(72,433)
Total governmental activities net position	<u>\$ 262,492</u>	<u>\$ 208,167</u>	<u>\$ 218,138</u>	<u>\$ 224,238</u>	<u>\$ 195,021</u>
Business-type activities					
Net Investment in capital assets	\$ 44,824	\$ 43,963	\$ 352	\$ 17,879	\$ 19,086
Restricted	14,492	6,517	2,002	2,169	1,888
Unrestricted	(48,245)	(36,142)	20,588	11,024	16,523
Total business-type activities net position	<u>\$ 11,071</u>	<u>\$ 14,338</u>	<u>\$ 22,942</u>	<u>\$ 31,072</u>	<u>\$ 37,497</u>
Primary government					
Net Investment in capital assets	\$ 272,083	\$ 269,774	\$ 229,035	\$ 232,189	\$ 252,353
Restricted	35,850	28,652	31,780	34,601	36,075
Unrestricted	(34,370)	(75,921)	(19,735)	(11,480)	(55,910)
Total primary government net position	<u>\$ 273,563</u>	<u>\$ 222,505</u>	<u>\$ 241,080</u>	<u>\$ 255,310</u>	<u>\$ 232,518</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>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Governmental Activities					
Net Investment in capital assets	\$ 237,924	\$ 235,345	\$ 239,644	\$ 239,102	\$ 249,431
Restricted	34,130	38,447	61,928	49,312	61,752
Unrestricted	<u>(70,880)</u>	<u>(56,382)</u>	<u>(64,212)</u>	<u>(81,468)</u>	<u>(80,758)</u>
Total governmental activities net position	<u><u>\$ 201,174</u></u>	<u><u>\$ 217,410</u></u>	<u><u>\$ 237,360</u></u>	<u><u>\$ 206,946</u></u>	<u><u>\$ 230,425</u></u>
Business-type activities					
Net Investment in capital assets	\$ 19,213	\$ 18,944	\$ 20,712	\$ 22,812	\$ 22,936
Restricted	1,974	831	846	-	-
Unrestricted	<u>22,031</u>	<u>10,984</u>	<u>14,717</u>	<u>38,301</u>	<u>38,700</u>
Total business-type activities net position	<u><u>\$ 43,218</u></u>	<u><u>\$ 30,759</u></u>	<u><u>\$ 36,275</u></u>	<u><u>\$ 61,113</u></u>	<u><u>\$ 61,636</u></u>
Primary government					
Net Investment in capital assets	\$ 257,137	\$ 254,289	\$ 260,356	\$ 261,914	\$ 272,367
Restricted	36,104	39,278	62,774	49,312	61,752
Unrestricted	<u>(48,849)</u>	<u>(45,398)</u>	<u>(49,495)</u>	<u>(43,167)</u>	<u>(42,058)</u>
Total primary government net position	<u><u>\$ 244,392</u></u>	<u><u>\$ 248,169</u></u>	<u><u>\$ 273,635</u></u>	<u><u>\$ 268,059</u></u>	<u><u>\$ 292,061</u></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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Expenses					
Governmental activities:					
General government	\$ 4,648	\$ 6,830	\$ 6,312	\$ 6,847	\$ 8,663
Public works	15,988	15,753	16,794	18,513	21,475
Parks and recreation	5,454	6,155	6,951	7,544	10,115
Police	20,251	21,435	22,507	27,043	31,154
Community development	11,651	10,542	10,939	10,987	12,533
Interest expense	2,148	1,712	1,122	1,310	911
Total governmental activities expenses	<u>60,140</u>	<u>62,427</u>	<u>64,625</u>	<u>72,244</u>	<u>84,851</u>
Business-type activities:					
Sewer	1,591	1,543	1,672	1,767	1,740
Water	12,411	12,394	12,956	12,516	14,033
Refuse	3,498	3,433	3,493	3,715	3,810
Total business-type activities expenses	<u>17,500</u>	<u>17,370</u>	<u>18,121</u>	<u>17,998</u>	<u>19,583</u>
Total primary government expenses	<u>\$ 77,640</u>	<u>\$ 79,797</u>	<u>\$ 82,746</u>	<u>\$ 90,242</u>	<u>\$ 104,434</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</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Program Revenues					
Governmental activities:					
Charges for service:					
General government	\$ 3,102	\$ 3,105	\$ 3,037	\$ 2,949	\$ 2,900
Public works	1,101	1,231	1,146	1,456	1,283
Parks and recreation	894	986	966	1,106	1,274
Police	3,445	3,262	3,844	4,189	1,837
Community development	4,171	2,888	2,684	3,619	1,619
Operating grants and contributions	16,363	13,527	14,756	14,090	11,846
Capital grants and contributions	4,696	3,811	7,148	8,221	8,748
Total governmental activities program revenues	<u>33,772</u>	<u>28,810</u>	<u>33,581</u>	<u>35,630</u>	<u>29,507</u>
Business-type activities:					
Charges for service:					
Sewer	1,513	1,388	1,346	1,340	1,350
Water	17,255	18,279	20,524	19,720	20,772
Refuse	3,673	3,714	3,717	3,738	3,856
Operating grants and contributions	64	57	71	35	37
Capital grants and contributions	-	-	-	-	-
Total business-type activities program revenues	<u>22,505</u>	<u>23,438</u>	<u>25,658</u>	<u>24,833</u>	<u>26,015</u>
Total primary government program revenues	<u>\$ 56,277</u>	<u>\$ 52,248</u>	<u>\$ 59,239</u>	<u>\$ 60,463</u>	<u>\$ 55,522</u>
Net (expense)/revenue					
Governmental activities	\$ (26,368)	\$ (33,617)	\$ (31,044)	\$ (36,614)	\$ (55,344)
Business-type activities	5,005	6,068	7,537	6,835	6,432
Total primary government net expense	<u>\$ (21,363)</u>	<u>\$ (27,549)</u>	<u>\$ (23,507)</u>	<u>\$ (29,779)</u>	<u>\$ (48,912)</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</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Revenues and Other Changes in Position					
Governmental activities:					
Taxes					
Property taxes	\$ 12,834	\$ 13,301	\$ 11,712	\$ 12,131	\$ 14,907
Sales taxes	14,186	17,838	21,838	20,623	21,121
Transient occupancy taxes	278	267	350	390	420
Franchise taxes	2,228	2,287	2,420	2,454	2,708
Other taxes	1,862	2,006	2,073	2,216	2,051
Investment income	2,487	1,784	2,412	1,539	1,356
Motor vehicle in-lieu	-	42	39	45	52
Lawsuit settlements	-	-	-	-	-
Gain on sale of land	-	-	-	-	-
Miscellaneous	832	1,538	1,237	576	5,800
Transfers	95	-	(1,066)	(1,294)	6
Extraordinary gain/(loss) on dissolution of redevelopment agency	-	-	-	-	-
Total governmental activities	<u>34,802</u>	<u>39,063</u>	<u>41,015</u>	<u>38,680</u>	<u>48,421</u>
Business-type activities:					
Investment income	118	127	-	-	-
Miscellaneous	298	532	-	-	-
Transfers	(95)	-	1,066	1,294	(6)
Total business-type activities	<u>321</u>	<u>659</u>	<u>1,066</u>	<u>1,294</u>	<u>(6)</u>
Total primary government	<u>\$ 35,123</u>	<u>\$ 39,722</u>	<u>\$ 42,081</u>	<u>\$ 39,974</u>	<u>\$ 48,415</u>
Change in Net Position					
Governmental activities	\$ 8,434	\$ 5,447	\$ 9,972	\$ 2,065	\$ (6,922)
Business-type activities	5,326	6,726	8,603	8,130	6,425
Total primary government	<u>\$ 13,760</u>	<u>\$ 12,173</u>	<u>\$ 18,575</u>	<u>\$ 10,195</u>	<u>\$ (497)</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>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Expenses					
Governmental activities:					
General government	\$ 7,568	\$ 7,239	\$ 7,647	\$ 7,578	\$ 15,387
Public works	18,882	18,790	22,509	19,189	20,221
Parks and recreation	8,495	8,762	8,526	8,775	11,068
Police	27,451	32,658	34,519	34,487	23,419
Community development	11,033	11,681	13,738	11,374	11,686
Interest expense	797	533	703	650	578
Total governmental activities expenses	<u>74,226</u>	<u>79,663</u>	<u>87,642</u>	<u>82,053</u>	<u>82,359</u>
Business-type activities:					
Sewer	1,481	1,330	1,224	1,751	1,530
Water	13,733	15,171	14,001	15,071	15,693
Refuse	3,941	4,043	4,163	4,324	2,571
Total business-type activities expenses	<u>19,155</u>	<u>20,544</u>	<u>19,388</u>	<u>21,146</u>	<u>19,794</u>
Total primary government expenses	<u>\$ 93,381</u>	<u>\$ 100,207</u>	<u>\$ 107,030</u>	<u>\$ 103,199</u>	<u>\$ 102,153</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>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Program Revenues					
Governmental activities:					
Charges for service:					
General government	\$ 3,104	\$ 2,945	\$ 2,676	\$ 1,965	\$ 2,434
Public works	1,269	1,584	3,597	1,703	2,244
Parks and recreation	1,394	1,029	328	1,160	1,533
Police	2,160	2,052	1,580	1,607	2,081
Community development	1,671	1,739	1,569	2,002	1,992
Operating grants and contributions	16,278	19,486	28,487	33,778	32,332
Capital grants and contributions	8,496	5,370	24,999	10,387	4,554
Total governmental activities program revenues	<u>34,372</u>	<u>34,205</u>	<u>63,236</u>	<u>52,602</u>	<u>47,170</u>
Business-type activities:					
Charges for service:					
Sewer	1,298	1,258	1,289	1,272	1,127
Water	19,899	19,859	19,398	19,565	17,577
Refuse	3,955	4,080	4,207	4,347	2,382
Operating grants and contributions	69	48	11	137	-
Capital grants and contributions	-	-	-	-	-
Total business-type activities program revenues	<u>25,221</u>	<u>25,245</u>	<u>24,905</u>	<u>25,321</u>	<u>21,086</u>
Total primary government program revenues	<u>\$ 59,593</u>	<u>\$ 59,450</u>	<u>\$ 88,141</u>	<u>\$ 77,923</u>	<u>\$ 68,256</u>
Net (expense)/revenue					
Governmental activities	\$ (39,854)	\$ (45,458)	\$ (24,406)	\$ (29,451)	\$ (35,189)
Business-type activities	6,066	4,701	5,517	4,175	1,292
Total primary government net expense	<u>\$ (33,788)</u>	<u>\$ (40,757)</u>	<u>\$ (18,889)</u>	<u>\$ (25,276)</u>	<u>\$ (33,897)</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>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
General Revenues and Other Changes in Position					
Governmental activities:					
Taxes					
Property taxes	\$ 15,358	\$ 14,079	\$ 15,082	\$ 15,462	\$ 16,575
Sales taxes	22,561	21,162	25,106	27,689	28,980
Transient occupancy taxes	450	412	474	557	609
Franchise taxes	2,688	2,744	2,732	2,847	3,117
Other taxes	2,118	1,990	2,206	2,215	2,017
Investment income	2,532	1,575	226	(2,243)	759
Motor vehicle in-lieu	47	76	71	112	-
Lawsuit settlements	-	-	-	-	-
Gain on sale of land	-	-	-	-	-
Miscellaneous	240	1,064	571	858	5,155
Transfers	12	287	2	(21,986)	1,336
Extraordinary gain/(loss) on dissolution of redevelopment agency	-	-	-	-	-
Total governmental activities	<u>46,006</u>	<u>43,389</u>	<u>46,470</u>	<u>25,511</u>	<u>58,548</u>
Business-type activities:					
Investment income	-	-	62	(1,324)	567
Miscellaneous	-	-	-	-	-
Transfers	(12)	(287)	(2)	21,986	(1,336)
Total business-type activities	<u>(12)</u>	<u>(287)</u>	<u>60</u>	<u>20,662</u>	<u>(769)</u>
Total primary government	<u>\$ 45,994</u>	<u>\$ 43,102</u>	<u>\$ 46,530</u>	<u>\$ 46,173</u>	<u>\$ 57,779</u>
Change in Net Position					
Governmental activities	\$ 6,153	\$ (2,070)	\$ 22,064	\$ (3,940)	\$ 23,359
Business-type activities	6,218	5,681	5,578	24,837	523
Total primary government	<u>\$ 12,371</u>	<u>\$ 3,611</u>	<u>\$ 27,642</u>	<u>\$ 20,897</u>	<u>\$ 23,882</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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General fund					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved					
Designated	-	-	-	-	-
Undesignated	-	-	-	-	-
Nonspendable	36,339	14,330	11,705	9,522	8,069
Restricted	280	391	280	224	230
Committed	1,000	1,000	16,000	15,929	19,870
Assigned	134	3,452	3,572	3,724	3,503
Unassigned	12,691	23,146	14,570	18,343	11,562
Total general fund	<u>\$ 50,444</u>	<u>\$ 42,319</u>	<u>\$ 46,127</u>	<u>\$ 47,742</u>	<u>\$ 43,234</u>
All other governmental funds					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:					
Special Revenue funds	-	-	-	-	-
Capital Project funds	-	-	-	-	-
Debt Service funds	-	-	-	-	-
Nonspendable	4,274	4,005	1	400	-
Restricted					
Restricted, reported in:					
Special Revenue funds	15,041	16,281	21,168	21,227	22,831
Capital Projects funds	655	681	128	2	2
Low and moderate housing activities	1,146	955	8,799	10,980	11,125
Committed					
Capital Project funds	-	-	558	558	4,055
Unassigned					
Unassigned, reported in:					
Special Revenue funds	(295)	(472)	(5,401)	(3,672)	(3,437)
Capital Projects funds	-	-	-	-	-
Debt Service funds	-	-	(26)	(26)	-
Total all other governmental funds	<u>\$ 20,821</u>	<u>\$ 21,450</u>	<u>\$ 25,227</u>	<u>\$ 29,469</u>	<u>\$ 34,576</u>

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

CITY OF SOUTH GATE
FUND BALANCES OF GOVERNMENTAL FUNDS (Continued)
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(amounts expressed in thousands)

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
General fund					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved					
Designated	-	-	-	-	-
Undesignated	-	-	-	-	-
Nonspendable	7,055	23,997	24,009	2,076	2,213
Restricted	281	172	282	450	313
Committed	19,870	19,870	19,870	9,000	20,730
Assigned	3,482	3,482	3,482	3,482	4,852
Unassigned	14,545	10,535	12,722	24,396	9,436
Total general fund	<u>\$ 45,233</u>	<u>\$ 58,056</u>	<u>\$ 60,365</u>	<u>\$ 39,404</u>	<u>\$ 37,544</u>
All other governmental funds					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:					
Special Revenue funds	-	-	-	-	-
Capital Project funds	-	-	-	-	-
Debt Service funds	-	-	-	-	-
Nonspendable	-	32	32	35	54
Restricted					
Restricted, reported in:					
Special Revenue funds	22,828	28,058	49,465	40,191	45,101
Capital Projects funds	2	2	2	2	2
Low and moderate housing activities	11,019	10,867	10,874	4,231	3,682
Committed					
Capital Project funds	4,055	4,056	3,711	3,507	3,210
Unassigned					
Unassigned, reported in:					
Special Revenue funds	(3,139)	(4,384)	(3,741)	(5,343)	(12,270)
Capital Projects funds	39	-	-	1,470	1,470
Debt Service funds	-	-	-	-	-
Total all other governmental funds	<u>\$ 34,804</u>	<u>\$ 38,631</u>	<u>\$ 60,343</u>	<u>\$ 44,093</u>	<u>\$ 41,249</u>

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

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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>Revenues</u>					
Taxes	\$ 31,279	\$ 35,065	\$ 39,966	\$ 39,925	\$ 41,207
Intergovernmental	23,835	18,920	20,009	27,090	21,660
Charges for service	5,708	5,968	3,365	3,227	3,451
Fines and forfeitures	2,915	2,477	1,249	1,183	1,125
Licenses and permits	1,468	1,322	1,557	1,482	1,464
Investment income	2,474	1,768	2,226	1,204	1,356
Lease income	-	-	-	-	-
Rental income	-	-	-	-	-
Lawsuit settlements	-	-	-	-	-
Other	841	1,802	3,943	3,635	8,672
Total revenues	<u>68,520</u>	<u>67,322</u>	<u>72,315</u>	<u>77,746</u>	<u>78,935</u>
<u>Expenditures</u>					
General government	4,889	5,568	6,369	6,545	6,686
Public works	8,602	7,764	8,405	9,276	10,089
Parks and recreation	4,890	5,593	6,027	6,429	7,148
Police	19,344	20,430	22,863	24,131	25,252
Community development	11,608	10,533	10,893	10,766	10,880
Capital Outlay	10,531	7,066	12,912	12,891	9,689
Debt service:					
Principal	2,686	16,251	1,823	1,725	1,749
Interest and fees	2,141	1,613	1,109	1,028	946
Bond issuance costs	-	-	-	-	-
Payment to bond escrow agent	-	-	-	-	-
Total expenditures	<u>64,691</u>	<u>74,818</u>	<u>70,401</u>	<u>72,791</u>	<u>72,439</u>
Excess of revenues over (under) expenditures	<u>\$ 3,829</u>	<u>\$ (7,496)</u>	<u>\$ 1,914</u>	<u>\$ 4,955</u>	<u>\$ 6,496</u>

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

CITY OF SOUTH GATE
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS (Continued)
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
(amounts expressed in thousands)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>Other financing sources (uses)</u>					
Transfers in	\$ 10,067	\$ 6,061	\$ 14,968	\$ 11,212	\$ 13,237
Transfers out	(9,972)	(6,061)	(16,034)	(12,345)	(19,134)
Premium on bonds issued	-	-	-	-	-
Write-offs	-	-	-	-	-
Pension contribution	-	-	-	-	-
Issuance of leases	-	-	-	-	-
Debt issued	-	-	882	-	-
Issuance of financing agreements	-	-	-	-	-
Payment to bond escrow agent	-	-	-	-	-
Contributions to Successor Agency	-	-	-	-	-
Total other financing sources (uses)	<u>95</u>	<u>-</u>	<u>(184)</u>	<u>(1,133)</u>	<u>(5,897)</u>
Extraordinary gain/(loss) on dissolution of redevelopment agency	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u><u>\$ 3,924</u></u>	<u><u>\$ (7,496)</u></u>	<u><u>\$ 1,730</u></u>	<u><u>\$ 3,822</u></u>	<u><u>\$ 599</u></u>
Debt service as a percentage of noncapital expenditures	8.9%	26.4%	5.1%	4.6%	4.3%

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

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>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<u>Revenues</u>					
Taxes	\$ 43,175	\$ 42,377	\$ 47,599	\$ 50,772	\$ 53,290
Intergovernmental	25,274	22,577	49,934	41,327	28,974
Charges for service	3,699	2,785	2,132	3,460	4,426
Fines and forfeitures	1,443	1,502	1,095	1,310	1,687
Licenses and permits	1,371	2,001	3,767	1,666	2,178
Investment income	2,531	2,033	414	(1,511)	866
Lease income	-	-	-	-	-
Rental income	-	-	-	130	143
Lawsuit settlements	-	-	-	-	-
Other	3,325	4,256	3,474	4,129	5,827
Total revenues	80,818	77,531	108,415	101,283	97,391
<u>Expenditures</u>					
General government	6,882	7,007	6,807	8,305	14,474
Public works	10,104	10,753	11,424	12,023	14,257
Parks and recreation	7,510	7,956	7,212	8,777	10,523
Police	26,539	29,449	30,318	31,217	33,030
Community development	11,143	11,537	13,160	12,051	11,737
Capital Outlay	14,696	7,017	13,250	17,545	17,244
Debt service:				-	-
Principal	1,575	1,813	1,554	1,692	1,701
Interest and fees	862	774	706	633	564
Bond issuance costs	-	-	-	-	-
Payment to bond escrow agent	-	-	-	-	-
Total expenditures	79,311	76,306	84,431	92,243	103,530
Excess of revenues over (under) expenditures	\$ 1,507	\$ 1,225	\$ 23,984	\$ 9,040	\$ (6,139)

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>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<u>Other financing sources (uses)</u>					
Transfers in	\$ 13,533	\$ 6,680	\$ 12,190	\$ 28,455	\$ 18,821
Transfers out	(13,254)	(6,393)	(12,152)	(57,458)	(17,481)
Premium on bonds issued	-	-	-	-	-
Write-offs	-	-	-	-	-
Pension contribution	-	-	-	-	-
Issuance of leases	-	-	-	30	94
Debt issued	-	-	-	-	-
Issuance of financing agreements	441	-	-	-	-
Payment to bond escrow agent	-	-	-	-	-
Contributions to Successor Agency	-	-	-	-	-
Total other financing sources (uses)	<u>720</u>	<u>287</u>	<u>38</u>	<u>(28,973)</u>	<u>1,434</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>\$ 1,945</u>	<u>\$ 1,512</u>	<u>\$ 24,022</u>	<u>\$ (19,933)</u>	<u>\$ (4,705)</u>
Debt service as a percentage of noncapital expenditures	3.8%	3.7%	3.2%	3.1%	2.6%

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

CITY OF SOUTH GATE
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(amounts expressed in thousands)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<u>Type of Tax</u>										
Property tax	\$ 12,834	\$ 13,301	\$ 11,712	\$ 12,131	\$ 14,907	\$ 15,358	\$ 14,079	\$ 15,082	\$ 15,462	\$ 16,576
Sales and use tax	14,186	17,838	21,838	20,623	21,121	22,561	21,162	25,106	27,689	28,980
Transient occupancy tax	278	267	350	390	420	450	412	474	557	609
Franchise tax	2,228	2,287	2,420	2,454	2,708	2,688	2,744	2,732	2,847	3,117
Business licenses tax	1,336	1,398	1,466	1,584	1,461	1,560	1,397	1,496	1,568	1,721
Motor vehicle in-lieu	-	42	39	45	52	47	76	71	112	-
Other taxes	<u>525</u>	<u>608</u>	<u>608</u>	<u>632</u>	<u>590</u>	<u>558</u>	<u>593</u>	<u>710</u>	<u>647</u>	<u>295</u>
Total	<u>\$ 31,387</u>	<u>\$ 35,741</u>	<u>\$ 38,433</u>	<u>\$ 37,859</u>	<u>\$ 41,259</u>	<u>\$ 43,222</u>	<u>\$ 40,463</u>	<u>\$ 45,671</u>	<u>\$ 48,882</u>	<u>\$ 51,298</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	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Basic Levy *	1.00000	1.00000	1.00000	1.00000	1.00000
Cerritos Community College District	0.02502	0.04809	0.04809	0.04698	0.04370
Compton Community College District	0.00963	0.00987	0.00926	0.00920	0.00954
Downey Unified School District	0.06603	0.06549	0.11466	0.11473	0.10538
LA Community College District	0.04454	0.04017	0.03576	0.03596	0.04599
Los Angeles Unified School District	0.14644	0.14688	0.12971	0.13110	0.12219
Lynwood Unified School District	0.12005	0.08489	0.09583	0.10308	0.19014
Metropolitan Water District	0.00350	0.00350	0.00350	0.00350	0.00350
Paramount Unified School District	0.10457	0.10105	0.05266	0.10677	0.17409
Total Direct & Overlapping ** Tax Rates	1.51978	1.49995	1.48947	1.55131	1.69454
 City's Share of 1% Levy per Prop 13***	 0.06146	 0.06146	 0.06146	 0.06146	 0.06146
General Obligation Debt Rate	0.00000	0.00000	0.00000	0.00000	0.00000
Redevelopment Rate****					
Total Direct Rate*****	0.06078	0.06081	0.06084	0.06086	0.06073

Notes:

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

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

***City's Share of 1% levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the City. 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 the fiscal year 2012/13 and years thereafter.

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

Source: L. A. County Assessor 2012/13 - 2021/22 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>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Basic Levy *	1.00000	1.00000	1.00000	1.00000	1.00000
Cerritos Community College District	0.04446	0.04449	0.04348	0.04251	0.04361
Compton Community College District	0.02335	0.02323	0.00899	0.00906	0.01575
Downey Unified School District	0.10113	0.09708	0.08771	0.09504	0.09106
LA Community College District	0.04621	0.02717	0.04016	0.04376	0.02488
Los Angeles Unified School District	0.12323	0.12552	0.13993	0.11323	0.12107
Lynwood Unified School District	0.11737	0.18874	0.08702	0.12991	0.15513
Metropolitan Water District	0.00350	0.00350	0.00350	0.00350	0.00350
Paramount Unified School District	0.16756	0.22092	0.15139	0.16594	0.16986
Total Direct & Overlapping ** Tax Rates	1.62681	1.73065	1.56218	1.60295	1.62486
 City's Share of 1% Levy per Prop 13***	0.06146	0.06146	0.06146	0.06146	0.06146
 General Obligation Debt Rate	0.00000	0.00000	0.00000	0.00000	0.00000
 Redevelopment Rate****					
 Total Direct Rate*****	0.06093	0.06095	0.06097	0.06098	0.06101

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

	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>
<u>Type of Property</u>					
Residential	\$ 3,223,318	\$ 3,360,338	\$ 3,526,730	\$ 3,682,817	\$ 3,836,767
Commercial	495,030	502,898	526,371	553,697	597,645
Industrial	586,502	627,907	653,662	668,701	662,336
Farm	647	650	663	673	-
Government	3,213	3,227	3,292	3,595	479
Institutional	12,791	18,895	12,343	15,256	18,358
Irrigated	9,031	9,497	10,674	11,572	9,998
Miscellaneous	464	-	-	-	398
Recreational	4,449	4,715	4,372	6,675	7,165
Vacant Land	81,439	90,777	110,995	99,828	99,578
SBE Nonunitary	419	419	419	530	861
Unsecured	305,457	323,351	339,707	350,070	375,664
Cross Reference	14,705	10,852	11,327	11,674	13,478
Total taxable Assesed Value	4,737,463	4,953,525	5,200,554	5,405,089	5,622,727
Total direct tax rate	0.60780%	0.60810%	0.60840%	0.60860%	0.60730%
 Tax-Exempt	 (48,602)	 (47,025)	 (47,025)	 (46,977)	 (46,977)

Source: Los Angeles County Assessor

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

	<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>
<u>Type of Property</u>					
Residential	\$ 4,041,859	\$ 4,244,936	\$ 4,413,386	\$ 4,544,525	\$ 4,819,099
Commercial	636,252	681,218	898,548	915,066	940,224
Industrial	683,926	744,779	781,891	802,521	921,187
Farm	-	-	-	-	-
Government	489	3,070	3,131	2,649	2,702
Institutional	16,386	23,895	30,181	25,601	45,473
Irrigated	9,557	9,808	9,846	9,863	9,977
Miscellaneous	406	414	422	426	592
Recreational	8,287	5,553	5,664	9,375	6,570
Vacant Land	97,262	89,581	38,881	40,656	43,278
SBE Nonunitary	661	661	883	883	883
Unsecured	389,984	414,742	405,425	423,319	462,358
Cross Reference	13,658	13,303	15,952	16,192	16,824
Total taxable A.V.	5,898,727	6,231,960	6,604,211	6,791,076	7,269,167
Total direct tax rate	0.60930%	6.09500%	6.09700%	0.00000%	0.00000%
 Tax-Exempt	 (44,588)	 (44,456)	 (44,456)	 (44,979)	 (44,872)

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>	2022/23			2013/14		
	Taxable Assessed Value	Rank	% of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	% of Total City Taxable Assessed Value
Schultz Steel Company	\$ 127,979	1	1.76%	\$ 102,960	1	2.17%
Azalea Joint Venture LLC	127,165	2	1.75%			
South Gate Owner LP	78,234	3	1.08%			
El Paseo Southern Gate LLC	63,387	4	0.87%	54,625	2	1.15%
4545 Ardine Street Investors LLC	42,840	5	0.59%			
World Oil Company	41,927	6	0.58%	23,928	7	0.51%
Tesoro Logistics Operations LLC	41,478	7	0.57%	44,771	3	0.95%
Walmart Stores Inc/Sam's	37,993	8	0.52%			
South Gate Business & Industrial Park	36,857	9	0.51%			
Glasswerks LA Inc	34,751	10	0.48%			
South Gate Bus and Industrial Park Dev				31,034	4	0.66%
Armstrong Cork Company				26,577	5	0.56%
Hudd Distribution Services Inc.				25,433	6	0.54%
Atlantic Firestone LLC				22,236	8	0.47%
Rockview Dairies Inc.				20,683	9	0.44%
Saputo Cheese USA Inc				17,976	10	0.38%
	<u><u>\$ 632,611</u></u>		<u><u>8.71%</u></u>	<u><u>\$ 370,223</u></u>		<u><u>7.83%</u></u>
City Total Assessed Valuation	7,269,167			4,737,468		

Source: Los Angeles County Assessor and HdL Companies

Glasswerks LA Inc

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

<u>Fiscal Year Ended June 30</u>	<u>Total Tax Levy for Fiscal Year (2)</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date (1)</u>	
		<u>Amount</u>	<u>% of Levy</u>		<u>Amount</u>	<u>% of Levy</u>
2023	\$ 3,194	\$ 3,462	108.39%	N/A	N/A	N/A
2022	3,028	3,174	104.82%	N/A	N/A	N/A
2021	2,960	3,125	105.57%	N/A	N/A	N/A
2020	2,785	2,920	104.85%	N/A	N/A	N/A
2019	2,689	2,868	106.66%	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

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

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	Leases	Notes/ Loans
2023	\$ -	\$ 8,615	0.00%	93.01	\$ -	\$ -	\$ 858	\$ -
2022	-	10,085	0.17%	108.14	-	-	798	-
2021	-	11,480	0.17%	118.90	-	-	500	-
2020	-	12,800	0.19%	132.26	-	-	739	-
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%	192.09	-	-	221	2,220
2014	-	19,425	0.41%	202.22	14,395	30	582	2,720

Fiscal Year Ended June 30	Business Type Activities	Total Primary Government (3)	Percentage of Personal Income (2)	Per Capita (2)
	Water Revenue Bonds			
2023	\$ 26,400	35,873	1.90%	387.28
2022	28,080	38,963	2.17%	417.79
2021	29,725	41,705	2.44%	431.94
2020	32,398	45,937	2.81%	474.67
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%	660.15
2014	43,839	80,991	5.96%	843.15

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

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

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

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

**City of South Gate
Direct & Overlapping Debt
June 30, 2023**

	Total Debt 6/30/2023	Percent Applicable (1)	City's Share of Debt @6/30/2023
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2022-23 Assessed Valuation 7,269,166,990

OVERLAPPING TAX AND ASSESSMENT DEBT:

Metropolitan Water District	\$ 19,215,000	0.200%	\$ 38,430
Cerritos Community College District	445,232,887	1.135%	5,053,393
Compton Community College District	104,371,964	2.176%	2,271,134
Los Angeles Community College District	4,500,730,000	0.562%	25,294,103
Downey Unified School District	371,698,240	4.276%	15,893,817
Los Angeles Unified School District	10,704,725,000	0.687%	73,541,461
Lynwood Unified School District	144,203,481	0.808%	1,165,164
Paramount Unified School District	180,935,682	7.275%	13,163,071
TOTAL GROSS OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 136,420,573
Less: Los Angeles Unified School District General Obligation Bonds Election of 20050, Series J & H			
Qualified School Construction Bonds: Amount accumulated in Interest and Sinking Fund and Set Aside for Repayment			1,547,535
			\$ 134,873,038

DIRECT AND OVERLAPPING GENERAL FUND DEBT:

Los Angeles County General Fund Obligations	\$ 2,601,551,282	0.384%	\$ 9,989,957
Los Angeles County Superintendent of Schools Certification of Participation	3,403,487	0.384%	13,069
Los Angeles Unified School District Certificates of Participation	97,870,000	0.687%	672,367
Lynwood Unified School District Certificates of Participation	15,350,000	0.808%	124,028
Paramount Unified School District Certificates of Participation	19,472,000	7.275%	1,416,588
City of South Gate Pension Obligation Bonds	8,615,000	100.000%	8,615,000
Los Angeles County Sanitation District No. 1 Authority	503,041	14.606%	73,474
Los Angeles County Sanitation District No. 2 Authority	776,732	2.022%	15,706
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 20,920,189

OVERLAPPING TAX INCREMENT DEBT (Successor Agency) \$ 8,000,000 100.000% \$ 8,000,000

TOTAL DIRECT DEBT \$ 8,615,000
TOTAL GROSS OVERLAPPING DEBT \$ 156,725,762
TOTAL NET OVERLAPPING DEBT \$ 155,178,227

GROSS COMBINED TOTAL DEBT \$ 165,340,762 (2)
NET COMBINED TOTAL DEBT \$ 163,793,227

- (1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.
- (2) Excludes tax revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2022-23 Assessed Valuation:

Total Gross Overlapping Tax and Assessment Debt.....1.88%
Total Net Overlapping Tax and Assessment Debt.....1.86%
Total Net Direct Debt (\$8,615,000).....0.12%
Gross Combined Total Debt.....2.27%
Net Combined Total Debt.....2.25%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$2,031,968,694):

Total Overlapping Tax Increment Debt.....1.88%

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

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

**Legal Debt Margin Calculation for
Fiscal Year 2022-2023:**

Assessed value	\$ 7,269,167
Add back: exempt real property	<u>83,130</u>
Total assessed value	<u><u>\$ 7,352,297</u></u>
Debt limit (15% of total assessed value)	\$ 1,102,845
Debt applicable to limit:	<u>-</u>
Legal debt margin	<u><u>\$ 1,102,845</u></u>

Source: L.A. County Assessor 2022/23 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>2019</u>	<u>2020</u>	<u>2020</u>	<u>2022</u>	<u>2023</u>
Debt Limit	\$ 895,128	\$ 942,346	\$ 1,003,037	\$ 1,035,245	\$ 1,102,845
Total net debt applicable to limit	-	-	-	-	-
Legal debt margin	895,128	942,346	1,003,037	1,035,245	1,102,845
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%

Source: L.A. County Assessor 2022/23 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**

2019 Water Revenue Bonds (1)

Fiscal Year	Utility Charges and Other	Less: Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2023	\$ 17,577,356	\$ 12,777,245	\$ 4,800,111	\$ 1,680,000	\$ 827,639	\$ 2,507,639	191.42%
2022	19,564,619	12,034,455	7,530,164	1,645,000	860,556	2,505,556	300.54%
2021	19,397,616	10,866,612	8,531,004	1,615,000	891,362	2,506,362	340.37%

2001 Utility Revenue Bonds

Fiscal Year	Utility Charges and Other (2)	Less: Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2020	\$ 20,062,750	\$ 12,023,515	\$ 8,039,235	\$ 1,635,000	\$ 1,497,450	\$ 3,132,450	256.64%
2019	20,102,247	11,047,753	9,054,494	1,625,000	1,512,050	3,137,050	288.63%
2018	20,975,927	10,961,972	10,013,955	1,615,000	1,521,250	3,136,250	319.30%
2017	19,924,023	9,359,674	10,564,349	1,605,000	1,525,650	3,130,650	337.45%
2016	20,727,981	9,665,349	11,062,632	1,600,000	1,534,350	3,134,350	352.95%
2015	19,011,746	8,619,311	10,392,435	1,595,000	1,541,800	3,136,800	331.31%
2014	17,756,659	8,967,497	8,789,162	1,445,000	1,543,675	2,988,675	294.08%

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	
2020	\$ 19,859,155	\$ 12,023,515	\$ 7,835,640	\$ 1,635,000	\$ 1,497,450	\$ 3,132,450	250.14%
2019	19,898,652	11,047,753	8,850,899	1,625,000	1,512,050	3,137,050	282.14%
2018	20,772,332	10,961,972	9,810,360	1,615,000	1,521,250	3,136,250	312.81%
2017	19,720,428	9,359,674	10,360,754	1,605,000	1,525,650	3,130,650	330.95%
2016	20,524,386	9,665,349	10,859,037	1,600,000	1,534,350	3,134,350	346.45%
2015	18,808,151	8,619,311	10,188,840	1,595,000	1,541,800	3,136,800	324.82%
2014	17,553,064	8,967,497	8,585,567	1,445,000	1,543,675	2,988,675	287.27%

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) 2019 Water Revenue Bonds refunded both 2001 and 2012 Water Revenue Bonds

(2) 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)
2022	92,628	\$ 1,892,059	\$ 20,426	23,187	5.1%
2021	93,259	1,797,081	19,269	28,683	9.9%
2020	96,553	1,706,474	17,673	28,672	13.7%
2019	97,003	1,633,262	16,837	28,672	4.7%
2018	96,777	1,517,002	15,675	28,672	4.9%
2017	98,133	1,455,568	14,832	29,076	6.3%
2016	98,633	1,384,879	14,040	28,859	6.9%
2015	99,578	1,361,700	13,674	28,920	8.8%
2014	96,101	1,354,544	14,095	28,956	10.7%
2013	96,057	1,358,150	14,139	29,699	9.8%

Sources:

(1) State of California - Department of Finance

(2) Bureau of Economic Analysis - reflects latest data available for Los Angeles Metro region

(3) Avenu Insights & Analytics

(4) California Employment Development Department/U.S. Dept. of Labor - Bureau of Labor Statistics

City of South Gate
Full-Time Equivalent City Employees by Function
Last Ten Fiscal Years

Function	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
City Manager	5.00	5.00	7.00	7.00	7.00	7.00	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 Treasurer (1)	-	-	-	-	-	-	-	-	-	-
City Clerk	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Personnel	4.00	4.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	7.00
Finance	20.00	20.00	20.00	24.00	23.00	23.00	23.00	23.00	24.00	24.00
Police										
Officers	82.00	82.00	82.00	82.00	85.00	85.00	85.00	85.00	85.00	85.00
Civilians	39.00	39.00	41.00	41.00	43.00	43.00	43.00	43.00	45.00	46.00
Public Works										
Administration/Engineering	8.00	8.00	8.00	8.00	10.00	10.00	10.00	12.00	12.00	13.00
Maintenance	37.00	36.00	37.00	37.00	40.00	40.00	40.00	42.00	46.00	46.00
Water/Sewer	27.00	27.00	26.00	29.00	29.00	29.00	29.00	26.00	26.00	26.00
Parks & Recreation	38.00	38.00	42.00	43.00	45.00	45.00	46.00	46.00	46.00	49.00
Community Development	25.00	25.00	24.00	25.00	24.00	24.00	23.00	23.00	24.00	24.00
Sub-Total	<u>290.00</u>	<u>289.00</u>	<u>297.00</u>	<u>306.00</u>	<u>316.00</u>	<u>316.00</u>	<u>316.00</u>	<u>317.00</u>	<u>325.00</u>	<u>332.00</u>
Part-Time Hours	114,095	129,005	121,757	109,880	126,794	124,718	124,718	96,853	126,166	157,144
Full-Time Equivalents	<u>54.85</u>	<u>62.02</u>	<u>58.54</u>	<u>52.83</u>	<u>60.96</u>	<u>59.96</u>	<u>59.96</u>	<u>46.56</u>	<u>60.66</u>	<u>75.55</u>
TOTAL POSITIONS	<u>344.85</u>	<u>351.02</u>	<u>355.54</u>	<u>358.83</u>	<u>376.96</u>	<u>375.96</u>	<u>375.96</u>	<u>363.56</u>	<u>385.66</u>	<u>407.55</u>

Source: City of South Gate Finance Department

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

		<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>Function</u>						
Police	Calls for service	35,528	37,658	44,565	44,829	44,565
	Arrests	2,559	2,612	3,203	3,055	3,023
	Parking citations issued	24,146	23,300	22,927	23,425	22,927
	Moving citations/traffic violations	3,676	3,139	4,604	4,258	4,604
	Share of seized asset (in thousands)	\$ 1,586	\$ 1,264	\$ 1,616	\$ 2,149	\$ 475
Water	Customer accounts	15,445	15,361	15,454	15,520	15,689
	Average daily consumption (millions of gallons)	7.5	6.7	6.8	6.4	7.4
	Water samples taken	2,240	1,940	2,173	2,169	2,225
	New connections	9	13	19	15	26
Street Maintenance						
	Potholes repaired	1,215	1,250	1,250	2,500	140
	Sq.ft of graffiti removal (in thousands)	1,000	980	711	904	942
	Miles of streets swept	32,760	33,040	32,760	36,400	36,400
Culture and Recreation						
	Golf course participants	6,238	5,579	8,475	6,550	5,276
	Swimming participants	88,280	88,688	83,553	86,924	88,070
	Facility rentals	1,115	1,160	1,413	1,534	1,900
	Recreation classes provided	568	498	417	328	328
Community Development						
	Permits issued	3,377	2,931	3,247	2,980	2,842
	Code enforcement inspections	6,893	5,019	4,870	5,831	6,587
	Housing vouchers issued	35	41	47	61	72

Source: Various City Departments

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

		<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<u>Function</u>						
Police	Calls for service	40,541	39,800	40,521	45,549	45,315
	Arrests	2,997	1,138	1,222	1,617	1,731
	Parking citations issued	36,668	2,567	21,567	19,938	22,845
	Moving citations/traffic violations	3,068	3,228	2,650	3,374	1,935
	Share of seized asset (in thousands)	\$ 1,143	\$ 917	\$ 160	\$ 70	\$ 1,308
Water	Customer accounts	15,737	15,691	15,691	14,418	14,334
	Average daily consumption (millions of gallons)	7.4	7.5	7.5	6.4	7.0
	Water samples taken	2,500	2,037	2,161	2,323	2,066
	New connections	23	16	20	33	49
Street Maintenance						
	Potholes repaired	140	193	85	500	498
	Sq.ft of graffiti removal (in thousands)	1,000	800	900	800	800
	Miles of streets swept	36,400	36,400	36,400	36,400	36,400
Culture and Recreation						
	Golf course participants	3,484	440	1,666	1,560	3,628
	Swimming participants	86,293	55,000	1,492	18,418	32,763
	Facility rentals	2,839	1,816	449	1,850	1,269
	Recreation classes provided	436	54	77	340	565
Community Development						
	Permits issued	2,839	2,333	2,225	927	2,371
	Code enforcement inspections	9,698	8,845	10,041	746	10,020
	Housing vouchers issued	80	62	62	41	55

Source: Various City Departments

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

		<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>Function</u>						
Police	Stations	1	1	1	1	1
	Patrol Units	37	37	37	38	38
Water	Miles of lines and mains	135	135	135	135	135
	Number of wells	11	11	11	12	12
	Number of tanks	2	2	2	2	2
	Number of reservoirs	5	5	5	6	6
Sewer	Miles of sewers	125.8	125.8	125.8	125.8	125.8
	Miles of storm drains	25.2	25.2	25.2	25.2	25.2
Streets	Miles of streets	125.8	125.8	125.8	125.8	125.8
	Traffic signals	83	83	83	86	86
	Streetlights	4,400	4,400	4,400	4,400	4,400
Culture and Recreation	Parks	8	8	8	8	8
	Park acreage	182	182	182	182	182
	Playgrounds	8	12	12	14	14
	Ballfields	16	17	17	17	17
	Swimming pools	1	1	1	1	1
	Community Centers	7	7	7	7	7

Source: Various City Departments

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

		<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<u>Function</u>						
Police	Stations	1	1	1	1	1
	Patrol Units	36	36	36	35	34
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	6	6	6	6	6
Sewer	Miles of sewers	125.8	125.8	125.8	125.8	120.0
	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	86	86	93	93	93
	Streetlights	4,400	4,400	4,400	4,400	4,400
Culture and Recreation	Parks	8	8	8	9	9
	Park acreage	185	185	185	185	185
	Playgrounds	14	14	14	14	14
	Ballfields	16	16	15	15	15
	Swimming pools	1	1	1	1	1
	Community Centers	7	7	7	7	8

Source: Various City Departments